ANNUAL FINANCIAL REPORT 2014

Investing in a diversified and sustainable property portfolio

Cofinimmo

together in real estate

History

1983

Establishment.

1994

Listing on the Brussels Stock Exchange.

1996

Adoption of the Sicafi/Bevak regime.

1999

Internalisation of property management.

2000 › 2002

Acquisition of several large office portfolios.

2003

Inclusion in the BEL20, MSCI World and GPR15 indexes.
Acquisition of the North Galaxy towers.

2004

Acquisition of the Egmont office complex.
Issue of preference shares.

2005

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

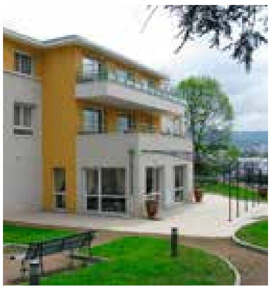
2006

Award of the PPP relating to the Antwerp fire station and the HEKLA police station (Antwerp region).

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).

2008



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

2009 › 2011

Healthcare real estate is brought to one third of the portfolio.

2011

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

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).

2013

Start of the reconversion works of office buildings into residential units (Woluwe 34 and Livingstone I).
Acquisition of two assets in the healthcare real estate segment in the Netherlands.

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.

Together in real estate

Cofinimmo
together in real estate

Who are we?

Cofinimmo is the foremost listed Belgian real estate company specialising in rental property. Formerly a Sicafi/Bevak, the company benefits from the RREC (Regulated Real Estate Company) regime in Belgium. It also benefits from the SIIC regime in France and the FBI regime 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 instaured by the Law of 12.05.2014 related to Regulated Real Estate Companies and the Royal Decree of 13.07.2014 related to Regulated Real Estate Companies.

Cofinimmo continues to exercice the same activities and holds the same property assets as under the former Sicafi/Bevak regime. In essence, it is subject to the same constraints in terms of distribution obligation, debt ratio and diversification of property assets. It must apply the same rules in terms of management and organisation structure, shareholder protection and holding of subsidiaries. It remains subject to a transparent fiscal regime. The main changes are related to the replacement of the concept of exclusive interest of the shareholders by the concept of social interest, a greater flexibility of the management body when it comes to the company strategy and the prohibition for the company to delegate management functions. Finally, the company is no longer subject to the legal regime of fixed capital investment companies under the Law of 03.08.2012 related to certain forms of collective management of investment portfolios.

At the end of 2014, its core activity segments are office property (41.0%), healthcare real estate (40.3%) and property of distribution networks. The latter groups a portfolio of cafés/restaurants (Pubstone) and a portfolio of insurance agencies (Cofinimur I) and accounts for 16.7% of the global portfolio.

In total, the properties have a surface area of 1,780,357m² and a fair value of €3,2 billion. The majority of the assets are located within the Belgian territory (77.2%). The foreign part represents 15.4% in France (healthcare real estate and portfolio of insurance agencies), 7.1% in the Netherlands (portfolio of cafés/restaurants and healthcare real estate) and 0.4% in Germany (healthcare real estate). The weighed average term of the leases increased from 6.7 years at the end of 2004 to 11.0 years at the end of 2014, an outstanding level amongst European property companies.

Cofinimmo is an independent company, which manages its properties and clients-tenants in-house. It is listed on Euronext Brussels, where it is included in the Bel20 index. The company's strategic priorities are the creation of long-term rental revenues, a sound relationship of trust with its clients and a sustainable management of its portfolio.

Its shareholder base is made up of individual and institutional investors, from Belgium and abroad, looking for a moderate risk profile combined with a high dividend yield.

Mission and values

For over 30 years, Cofinimmo's mission is to answer the accommodation needs of its clients-tenants in specific buildings:

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

Cofinimmo's teams act with a concern for the well-being of the clients as well as the other stakeholders and contribute their expertise in order to guarantee the quality and sustainability of the property portfolio.

The Group implements a corporate responsibility policy in terms of energy performance of buildings in operation 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 Cofinimmo, their potential effects on its activities 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.

Market

The markets in which the Cofinimmo Group operates are partly influenced by trends in the general economic climate. The office market is influenced in particular by economic trends, whereas the healthcare real estate sector, the property of distribution networks portfolio and the Public-Private Partnerships (PPP) are characterised by a stable rental environment.

DESCRIPTION OF RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES[1]
Deterioration of the economic climate in relation to the current situation	1. Negative impact on demand and occupancy rate of space and on rents at which the properties can be relet. 2. Downwards revision of the value of the property portfolio.	The healthcare real estate and the Public-Private Partnerships (together 43.0% of the portfolio under management) are insensitive or not very sensitive to variations of the general economic climate. (1, 2) Long weighted average duration of leases (11.0 years at 31.12.2014). (1, 2) 21.1% of the office tenants belong to the public sector.
Deterioration of the economic climate in relation to the property of distribution networks portofolio	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 properties	Uncertainty about the price and timing of sales.	Pre-sale before the launch of the conversion works.

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 are then put up for sale.

The management of the 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	1. Change in the Group's income potential. 2. Mismatch with market demand, resulting in vacancies. 3. Expected yields not achieved.	Strategic and risk analysis and technical, administrative, legal, accounting and taxation due diligence carried out before each acquisition. (1, 2, 3) In-house and external valuations (independent experts) carried out for each property to be bought or sold. (1, 2, 3) Marketing of development projects before acquisition. (1, 2, 3)
Excessive own account development pipeline	Uncertainty regarding future income.	Activity limited to maximum 10% of the fair value of the portfolio.

[1] The numbered reference in the mitigating factors and measures establishes the link with the potential impact of each risk.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Poor management of major works	1. Budget and timing not respected. 2. Increase in costs and/or reduction in income; negative impact on the profitability of the projects.	Specialised in-house Project Management team. (1, 2) Specialised external project managers selected for the larger projects. (1, 2)
Negative change in the fair value of the properties	Negative impact on the net result, the net asset value and the debt ratio. At 31.12.2014, a 1% value change would have had an impact of around €31.99 million on the net result and around €1.78 on the intrinsic value per share (compared with €33.47 million and €1.90 at 31.12.2013). It would also have had an impact on the debt ratio of around 0.44% (compared with 0.44% at 31.12.2013).	Property portfolio valued by independent experts on a quarterly basis conducive to corrective measures being taken. Clearly defined and prudent debt policy. Investment strategy focusing on quality assets and offering stable income. Multi-asset portfolio subject to different valuation trends able to offset one another. Main asset representing only 3.1% of the portfolio (see page 30).
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.	The company has substantial distributable reserves, amounting to €174.5 million. 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[1].
Rental vacancy of the properties	1. Loss of rental income. 2. Downwards revision of rents and granting of rent-free periods and other incentives. 3. Increase in marketing costs to attract new tenants, with an impact on the results. 4. Fall in value of the properties. At 31.12.2014, a 1% value change would have had an impact of around €31.99 million on the net result and around €1.78 on the intrinsic value per share (compared with €33.47 million and €1.90 at 31.12.2013). It would also have had an impact on the debt ratio of around 0.44% (compared with 0.44% at 31.12.2013).	(Pro)active marketing and property management by in-house letting and Property Management teams. (1, 3) Long average duration of leases (11.0 years) with maximum 13% expiring during a single year. (1, 2, 4) 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 (let to MAAF) for an initial term of 9.7 years; the occupancy rate of the office portfolio stands at 90.4%; that of the healthcare properties at 99.1%, and that of the property of distribution networks at 98.4%. (1, 2, 4) At 31.12.2014, the overall occupancy rate[2] stood at 95.2%, compared with 95.4% in 2013, i.e. a decrease of 0.21%.
Maintenance costs	Fall in the results.	Almost all the healthcare property leases are triple net contracts; for the cafés/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.	Long-term policy of systematic replacement of equipment. Regular renovation of properties to preserve their appeal. Sale of properties if the price offered exceeds the estimated value net of the anticipated renovation costs.
Destruction of buildings	Interrupted activity, resulting in loss of tenant and reduced rental income.	Portfolio insured for a total reconstruction value of €1.57 billion[3] (i.e. vs. a fair value, including land, of €1.35 billion for the same properties). Cover against vacancies caused by disasters. Civil liability insurance as owner or project supervisor.

[1] As a reminder, the transfer of €214,087,000 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 company result of Cofinimmo SA/NV positive again, and, on the other hand, reduced the combined share capital and share premium account.

[2] The occupancy rate is calculated based on contractual rents and, for vacant premises, on potential rents.

[3] These insurances cover 44.8% of the portfolio (100% when taking into account the insurances taken by the occupants). This amount does not include insurances taken during works nor those for which the occupants are contractually responsible (i.e. for healthcare real estate in Belgium, in France, in the Netherlands and in Germany, for the property of distribution networks and certain office buildings). The corresponding insurance premium stands at €823,098.

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 healthcare assets, cafés/restaurants and insurance agencies.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Reduced solvency/bankruptcy of clients	1. Loss of rental income. 2. Unexpected rental vacancy. 3. Marketing costs incurred for re-letting. 4. Re-letting at a lower price/granting of rent-free periods and other incentives (offices).	Main tenants: Korian/Medica 15.8%, AB InBev 14.1%, Armonea 9.8%, Buildings Agency (Belgian Federal State) 5.6%. The two main office clients belong to the public sector. (2) Before accepting a new client, a credit risk analysis is requested from an outside rating agency. (2) Advance/bank guarantee corresponding to six months' rent generally required from non-public-sector tenants. (1) 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) The solvency risks for an individual nursing home are pooled at the level of the operating group. (2, 3) 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)
Predominance of the largest tenants	Negative impact on rental income in the event of departure.	Diversified client base. Cofinimmo has 379 clients in total, with the largest client representing 15.8% and the second largest (10.2%) belonging to the public sector. Several tenant operators in healthcare real estate.
Non-renewal or early termination of leases	1. Rental vacancy. 2. Higher marketing costs resulting from vacancy. 3. Negative rent reversion. 4. Granting of rent-free periods and other incentives.	(Pro)active marketing and property management. (1, 2, 3) Ongoing contact between in-house letting team and real estate agencies. (1) All the leases provide for a compensation in the event of an early departure. (2) 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.

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%[1] (Belgium), 95%[2] (France) or 100% (Netherlands) of its profits (see pages 206 and 207). 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	1. Loss of approval as RREC and the associated fiscal transparency regime (exemption from income tax at RREC level/taxation at shareholder level). 2. Compulsory early repayment of certain loans.	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.

[1] RREC communicate a dividend policy corresponding to an amount per share. This amount per share may be higher than or equal to the minimum of 80% of the net proceeds as required by the Royal Decree of 13.07.2014.

[2] Obligation to distribute 95% of the gains resulting from the letting of property assets as from 2014.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Changes to town-planning or environmental legislation	1. Reduction in the fair value of the property. 2. Increase in the costs to be incurred to be able to operate a property. 3. Unfavourable effect on the capacity of the Group to operate a property.	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.	Annual solvency analysis of the operators on the basis of regular financial reporting. Monitoring of the regulatory trends.
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[1]

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	1. Access to credit impeded and more costly. 2. Reduced liquidity.	Rigorous financial policy (1, 2): • diversification of financing sources between the banking market (50.1%) and various segments of the capital market (49.9%); • stable, well-spread banking pool; • well-balanced maturity spreads over time. Full cover of the treasury bills programme. (1) Sufficient volume of undrawn portions of confirmed credit lines to cover medium-term operational/acquisition/construction expenditure and short-term refinancing. (1, 2)
Insolvency of financial or banking counterparties	Negative impact on the results.	Diversified and limited number of banking counterparties with good financial ratings.

[1] See also the chapter "Management of financial resources" of this Annual Financial Report.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Changes in (future) market interest rates	1. Revaluation of financial instruments[1]. 2. Negative impact on financial charges. 3. Negative impact on the net asset value and on the result of the period. 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"). 5. Negative impact under IAS 39 and on the result of the period: in 2014, given the persistent low interest rates (Euribor 3 months at 0.078% at the end of 2014), Cofinimmo cancelled FLOOR options until the end of 2017, with a 3% strike for a nominal amount of €600 million. The total cost of the restructuring stood at €57 million, booked under the income statement at 31.12.2014.	Part of the debt is contracted at floating rate or immediate conversion from fixed to floating rate. Interest rates locked in over a minimum of three years and for at least 50% of the debt. Use of derivative instruments (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) In 2015, assuming the structure and the level of debt remain identical to those at 31.12.2014, and taking into account the hedging instruments put in place for 2015, a 0.5% increase or decrease in interest rates would not have a significant impact on the cost of financing. At 31.12.2014, 29.3% of the debt is financed at fixed rate while 70.7% is financed at floating rate. In the absence of any hedging, an interest rate increase of ten base points would increase charges by €1.23 million. Over 70% of the floating debt is hedged using derivatives until 2018. Immediate outlay which will be compensated by lesser financial charges during the coming years. In the future, Cofinimmo will continue its cautious hedging policy. Cofinimmo fixed new hedges in the form of IRS until the end of 2017 for a notional amount of €400 million with an average strike of 0.51%.
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.
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 31.12.2014, the settlement amount would have stood at €-125.16 million (vs. €-105.44 million at 31.12.2013). The cost of closing the positions if the interest rates had been 1% above or below the reference rates would have stood at €-57.93 million (vs. €-28.21 million at 31.12.2013) and €-169.35 million (vs. €-185.26 million at 31.12.2013) respectively.	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.

[1] Interest rate derivatives being stated at market value.

DESCRIPTION OF THE RISK	POTENTIAL IMPACT	MITIGATING FACTORS AND MEASURES
Risk of debt[1]	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 31.12.2014, Cofinimmo's legal debt stood at 48.1%, 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 €-54.70 million at 31.12.2014 (vs. €-66.67 million at 31.12.2013).
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.

Management for third parties and co-investments

In 2013, Cofinimmo Investissements et Services (CIS)[2] 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)	1. If this limit is exceeded, the regulatory authorities may impose a penalty/fine and demand the reduction/sale of the business. 2. Loss of the RREC status.	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.

[1] In accordance with Article 13 of the Royal Decree of 13.07.2014, where the debt ratio exceeds 50%, Cofinimmo will 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).

[2] Formerly Cofinimmo France.

Message of the Chief Executive Officer and the Chairman of the Board of Directors

Dear shareholders,

Mid 2014 was characterised by an unexpected downturn of the growth in the Euro zone and a significant weakening of inflation. The overall economic downturn and the severity of public deficits weighed heavily on the long-term interest rates, keeping them at historically low levels. In order to adapt as well as possible to this persistent context, Cofinimmo sought a better distribution of the risks underlying its property portfolio, namely in terms of sectors and building sizes, and a reorganisation of the structure of its financing cost.

For Cofinimmo, the most notable event was without a doubt the sale of the shares of Galaxy Properties SA/NV, owner of the North Galaxy office building in Brussels, on 12.05.2014. The building was valued at €475 million, which makes this the largest real estate transaction realised on the Belgian market for a single building. This transaction resulted in a realised book loss of €24 million, due to the registration rights paid.

The ownership of the North Galaxy building, rented until 2031 to the Buildings Agency (Belgian federal state), was transferred to ATP, the largest Danish pension fund, and to Axa Belgium. This transaction resulted, on the one hand, in a decrease of the forecasted debt ratio at end 2014 and, on the other hand, in a better allocation of risks within the Cofinimmo property portfolio and, more specifically, within its office portfolio. The forecasted net current result per share (excluding IAS 39 impact) – Group share for the financial year 2014 could be maintained thanks to the partial restructuring of financial interest rate hedging instruments, resulting in a decrease of future interest charges. Nevertheless, the financial year ended with a negative net result of €-52.7 million, resulting from the restructuring cost of the financial instruments of €57 million and the effect of the interest rate decrease on their valuation.

London Tower, Antwerp (BE)

Another important event of the year 2014 is the adoption of the new Regulated Real Estate Company (RREC) regime. This status change, which was made possible thanks to the support of the shareholders of Cofinimmo, enables the company to position itself as Belgian Real Estate Investment Trust (B-REIT).

Cofinimmo continued its activities in the segment of healthcare real estate.

In 2014, Cofinimmo reinforced the geographical diversification of its healthcare portfolio. It realised a first acquisition of a revalidation clinic in Baden-Baden in southwest Germany, and that of a portfolio of 13 assets in the Netherlands. Precisely in the Netherlands, where the sector is still very fragmented, Cofinimmo was able to build a client base of 12 healthcare operators. The Group also started a rotation policy in its healthcare portfolio by selling seven healthcare assets located in France for €46.8 million.

Moreover, Cofinimmo's operational, commercial and financial teams are actively working on the various (re)development projects of the Group.

In the office segment, the renovation works of the Livingstone II building (Brussels CBD) were finalised. The lease with the European Commission entered into force in August 2014. The reconversion works of the Woluwe 34 office building in apartments are progressing according to plans. At the time of writing of this Annual Financial Report, 95% of the apartments are already reserved or sold.

In the healthcare real estate segment, the construction and renovation works of various assets were finalised, demonstrating once again Cofinimmo's expertise in accompanying healthcare operators in their real estate projects.

In the segment of Public-Private Partnerships, the delivery of the construction works of the new prison in Leuze-en-Hainaut was formalised last June and indicates the beginning of the occupation of the building by the Buildings Agency under a 25-year lease.

Amongst the redevelopment projects, Cofinimmo also launches the works of the Belliard 40.

The permits required for the redevelopment of this asset were granted in March 2014. The works, which will start during the first quarter of 2015, consist in the complete reconstruction of this flagship building of the Rue Belliard/Belliardstraat. The new construction should be completed and functional by the second quarter of 2017. Cofinimmo is confident in its ability to deliver such an ambitious project, with exemplary architectural features. The marketing, which is underway, meets the demand for this type of buildings in the European district of Brussels over the horizon 2017.

> “The most notable event of the year was without a doubt the disposal of the shares of the company Galaxy Properties, owner of the North Galaxy office building in Brussels.”

On the financing side, Cofinimmo continued to optimise its financial resources, namely by offering its shareholders the option of the payment of their 2013 dividend in cash or in shares.

In 2014, 41.2% of the 2013 dividends were paid in new ordinary shares, increasing the company's equity by €32.8 million. We are thankful to our shareholders for renewing their vote of confidence.

Furthermore, we continue our strategy of diversification of financial resources with a debt portfolio comprising of bank facilities, commercial papers, convertible and non-convertible bonds, with an appropriate spread of maturities.

With regard to the dividend for the financial year 2015 (payable in 2016), Cofinimmo announces a target of €5.50 gross per ordinary share.

We propose to our shareholders a gross dividend of €5.50 for the financial year 2014, i.e. 6.41% of the net asset value of the Cofinimmo share at 31.12.2014 and 6.13% of the average share price over the year.

For the financial year 2015 (dividend payable in 2016), our objective is to have a net current result per share of €6.85 and a gross dividend per ordinary share of €5.50, i.e. a pay-out ratio of 80.3%[1], barring any unforeseen events that may arise throughout the year.

What will be Cofinimmo's priorities in 2015?

We will continue to actively manage our office portfolio, on the letting as well as on the redevelopment and reconversion level. We will also favour the growth of our healthcare portfolio, namely in the Netherlands and in Germany. In a context of historically low long-term interest and inflation rates, we remain focused on investment opportunities at attractive yields against a moderate risk level, in order to ensure a regular dividend distribution to our shareholders in the coming years, while preserving the capital they entrusted us with.

[1] Against 82.1% at 31.12.2014.

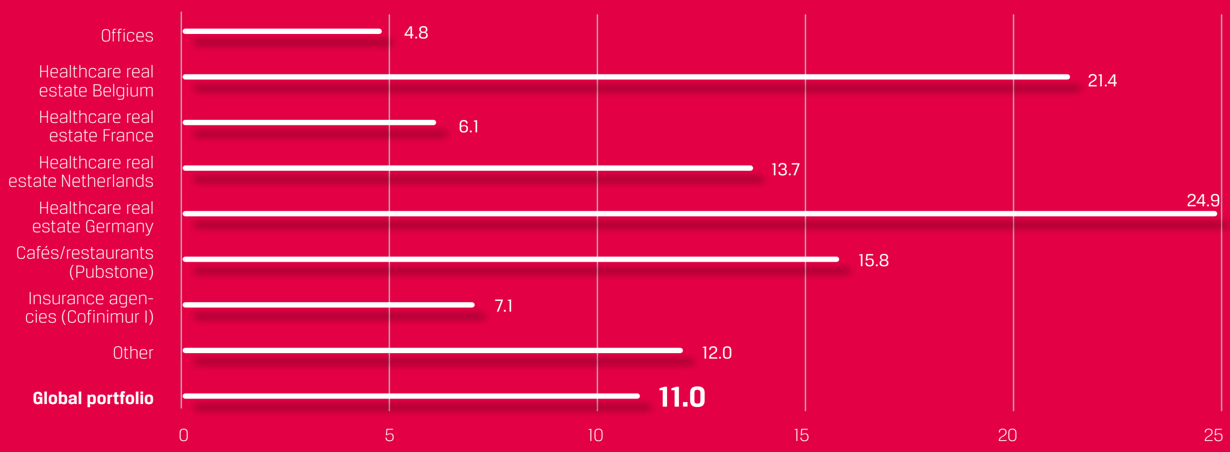
Management report

+ **Stable fair value of the portfolio**

+ **Growth of rental revenues at constant portfolio**

+ **Long residual lease length**

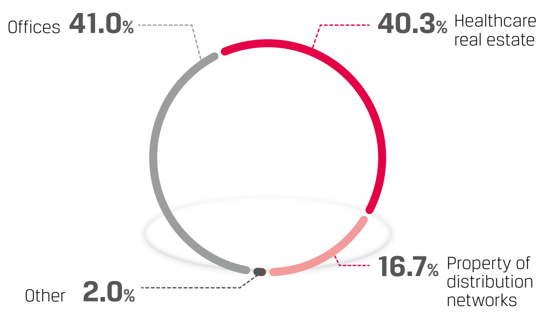
Average residual lease length per segment (in number of years)



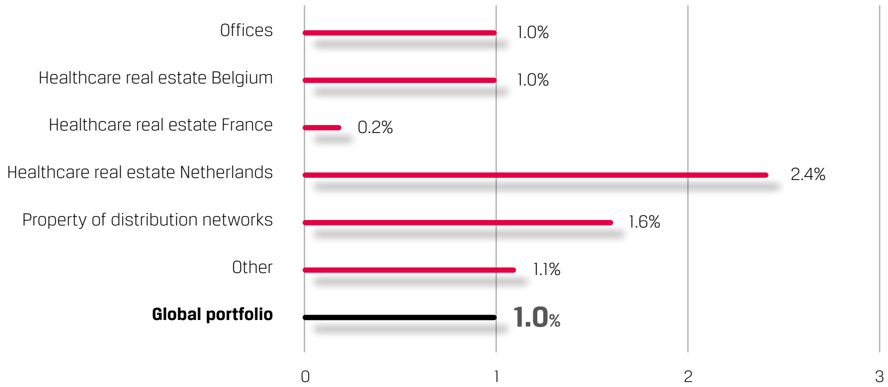
Portfolio of investment properties in fair value

€3,199 million

Breakdown of the portfolio in fair value (in %)



Evolution of rental revenues at constant portfolio 2014 vs. 2013 (in %)



Key figures

Global information

(x €1,000,000)	31.12.2014	31.12.2013
Portfolio of investment properties (in fair value)	3,199.2	3,347.0

(x €1,000)	31.12.2014	31.12.2013
Property result	208,074	216,909
Operating result before result on the portfolio	177,742	185,619
Financial result (excluding IAS 39 impact)	-51,432	-61,249
IAS 39 impact	-136,143	-13,686
Net current result - Group share	-15,655	104,924
Result on the portfolio - Group share	-37,016	-46,187
Net result - Group share	-52,671	58,737

(in %)	31.12.2014	31.12.2013
Operating costs/average value of the portfolio under management[1]	0.85%	0.83%
Operating margin	85.4%	85.6%
Weighed residual lease term[2] (in years)	11.0	11.6
Occupancy rate[3]	95.2%	95.4%
Gross rental yield at 100% occupancy	6.9%	7.0%
Net rental yield at 100% occupancy	6.5%	6.5%
Debt ratio[4]	48.1%	48.9%
Average cost of debt[5]	3.4%	3.9%
Average debt maturity (in years)	3.4	3.8

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

[2] Up until the date of the tenant's first break option.

[3] Calculated according to the actual rents and, for unoccupied buildings, the rental value estimated by the independent real estate experts.

[4] Legal ratio calculated in accordance with the legislation regarding RREC as financial and other debts divided by total assets.

[5] Including bank margins.

Figures per share[1] (in €)

Results per share	31.12.2014	31.12.2013
Net current result – Group share – excluding IAS 39 impact	6.70	6.78
IAS 39 impact	-7.57	-0.82
Net current result – Group share	-0.87	5.96
Realised result on the portfolio	-2.06	-2.62
Net result – Group share	-2.93	3.34

Net asset value per share	31.12.2014	31.12.2013
Revalued net asset value in fair value[2] after distribution of the dividend for the year 2013	85.80	85.77
Revalued net asset value in investment value[3] after distribution of the dividend for the year 2013	90.08	90.24

Diluted net asset value per share [4]	31.12.2014	31.12.2013
Diluted revalued Net Asset Value in fair value[2] after distribution of dividend for the year 2013	92.01	90.58
Diluted revalued Net Asset Value in investment value[3] after distribution of dividend for the year 2013	95.54	94.40

EPRA performance indicators[5]

(in € per share)	31.12.2014	31.12.2013
EPRA Earnings	6.70	6.78
EPRA Net Asset Value (NAV)	96.08	98.85
EPRA Adjusted Net Asset Value (NNNAV)	92.01	95.74

(in %)	31.12.2014	31.12.2013
EPRA Net Initial Yield (NIY)	6.1%	6.2%
EPRA "Topped-up" NIY	6.0%	6.2%
EPRA Vacancy Rate	4.9%	5.0%
EPRA Cost ratio (direct vacancy costs included)	18.5%	18.9%
EPRA Cost ratio (direct vacancy costs excluded)	15.9%	16.0%

[1] Ordinary and preference shares.

[2] Fair value: after deduction of transactions costs (mainly transfer taxes) from the value of investment properties.

[3] Investment value: before deduction of transactions costs.

[4] By assuming the theoretical conversion of the convertible bonds issued by Cofinimmo, the mandatory convertible bonds issued by Cofinimur I and the stock options.

[5] These data are not compulsory according to the RREC regulation and are not subject to verification by public authorities. The Auditor verified that the "EPRA Earnings", "EPRA NAV" and "EPRA NNNAV" ratios are calculated according to the definitions included in the "2014 EPRA Best Practices Recommendations" and that the financial data used in the calculation of these ratios comply with the accounting data included in the audited consolidated financial statements.

Strategy

Cofinimmo responds to its clients' specific needs in each sector in which it operates. Special attention is paid to the healthy management of risks, whether in respect of market risks or financial risks. This policy ensures that Cofinimmo provides a quality investment and an attractive and sustainable return for its shareholders.

Offices

As part of the optimisation of its overall portfolio, Cofinimmo's objective consists in a medium-term reduction of the share of offices in its overall portfolio, either by dilution or asset arbitrage, while ensuring it retains a critical size in this sector.

This arbitrage allows Cofinimmo to develop or acquire office buildings which configuration and facilities have the flexibility, sustainability and connectivity to satisfy the demands posed by new styles of working, particularly among the younger generations.

The main themes in the office portfolio management are:

- Long-term leases;
- High-quality tenants;
- Optimisation of the land;
- Own-account redevelopment of properties with the possibility of residential reconversion;
- Improvement of the energy efficiency of the property portfolio;
- Adaptation of buildings to user needs and new standards of occupation.

Healthcare real estate

Cofinimmo's healthcare real estate strategy involves expanding the healthcare portfolio by combining diversification by country, by operator and by care speciality (geriatrics, psychiatry, rehabilitation, people with disabilities and acute care).

The main advantages of the expanding healthcare real estate are:

- Long-term leases with operators: an initial fixed term of 27 years in Belgium, 12 years in France, 15 years in the Netherlands and 25 years in Germany;
- The large majority of the leases stating that maintenance costs, including structural maintenance, are the responsibility of the tenant;
- Rental levels that reflect the economic potential of each project;
- Favourable locations making it easier to redevelop the properties: if the leases are not extended, Cofinimmo can tap the redevelopment potential of these properties to the full, mainly as residential accommodation.

A diversified portfolio

A long maturity of leases

A geographical distribution over several countries

A moderate risk profile

Stable rental yields

Property of distribution networks and Public-Private Partnerships (PPP)

These types of investments are made as opportunities arise but nevertheless offer considerable advantages for the Group in terms of long-term income and yield.

In relation to **property of distribution networks**, Cofinimmo invests in buildings used by companies as networks of direct sales points of products or services to their clients.

The Group currently has two portfolios of distribution networks: Pubstone (AB InBev cafés/restaurants) and Cofinimur I (MAAF and GMF insurance agencies), with a single tenant in each case.

Through **Public-Private Partnerships**, Cofinimmo also plays a role in the renovation and improvement of public and non-profit properties in Belgium. It owns several specific buildings such as a courthouse, a fire station and a prison let to the public authorities for very long periods.

Balance sheet optimisation

Cofinimmo's investment capacity is based on its ability to raise new equity and on its borrowing capacity, in order to finance investments which increase the company's results.

It is therefore important for the Group to have regular access to the capital markets, both bond and stock markets, in order to ensure the liquidity of its funding sources and to allow the optimisation of their cost.

Real estate strategy[1]

Investment criteria

A moderate risk profile

Investment decisions are based on the application of rigorous valuation models founded on precise financial criteria. The criterion determining the acquisition of buildings which investment value is within the portfolio average and for which there is no specific financing, is:

Long-term cash flow
+ Residual value

Discounted at the weighed
average cost of [equity + debt]

Compared with the
acquisition price,
costs included

Except in cases where Cofinimmo is not the owner in perpetuity of the property and where it is planned to transfer the property free of charge or at a fixed value to a third party at the end of the lease (as is the case, for example, in the majority of Public-Private Partnerships), the residual value is estimated conservatively.

For large-scale operations (value of unit 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 of the following items over five years:

- Net current result per share;
- Revalued net asset value per share.

Differentiation

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

Architectural and environmental qualities

Apart from the usual "due diligence" examinations, each building assessed is rated according to a range of factors:

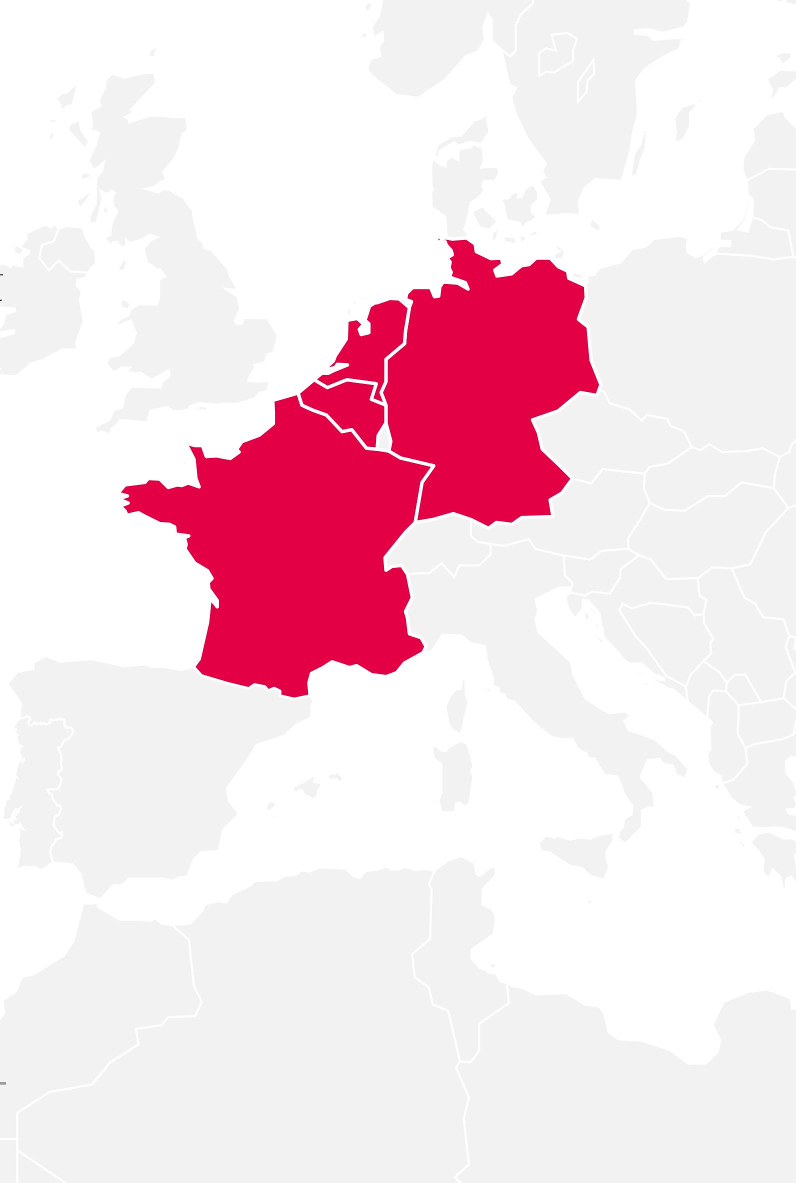
- Intrinsic qualities (for office buildings: the size and modularity of the floors, the ratio of parking spaces, the headroom, daylight, etc.);
- Energy performance;
- Location (access by car, public transportation, submarket rental activity, level of local taxes, etc.);
- Environment (nearby shops, hotels, views, etc.).

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, the Group strengthened its presence in France and the Netherlands via the acquisition of the portfolio of MAAF insurance agencies and acute care clinics.

In 2014, the Group extended its geographical presence through a first acquisition in the healthcare real estate sector in Germany and a second portfolio in the Netherlands.

The company's strategy includes expansion into Belgium's neighbouring countries with a rate of establishment giving it a sound knowledge of the foreign property markets it has targeted.



[1] The investment strategy of this year also applies to future years.

Property and operational management

Cofinimmo continues to manage all of its buildings internally, in order to ensure a continuous relationship with clients. Only the Asset and Property Management responsibilities for the insurance agencies leased to the Covéa Group in France (3.6% of rents received) are subcontracted to the real estate company Atland REIM.

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

This rigorous management has led to Cofinimmo being awarded the ISO 14001:2004[1] certification for its entire self-managed office portfolio.

The company also has its own letting, legal, accounting, financial, human resources and communication services. All these activities are based on an SAP integrated IT system and a quality control and internal audit division.

Responsible portfolio and sustainable development

Cofinimmo strives to integrate both social and environmental elements into its overall strategy. Beyond its mere legal obligations, Cofinimmo endeavours to adopt a proactive approach towards improving its physical environment, in particular by reducing its carbon footprint and favouring civil-minded and responsible projects. As a major player in the property market, Cofinimmo demonstrates its corporate social responsibility at every level, through its relationships with its clients, suppliers and partners.

Cofinimmo has set up a Sustainability Committee which role is to propose concrete measures for improving the company's environmental performance.

For more information, see the chapter "Corporate Social Responsibility" of this Annual Financial Report and the 2014 Sustainable Development Report, available on our website www.cofinimmo.com as from 30.04.2015.

Financial strategy

Financial result

The profitable growth of the Group and the stable, proactive relationship forged with clients contribute to its financial result, for the benefit of all 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. Furthermore, Cofinimmo closely monitors the company's structural costs.

Economic depreciation on buildings is not deducted when calculating current results. It is included implicitly in the result on the portfolio since independent real estate experts take into account in their valuations the costs relating to the age of the buildings and the date of their next renovation. At a time when market rents are stagnating, this depreciation has a greater impact on experts' valuations and, consequently, on Cofinimmo's result on the portfolio.

In accordance with the principle of the Real Estate Investment Trust status and the RREC legal regime, Cofinimmo distributes most of its current results to its shareholders in the form of dividends. The company has no obligation to distribute a dividend for the financial year 2014 (see the chapter "Appropriation of company results" of this Annual Financial Report).

Debt ratio

Although its legal RREC status allows a debt ratio of up to 65% (debts on total assets), Cofinimmo's policy, even if the bank agreements authorise a ratio of 60%, consists in keeping its debt ratio[2] below 50% (see the chapter "Management of financial resources" of this Annual Financial Report). This choice has not been made by chance: it takes into account the long remaining lease durations and the high property yields of its buildings, and is coupled to cautious interest rate hedging measures.

+ **Coherent financial profile**

+ **Highly predictable net current result**

+ **Low risk exposure**

[1] 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.

[2] Financial and other debts divided by total assets on the consolidated balance sheet.

Summary of the consolidated accounts

Consolidated income statement – Analytical form

(x €1,000)	31.12.2014	31.12.2013
A. NET CURRENT RESULT		
Rental income, net of rental-related expenses	195,827	195,185
Writeback of lease payments sold and discounted (non-cash)	15,931	25,276
Taxes and charges on rented properties not recovered	-2,756	-2,376
Redecoration costs, net of tenant compensation for damages	-928	-1,176
Property result	**208,074**	**216,909**
Technical costs	-3,802	-5,114
Commercial costs	-1,137	-956
Taxes and charges on unlet properties	-3,922	-4,075
Property result after direct property costs	**199,213**	**206,764**
Property management costs	-14,295	-14,258
Property operating result	**184,918**	**192,506**
Corporate management costs	-7,176	-6,887
Operating result before result on the portfolio	**177,742**	**185,619**
Financial income (IAS 39 excluded)[1]	5,577	5,723
Financial charges (IAS 39 excluded)[2]	-57,009	-66,972
Revaluation of derivative financial instruments (IAS 39)	-136,143	-13,686
Share in the result of associated companies and joint ventures	1,180	1,425
Taxes	-2,493	-2,179
Net current result	**-11,146**	**109,930**
Minority interests	-4,509	-5,006
Net current result – Group share	**-15,655**	**104,924**
B. RESULT ON THE PORTFOLIO		
Gains or losses on disposals of investment properties and other non-financial assets	-22,441	147
Changes in the fair value of investment properties	-5,455	-26,260
Share in the result of associated companies and joint ventures	127	112
Other result on the portfolio	-10,378	-22,065
Result on the portfolio	**-38,147**	**-48,066**
Minority interests	1,131	1,879
Result on the portfolio – Group share	**-37,016**	**-46,187**
C. NET RESULT		
Net result	**-49,293**	**61,864**
Minority interests	-3,378	-3,127
Net result – Group share	**-52,671**	**58,737**

[1] Including IAS 39, at 31.12.2014 and 31.12.2013, the financial income amounted to K€5,577 and K€19,305 respectively.

[2] Including IAS 39, at 31.12.2014 and 31.12.2013, the financial charges amounted to K€-193,152 and K€-94,240 respectively.

NUMBER OF SHARES	31.12.2014	31.12.2013
Number of ordinary shares issued (including treasury shares)	17,339,423	16,954,002
Number of preference shares issued and not converted	686,485	688,682
Number of ordinary shares entitled to share in the result of the period	17,285,009	16,905,085
Number of preference shares entitled to share in the result of the period	686,485	688,682
Total number of shares entitled to share in the result of the period	**17,971,494**	**17,593,767**

Comments on the consolidated income statement – Analytical form

The **net rental income** amounts to €195.8 million at 31.12.2014, a level comparable to that at 31.12.2013 (€195.2 million). The item "Writeback of lease payments sold and discounted" comes from €25.3 million at 31.12.2013 to €15.9 million at 31.12.2014, mainly as a result of the sale of the shares of Galaxy Properties, owner of the North Galaxy office building, on 12.05.2014. The **property result** amounts to €208.1 million at 31.12.2014, compared to €216.9 million at 31.12.2013, i.e. a decrease of 4.1%.

Direct and indirect operating costs represent 0.85% of the average value of the assets under management at 31.12.2014, compared to 0.83% at 31.12.2013. The **operating result (before result on the portfolio)** stands at €177.7 million at 31.12.2014, versus €185.6 million one year before.

The **financial result (excluding IAS 39 impact)** amounts to €-51.4 million at 31.12.2014, compared to €-61.2 million at 31.12.2013. The average cost of debt, including bank margins[1], decreased from 3.9% at 31.12.2013 to 3.4% at 31.12.2014, namely as a result of the cancellation of FLOOR options on 12.05.2014. The average debt level also decreased (€1,593.4 million at 31.12.2014, versus €1,685.8 million at 31.12.2013).

The item "**Revaluation of derivative financial instruments**" stands at €-136.1 million at 31.12.2014. It includes the costs related to the restructuring of the interest rate hedging instruments for €-57 million. This manily consists in the recycling under the income statement of discontinued hedging instruments. Their negative value had already been taken into account as negative reserves under equity. This restructuring is related to certain hedging instruments for the period 2014-2017, for a notional amount of €600 million. It resulted in an immediate outlay of €57 million, which will be compensated by significantly lower interest charges during the next four years.

On the other hand, it includes the effect of the decreasing interest rates on the instruments which were not restructured for €-71 million.

The net current result - Group share amounts to €-15.7 million at 31.12.2014, compared to €104.9 million at 31.12.2013. Per share, these figures stand at €-0.87 at 31.12.2014 and €5.96 at 31.12.2013. Excluding the IAS 39 impact, the net current result - Group share amounts to €125.0 million at 31.12.2014, compared to €123.6 million at 31.12.2013. Per share, these figures stand at €6.70 at 31.12.2014 and €6.78 at 31.12.2013.

Within the result on the portfolio, **the realised gains or losses on disposals of investment properties and other non-financial assets** amount to €-22.4 million at 31.12.2014 and mainly comprise the €24 million loss realised on the sale of the North Galaxy office building. This loss results mainly from the difference between the price received by Cofinimmo for the shares of Galaxy Properties SA/NV, company which owns the building, and their book value, and, incidentally, from the cancellation of the writeback of lease payments sold and discounted booked since 01.01.2014.

The **change in the fair value of investment properties** comes from €-26.3 million at 31.12.2013 to €-5.5 million at 31.12.2014. The value decrease of the office buildings to be renovated in the short term is compensated namely by a value increase of the Livingstone II office building, following the announcement of the letting to the European Commission, and by a value increase of the healthcare assets in Belgium and France, resulting mainly from lease indexations. On a like-for-like basis, the fair value of the investment properties slightly decreased since 31.12.2013 (-0.2%).

The **net result – Group share** amounts to €-52.7 million at 31.12.2014, compared to €58.7 million at 31.12.2013. Per share, these figures stand at €-2.93 at 31.12.2014 and €3.34 at 31.12.2013.

[1] Paid margins to be added to the floating rate (Euribor).

Consolidated balance sheet

(x €1,000)	31.12.2014	31.12.2013
Non-current assets	**3,410,050**	**3,565,180**
Goodwill	118,356	129,356
Intangible assets	659	753
Investment properties	3,195,773	3,338,709
Other tangible assets	411	677
Non-current financial assets	10,933	20,941
Finance lease receivables	78,018	67,449
Trade receivables and other non-current assets	38	40
Participations in associated companies and joint ventures	5,862	7,255
Current assets	**88,962**	**105,263**
Assets held for sale	3,410	8,300
Current financial assets	498	2,782
Finance lease receivables	1,618	1,236
Trade receivables	24,781	25,698
Tax receivables and other current assets	17,505	24,304
Cash and cash equivalents	17,117	15,969
Accrued charges and deferred income	24,033	26,974
TOTAL ASSETS	**3,499,012**	**3,670,443**
Shareholders' equity	**1,608,965**	**1,681,462**
Shareholders' equity attributable to shareholders of the parent company	**1,541,971**	**1,614,937**
Capital	963,067	942,825
Share premium account	384,013	372,110
Reserves	247,562	241,265
Net result of the financial year	-52,671	58,737
Minority interests	**66,994**	**66,525**
Liabilities	**1,890,047**	**1,988,981**
Non-current liabilities	**1,303,250**	**1,412,904**
Provisions	17,658	18,180
Non-current financial debts	1,148,023	1,266,665
Other non-current financial liabilities	102,041	93,304
Deferred taxes	35,528	34,755
Current liabilities	**586,797**	**576,077**
Current financial debts	473,499	455,509
Other current financial liabilities	24,698	21,921
Trade debts and other current debts	59,850	64,680
Accrued charges and deferred income	28,750	33,967
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,499,012**	**3,670,443**

Comments on the consolidated balance sheet

The **investment value** of the property portfolio[1], as established by the independent real estate experts, amounts to €3,329.2 million at 31.12.2014, compared to €3,478.9 million at 31.12.2013. Its **fair value**, as appears from the consolidated balance sheet, by application of IAS 40, is obtained by deducting transaction costs from the investment value. At 31.12.2014, the fair value stands at €3,199.2 million, compared to €3,347.0 million at 31.12.2013.

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

[1] Including assets held for own use and development projects.

Quarterly consolidated accounts

Consolidated global result per quarter[1] (income statement)

(x €1,000)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014[2]
A. NET RESULT					
Rents	49,199	49,391	49,853	49,317	197,761
Cost of rent-free periods	-808	-737	-800	-587	-2,933
Client incentives	-122	-226	-60	-150	-558
Rental indemnities	151	537	246	714	1,648
Writeback of lease payments sold and discounted	6,907	4,426	2,299	2,299	15,931
Rental-related expenses	-9	-22	-25	-36	-91
Net rental income	**55,318**	**53,369**	**51,513**	**51,557**	**211,758**
Recovery of property charges	276	-95	641	-209	612
Recovery income of charges and taxes normally payable by the tenant on let properties	12,659	10,938	10,427	10,732	44,756
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-445	-217	-379	-498	-1,540
Charges and taxes normally payable by the tenant on let properties	-13,362	-12,074	-10,812	-11,263	-47,512
Property result	**54,446**	**51,921**	**51,389**	**50,318**	**208,074**
Technical costs	-802	-1,842	-827	-331	-3,802
Commercial costs	-226	-236	-358	-318	-1,137
Taxes and charges on unlet properties	-1,245	-879	-1,067	-727	-3,922
Property management costs	-3,879	-3,353	-3,273	-3,791	-14,295
Property charges	**-6,152**	**-6,310**	**-5,525**	**-5,168**	**-23,156**
Property operating result	**48,294**	**45,611**	**45,864**	**45,151**	**184,918**
Corporate management costs	-1,868	-1,721	-1,803	-1,784	-7,176
Operating result before result on the portfolio	**46,426**	**43,890**	**44,061**	**43,366**	**177,742**
Gains or losses on disposal of investment properties and other non-financial assets	384	-22,620	396	-601	-22,441
Change in the fair value of investment properties	-6,576	6,004	-3,371	-1,513	-5,455
Other result on the portfolio	22	313	401	-12,040	-11,304
Operating result	**40,256**	**27,587**	**41,488**	**29,211**	**138,542**
Financial income	1,395	1,449	1,358	1,375	5,577
Net interest charges	-16,427	-13,888	-12,348	-12,037	-54,700
Other financial charges	4	-223	-523	-1,567	-2,309
Change in the fair value of financial assets and liabilities	-24,399	-76,493	-19,242	-16,009	-136,143
Financial result	**-39,427**	**-89,155**	**-30,755**	**-28,238**	**-187,575**
Share in the result of associated companies and joint ventures	342	485	113	367	1,307

[1] The Group did not publish any quarterly information between 31.12.2014 and the time of writing of this Annual Financial Report.

[2] The half-year and annual figures are verified by the Auditor Deloitte, Company Auditors.

(x €1,000)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014[1]
Pre-tax result	**1,171**	**-61,083**	**10,846**	**1,340**	**-47,726**
Corporate tax	30	-192	-772	-1,559	-2,493
Exit tax	761	40	20	103	926
Taxes	**791**	**-152**	**-752**	**-1,456**	**-1,567**
Net result of the period	**1,962**	**-61,235**	**10,094**	**-114**	**-49,293**
Minority interests	-1,209	-994	-1,114	-61	-3,378
NET RESULT - GROUP SHARE	**753**	**-62,229**	**8,980**	**-175**	**-52,671**
NET CURRENT RESULT - GROUP SHARE	**6,213**	**-45,954**	**11,448**	**12,638**	**-15,655**
RESULT ON THE PORTFOLIO - GROUP SHARE	**-5,460**	**-16,275**	**-2,468**	**-12,813**	**-37,016**
B. OTHER ELEMENTS OF THE GLOBAL RESULT RECYCLABLE UNDER THE INCOME STATEMENT					
Impact on the fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties	-97	2,303	-1,789	1,360	1,777
Changes in the effective part of the fair value of authorised cash flow hedge instruments	-4,098	-3,143	316	2,209	-4,716
Restructuring of the hedging instruments which relationship has been terminated	79	56,278	79	79	56,515
Other elements of the global result	**-4,116**	**55,438**	**-1,394**	**3,648**	**53,576**
Minority interests		11		7	18
OTHER ELEMENTS OF THE GLOBAL RESULT - GROUP SHARE	**-4,116**	**55,449**	**-1,394**	**3,655**	**53,594**
C. GLOBAL RESULT	-2,154	-5,797	8,701	3,533	4,283
Minority interests	-1,209	-983	-1,115	-53	-3,360
GLOBAL RESULT - GROUP SHARE	**-3,363**	**-6,780**	**7,586**	**3,480**	**923**

[1] The half-year and annual figures are verified by the Auditor Deloitte, Company Auditors.

Consolidated balance sheet per quarter

(x €1,000)	31.03.2014	30.06.2014	30.09.2014	31.12.2014[1]
Non-current assets	**3,568,571**	**3,366,956**	**3,342,503**	**3,410,050**
Goodwill	129,356	129,356	129,356	118,356
Intangible assets	717	698	669	659
Investment properties	3,347,108	3,141,170	3,116,728	3,195,773
Other tangible assets	607	1,089	1,022	411
Non-current financial assets	15,493	10,837	11,010	10,933
Finance lease receivables	67,645	78,104	77,938	78,018
Trade receivables and other non-current assets	40	40	39	38
Participations in associated companies and joint ventures	7,605	5,662	5,741	5,862
Current assets	**83,551**	**102,005**	**129,156**	**88,962**
Assets held for sale	7,130	7,130	3,630	3,410
Current financial assets	375	4,305	982	498
Finance lease receivables	1,221	1,630	1,461	1,618
Trade receivables	19,516	24,361	29,179	24,781
Tax receivables and other current assets	11,976	10,615	13,481	17,505
Cash and cash equivalents	16,087	24,362	53,691	17,117
Deferred charges and accrued income	27,246	29,602	26,732	24,033
TOTAL ASSETS	**3,652,122**	**3,468,961**	**3,471,659**	**3,499,012**

Shareholders' equity	**1,679,113**	**1,597,257**	**1,609,415**	**1,608,965**
Shareholders' equity attributable to shareholders of the parent company	**1,611,599**	**1,531,282**	**1,542,418**	**1,541,972**
Capital	942,826	963,448	963,448	963,067
Share premium account	375,666	384,362	384,362	384,013
Reserves	292,354	244,947	247,105	247,562
Net result of the year	753	-61,475	-52,497	-52,671
Minority interests	**67,514**	**65,975**	**66,997**	**66,994**
Liabilities	**1,973,009**	**1,871,704**	**1,862,244**	**1,890,047**
Non-current liabilities	**1,316,912**	**1,223,569**	**1,248,530**	**1,303,250**
Provisions	17,972	17,101	16,830	17,658
Non-current financial debts	1,190,654	1,104,096	1,111,041	1,148,023
Other non-current financial liabilities	73,629	67,854	86,321	102,041
Deferred taxes	34,657	34,518	34,338	35,528
Current liabilities	**656,097**	**648,135**	**613,714**	**586,797**
Current financial debts	498,119	519,539	473,914	473,499
Other current financial liabilities	59,948	26,671	28,493	24,698
Trade debts and other current debts	57,444	69,568	76,196	59,850
Accrued charges and deferred income	40,586	32,357	35,111	28,750
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,652,122**	**3,468,961**	**3,471,659**	**3,499,012**

[1] The half-year and annual figures are verified by the Auditor Deloitte, Company Auditors.

Appropriation of company results

The Board of Directors proposes to the Ordinary General Shareholders' Meeting of 13.05.2015 to approve the annual statements at 31.12.2014, to appropriate the result as indicated in the table hereafter and to distribute the following dividends:

- €5.50 gross, i.e. €4.12 net per ordinary share;
- €6.37 gross, i.e. €4.78 net per preference share.

The dividend payment dates and modalities are mentioned in the agenda of the shareholder on page 125. The deduction for withholding taxes stands at 25%.

At 31.12.2014, the Cofinimmo Group held 54,414 ordinary treasury shares.

The Board of Directors proposes to suspend the right to a dividend for the financial year 2014 of 39,219 own ordinary shares in view of its stock option plan and to cancel the right to dividend of the remaining 15,195 own ordinary shares. The remuneration of the capital is based on the number of ordinary and preference shares issued on 31.12.2014. Possible conversions of preference shares into ordinary shares during the conversion period from 22.03.2015 to 31.03.2015, the conversion of convertible bonds into ordinary shares, as well as any sale of ordinary shares held by the Group, can modify the remuneration of the capital.

Because of the debt decrease between the beginning and the end of the financial year 2014 (€-73.8 million), the company has no obligation to distribute a dividend (see the chapter "Company accounts" of this Annual Financial Report). Nevertheless, in accordance with what has been proposed in the past, Cofinimmo wishes to remunerate its shareholders on a regular basis and proposes a gross dividend of €5.50 for the financial year 2014.

After the proposed remuneration of the capital for the financial year 2014, i.e. €99.44 million, the total amount of the reserves and the company result of Cofinimmo SA/NV will stand at €12.61 million whereas the remaining distributable amount in accordance with the provisions of Article 617 of the Company Code will reach €174.53 million (see the chapter "Company accounts" of this Annual Financial Report).

The 2014 consolidated net current result (Group share) stands at €-15.66 million and the consolidated net result (Group share) at €-52.67 million. This negative result can be explained by the negative revaluation of the financial instruments, which includes, on the one hand, the costs related to the restructuring of the interest rate hedging instruments and, on the other hand, the negative impact of the decrease in interest rates on the instruments which were not restructured. The pay-out ratio on the consolidated net current result (IAS 39 excluded) of €120.49 million amounts to 82% (compared to 89% for 2013).

Appropriation account

(x €1,000)	2014	2013
A. Net result	**-53,639**	**57,180**
B. Transfert from/to the reserves	**153,430**	**48,984**
Transfer from/to the reserve of the positive balance of changes in the fair value of investment properties	**-27,969**	**-32,242**
Financial year	-19,508	
Previous years	-8,461	-32,242
Transfer from/to the reserve of the negative balance of changes in the fair value of investment properties	**46,252**	**4,445**
Financial year	15,312	4,445
Previous years	30,940	
Transfer from/to the reserve of the estimated transaction costs resulting from the hypothetical disposal of investment properties	**488**	**1,146**
Financial year	488	1,146
Transfer from/to the reserve of the balance of changes in the fair value of authorised cash flow hedging instruments qualifying for hedge accounting	**10,512**	**-4,576**
Financial year	10,512	-4,576
Transfer from/to the reserve of the balance of changes in the fair value of authorised cash flow hedging instruments not qualifying for hedge accounting	**71,579**	**-18,643**
Financial year	71,579	-18,643
Transfer from/to other reserves	**-216**	**-241**
Transfer from/to the result carried forward of the previous years	**52,784**	**99,095**
C. Remuneration of the capital		
Remuneration of the capital under Article 13 §1 (1) of the Royal Decree of 13.07.2014		
D. Allocation for the financial year other than the remuneration of capital	**-99,791**	**-106,164**
Dividends	-99,440	-105,817
Profit-sharing scheme	-351	-347
E. Result to be carried forward	**294,364**	**350,446**

Transactions and performances in 2014

Granting of the permits for the Brussels office building Belliard 40

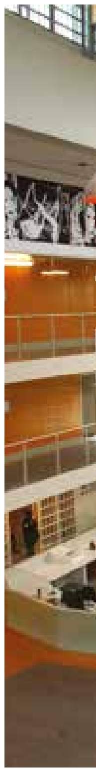
March 2014

May 2014

Letting of the Brussels office building Livingstone II for 15 years to the European Commission

Sale of the shares of the company Galaxy Properties, owner of the Brussels office building North Galaxy

May 2014



Major events in 2014

The year 2014 was eventful for Cofinimmo. The Group continued to actively manage its offices. Moreover, it began a rotation of its healthcare assets and reinforced its geographic diversification in healthcare real estate thanks to investments in the Netherlands and a first step in Germany. Here are the important events of the financial year 2014:

Delivery of the prison of Leuze-en-Hainaut which cost €106 million

June 2014

July - September 2014

Disposal of healthcare assets in France for €46.8 million

Acquisition of the "Green" health-care portfolio in the Netherlands for €71.9 million

December 2014

December 2014

Acquisition of a rehabilitation clinic in Germany for €10.9 million

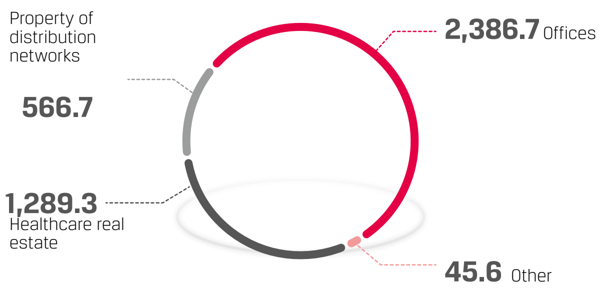
Total portfolio

At 31.12.2014, the consolidated property portfolio reaches €3,199.2 million in fair value[1] and €3,329.2 million in investment value[2].

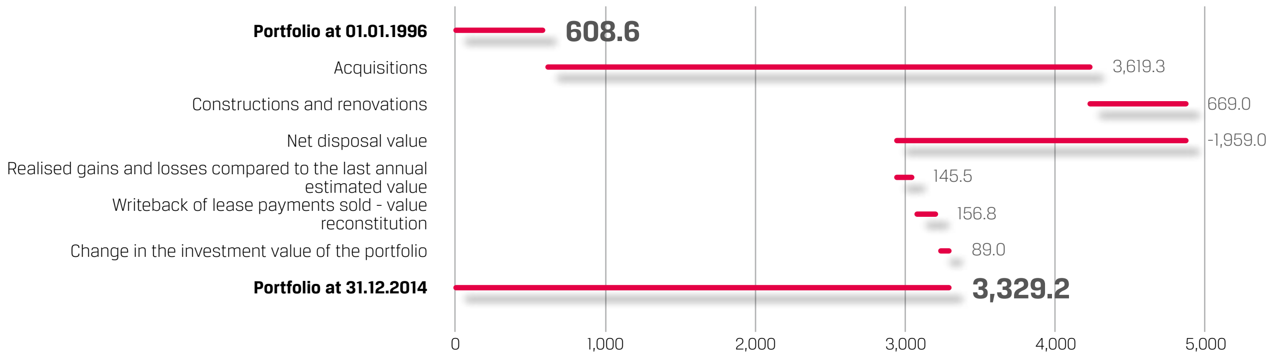
Evolution of the portfolio since 1996

Since 1996 (date of approval as a Sicafi/Bevak), the Cofinimmo Group realised investments amounting to €4,288.3 million. It also divested for €1,813.5 million, realising (before deduction of intermediaries' remuneration and other various costs) an average net gain of +9.3% compared to the last annual valuations (in investment value) preceding these disposals. During the year 2014 alone, this average stood at +0.6%. This amount does not include the sale of the shares of the company Galaxy Properties SA/NV, owner of the North Galaxy building. This sale resulted in a realised accounting loss of €24 million, booked under the gains and losses on disposals of securities.

Acquisition prices and investments 1996-2014[3] (x €1,000,000)

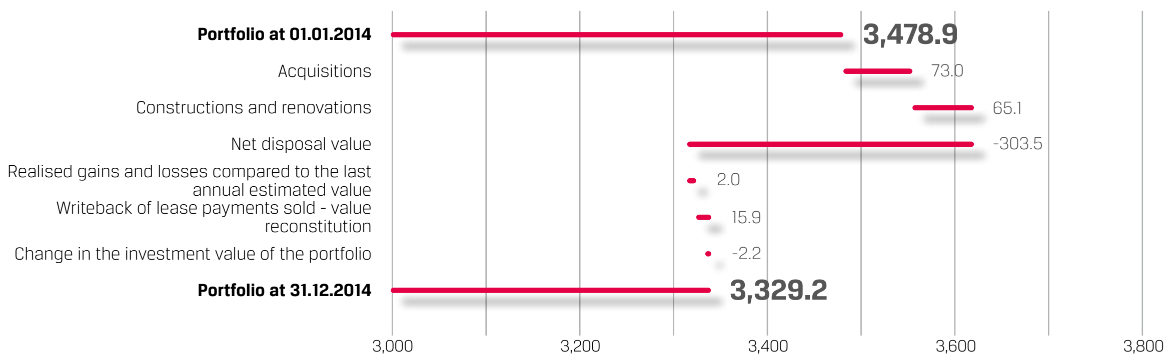


Evolution of the consolidated portfolio 1996-2014[4] (x €1,000,000)



Evolution of the portfolio in 2014

Evolution of the consolidated portfolio in 2014[4] (x €1,000,000)



[1] The fair value is obtained by deducting an appropriate rate of transaction costs (mainly transfer taxes) from the investment value.

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

[3] Investments include renovations, extensions and redevelopments.

[4] Investment value.

Acquisitions

During 2014, Cofinimmo invested €73.0 million in new acquisitions, of which €72.4 million in the healthcare real estate segment and €0,6 million in the MAAF insurance agencies network.

Extensions and redevelopments

Moreover, Cofinimmo invested €25.1 million in extensions and redevelopments of healthcare real estate.

Renovations

Cofinimmo also carried out renovations amounting to €40,0 million, mainly in the office and the Pubstone cafés/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 €303.5 million. 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, excluding the sale of the shares of the company Galaxy Properties, owner of the North Galaxy building, which resulted in a realised accounting loss of €24 million, reached 0.6%.

Asset management for third parties

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

This activity is exercised on an ancillary basis by Cofinimmo Investissements et Services (CIS), a subsidiary of the Group, and is in compliance with the thresholds set in Article 6 of the Law of 12.05.2014 regarding RREC:

- the subsidiary's pre-tax result cannot exceed 10% of the public RREC's consolidated pre-tax result and the fair value of the properties and the financial assets and liabilities (i.e. 0% at 31.12.2014);
- the total assets under management cannot exceed 10% of the public RREC's consolidated assets (i.e. 1% at 31.12.2014).

Moreover, its contribution does not exceed the materiality threshold of 10% of the net revenues and gains of CIS before taxes (i.e. 1% at 31.12.2014).

At 31.12.2014, CIS managed a portfolio of four healthcare assets in Belgium.

Fire station, Antwerp (BE)

Les Lubérons, Le Puy-Sainte-Réparade (FR)

Breakdown of the portfolio

The offices account for 41.0%[1] of the portfolio, healthcare real estate for 40.3% and property of distribution networks, including the Pubstone portfolio (cafés/restaurants let to AB InBev) and the Cofinimur I portfolio (insurance agencies let to MAAF), for 16.7%. The other business sectors (2.0%) are not significant.

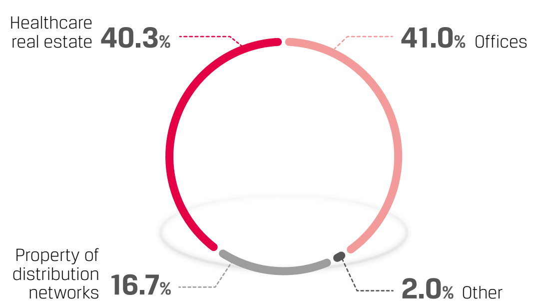
The vast majority of the portfolio is located within the Belgian territory (77.2%).

The buildings located abroad are:

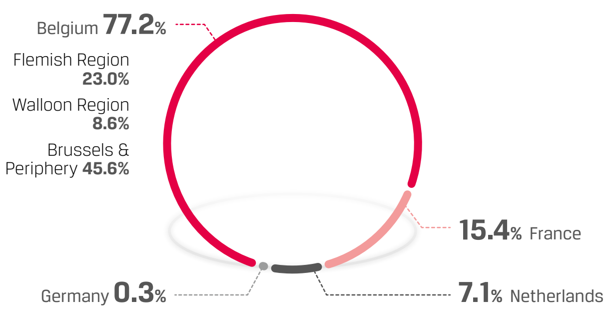
- in France (15.4%): healthcare real estate and the network of insurance branches;
- in the Netherlands (7.1%): the Dutch Pubstone portfolio and several clinics;
- in Germany: a clinic.

One of the key features of Regulated Real Estate Companies (RREC) is risk diversification. Cofinimmo's portfolio offers a balanced distribution, the largest building representing only 3,1% of the consolidated portfolio.

Breakdown by destination - in fair value[2] (in %)



Geographic breakdown – in fair value[3] (in %)



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

SOUVERAIN/VORST 23-25	3.1%
EGMONT I	2.5%
BOURGET 42	1.6%
LIVINGSTONE II	1.5%
GEORGIN 2	1.5%
TERVUREN 270-272	1.4%
ALBERT Ier 4 - CHARLEROI	1.3%
SERENITAS	1.3%
SOMBRE/DONKER 56	1.2%
DAMIAAN - TREMELO	1.2%
Other	83.4%
TOTAL	**100%**

> **"At 31.12.2014, offices and healthcare real estate represent respectively 41% and 40% of the Group's total property portfolio."**

[1] The breakdown of the portfolio is expressed in fair value.

[2] For Cofinimmo SA/NV, the breakdown is: offices 60.2%, healthcare real estate 36.7%, and other 3.1%.

[3] For Cofinimmo SA/NV, the breakdown is: Belgium 95.3%, France 4.7%.

Changes in the fair value of the portfolio

The Cofinimmo portfolio records a decrease in fair value of -0.17%[1] over the 12 months of 2014, which corresponds to €-5.5 million. The change in fair value of the portfolio was positive during the second quarter of 2014, thanks namely to the delivery of the works on the Livingstone II office building.

This depreciation is made up as follows:

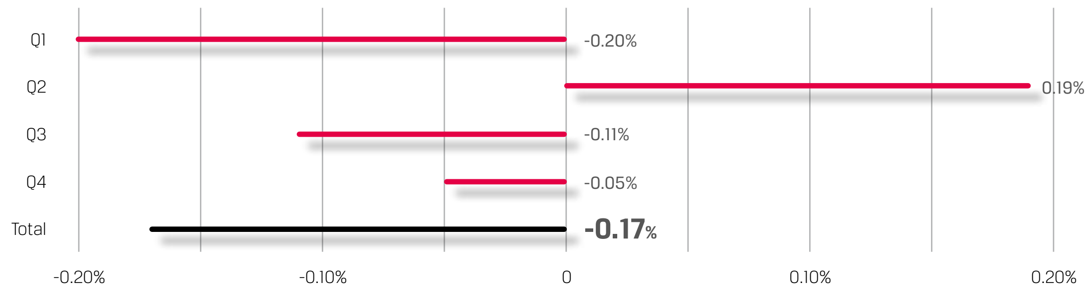
- the segments "Offices" and "Property of distribution networks" record a negative change in fair value of €-17.8 million and €-1.2 million respectively;
- the segments "Healthcare real estate" and "Other" record a positive change in fair value of €10.1 million and €3.4 million respectively.

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 Belliard 40, Souverain/Vorst 23-25, Arts/Kunsten 19H, and Guimard 10-12 buildings.

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

- the indexation of the leases;
- a high occupancy rate: 95.19% at 31.12.2014;
- 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 11.0 years[2] at the end of 2014, an outstanding figure among the European real estate companies.

Changes in the fair value of investment properties (in %)



Segment	Change in fair value over the year	Breakdown by geography and by segment
Offices	**-1.34%**	**41.01%**
Antwerp	1.84%	2.04%
Brussels Centre/North	3.12%	3.48%
Brussels Decentralised	-5.42%	17.65%
Brussels Leopold/Louise	3.41%	9.86%
Brussels Periphery & Satellites	-1.21%	4.44%
Other	1.19%	3.54%
Healthcare real estate	**0.79%**	**40.29%**
Belgium	0.80%	25.67%
France	0.26%	11.86%
Germany	8.25%	0.36%
Netherlands	2.36%	2.40%
Property of distribution networks	**-0.22%**	**16.68%**
Pubstone - Belgium	-0.19%	8.51%
Pubstone - Netherlands	-1.26%	4.67%
Cofinimur I - France	1.11%	3.50%
Other	**5.60%**	**2.02%**
TOTAL	**-0.17%**	**100%**

[1] Including the impact of the investment expenditures capitalised during the year.
[2] For the office portfolio alone, it stands at 4.8 years.

Letting activity

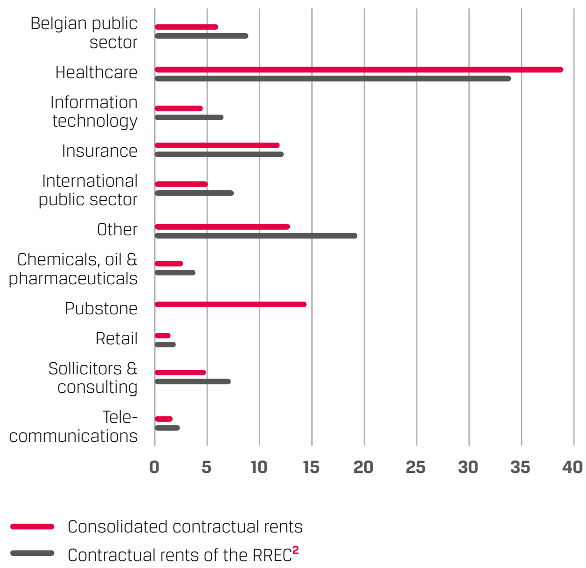
The marketing and Property Management teams are constantly working with a view to improve the occupancy rate, the rental conditions and the lease term of the portfolio.

Rental situation by destination

In collected rents, offices represent 41.4% of the portfolio, healthcare real estate 38.8%, property of distribution networks 17.7% and the other business sectors 2.1%. 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.

Properties	Superstructure (in m²)	Contractual rents (x €1,000)	Contractual rents (in %)	Occupancy rate	Rents + ERV[1] on unlet (x €1,000)	ERV[1] (x €1,000)
Total offices & offices which receivables have been sold	**618,579**	**87,797**	**41.4%**	**90.35%**	**97,170**	**94,115**
Healthcare real estate	682,461	82,233	38.8%	99.13%	82,953	83,327
Pubstone	360,887	29,854	14.1%	98.97%	30,166	27,406
Cofinimur I	59,867	7,731	3.6%	96.28%	8,030	8,311
Other	23,026	4,301	2.0%	99.84%	4,308	4,100
Total investment properties & properties which receivables have been sold	**1,744,821**	**211,916**	**99.9%**	**95.19%**	**222,627**	**217,259**
Projects and renovations	35,536	-	-	-	-	-
Land reserve	-	149	0.1%	-	149	176
GLOBAL PORTFOLIO	**1,780,357**	**212,065**	**100%**	**95.19%**	**222,776**	**217,435**

Breakdown by activity of the tenants – in consolidated contractual rents and in contractual rents of the public RREC (in %)



Main clients - in contractual rents (in %)

Korian/Medica Group	15.8%
AB InBev Group	14.1%
Armonea	9.8%
Buildings Agency (Belgian State)	5.6%
AXA Group	5.5%
Top 5 tenants	**50.8%**
International public sector	4.6%
ORPEA	4.3%
Senior Assist	3.7%
MAAF	3.6%
IBM Belgium	2.2%
Top 10 tenants	**69.2%**
Top 20 tenants	**78.3%**
Other tenants	21.7%
TOTAL	**100%**

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

The public sector, both Belgian and international, represents 10.2% 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.

[1] ERV = Estimated Rental Value.

[2] The contractual rents of the public RREC are related to Cofinimmo SA/NV.

Occupancy rate and rental vacancy

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 2014 shows that 67% was secured through renegotiations, unexercised breaks and lease renewals. This percentage of tenant retention reaches 72% if the new leases that were signed and took effect during the year are also taken into account. Hence, of the 5% of the total portfolio that were at risk in 2014, 3.6% have been secured.

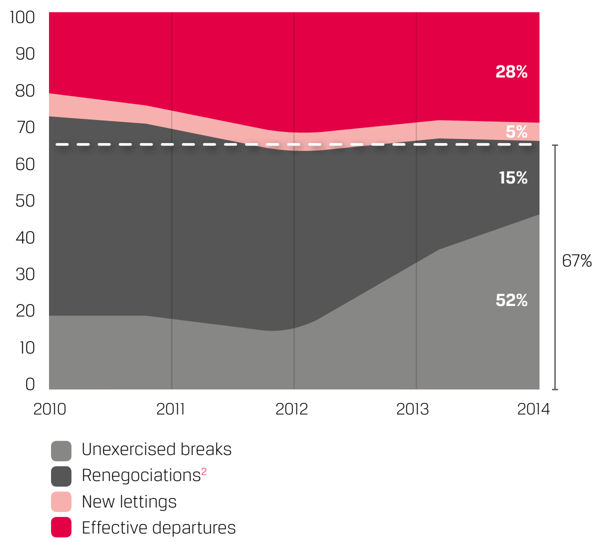
During the financial year 2014, Cofinimmo signed leases for over 54,400m² of office space, representing contractually guaranteed revenues, net of rent-free periods, of €58.4 million[1]. The most important transactions are related to the Livingstone II, Arts/Kunsten 47-49, Woluwe 102, Leuvensesteenweg 325, Souverain/Vorst 36 and Bourget 44 buildings.

On a like-for-like basis, the rental revenues increased by 1.02% in 2014.

Three elements help to maintain a positive reversion:

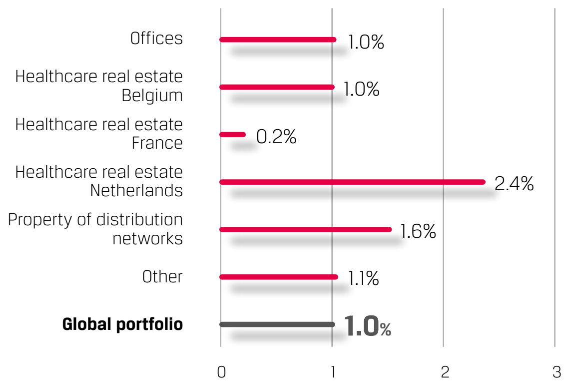
- the office occupancy rate[3], which is still relatively high (90.35%);
- the tenant rotation rate over the entire portfolio, which remains limited at 2%;
- healthcare real estate and property of distribution networks have leases which are indexed positively and rents which are protected by their long duration.

Vacancy risk handling (in %)

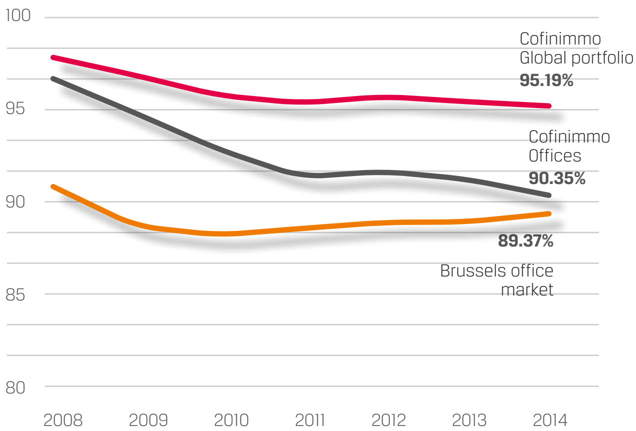


The occupancy rate of the office portfolio (90.35%) is still above the market average which stands at 89.37%[4]. This is the result of the letting strategy based on the relationship of trust with the clients, leading to a favourable evolution of the operating margin. Furthermore, the diversification in the healthcare real estate sector and the Pubstone and Cofinimur I portfolios, where the occupancy rate is close to 100%, has a positive impact on the overall occupancy rate, which stands at 95.19%, and improves the risk distribution.

Evolution of rental revenues on a like-for-like basis 2014 vs. 2013 (in %)



Evolution of the occupancy rate of the Cofinimmo portfolio vs. the Cofinimmo office portfolio vs. the Brussels office market (in %)



Occupancy rate of the portfolio (in %)

Offices	90.35%
Healthcare real estate	99.13%
Property of distribution networks	98.40%
Other	99.82%
GLOBAL PORTFOLIO	**95.19%**

[1] Spread over the fixed length of the new or renegotiated lease agreements.

[2] The renegociations of lease contracts were made at less favourable conditions than the previous contracts for the same premises.

[3] 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.

[4] Source: CBRE.

Maturity of leases

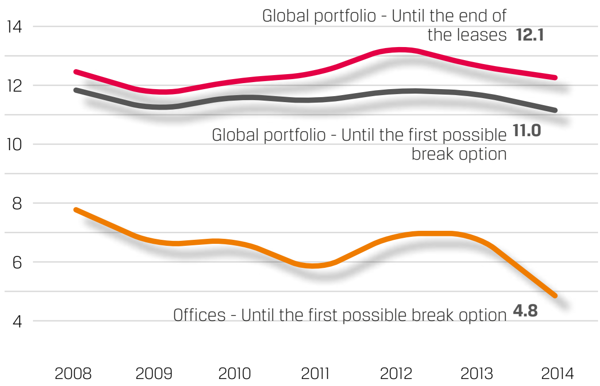
The average remaining duration of all leases in effect on 31.12.2014 is 11.0 years[1], if every tenant were to exercise their first break option. This number increases to 12.1 years in case no break option was to be exercised and all tenants were to remain in their rented space until the contractual end of the leases.

Almost 48% of the leases of the overall portfolio have a term longer than nine years, of which 27% of healthcare real estate alone.

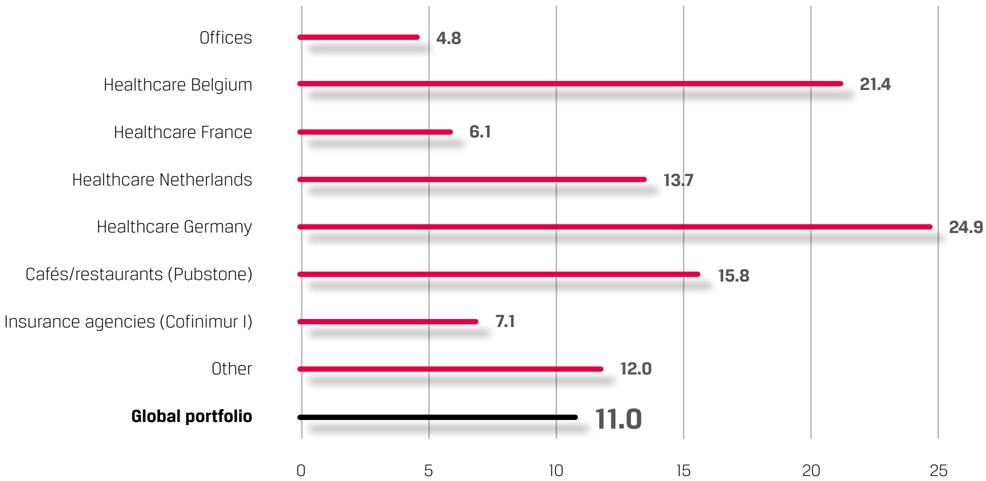
Maturity of leases (in %)

Leases > 9 years	**48.0%**
Offices (public sector)	4.7%
Healthcare real estate	27.3%
Property of distribution networks - Pubstone	14.1%
Offices (private sector)	0.2%
Other	1.7%
Leases 6-9 years	**13.7%**
Offices	6.3%
Healthcare real estate	5.3%
Property of distribution networks - Cofinimur I	2.1%
Leases < 6 years	**38.3%**
Offices	30.3%
Healthcare real estate	6.2%
Property of distribution networks - Cofinimur I	1.6%
Other	0.2%

Evolution of the weighed residual lease length (in number of years)



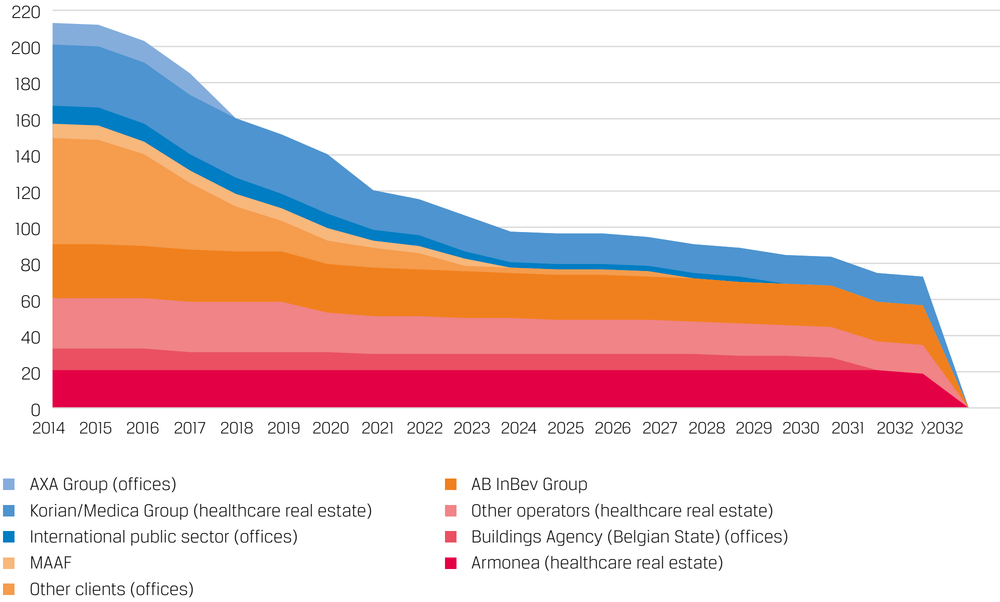
Weighed residual lease length per segment[1] (in years)



[1] Until the first possible break option.

Guaranteed rental income

Guaranteed rental income[1] - in contractual rents (x €1,000,000)



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 team. Indeed, a minimum of 71% of the rental income is contractually guaranteed until 2019. This percentage increases to 81% in case no termination option is exercised and all tenants remain in their rented space until the contractual end of the leases.

[1] Until the first possible break option.

Rental yield

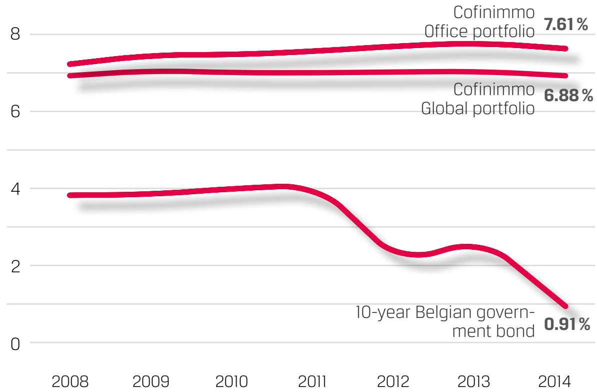
The diversification of the property portfolio guarantees the stability of the rental yields over the years.

The gross rental yield of the portfolio decreased to 6.88% in 2014 (7.03% in 2013). This represents a 5.97% premium compared to the yield of the Belgian government bonds (OLO) over ten years.

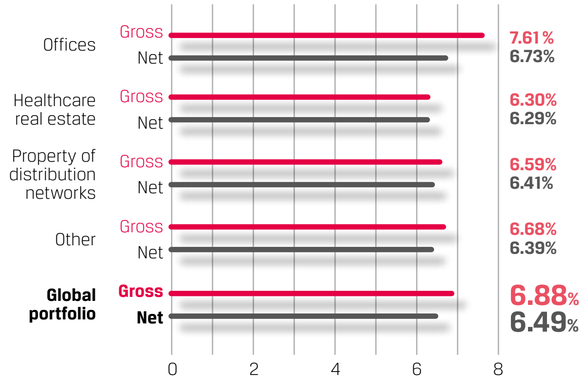
The difference between the gross and net rental yields comes from the direct costs. These are mainly comprised of technical and commercial costs, as well as rental costs and taxes on unlet buildings.

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.

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



Gross/net rental yields per sector[1] (in %)



> In the healthcare real estate sector, the charges, taxes and insurances being borne by the tenants, gross and net yields are almost identical.

[1] If the portfolio is 100% rented.

Sector information

Cofinimmo owns a portfolio comprising of 1,546 properties, with a total rental area of 1,780,357m² in superstructure.

The average age of the total portfolio stands at 12 years. The buildings which have undergone a large-scale renovation are considered as new.

The property of distribution networks portfolio is considered as one single property unit and comes under the age category over 15 years.

Sector information

Segment	Number of buildings	Surface area (in m²)	Average age (in number of years)[1]	Fair value (x €1,000,000)	Fair value (in %)	Contractual rents (x €1,000)	Contractual rents (in %)
Offices	**83**	**654,115**	**13**	**1,312.0**	**41.0%**	**87,813**	**41.4%**
Healthcare real estate	**134**	**682,461**	**11**	**1,289.1**	**40.3%**	**82,257**	**38.8%**
Healthcare real estate Belgium	73	429,087	8	821.2	25.7%	50,950	24.0%
Healthcare real estate France	49	210,544	> 15	379.5	11.9%	24,880	11.8%
Healthcare real estate Germany	1	4,637	9	11.4	0.3%	833	0.4%
Healthcare real estate Netherlands	11	38,193	2	77.0	2.4%	5,594	2.6%
Property of distribution networks	**1,325**	**420,755**	**> 15**	**533.5**	**16.7%**	**37,585**	**17.7%**
Pubstone Belgium	800	312,811	> 15	272.2	8.5%	19,583	9.3%
Pubstone Netherlands	245	48,076	> 15	149.4	4.7%	10,271	4.8%
Cofinimur I France	280	59,868	> 15	111.9	3.5%	7,731	3.6%
Other	**4**	**23,026**	**7**	**64.6**	**2.0%**	**4,411**	**2.1%**
GLOBAL PORTFOLIO	**1,546**	**1,780,357**	**12**	**3,199.2**	**100%**	**212,066**	**100%**

The breakdown of the portfolio by age category is as follows: 27.25% between 0-5 years, 19.15% between 6-10 years, 13.30% between 11-15 years and 40.30% over 15 years.

Belliard 40, Brussels (BE)

[1] The properties which have undergone a large-scale renovation are considered as being new; the Pubstone portfolio is considered as a single entity and is included in the age category over 15 years.

Events after 31.12.2014

Restructuring of interest rate hedging instruments

In addition to the hedging positions cancelled in May 2014, following the debt reduction resulting from the sale of the shares of Galaxy Properties, owner of the North Galaxy building, Cofinimmo cancelled during the month of January 2015 FLOOR options sold:

- with a strike of 3%;
- for a notional amount of €200 million;
- which extend until the end of 2017.

This transaction was motivated by the low interest rate level (Euribor 3 months rate at 0.078% at 31.12.2014) and will lead to a decrease in interest charges in the coming years. The cost of this cancellation amounted to €17.7 million and will be recognised under the item IAS 39 of the income statement in 2015, 2016 and 2017, in accordance with the applying accounting principles. For the year 2015, it represents an amount of €5.86 million under the item "Revaluation of derivative financial instruments (IAS 39)".

Extension of two credit lines

In January 2015, two credit lines were extended:

- a line of €50 million, maturing in 2018, was extended for five years;
- a line of €62 million, maturing in 2016, was extended for seven years.

Following this operation, the average maturity of the Group's consolidated debt has been extended to 3.7 years.

Private placement of bonds for €190 million

On 16.03.2015, Cofinimmo successfully closed a private placement of non-convertible seven-year bonds for a total amount of €150 million, with a fixed coupon of 1.929%. This placement was completed on 19.03.2015 under the same conditions with an amount of €40 million. The average return on these private placements stands at 1.92%.

The bonds were placed with a limited number of Belgian and European institutional investors. They will be subject to a request for admission for negotiation on Alternext Brussels (Euronext). The settlement, delivery and admission for negotiation of the bonds on Alternext Brussels should take place on 25.03.2015.

Prins Boudewijnlaan 41, Edegem (BE)

Forecasts 2015

Assumptions

Valuation of assets

The fair value, i.e. the investment value of the properties of which transaction costs are deducted, is included in the consolidated balance sheet. For the 2015 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

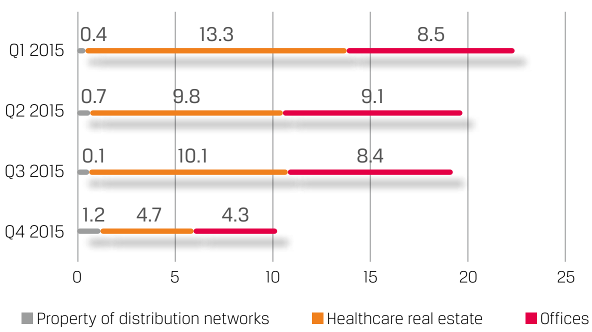
The forecasts by building include both the repair and maintenance costs, which are entered under operating expenses, and the major renovation costs, which are capitalised and met from self-financing or borrowing. The large-scale renovation expenses taken into account in the forecast amount respectively to €30.33 million for the office buildings and €2.88 million for the cafés/restaurants.

Investments and divestments

The forecast takes into account the following investment and divestment projects, provided that Cofinimmo is legally bound:

- The acquisition of nursing homes in Belgium, France and the Netherlands for a total amount of €37.94 million resulting from the delivery of new units or the extension of existing units;
- The disposal of MAAF insurance branches for €0.44 million, corresponding to firm commitments. Moreover, assumptions were made with regard to the disposal of the apartments of the Livingstone I and Woluwe 34 buildings.

2015 Investment programme (x €1,000,000)



Rents

Rent forecasts include assumptions for each lease as to tenant departures, analysed on a case-by-case basis, and, in the event of tenant departure, redecoration costs, a period of rental vacancy, rental charges and taxes on unlet space plus agency commissions when the space is relet. Letting forecasts are based on the current market situation, without assuming 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 which leases have been sold to a third party.

A 1% variation either way in the occupancy rate leads to a cumulative increase or reduction in the net current result per share and per year of €0.04. The ongoing contracts are indexed.

Inflation

The inflation rate used for the evolution of rents amounts to 1.20% for the leases being indexed in 2015. The sensitivity of the forecast to changes in the inflation rate is low over the considered period. A 0.5% variation either way from the predicted inflation rate leads to a cumulative increase or reduction in the net current result per share and per year of €0.05.

Financial charges

The calculation of 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 2015 should be below 3.00% (margins included). No assumptions were made as to changes in the value of the financial instruments due to the evolution of interest rates, either on the balance sheet or under 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, 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.

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 Group has set an objective for its net current result – Group share (excluding IAS 39 impact) of €6.85 per share for the financial year 2015, a 2.24% increase compared to the financial year 2014 (€6.70). The net current result (excluding IAS 39 impact) forecasted for 2015 amounts to €125.4 million, against a net current result (excluding IAS 39 impact) of 2014 of €120.5 million. The higher net current result (excluding IAS 39 impact) per share is mainly the result of the decrease of the financial charges following the restructuring of the financial hedging instruments in 2014. Considering these assumtions, the forecasted debt ratio at 31.12.2015 is below 50%.

Dividend

The Board of Directors plans to offer the shareholders a gross dividend per ordinary share of €5.50 for the financial year 2015, i.e. a consolidated pay-out ratio of 80.3%. The proposed dividend level of €5.50 for the financial year 2015 corresponds to a gross yield of 6.12% against the average share price of the ordinary share during the financial year 2014, and a gross yield of 6.41% against the net asset value of the share at 31.12.2014 (in fair value). These yields remain significantly higher than the average yield of European real estate companies.

Unless the company is not obliged to distribute a dividend, this proposal will be in line with the provisions 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) forecasted for 2015.

Caveat

The forecast 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 statutory auditor.

Nevertheless, the Auditor, Deloitte Company Auditors SC s.f.d. SCRL, represented by Mr. 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.

2015 Forecasted consolidated income statement – Analytical form

(x €1,000)	2014	2015
NET CURRENT RESULT		
Rental income, net of rental-related expenses	195,827	199,605
Writeback of lease payments sold and discounted (non-cash)	15,931	10,214
Taxes and charges on rented properties not recovered	-2,756	-2,211
Redecoration costs, net of tenant compensation for damages	-928	-1,391
Property result	**208,074**	**206,217**
Technical costs	-3,802	-5,662
Commercial costs	-1,137	-904
Taxes and charges on unlet properties	-3,922	-6,082
Property result after direct property costs	**199,213**	**193,570**
Property management costs	-14,295	-15,937
Property operating result	**184,918**	**177,632**
Corporate management costs	-7,176	-6,771
Operating result (before result on the portfolio)	**177,742**	**170,861**
Financial income (IAS 39 excluded)	5,577	5,436
Financial charges (IAS 39 excluded)	-57,009	-43,311
Revaluation of derivative financial instruments (IAS 39)	-136,143	
Share in the result of associated companies and joint ventures	1,180	440
Taxes	-2,493	-3,644
Net current result[1]	**-11,146**	**129,782**
Minority interests	-4,509	-4,357
Net current result - Group share	**-15,655**	**125,425**
Number of shares entitled to share in the result of the period	**17,971,494**	**18,306,437**
Net current result per share - Group share	**-0.87**	**6.85**
Net current result per share - Group share - excluding IAS 39 impact	**6.70**	**6.85**

[1] Net result excluding the result on disposal of investment properties, the changes in fair value of investment properties and the exit tax.

2015 Forecasted consolidated balance sheet

(x €1,000)	31.12.2014	31.12.2015
Non-current assets	**3,410,050**	**3,438,404**
Goodwill	118,356	118,356
Investment properties	3,195,773	3,224,270
Finance lease receivables	78,018	77,435
Trade receivables and other non-current assets	12,041	12,041
Participations in associated companies and joint ventures	5,862	6,302
Current assets	**88,962**	**89,452**
Assets held for sale	3,410	3,410
Finance lease receivables	1,618	1,618
Cash and cash equivalents	17,117	17,116
Other current assets	66,817	67,307
TOTAL ASSETS	**3,499,012**	**3,527,856**
Shareholders' equity	**1,608,965**	**1,622,363**
Shareholders' equity attributable to shareholders of parent company	1,541,971	1,553,991
Minority interests	66,994	68,372
Liabilities	**1,890,047**	**1,905,493**
Non-current liabilities	**1,303,250**	**1,299,444**
Non-current financial debts	1,148,023	1,161,717
Other non-current financial liabilities	155,227	137,727
Current liabilities	**586,797**	**606,049**
Current financial debts	473,499	494,254
Other current financial liabilities	113,297	111,795
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,499,012**	**3,527,856**
Debt ratio	**48.08%**	**48.61%**

As the case may be, the company will comply with the provision of Article 24 of the Royal Decree of 13.07.2014[1] (see also page 176).

[1] This Article foresees 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/N
Boulevard de la Woluwe 58
1200 Brussels

30 March 2015

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 2015 (the "Projected Financial Information"). The Projected Financial Information, and the material assumptions upon which it is based are set out on pages 39 to 41 of the annual report ("the 2014 Annual Report") issued by the Company dated 27 March 2015. 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 39 to 41 of the 2014 Annual Report and is based on a forecast for the 12 months to 31 December 2015. The Projected Financial Information is required to be presented on a basis consistent with the accounting policies of the Group.

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

Offices

A high occupancy rate thanks to the quality of the buildings, their location, the services offered to the tenants and the pro-active management of Cofinimmo's teams.

Souverain/Vorst 23-25, Brussels (BE)

Souverain/Vorst 24, Brussels (BE)

41%

Percentage of the global portfolio at 31.12.2014

€1,312 million

Portfolio in fair value

1 Offer tenants spaces which meet their needs.

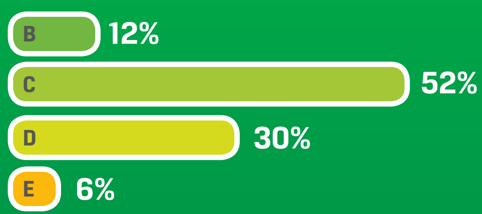
2 Realise a wise arbitrage in the portfolio's composition.

3 Consider reconversions into residential.

Loi/Wet 57, Brussels (BE)

Results of the energy performance certificates of Cofinimmo's offices located in the Brussels Capital Region (in %)

Energy	kWh PE[1]/m²/year
A	< 62
B	62-155
C	156-248
D	249-341
E	342-434
F	435-527
G	> 527



[1] Primary Energy

90%

Occupancy rate at 31.12.2014

93%

Buildings certified as having an energy performance above the average of buildings located in Brussels

With a portfolio of 654,115m² and a fair value of €1,312.0 million, Cofinimmo is one of the key players in office real estate in Brussels. The company has a dynamic and creative in-house management team of 19 people, with an open ear to its tenants' needs.

Over the course of 2014, Cofinimmo has pursued its strategy of active rotation of its office portfolio, encouraged by the volume of the investment market, up by 80% compared with 2013, and falling investment yields. The company therefore sold the shares of the company Galaxy Properties, owner of the North Galaxy building, as well as the Montoyer 14 building in Brussels.

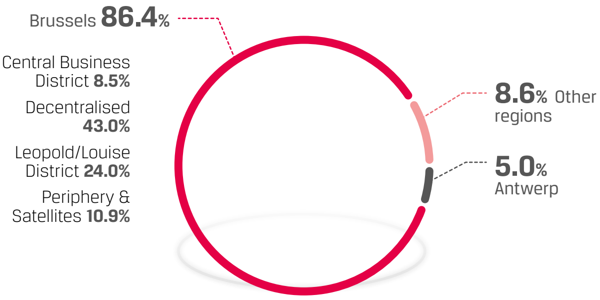
The rental market faces numerous challenges: contraction in demand for premises among clients, reduction in the average surface area occupied per employee, pressure on rents and high vacancy rates in peripheral and decentralised areas. In this context, Cofinimmo has continued the active marketing of its office space, as demonstrated by the great success represented by the letting of the Livingstone II building to the European Commission for a 15-year term. The presence of European and international institutions and lobbies stimulates the office market in Brussels, particularly in the CBD (Central Business District).

The combination of a high-quality letting activity and a strong demand allows Cofinimmo to maintain an occupancy rate of almost 100% in the Leopold district. The market's vacancy rate in this district stands around 4.8%[1], one of the lowest in 11 years. Furthermore, by launching the works on the Belliard 40 building as from February 2015, Cofinimmo is anticipating the scarcity of new developments in the Leopold district leading up to 2017, particularly for grade A buildings.

Portfolio at 31.12.2014

At 31.12.2014, Cofinimmo's office portfolio accounted for 41.0% of its total invested portfolio. It comprised 83 properties[2], with a total above-ground floor area of 654,115m² and a fair value of €1,312.0 million. The buildings are located exclusively in Belgium, with a concentration in Brussels. Its occupancy rate in terms of surface area remains high (90.4%) compared with the Brussels market.

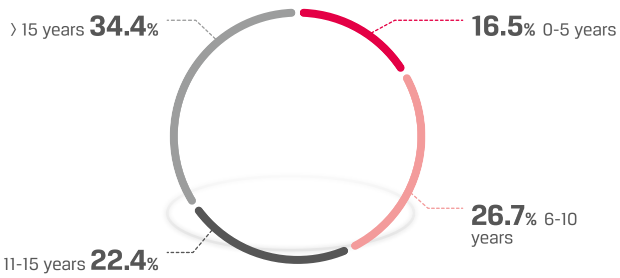
Geographic breakdown – in fair value (in %)



Breakdown by activity sector of tenants – in contractual rent (in %)

Belgian public sector	12.1%
Information technology	9.7%
Insurance	18.9%
International public sector	11.3%
Other	27.3%
Chemicals, Oil & Pharmaceuticals	5.4%
Retail	2.3%
Sollicitors & Consulting	10.7%
Telecommunications	2.3%
TOTAL	**100.0%**

Average age of buildings[3] (in %)



[1] Source: CBRE.

[2] Business parcs are accounted for as a single asset but may be comprised of several buildings.

[3] The buildings which underwent a large-scale renovation are considered as new.

> Cofinimmo has a helpdesk available 24/7 in charge of arranging for contractors to carry out minor works and repairs of all types at the request of its clients.

Belliard 40, Brussels (BE)

Belliard 40, Brussels (BE)

Main clients – in contractual rents (in %)

	Rating[1]	Perspective[1]	%
AXA Belgium	A+	POS	13.3%
Buildings Agency (Belgian Federal State)	AA	NEG	12.1%
European Commission	AA+	STABLE	9.0%
IBM Belgium (IBM Group)	AA-	STABLE	5.2%
TVI SA/NV (RTL Group)	BBB+	STABLE	3.5%
CEFIC	n.a.	n.a.	2.5%
OVAM	n.a.	n.a.	2.5%
Cleary, Gottlieb, Steen & Hamilton	n.a.	n.a.	2.2%
KPMG	n.a.	n.a.	1.7%
TOTAL			**52.0%**
Other			48.0%

[1] Rating of the entity's financial solvency by the financial rating agency Standard & Poor's; situation at 31.12.2014.

Over 23% of the offices are let to the Belgian and international public sector

86% of the offices are located in the Brussels Region

Occupancy rate above the Brussels office market

Main achievements in 2014

Disposal of the Montoyer 14 building

April 2014: disposal of a 99-year long lease on the Montoyer 14 office building in Brussels for €13 million, above the investment value determined by the real estate expert at 31.12.2013. The lessee is an investment company acting on behalf of several institutional investors.

Disposal of the shares of the company Galaxy Properties, owner of the North Galaxy office building[1]

May 2014: sale of all shares of Galaxy Properties SA/NV, owner of the North Galaxy office building, located in the Northern district of Brussels. This building was constructed in 2005 and bought by Cofinimmo the same year for €390 million. It is let to the Buildings Agency (Belgian Federal State) and occupied by the Belgian Ministry of Finance until 2031. It offers almost 105,000m² divided between two towers.

ATP, the largest Danish pension fund, acquired 90% of the shares of Galaxy Properties SA/NV and AXA Belgium the remaining 10%. The value agreed for the building between the parties was €475 million. The building's internal rate of return over its ownership period by Cofinimmo amounted to 14.9% per year. The transaction resulted in a realised book loss for Cofinimmo of €24 million. This is due mainly to the difference between the price received by Cofinimmo for the shares of Galaxy Properties SA/NV and their book value and, incidentally, from the cancellation of the writeback of lease payments sold and discounted booked since 01.01.2014.

The operation implied the payment of registration rights for €27 million.

Letting of the Livingstone II building

May 2014: the European Commission and Cofinimmo sign a usufruct agreement relating to the entire Livingstone II building in Brussels. The contract is for a 15-year term, indexed annually. It began in August 2014, with an initial annual rent set at €2,715,000.

Park Hill, Diegem (BE)

Park Lane, Diegem (BE)

[1] See also our press release dated 13.05.2014, available on our website www.cofinimmo.com.

The building houses the European Commission's new training centre.

It has been subject to restructuring and a complete renovation for a total budget of €21 million, including VAT.

Permit obtained for the Belliard 40 (Science/Wetenschap 15-17)

March 2014: delivery of the town-planning and environmental permits required for the redevelopment of the Belliard 40 building. The building is located at the corner of Rue de la Science/Wetenschapstraat and Rue Belliard/Belliardstraat in Brussels, in the heart of the Leopold district.

Plans for the new building namely include the creation of a plaza and a green area adjacent to the pavement and the construction of a light atrium over five floors, leading to an internal garden visible from the street. The building will offer more than 17,000m² of modern, modular and sustainable office space.

Cofinimmo hopes to achieve an energy consumption level of E44 and a "Excellent" BREEAM rating. The project's design, its sustainable quality, its ambition in terms of energy performance and its environmental quality were what prompted the Brussels Capital Region to award it the prize for "Exemplary Building 2011".

The works will begin in February 2015 and are expected to last two years. The budget for the project is estimated at €42 million, including VAT.

Property services

The in-house Account Management and Property Management teams, who forge long-lasting relations with clients and remain in frequent contact with them, share the single objective of offering tenants an all-in-one property solution, combining quality buildings, flexibility of occupancy and associated services.

Any internal fitting-out works are managed directly by Cofinimmo's multidisciplinary Project Management department, which is staffed by architects, engineers and space-planners.

In 2014, the Helpdesk handled 8,000 requests. The costs of these services are invoiced to clients. Besides promoting client loyalty and facilitating their use of the office space, which remain the core objectives of this service activity, Cofinimmo has netted an operating result of almost €100,000 from its property services activity.

Renovation projects

The Project Management team is responsible for managing developments, large-scale renovations and interior design projects for office space. Choosing an 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 chapter "Corporate Social Responsibility" of this Annual Financial Report).

In 2014, 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 2014 stands at €36.6 million.

Renovation projects in 2014

Property	Type of works	Surface area (in m²)	(Expected) End of works	E-level[1] after works	Max. authorised E-level
Tervuren 270-272	Mid-scale renovation (phase VI)	3,391	Q3 2014	90[2]	N/A
Livingstone II	Renovation of offices	17,000	Q3 2014	N/A	N/A
Livingstone I	Reconversion of offices into apartments	17,000	Q1 2015	N/A	N/A
Woluwe 34	Reconversion of offices into apartments, retail and/or offices	6,680	Q1 2015	70	70
Guimard 10-12	Renovation of offices	10,800	Q3 2015	N/A	N/A

N/A: not applicable.

Excluding projects that were started but not yet completed in 2014, the main projects for 2015 will be:

Renovation projects in 2015

Property	Type of works	Surface area (in m²)	(Expected) End of works	E-level[1] after works	Max. authorised E-level
Belliard 40	Demolition and reconstruction of offices and housing	20,000	Q2 2017	44	90
Souverain/ Vorst 24	Mid-scale renovation	3,900	Q4 2015	70	70

[1] E-level: Maximum level of primary energy consumption of a building, according to the European legislation.

[2] Estimated value for renovated offices. No official declaration to be made.

Reconversion of offices

The reconversion of office buildings into other uses offers the potential for enhancing their value, as well as tackling increasing needs in terms of housing resulting from demographic evolutions in Brussels.

Livingstone I - Brussels (BE)

Woluwe 34

In July 2013, Cofinimmo began the works to reconvert the Woluwe 34 office building (±7,000m²) into housing, once the required town-planning and environmental permits had been obtained. The works are scheduled for completion in the first quarter of 2015. The building is now reconverted into 69 housing units, which are in the process of being sold.

The total budget for the project is estimated at €13 million, excluding VAT. At the publication date of this Annual Financial Report, 95% of the apartments have been sold or reserved[1].

As regards energy performance and sustainability, Cofinimmo intends to obtain an overall K[2] thermal insulation rating of 40 and an E energy consumption rating of 70 per apartment.

Livingstone I

The former Livingstone I office building (17,000m²) is in the process of being reconverted into a residential building, which will be divided into four separate housing units, offering a total of 122 apartments, which are put up for sale. The project was selected as the winner of the "reconversion of vacant office buildings into housing" competition organised by the Brussels Capital Region.

As regards energy performance, the apartments will have a K thermal insulation rating of 30 and an E energy efficiency rating of 60.

At the start of 2013, Cofinimmo transferred the risk associated with selling the apartments of the Livingstone I building to the general contractor Cordeel[3], who guarantees the payment of a global amount of €24 million as the apartments are sold and by January 2017 at the latest. Planning permission for the reconversion works having been obtained, the works began in February 2013. Completion is scheduled for the first quarter of 2015. The works are being entirely financed by Cordeel. At the publication date of this Annual Financial Report, 65% of the apartments have been sold or reserved.

[1] A reservation agreement is a document by which a housing unit is reserved for the potential buyers.

[2] K-level: Global thermal insulation level of a building, which characterises the thermal quality of the building's shell.

[3] The agreement concluded at the beginning of 2013 formalised the fact that the company Cordeel renounced to the condition precedent of which it benefitted. Hence, and in accordance with the convention which has been subject to an Article 18 communication in the form of the press release dated 16.08.2012, the reconversion works were started.

With the redevelopment of the Belliard 40, Cofinimmo aims to develop a sustainable building with exemplary town-planning and architectural qualities.

Woluwe 34, Brussels (BE)

BREEAM In-Use

Property	Asset management	Property management
Souverain/Vorst 36	Good	Good
Bourget 42	Good	Good
Bourget 44	Good	Good
de Meeûs Square 23	Good	Good
Cockx 8-10 (Omega Court)	Good	Good
Woluwe 58	Good	Very Good

Energy performance of offices

For 27 of its existing office buildings, accounting for 33% of its office space, Cofinimmo has obtained a Building Energy Performance certificate stating each building's energy performance and CO_2 emissions ratings. These certificates are produced by an accredited company as and when a property is sold or rented and are in line with the European Energy Performance of Buildings Directive (EPBD), which has been transposed into national and regional legislations. The energy performance of 92.6% of the certified buildings is above the current average for buildings in Brussels, which lies midway between D and E (source: IBGE/BIM). The certificate will also be compulsory in Wallonia in 2015, and in Flanders during 2016.

In 2013, Cofinimmo invested in an energy data management software to facilitate the identification of potential sources of savings and the impact of investments made with a view to reducing 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 chapter "Sustainable Development" of this Annual Financial Report.

Cofinimmo has also continued its installation of remote meters, which allows consumption to be monitored in real-time and therefore better managed.

In 2013, a green electricity supply contract was signed again for all common areas managed by the Group. Purchased volumes are around 45GWh per year, a saving of 20,385 tons of CO_2^e, which is the equivalent of the production of nine medium-power wind turbines.

BREEAM In-Use[1]

In order to promote its efforts, Cofinimmo is continuing its BREEAM In-Use certification policy, prioritising buildings currently up for sale or lease. The objective of obtaining environmental certification is twofold: on the one hand, to improve the commercial competitiveness of its buildings, and, on the other hand, to introduce processes for continual improvement in the portfolio's environmental performance.

A total of 77,472m² of offices have been certified BREEAM In-Use, i.e. 12% of Cofinimmo's office portfolio.

[1] BREEAM In-Use is a subprogramme of BREEAM (see Glossary) which certifies the sustainability of existing buildings. The assessment covers more than just energy performance, and includes energy, water, materials, transport, waste, pollution, health and well-being, management, land and ecology. Following the certification process, the building and its property management are given a rating (Acceptable, Pass, Good, Very Good, Excellent or Outstanding).

Healthcare real estate

With a portfolio spread over four countries and comprising 134 facilities and 13,443 beds, Cofinimmo is one of the most important investors in healthcare real estate in Continental Europe.

Caux du Littoral, Néville (FR)

40%

Percentage of global portfolio at 31.12.2014

€1,289 million

Portfolio in fair value

1. Diversification in terms of country, operator and medical specialty.

2. Risks spread between the various social security systems.

3. Long-term leases.

Saint Gabriel, Gradignan (FR)

Les Charmilles, Sambreville (BE)

99%

Occupancy rate at 31.12.2014

16.3 years

Average residual lease length

Automne, Villars les Dombes (FR)

Bruyères, Letra (FR)

In 2014, the Cofinimmo Group strengthened its geographical diversification in healthcare real estate by expanding its investments in Germany. Cofinimmo is not only interested in rehabilitation clinics in Germany but also in accommodation for the elderly.

The group has also strengthened its presence in the Netherlands through the acquisition of a portfolio of 13 new or to-be-built healthcare facilities.

In some more mature markets, such as France for example, Cofinimmo has initiated a selective arbitrage policy. This involves selling non-strategic assets and reinvesting the funds generated in other assets which are more in line with the Group's vision, namely new constructions. The criteria taken into account in the decision to sell a healthcare asset relate in particular to its size, its age, its location, its operation and the residual term of the lease

Portfolio at 31.12.2014

At 31.12.2014, Cofinimmo's healthcare real estate portfolio accounted for 40.3% of its total invested portfolio. It comprised 134 properties, with a total above-ground floor area of 682,461m² and a fair value of €1,289.1 million. It includes nursing and care homes, revalidation clinics as well as psychiatric clinics.

The main characteristics of this sector are:

- These investments benefit from a favourable legal environment: they are based on real growth needs due to demographic changes and they are highly regulated, both at national and regional level, presenting a significant entry barrier;
- The leases concluded with operators are long-term. They have 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 extension option for two consecutive periods of nine years in Belgium, nine to 12 years in France and ten years in the Netherlands.

Healthcare operators

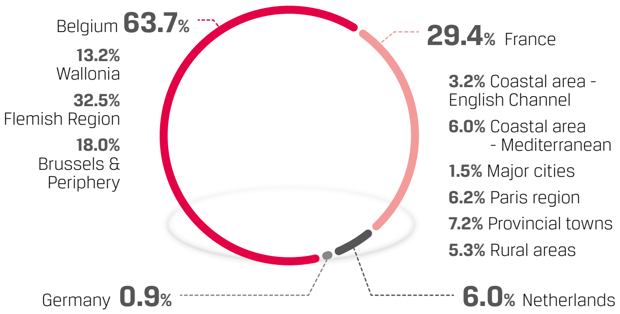
Breakdown by operator – in contractual rent (in %)

Belgium	**61.9%**
Armonea	25.2%
Senior Living Group	19.9%
Senior Assist	9.6%
ORPEA Belgium	4.1%
Other Belgium	3.1%
France	**30.3%**
Korian/Medica	20.8%
ORPEA	7.0%
Inicéa	2.3%
Other France	0.2%
Germany	**1.0%**
Celenus	1.0%
Netherlands	**6.8%**
Bergman Clinics	1.7%
Domus Magnus	1.2%
European Care Residences	1.2%
Stichting Elisabeth	0.8%
Stichting Zorggroep Noordwest-Veluwe	0.7%
Stichting Sozorg & Martha Flora	0.6%
Stichting ASVZ	0.2%
Stichting JP van den Bent	0.2%
Stichting Leger des Heils	0.2%

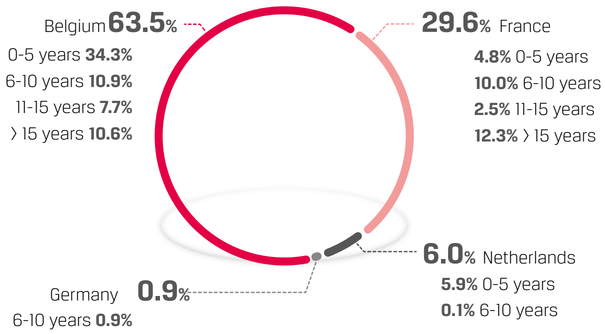
Cofinimmo always selects operators with a certain level of experience, a reputation of high quality of care, financial stability, a balanced management team and realistic growth targets. With a few exceptions, the assets are leased to operator groups which each manage many sites. The leases are either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

Acquisitions in this sector all undergo a prior due diligence to assess the profitability of the project as well as the solvency of the operators. This solvency analysis is repeated annually, with the operators undertaking to provide regular financial reports on the evolution of their operations.

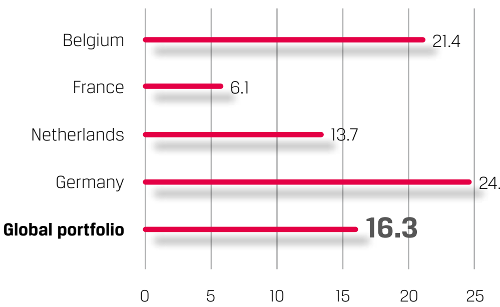
Geographic breakdown – in fair value (in %)



Average age of the facilities – in number of years (in %)



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



Breakdown by type of asset – in fair value (in %)

Belgium	**63.5%**
Nursing and care homes	57.6%
Nursing homes	5.5%
Service flats	0.4%
France	**29.6%**
EHPAD[1]	16.0%
SSR[2]	11.0%
Psychiatric clinics	2.6%
Netherlands	**6.0%**
Care of elderly people	3.6%
Acute care clinics	1.4%
Psychiatric clinics	0.8%
Care of disabled people	0.2%
Germany	**0.9%**
Psychiatric clinics	0.9%

[1] EHPAD = Établissement d'Hébergement pour Personnes Agées Dépendantes - Facility for care of elderly people.
[2] SSR = Clinique de Soins de Suite et de Réadaptation - Rehabilitation clinic.

Favourable legal environment

Strong growth potential

Long-term leases with operators

Accomplishments

Acquisition of an SSR clinic to be renovated and extended in Néville (France)

On 31.07.2014, Cofinimmo acquired the Caux du Littoral SSR clinic in Néville (FR). The existing site will be renovated and extended by July 2015. On delivery of works, the "triple net" lease (maintenance costs, including structural maintenance, are the responsibility of the tenant) concluded with the operator Handra, will take effect for a term of 12 years.

The acquisition price of the land and existing constructions and the budget for the renovation and extension works stands at a total of €5.2 million excluding VAT. Half of this amount was paid by Cofinimmo on 31.07.2014. The balance will be paid as the works progress. The initial rental yield is expected to stand at 7.50%.

Handra is a private French group with 150 employees. It operates 158 beds spread over four EHPAD and SSR sites in France. The Group focuses on small structures (25 to 60 beds) to be renovated, located in wealthy areas.

Acquisition of a rehabilitation clinic in Baden-Baden (Germany)

On 03.12.2014, Cofinimmo acquired a rehabilitation clinic in the spa resort of Baden-Baden, in the southwest of Germany.

The 4,367m² facility has 46 rehabilitation rooms, recovery suites, gymnasia, a swimming pool and a sauna. It is operated by Celenus, a private German group. This operator specialises in rehabilitation and psychological care and manages a total of 2,600 beds spread over 15 sites, all located in Germany.

Cofinimmo acquired the asset for €10.9 million and leases it under a 25-year lease agreed with Celenus. The lease is "double net", meaning that the repair and replacement of boilers, as well as the maintenance of the building's external shell (walls, framework and roof) are the responsibility of the owner. Other maintenance obligations are the tenant's responsibility. The rent will be indexed at 50% of the consumer price index each time the index increases by 5%. The initial rental yield is expected to stand at 7.64%.

Acquisition of a plot of land for the construction of a medical office building in Eindhoven (Netherlands)

On 11.12.2014, the Cofinimmo Group acquired a plot of land in Eindhoven in the Netherlands. This will be used for the construction of a medical training and research centre. The cost of the land and the budget of the works amount to a total of €4.5 million. The future facility will have a surface area of 2,237m² and will be operated by the foundation SGE (Stichting Gezondheidscentra Eindhoven). SGE manages several medical and paramedical centres in the Eindhoven region, specialising in primary care, dentistry and physiotherapy.

At the delivery of the works, scheduled for November 2015, Cofinimmo will sign a "double net" lease with SGE for a 25-year term.

The initial rental yield is expected to stand at 7.50%. The rent will be indexed annually at the consumer price index.

Acquisition of a portfolio of 13 healthcare facilities in the Netherlands

On 17.12.2014, Cofinimmo acquired a portfolio of 13 new or to-be-built healthcare facilities from Green Real Estate B.V., a subsidiary of the Dutch group Zeeman.

Cofinimmo acquired these facilities, with a total surface area of almost 36,500m², for a gross contractual amount of €71.9 million. All the assets have an excellent location. The required permits were delivered for the construction projects. They are leased for a 15-year term under "double net" leases to 11 different private or non-profit operators specialising in geriatrics, psychiatry, and assistance for disabled people.

The initial gross rental yield of this transaction stands at 7.46%. The rent will be indexed annually at the consumer price index.

Sale of the La Gaillardière psychiatric clinic in Vierzon (France)

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

Sale of the Villa Saint-Dominique EHPAD in Rouen (France)

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

Sale of five healthcare assets in France

On 23.09.2014, Cofinimmo sold five healthcare assets in France to Health Property Fund, an unlisted investment fund administered by BNP Paribas REIM France.

The assets sold were EHPADs leased to the French operating group Korian/Medica:

Name of the facility	Location	Surface area (in m²)
Les Blés d'Or	Castelnau-de-Levis	3,695
Le Bois Clément	La Ferté-Gaucher	3,820
Chamtou	Chambray-lès-Tours	3,999
La Goélette	Equeurdreville	4,709
Lo Solelh	Béziers	2,760

The total net sale price amounted to €41.4 million. This price lies above the acquisition price of the properties (acquired in 2008 and 2009), and is in line with the assets' investment value as determined by the independent real estate expert at 31.12.2013.

Construction and renovation projects

Thanks to its experienced multidisciplinary team dedicated to healthcare real estate, namely in terms of Project Management, Cofinimmo offers operators a comprehensive solution comprising access to financial, property, architectural and environmental expertise.

In Belgium and in France, the Group delivered and oversaw several major projects. As a result, €25.1 million were invested in construction, extension and renovation works in the healthcare real estate sector.

Orchidée, Ittre (BE)

Orchidée, Ittre (BE)

"Cofinimmo accompanies operators either by taking over existing facilities or by constructing new buildings or extending or renovating existing buildings."

[1] K level.

In 2014, the Project Management team managed and/or oversaw the following main projects:

Projects started before 2014: Belgium

Property	Operator	Type of works	Number of (additional) beds	(Additional) Surface area (in m²)	Actual K-level[1]	Authorised K-level[1]	(Expected) End of works
Damiaan – Tremelo	Senior Living Group	Renovation and extension	+ 42 beds	+ 556	45	45	Q1 2014
De Mouterij – Aalst	Senior Assist	New construction	116 beds and 12 service flats	7,643	32	40	Q3 2014
Lakendal – Aalst	Senior Assist	New construction	80 beds and 29 service flats	7,503	38	40	Q1 2014
Les Jours Heureux – Lodelinsart	Senior Assist	Extension	20 beds	1,345	29	45	Q2 2014
Noordduin – Koksijde	Armonea	New construction	87 beds	6,440	30	45	Q2 2015
Vishay – Evere	Armonea	New construction	162 beds	8,565	27	40	Q4 2014

Projects started before 2014: France

Property	Operator	Type of works	Number of (additional) beds	(Additional) Surface area (in m²)	Actual CEP-level[2]	Authorised CEP-ref. level[2]	(Expected) End of works
Frontenac – Bram	Korian/Medica	Renovation and extension	+ 8 beds	+ 700	207.16	221.51	Q3 2014
Le Clos Saint Sebastien – Saint Sébastien sur Loire	ORPEA	Extension	+ 12 beds	+ 786	/	/	Q1 2014

Projects started in 2014: Belgium

Property	Operator	Type of works	Number of (additional) beds	(Additional) Surface area (in m²)	Actual K-level[1]	Authorised K-level[1]	(Expected) End of works
De Nieuwe Seigneurie - Rumbeke	Armonea	Extension	+ 31 beds	+ 1,688	40	40	Q2 2015
Den Brem - Rijkevorsel	Armonea	Extension	+ 36 beds	+ 1,325	29	40	Q1 2015
Susanna Wesley – Uccle/ Ukkel	Armonea	New construction	84 beds	4,900	23	40	Q4 2015

Projects started in 2014: France

Property	Operator	Type of works	Number of (additional) beds	(Additional) Surface area (in m²)	Actual CEP-level[2]	Authorised CEP-ref. level[2]	(Expected) End of works
Les Lubérons – Le Puy Sainte Réparade	Korian/Medica	Renovation and extension	+ 25 beds	+ 1,400	226.70	247.60	Q3 2015
William Harvey – Saint Martin d'Aubigny	Korian/Medica	Renovation and extension	+ 10 beds	+ 670	235.67	311.61	Q4 2015

For 2015-2016, excluding projects that were started but not yet completed in 2014, the main planned construction and renovation projects are as follows:

Belgium

Property	Operator	Type of works	Number of (additional) beds	(Additional) Surface area (in m²)	Actual K-level[1]	Authorised K-level[1]	(Expected) End of works
7 Voyes – Vedrin (phase 2)	Senior Assist	Renovation	/	/	40	45	Q3 2017
7 Voyes – Vedrin (phase 3)	Senior Assist	Renovation	/	/	40	45	Q4 2018
Brise d'Automne & Chêne – Ransart (phase 2)	Senior Assist	Renovation and extension	+ 16 beds and 6 service flats	+ 3,088	28	45	Q2 2016
Brise d'Automne & Chêne – Ransart (phase 3)	Senior Assist	Renovation and extension	+ 16 beds and 6 service flats	+ 3,088	28	45	Q4 2017
Les Charmilles	Senior Assist	Extension	+ 48 beds	+ 1,681	35	35	Q1 2017

[1] K-level: Global thermal insulation level of a building, which characterises the thermal quality of its shell.

[2] CEP-level: Energy consumption rating of a building for heating, cooling, domestic hot water production, ventilation and lighting. The annual CEP-level must be less than the authorised CEP-ref. level, which, in France, is defined by region.

> The healthcare portfolio's geographical diversification is designed to balance risks linked to possible changes in legislation regarding reimbursement of healthcare or accommodation costs for elderly people.

Netherlands							
Property	**Operator**	**Type of works**	**Number of (additional) beds**	**(Additional) Surface area (in m²)**	**Actual EPA level[1]**	**Authorised EPA level[1]**	**(Expected) End of works**
SGE – Eindhoven – Tilburgseweg West	SGE	New construction	/	2,237	/	/	Q4 2015
Lopik	Philadelphia	New construction	33	2,798	/	/	Q2 2015
Bavel	Martha Flora	New construction	22	2,198	/	/	Q3 2016
Alphen aan de Rijn	Philadelphia	New construction	24	1,976	/	/	Q3 2016
Enschede	Sozorg	New construction	21	1,309	/	/	Q3 2016

Energy performance of healthcare real estate

Cofinimmo mainly plays an advisory role for operators in terms of sustainability, due to the triple net nature of its investments.

Opportunities for improving the construction and sustainability qualities of the buildings are discussed together with the operator during construction or extension projects. The aim is to opt for rationalisation of 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 a better insulation level (K-level), that exceeds the minimum legal requirements, and more efficient heating and ventilation systems (see section "Construction and renovation projects" of this chapter).

Moreover, national energy performance legislation varies between Belgium, France, the Netherlands and Germany.

In Belgium, only service flats have to comply with E-level requirements, namely those applicable to residential properties.

In France, the legislation also applies to care homes but with a different value scale (A to I) than in Belgium.

The energy performance of 32 care homes in France, i.e. 19.4% of the portfolio, can be broken down as follows:

Result of energy performance certificates for Cofinimmo care homes located in France (in %)

Energy	kWh PE[1]/m²/year
A	< 51
B	51 - 90
C	91 - 150
D	151 - 230
E	231 - 330
F	331 - 450
G	451 - 590
H	591 - 750
I	> 750

[1] Primary Energy

[1] EPA: Energie Prestatie Advies.

Property of distribution networks

Cofinimmo acquires these networks comprised of numerous small buildings from a company which wishes to externalise its distribution portfolio in order to simultaneously lease it back over the long term.

Martelarenplein 6, Leuven (BE)

Brasserie Foud'O, Ghent (BE)

17%

Percentage of the global portfolio at 31.12.2014

€533 million

Portfolio in fair value

1. Sale and leaseback transactions.
2. Optimisation of retail outlets for the activity of the tenant.
3. Long-term leases.
4. Accompanying the tenant in the management, development and renovation of the assets.

Concorde, Mechelen (BE)

't Speelmanshuis, Bruges (BE)

98%

Occupancy rate at 31.12.2014

14 years

Average residual lease length

In 2007 and 2011, Cofinimmo acquired the real estate of two distribution networks: cafés and restaurants in Belgium and in the Netherlands as well as insurance agencies in France.

Portfolio at 31.12.2014

At 31.12.2014, Cofinimmo's property portfolio of distribution networks accounted for 16.7% of its total invested portfolio. It comprised two portfolios, representing a fair value of €533.5 million:

PUBSTONE: cafés and restaurants

Under the terms of a real estate partnership, Cofinimmo acquired, at the end of 2007, an entire portfolio of cafés 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. AB InBev retains an indirect stake of 10% in the Pubstone structure (see diagram on pages 190 and 191). On expiry of the lease, AB InBev has the option of renewing it under the same conditions or of returning the vacated premises.

At 31.12.2014, the Pubstone portfolio consists of 800 properties located in Belgium and 245 properties located in the Netherlands, representing a total aboveground surface area of 360,887m² and a fair value of €421.6 million (Belgium: €272.2 million; Netherlands: €149.4 million).

Cofinimmo does not assume any risk from the commercial operation of the cafés and restaurants. This risk is borne exclusively by AB InBev, which 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 continual technical and financial supervision of the various properties, as well as the standardisation of the various aspects related to property and urban planning.

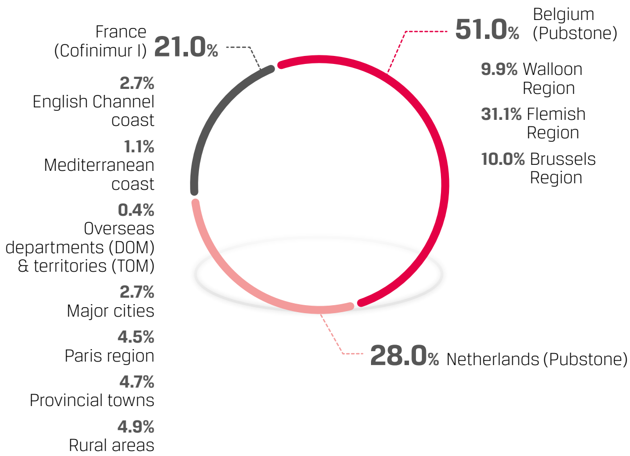
COFINIMUR I: insurance agencies

In December 2011, Cofinimmo SA/NV and Foncière ATLAND, acting in partnership and on behalf of the subsidiary Cofinimur I SA/NV, acquired a 283-asset portfolio from the MAAF insurance group, comprising 265 retail 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[1] years to MAAF, a subsidiary of the French insurance group Covéa, which has a total network of 587 branches throughout the French territory. These branches are operated by MAAF employees.

The agencies network expanded in 2014, with the acquisition of an agency let to MAAF and two agencies let to GMF, another Covéa Group brand.

Distribution by location - in fair value (in %)



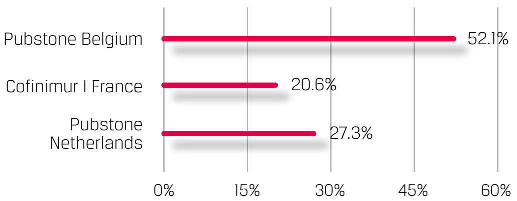
[1] Residual fixed term of 7.1 years at 31.12.2014.

> **“Cofinimmo also invests in buildings used by companies as networks of selling points for the direct sale of products or services to their clients.”**

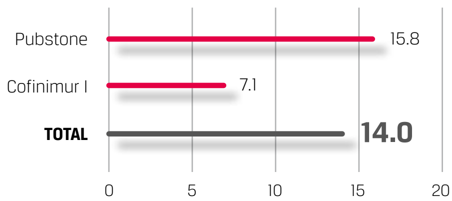
Café des Arts, Bruges (BE)

Café de la Gare, Leuven (BE)

Breakdown by rent - by country (in %)



Average residual lease length (in number of years)



Foncière ATLAND REIM[1] 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 Foncière 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 €52.0 million. The conditions attached to these MCB are described on page 48 of the 2011 Annual Financial Report.

[1] REIM: Real Estate Investment Management.

- Long-term leases
- Easy reconversion
- Selling points for the tenant
- Small buildings with good geographical distribution
- Attractive prices per square metre
- Long-term expansion of the network

Accomplishments

Acquisition of three agencies of the Cofinimur I distribution network

In 2014, Cofinimmo, via its subsidiary Cofinimur I, acquired three insurance agency branches, located in Bourgoin-Jallieu, Oullins and Thouars, for a total gross amount of €0.6 million, in line with the investment value of the assets as determined by the real estate expert. The agencies in Bourgoin and Oullins[1] are leased to GMF[2] for a fixed nine-year term. Their gross rental yield stands at 8.36% for the branch in Bourgoin-Jallieu and 9.40% for the branch in Oullins. The Thouars branch is leased to MAAF for a fixed nine-year term and offers a gross rental yield of 8.30%.

Disposal of ten cafés/restaurants of the Pubstone distribution network

During 2014, Cofinimmo, via its subsidiary Pubstone, sold ten cafés/restaurants in Belgium for a total gross amount of €2.1 million. This amount is greater than the investment value of the properties as determined by the independent real estate expert at 31.12.2013.

Renovation projects

PUBSTONE: cafés and restaurants

In 2014, the operational Property and Project Management teams carried out 466 technical interventions and 194 renovation works in Belgium. In the Netherlands, they carried out 103 technical interventions and 212 renovations. This mainly concerns painting and external woodwork repairs, as well as roof work.

In 2014, the total amount invested in renovation projects on the Pubstone portfolio amounts to €3.3 million for both countries, broken down as €2.6 million in Belgium and €0.7 million in the Netherlands. The Project Management department managed and/or oversaw the following main projects in 2014:

Building	Type of works
BELGIUM	
Martelarenplein 6 & 7 Leuven	Renovation of façades and roofs
Rue Sainte Catherine/Sint Katelijnestraat 30 Brussels	Renovation of façades
NETHERLANDS	
Brink 20-22 Deventer	Renovation of roof and external paintwork
Markt 39 Maastricht	Renovation of roof
Kerkplein 5 Breda	Foundations

New renovation projects as well as minor and major works are planned for 2015, for a budget of €3.3 million.

COFINIMUR I: insurance agencies

In 2014, the in-house operational teams took on a number of projects, including:

- updating the on-line database for the daily management of the 283 sites (Shareholders' Meetings, inventories of fixtures, plans, works, etc.);
- developing the existing portfolio with the acquisition of new branches leased to the Covéa Group (three sales agreed and a project in progress);
- validating and tracking requests relating to around 30 "Agence 2010" work files (part of the €80 million works budget agreed with MAAF at the time of the acquisition);

[1] Property bought off-plan and to be delivered in 2015.

[2] Subsidiary of the French insurance group Covéa. In December 2011, the Cofinimmo Group had already acquired a portfolio of 263 insurance services agencies, leased to MAAF, another subsidiary of the Covéa Group. See also our press release dated 21.12.2011, available on www.cofinimmo.com.

In 2014, the Property and Project Management teams carried out over 500 technical interventions and 400 renovations on the Pubstone portfolio.

- early reletting of five of the 16 branches vacated by MAAF on the notice date of 28.12.2014. For the other 11 branches, an inventories of fixtures on departure was drawn up, prior to active marketing with local and national agents;
- implementing significant restructuring works: the complete renovation of the Compiègne branch ahead of renewal of its lease to MMA[1], the reconstruction of the Redon site (study and call for tenders in progress), the renovation of façades (Saint-Quentin);
- operational follow-up via visits of around 200 branches.

Energy performance

PUBSTONE: cafés and restaurants

The gradual renovation of façades and roofs significantly reduces CO_2 emissions.

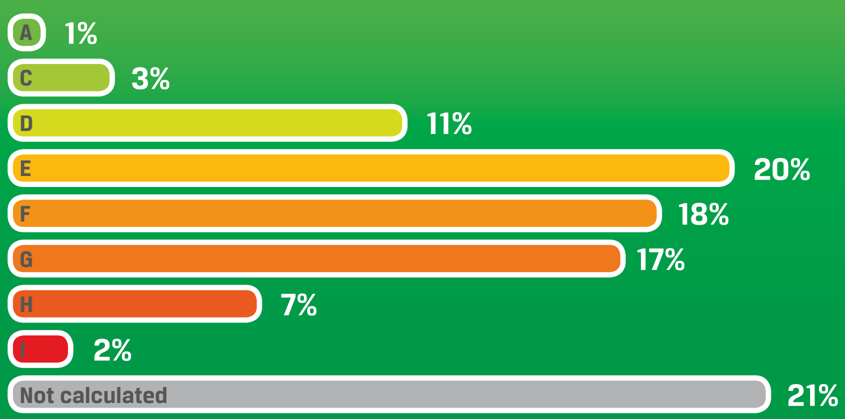
No energy efficiency measures are currently compulsory for this type of building, except for the apartments located above the cafés/restaurants. An energy performance certificate has been produced for 26 of the 77 apartments.

COFINIMUR I: insurance agencies

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, with Cofinimmo playing an advisory and informative role where necessary. In addition, the tenants themselves are proactive in terms of sustainable development, for example by paying particular attention to accessibility for disabled people.

The energy performance of the 275 MAAF branches is as follows:

Energy	kWh PE[1]/m^2/ year
A	< 51
B	51 - 90
C	91 - 150
D	151 - 230
E	231 - 330
F	331 - 450
G	451 - 590
H	591 - 750
I	> 750

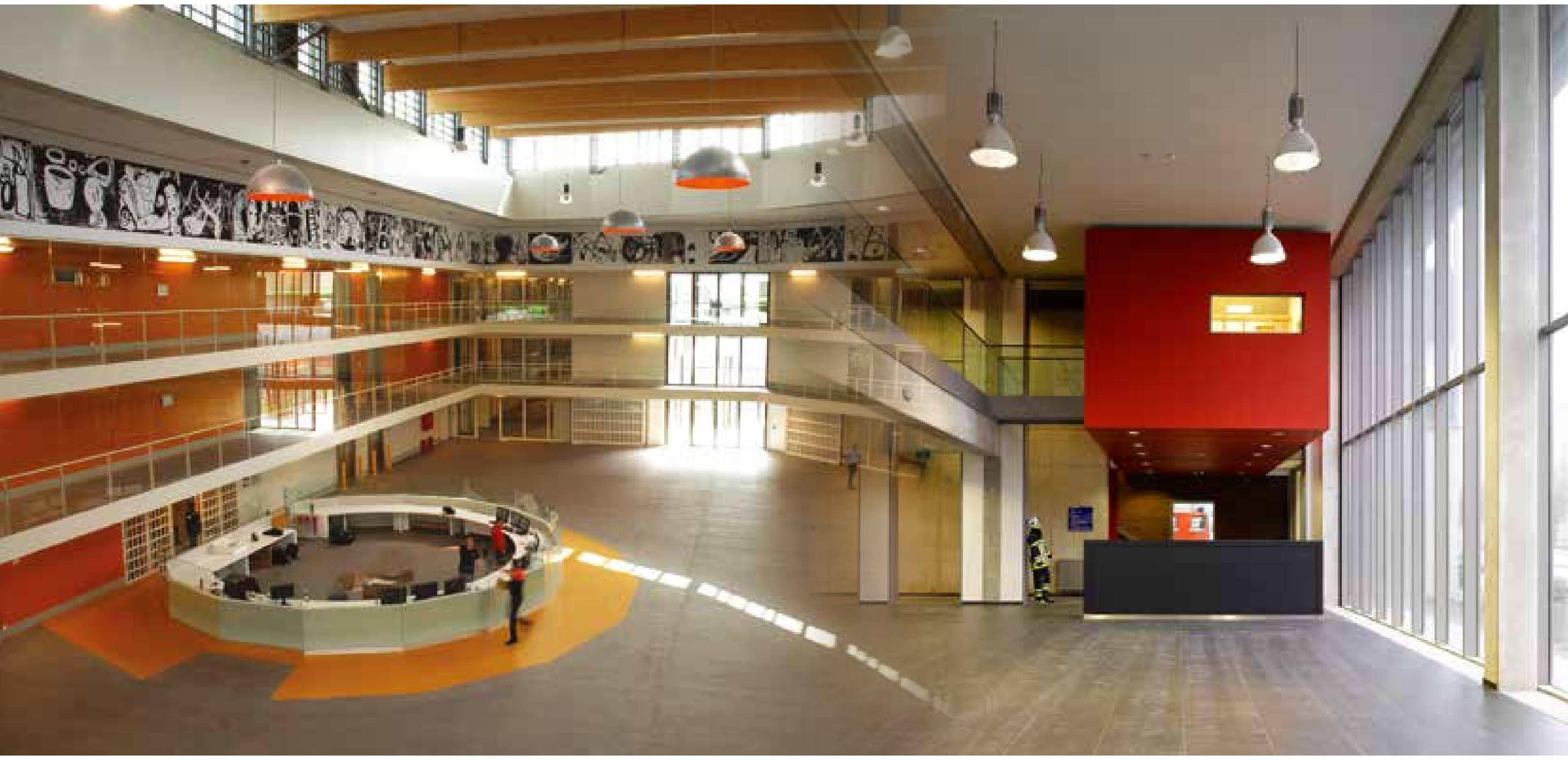


[1] Primary Energy

[1] Mutual insurance group formerly known as "Mutuelles du Mans" and part of the Covéa Group.

Public-Private Partnerships

Cofinimmo pursues its policy of participating in Public-Private Partnerships (PPP) thus offering public authorities the required financing to renovate or build specific buildings, along with maintenance guarantees.



Prison, Leuze-en-Hainaut (BE)

Fire station, Antwerp (BE)

1 Accompany public authorities in the modernisation of their property portfolio in Belgium.

2 Long-term partnerships.

3 Six buildings in operation.

Depage student housing, Brussels (BE)

Courthouse, Antwerp (BE)

Cofinimmo contributes to the renovation and improvement of real estate in Belgium via Public-Private Partnerships (PPP). The PPP portfolio in operation currently comprises a courthouse, a fire station, two police stations, student housing and a prison.

PPP characteristics

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

Cofinimmo is in charge of studying the economic and technical life cycle of the projects. This analysis identifies the best compromise between initial investment and future expenses, whether maintenance costs or replacement and repair costs.

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

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

Cofinimmo's PPP portfolio comprises the following assets in operation:

- A courthouse;
- A fire station;
- Two police stations;
- Student housing;
- A prison.

Prison of Leuze-en-Hainaut

In June 2014, the Buildings Agency (Belgian Federal State) notified the delivery of the Building Availability Certificate for the new prison of Leuze-en-Hainaut[1]. This certifies the acceptance of the prison's construction works to the satisfaction of the user, the Belgian Ministry of Justice. The works amounted to €105.6 million, including fees and taxes.

The delivery of the Building Availability Certificate marks the start of the occupancy of the prison by the Buildings Agency, under a 25-year lease. The ownership of the building will be automatically

Police station, Dendermonde (BE)

[1] See also our press release dated 24.06.2014, available on www.cofinimmo.com.

> Cofinimmo is one of the few European listed real estate companies to engage in Public-Private Partnerships in real estate.

transferred to the Agency free of charge at the end of the lease. The annual rent due by the Agency stands at €12.1 million, and comprises an investment fee (€7.6 million) and maintenance and facility management fees (€4.5 million). The contract with the Agency stipulates that Cofinimmo is responsible for the building's technical maintenance services as well as auxiliary services. Cofinimmo subcontracts these services to specialised firms.

Cofinimmo's net investment, after the sale of 90% of the investment fees due by the Agency over 25 years, represents €12.4 million under the financial lease receivables item of its balance sheet. The anticipated internal rate of return (IRR) for Cofinimmo amounts to 10%, after deduction of the annual amortisation of the principal amount of the receivable.

For more information, see the 2012 Annual Financial Report, page 53.

Sustainable development

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 in the matter during the construction and the operation stages.

Building	E-Level	Major features
Courthouse - Antwerp	Not applicable at the time of construction	• Night cooling • Fixed external solar protection • Superior insulation
Fire station - Antwerp	Not applicable for this type of building	
Police station - Dendermonde	12	• IPassive building • Solar panels covering the whole roof • Type D ventilation system • Rainwater harvesting • Energy recovery systems in lifts • Geothermal energy
Police station - Hekla	Not applicable at the time of construction	
Prison - Leuze-en-Hainaut	60	• Type D ventilation system with heat recovery • "Green" roofs • Rainwater harvesting for sanitary installations • Photovoltaic panels
Student housing - Brussels	Not applicable	• New high-performance external woodwork • Increased façade insulation • Rainwater harvesting in 36 units • Double flow ventilation with heat recovery • Condensing boilers

Management of financial resources

Cofinimmo's financial policy aims at optimising the financing cost and maintaining a continuous access to the capital markets. The company wishes to maintain a diversification of its financing sources and to keep an enduring relationship with its banking partners.

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 the liquidity and counterparty risk, as well as the risk associated with changes in interest rates. The company is not exposed to exchange risks.

Liquidity and interest rate risks

Cofinimmo's financial policy is characterised namely by:

- the diversification of its financing sources (banks and capital markets);
- the sound and enduring relationship forged with banking partners which have good financial ratings;
- the well-spread 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 risk. Cofinimmo also has a general policy of not mortgaging its properties or giving any other form of security to its creditors, with the exception of those mentioned on page 185. Neither its 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 hedging of financial charges by cash flow and (iii) the fair value of the property portfolio.

These ratios were observed at 31.12.2014 and during the entire financial year.

Debt structure

Consolidated financial debt

The legally authorised debt ratio for a RREC is 65% (financial and other debts on total assets). At 31.12.2014, Cofinimmo was in full compliance with this limit, the debt ratio standing at 48.1%[1,2]. The loan-to-value ratio (net financial debts on fair value of investment properties and finance lease receivables) amounted to 48.4% at 31.12.2014. Cofinimmo's financial policy consists in maintaining a financial debt ratio below 50%.

Furthermore, 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 is calculated in compliance with the RREC legislation by dividing the financial and other debts by the total assets.

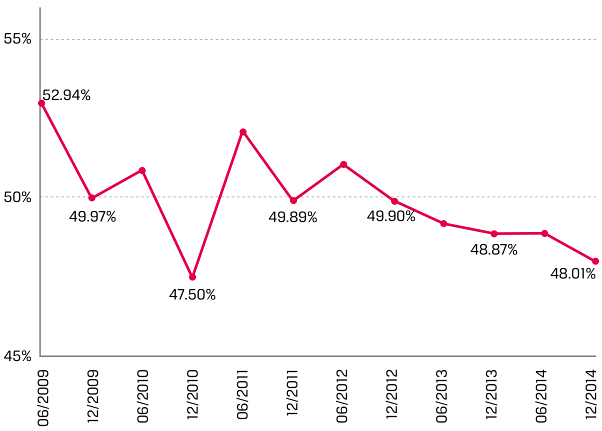
At 31.12.2014, the Cofinimmo Group's consolidated financial debts, both non-current and current, amounted to €1,621.5 million and were comprised as follows (also see the repayment schedule on page 73):

[1] Versus 48.87% at 31.12.2013.

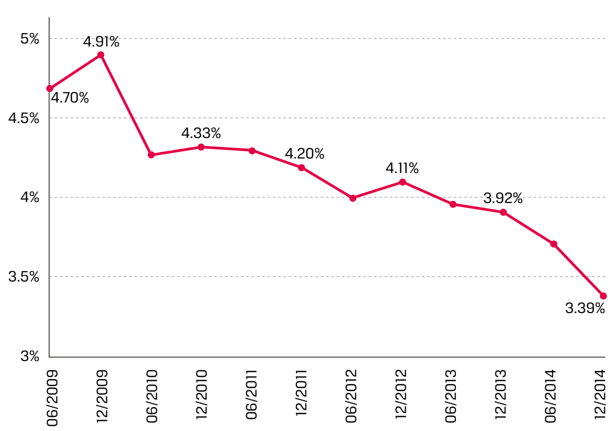
[2] In accordance with Article 13 of the Royal Decree of 13.07.2014, once the debt ratio exceeds 50%, Cofinimmo will draw up a financial plan accompanied by an execution schedule, detailing the measures taken to prevent this debt ratio from exceeding 65% of the consolidated assets. See Note 24.

> In 2014, Cofinimmo raised equity for €32 million through the distribution of dividends in shares.

Evolution of the debt ratio (half-yearly)



Evolution of the average cost of debt (in %)



Capital markets

Cofinimmo regularly has access to capital markets to finance its investment projects. At 31.12.2014, the funds raised on the capital markets were made up of:

- €190 million in the form of non-convertible bonds ;

Issuer	Par value (x €1,000,000)	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

- €381.4 million in the form of convertible bonds ;

Issuer	Par value (x €1,000,000)	Issue price	Conversion price	Coupon	Issue date	Maturity date
Cofinimmo SA/NV	€173.3	100%	€116.60	3.125%	28.04.2011	28.04.2016
Cofinimmo SA/NV	€190.8	100%	€104.231	2.00%	20.06.2013	20.06.2018

Following the 2013 dividend distribution of €6.00 per ordinary share, the rights of the holders of convertible bonds issued in 2013 have been adjusted[1]. Hence, as of 06.06.2014 (settlement date of the 2013 dividend), the conversion price of these bonds stands at €104.231.

[1] See also our press release dated 12.06.2014, available on www.cofinimmo.com.

- €216.5 million of commercial papers, including €201.5 million for an initial period of under one year and €15.0 million for an initial period of over three years;
- €4.1 million corresponding to the discounted value of the minimum coupon of the mandatory convertible bonds issued by Cofinimur I in December 2011.

The bonds which matured in 2014 (€200.0 million) were 100% refinanced by drawing on available credit lines.

Bank facilities

In order to diversify its sources of financing, the Group has access to credit lines signed with ten first-rate financial institutions. At 31.12.2014, the credit lines were made up of:

- €812.9 million of bilateral and syndicated medium- and long-term loans[1], with original maturity periods of between three and ten years, contracted from ten banks;
- €16.6 million of other loans and advances (mainly account debits and rental guarantees received).

Current financial debt

At 31.12.2014, Cofinimmo's short-term financial debt alone amounted to €473.5 million, including:

- €257.0 million of drawings on credit lines maturing in 2015;
- €216.5 million of commercial papers with a term of under one year. The issue of short-term commercial papers is fully covered by undrawn portions of the confirmed long-term credit facilities totalling €608.2 million. Cofinimmo thus benefits from the attractive cost of this short-term financing program, while securing its refinancing if the placement of new commercial papers was to become more expensive or impossible.

At the end of 2014, the credit lines maturing in 2015 (€282.0 million) were 100% refinanced, as well as 35% of the credit lines maturing in 2016.

Situation of long-term financial commitments

The average weighed maturity of the Cofinimmo financial commitments remained stable at 3.4 years at 31.12.2014. This calculation does not take into account the short-term maturities of the commercial papers which are entirely covered by undrawn portions of the long-term credit facilities. It also excludes the maturities which refinancing is already in place. The long-term confirmed financial credit lines (bank lines, bonds, commercial papers of over one year and term credit facilities), with outstandings totalling €1,989.5 million at 31.12.2014, display a homogeneously spread maturity profile up to 2020, with a maximum of 21% of these outstandings maturing during the same year, 2016.

Interest rate hedging

The average cost of Cofinimmo's debt, including bank margins, stood at 3.43% during the financial year 2014, against 3.92% during the financial year 2013 (also see Note 16).

At 31.12.2014, the majority of the debt was at short-term floating rate. The convertible bonds of €364.1 million remained at fixed rate as well as the second withdrawal of €40 million of the private placement maturing in 2020 and the private placement of €50 million maturing in 2017. Consequently, the company is exposed to the risk of a rise in short-term rates, which could have a negative impact on its financial result. Therefore, Cofinimmo uses hedging instruments such as CAPs, generally combined with the sale of FLOORs, or IRS contracts to partially cover its overall debt (see the chapter "Risk Factors" of this Annual Financial Report).

In 2009 and 2010, in accordance with its hedging policy and given the uncertainty as to the evolution of the short-term interest rates, Cofinimmo partially hedged its floating-rate debt through the purchase of CAP options (with strikes between 3.75% and 5%) combined with the sale of FLOOR options (with strikes between 2.75% and 3.25%) for a period until 2017. In May 2014, given the debt reduction following the sale of the North Galaxy building and given the continuing low interest rates (Euribor 3 months rate at 0.078%), Cofinimmo restructured its hedging positions with the following consequences:

- FLOOR options with a strike at 3%[2] for a notional amount of €600 million which extended until (and including) 2017 were cancelled. This operation resulted in the reduction of the average cost of debt to 3.43% at 31.12.2014 (against 3.92% at 31.12.2013) and will lead to a decrease in interest charges in the coming years.
- This restructuring resulted in an outlay of €56 million, fully accounted for in the income statement at 31.12.2014[3] as part of the risk which was hedged by the cancelled hedging instruments had disappeared.
- Cofinimmo also contracted new Interest Rate Swaps, over the same period and for a notional amount of €400 million. The average rate of these new IRS stands at 0.51%.

In total, at 31.12.2014, at constant debt, the interest rate risk is hedged at over 70% until 2018.

The situation at 31.12.2014 of the interest rate hedging for future years is set out in Note 24.

Hedging of the interest rate risk for future years[4] (in %)

[1] Including a Schuldschein or debt certificate entered into with two German banks.

[2] The Euribor 3 months rate stood at 0.078% at 31.12.2014.

[3] Under the item "Changes in fair value of financial assets and liabilities" of the global result according to the Royal Decree of 13.07.2014 and under the item "Revaluation of derivative financial instruments (IAS 39)" of the income statement - analytical format.

[4] This situation takes into account the cancellation in January 2015 of FLOOR options.

At the time of the writing of this Annual Financial Report, the hedging rate of the interest rate risk, assuming constant debt, is over 70% until the end of 2018 and over 65% until the end of 2019. Cofinimmo's result nevertheless remains sensitive to interest rate fluctuations (see the chapter "Risk Factors" of this Annual Financial Report).

Financial rating

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

At the time of writing of this Annual Financial Report, this rating was BBB- for the long term and A-3 for the short term.

Deployment of the debt financing strategy during the financial year 2014

In 2014, Cofinimmo took a number of measures to gather financial resources in order to meet its investment commitments and bolster its balance sheet structure. Accordingly, since the beginning of 2014, the company has successively proceeded to the following actions:

Renewal of four credit lines for a total amount of €252 million

In July 2014, two credit lines maturing on 31.08.2014 were extended for five years. The amount of these credit lines stands at €100 million and €40 million respectively.

In January 2015, two additional credit lines were extended: a line of €50 million, expiring in 2018, was extended for five years, and a line of €62 million, expiring in 2016, was extended for seven years.

Net credit availabilities

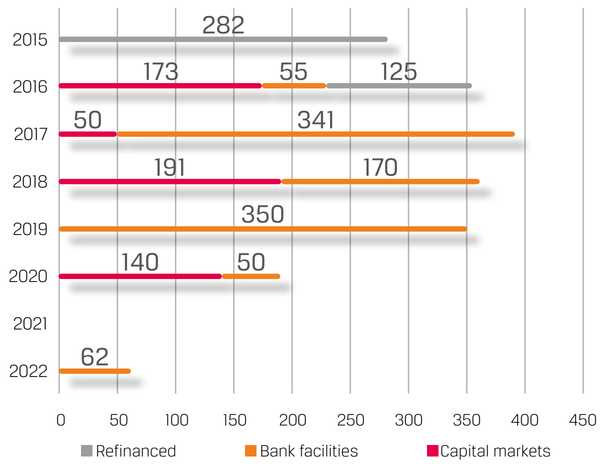
The available funding from Cofinimmo's confirmed credit lines hence amounted to €608.2 million at 31.12.2014. After deducting the full coverage of outstanding short-term treasury bills (€201.5 million), the refinancing of the credit lines maturing in 2015 (€267 million) and the long-term commercial papers to be reimbursed in 2015 (€15 million) is thus fully covered.

Strenghtening of equity for €32.1 million

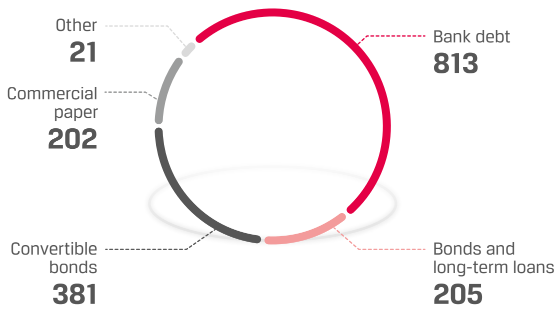
Cofinimmo regularly taps into the capital markets to strengthen its financial resources. During the past ten years, the company has raised equity at an average annual amount of €70 million in various forms: shares issued as part of a contribution in kind, sale of treasury shares, issuing of preference shares and dividends in shares.

In 2014, the shareholders of Cofinimmo decided to reinvest 41.2% of their 2013 dividends in new ordinary shares. The shareholders' equity was thus increased by €32.8 million. The subscription price of the new ordinary shares stood at €85.50[1].

Maturities of long-term financial commitments - €1,989.1 million (x €1,000,000)



Breakdown of debt (x €1,000,000)



Financial debt (x €1,000,000)

	Financial debt	Long-term commit-ments
Capital markets		
Bonds	190	190
Convertible bonds	381.4	364.1
Long-term commercial papers	15	15
Short-term commercial papers	201.5	/
Other	4.1	4.1
Bank facilities		
Revolving credits	701.7	1,319.4
Term credits	111.2	111.2
Other	16.6	5.1
TOTAL	**1,621.5**	**2,008.9**

[1] See also our press releases dated 14.05.2014 and 05.06.2014, available on www.cofinimmo.com.

Sustainable real estate strategy

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 diversified property portfolio.

Today, in light of the challenges represented by climate change, increasing urbanisation, changes to working habits and the quest for a better balance between professional and private life, and therefore needs for built spaces, Cofinimmo intends to position itself as a driver of change, aware of the needs of stakeholders and future generations as much as its own economic sustainability.

Mission and vision

Cofinimmo's mission as a real estate company is to offer its clients-tenants buildings which are both highly functional for their activity and sustainable from an environmental perspective. This approach ensures shareholders a quality investment as well as an attractive and sustainable financial return.

Thanks to its diversification strategy, Cofinimmo was able to develop an expertise in the various segments of its portfolio, enabling the company to reposition its buildings at best at the end of their technical life cycle.

Each reconversion and/or redevelopment improves the energy performance of a building and its comfort criteria. The long life cycle of buildings prompts Cofinimmo to be as ambitious as possible in terms of sustainability within the limits of its economic profitability.

The ambition of the Group is to stay at the edge of innovation and new technologies in order to face current and future environmental and social challenges in a sustainable manner.

The strength of the corporate values

Cofinimmo pays special attention to the corporate values which guide the day-to-day operations of the teams. Creativity is the result of a thinking and questioning process at all levels of the organisation. Success depends namely on the precision of actions undertaken and the standard for high quality in every realisation. To work at Cofinimmo is to jointly and concretely contribute to solve problems encountered.

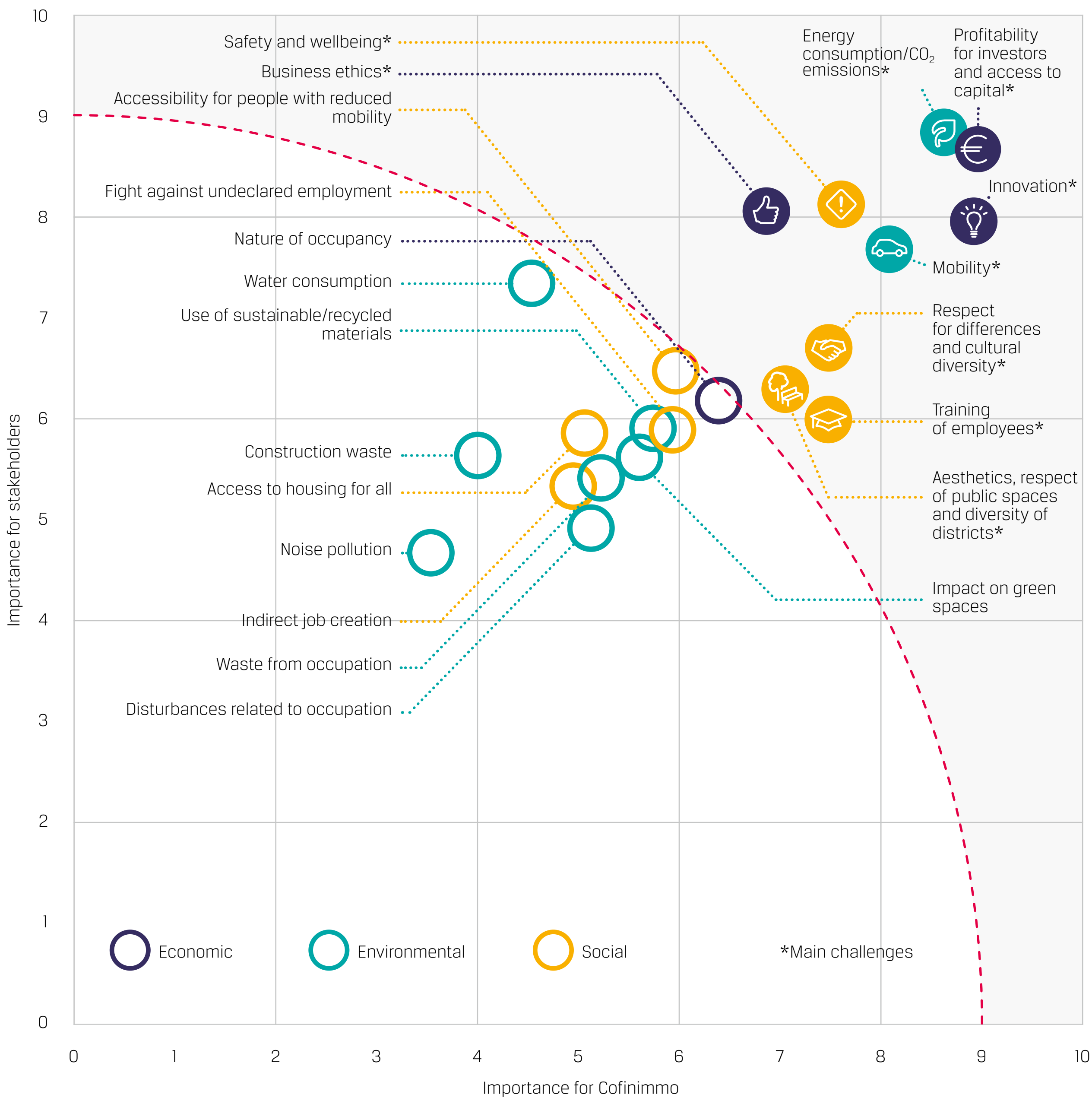
CORPORATE VALUES

- Creativity
- Self-discipline
- Team spirit

2014, a materiality matrix and a Sustainable Development Report

In 2014, Cofinimmo sought to further understand its stakeholders' interests. It committed to a proactive dialogue with them, in order to establish a materiality matrix and identify the most significant Corporate Social Responsibility (CSR) challenges. Since 2014, sustainable development and all aspects of Cofinimmo's environmental strategy have been set out in a separate Sustainable Development Report[1].

Cofinimmo is both a property company which invests in real estate and a financial vehicle for anyone wishing to invest indirectly in real estate. As a result, it has a permanent relationship with very diverse stakeholders, with which it multiplies its modes of interaction.



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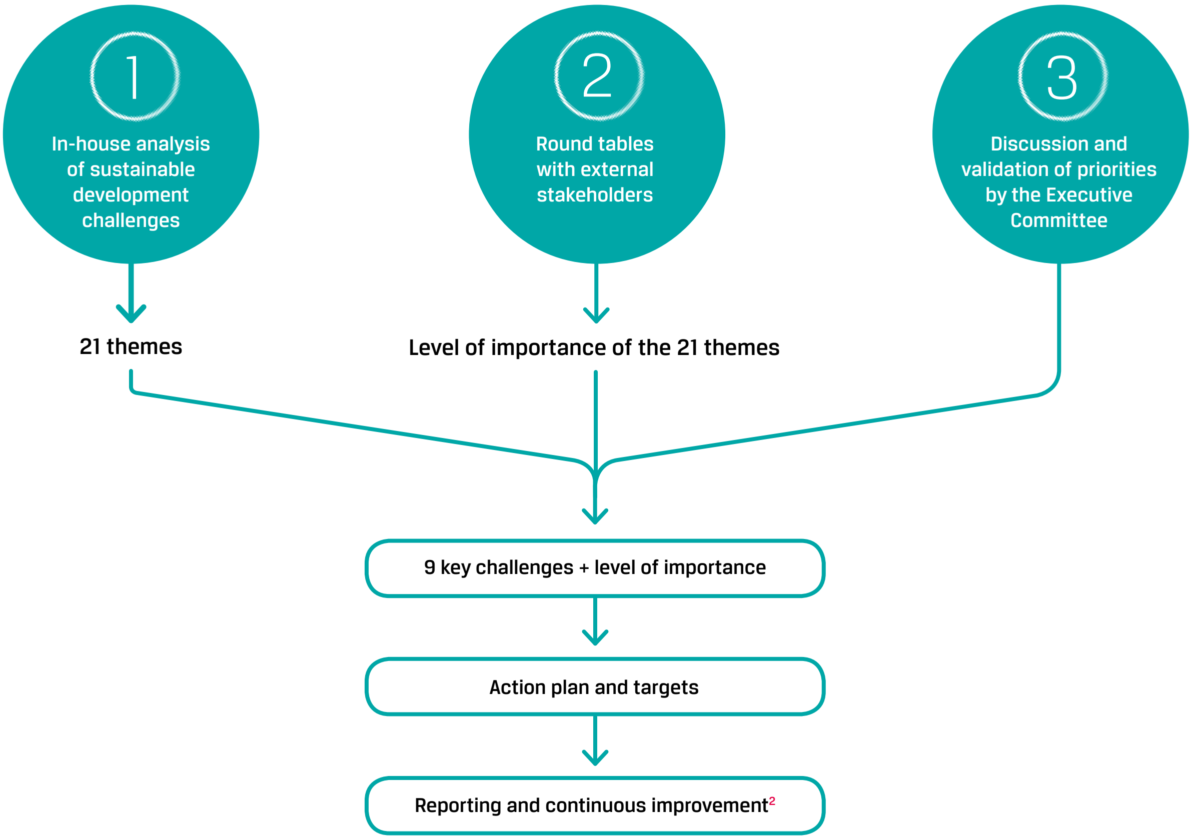
[1] The 2014 Sustainable Development Report will be available on www.cofinimmo.com as from 30.04.2015.

Bourget 42, Brussels (BE) Paepsem Business Park, Brussels (BE)

The process used to produce the materiality matrix is based on the GRI's G4 guidelines[1]. It involved three stages, in order to define a realistic action plan, able to be implemented and monitored using precise documentation.



[1] Sustainability reporting guidelines issued by the Global Reporting Initiative - www.globalreporting.org.

[2] Cofinimmo follows the guidelines recommended by various international standards in terms of social responsibility, such as ISO 14001.

COFINIMMO'S STAKEHOLDERS

+ Shareholders and investors
+ Suppliers
+ Media and financial analysts
+ Clients-tenants
+ Supervisory authorities
+ Civil society and local communities
+ Employees
+ Public authorities

Stakeholders	Their expectations	Our responses
Shareholders and investors: private or institutional shareholders, bankers.	• A stable dividend. • Profitability and a return on investment. • A low risk profile. • Transparent financial information. • A long-term relationship. • Ethical behaviour. • Repayment of debts and interests.	• A clear investment policy in four business segments: offices, healthcare real estate, property of distribution networks and public-private partnerships. • The quest for long-term income. • Transparent financial information, controlled by the Financial Services and Markets Authority (FSMA): annual financial report, attendance at investor fairs, General Meeting, etc. • Application of the corporate governance code.
Clients-tenants: office tenants, nursing home operators, retailers, public services and other occupants.	• A building corresponding to the specific needs of their activities. • The capacity to innovate to respond to changes in these needs. • A rent in line with their economic situation. • Controlled charges. • A reliable, stable landlord. • Sustainable buildings.	• A team of professionals active in a range of real estate business sectors: letting agents to understand the clients' needs, Project Managers to ensure the buildings' construction quality, Property Managers to guarantee the efficient management of buildings and the monitoring of charges.
Employees	• Pleasant working conditions. • Fair treatment. • A guaranteed, stable and attractive salary scale. • A skills development plan (training, career plan, etc.). • Management based on strong ethical values, a sense of leadership and listening.	• Code of Conduct. • Annual appraisal system of performances and the employee/manager relation. • Access to training. • Regular employee surveys. Cofinimmo is certified as an "Investor in People", reflecting its commitment to its employees' development. • Fair treatment. Cofinimmo is a signatory to the diversity charter established by the Brussels Capital Region, where its head office is located.

Stakeholders	Their expectations	Our responses
Suppliers of goods and services: developers, contractors, service providers, facility managers, real estate agents, lawyers, consultants.	• Collaboration opportunities. • Respect of purchase orders and contracts agreed: prices of products and services, payment terms, etc. • A healthy and balanced commercial relationship. • Respect for suppliers' staff.	• Clear specifications and tender rules. • Acceptance of products and services delivered in the presence of both parties. • Payment of agreed prices within agreed timeframes. • Openness to dialogue in the event of a dispute. • A Code of Conduct including relations with suppliers.
Supervisory authorities: the Financial Services and Markets Authority (FSMA) and the National Bank, the auditors.	• Compliance with applicable laws and regulations on financial markets. • Transparency regarding operations carried out and supply of sufficient documentation regarding these operations.	• Financial publications and press releases corresponding to the requirements of the supervisory authorities. • Timely transmission of information regarding operations carried out, to allow the supervisory authority sufficient time for its analysis.
The public authorities: various public services and administrations from communal to regional and federal level.	• Compliance with applicable laws and regulations, in particular with respect to town-planning and environment. • Open dialogue via professional associations. • Payment of taxes. • Respect for the urban planning of public spaces.	• Compliance with administrative procedures, laws and regulations. • Completion of the works requested in the various permits. • Cooperation with the public authorities.
Media and financial analysts	• Dissemination of reliable, accurate and timely information.	• Annual reports, press releases and other publications. • Participation in interviews, round tables, debates, roadshows. • Press conferences.
Civil society and local communities: local residents, community groups, etc.	• Response to the real estate needs of society. • Contribution to the wellbeing of the community. • Improvement of the city quality and harmony.	• Investment in segments representing a demand and responding to a social challenge (e.g. healthcare real estate, public-private partnerships). • Respect for neighbours when carrying out building renovations and new developments. • Socially-responsible initiatives supported by Cofinimmo employees (mobility week, waste reduction week, Operation Thermos to help the homeless, etc.).

Nine key challenges for the future

Profitability for investors and access to capital

Cofinimmo's share should contribute to the prosperity of its shareholders and investors. This objective includes the distribution of a high and sustainable dividend and the preservation of the invested capital.

Cofinimmo must also use sufficiently diversified financing sources at the lowest possible cost in order to limit the risks and to guarantee the company's sustainability.

ACTIONS 2014:

Cofinimmo has taken steps to ensure the shares' liquidity. Several specific campaigns have been carried out to raise the company's profile among institutional and individual investors (roadshows, conferences, etc.).

At least 80% of the current result was distributed. The Group has also ensured a healthy distribution of market risks.

Cofinimmo diversified its financing sources (credit lines, commercial papers, convertible and non-convertible bonds, large and stable banking pool).

FUTURE ACTIONS:

Cofinimmo will maintain its presence on the capital and banking markets and will continue its management of financial resources as described in this 2014 Annual Financial Report (pages 70 to 73).

Cofinimmo targets a growing net current result (excluding IAS 39 impact) per share and a stable dividend.

Energy consumption and CO_2 emissions

Buildings must achieve optimal energy performances to reduce CO_2 emissions resulting from their use.

ACTIONS 2014:

Cofinimmo strives to go as far as possible in terms of energy performance, often exceeding mere legal obligations, within the limits of the sought-after economic return. Cofinimmo implemented an energy accounting software for its office buildings, for example, and installed meters which can be read remotely. This approach allowed the consolidation of the ISO 14001:2004, BREEAM and BREEAM In-Use certifications. A collaboration agreement has also been signed between Cofinimmo, the management company Cofinimmo Services and tenants, in the form of a Green Charter. Similarly, new maintenance contracts include incentives to boost energy consumption savings. Finally, Cofinimmo published an exhaustive reporting of performance indicators based on EPRA's recommendations[1].

FUTURE ACTIONS:

Cofinimmo aims to increase its knowledge of its buildings' energy performance, gradually incorporating the consumption data of segments other than offices into the energy accounting system. The analysis of these data will result in measures being taken to reduce energy consumption.

It will also continue to install meters which can be read remotely at a rythm of +/- 20 buildings per year (horizon 2017).

The update of the company's carbon footprint is planned for 2015, as well as the continued BREEAM In-Use certification for the office buildings which are being marketed.

Innovation

As a major player in the real estate investment market and a pioneer of certain real estate trends in Belgium (in-house property management since 1999, introduction of healthcare real estate in its portfolio as from 2005), Cofinimmo intends to pursue its innovation policy. This is particularly demonstrated in the renewal and renovation of its portfolio, as well as in its management style.

ACTIONS 2014:

Cofinimmo has set up a think tank on the evolution of the company. Four projects resulting from this think tank are currently being validated.

FUTURE ACTIONS:

Cofinimmo hope it can implement the withheld projects as from 2015. In order to continue to promote innovation, it will set up a new working group.

Mobility

Mobility has a direct impact on accessibility and therefore on buildings' appeal. Cofinimmo therefore contributes to mobility in cities through the location of its buildings, the number of parking spaces available and the proximity to public means of transport.

ACTIONS 2014:

Cofinimmo conducted impact studies and led a dialogue with public bodies in order to assess and reduce a building's impact in the construction and operation phases. Shared vehicles and parking spaces were

[1] The data according to the EPRA principles will be available on www.cofinimmo.com/Sustainable development/Performances & objectives as from 30.04.2015.

made available to affected stakeholders. Finally, special attention was paid to the buildings' accessibility.

FUTURE ACTIONS:

Cofinimmo will study various innovative solutions in order to respond to the gradual reduction in the number of parking spaces authorised by the public authorities. It will also study the implementation in its buildings of charging stations for electric vehicles.

Safety & wellbeing

Cofinimmo has an influence on the well-being, health and safety (i) of its buildings' occupants, (ii) of subcontractors carrying out renovation and maintenance work on its buildings and (iii) of its employees.

ACTIONS 2014:

With regard to its employees, Cofinimmo implemented a series of practices ensuring their well-being and the exercise of their function in the best conditions (welcome file, discussion forums, working groups, team buildings). It also pays special attention to stress at work and burn-outs.

With regard to the occupants of its buildings, Cofinimmo analysed all elements likely to have an impact on public health. During the due diligence[1] process, the possible presence of asbestos, soil pollution, elements concerning fire fighting and protection, etc. are systematically analysed.

Cofinimmo took dispositions to ensure the wellbeing and safety of suppliers. Responsabilities are clearly and unambiguously described in specifications and contracts. It appoints internal and external safety coordinators in the context of major renovation works in order to list and verify risks and preventive measures. In relation to maintenance, Cofinimmo's buildings are equipped with security systems in order to guarantee the physical integrity of suppliers (aerial platforms and anchor points for window-cleaning personnel,etc.).

FUTURE ACTIONS:

Cofinimmo intends to improve its knowledge of real estate related legislation applicable in countries outside Belgium where it owns buildings.

Business ethics

As a leader in its market, Cofinimmo must demonstrate irreproachable transparency and ethics in the conduct of its business.

ACTIONS 2014:

Cofinimmo applies the Corporate Governance Charter, which guarantees transparency in the decision-making process from the Board of Directors' level to each employee's level. Cofinimmo's members of staff adhere to the Code of Conduct and the corporate values in their day-to-day operations. Corruption is avoided thanks to very strict rules regarding tendering, the application of the dual signature principle for all commitments, the approval of the financial statements by an external auditor, the presence of an internal auditor and a whistle-blowing policy.

FUTURE ACTIONS:

Cofinimmo will continue to comply rigorously with transparency and ethics rules. These rules will be extended to the new countries and activity segments, even for activities which are subcontracted.

Respect for differences and cultural diversity

Diversity (cultural, generational, linguistic, gender, etc.) and equal opportunities are deeply rooted in Cofinimmo's corporate culture.

ACTIONS 2014:

Cofinimmo initially obtained the "Diversity Label" in 2010 and now works to maintain its commitment in this area, which is reflected at a number of different levels:

- that of recruitment, by strengthening interactions with young people in particular;
- that of human resources management, by offering coaching and training (generative individual coaching and team coaching);
- that of the external positioning of the company, by continuing networking actions and testimonies on the issue of diversity.

FUTURE ACTIONS:

Cofinimmo plans to reconduct its "Diversity Label" in the coming years.

[1] Procedure aiming to establish a complete and certified inventory of a company (accounting, economic, legal and fiscal aspects) before a financing or acquisition transaction.

Employee training

Human capital represents a major competitive advantage which can make the difference. In the medium term, Cofinimmo encourages the professional and personal development of each of its 114 employees throughout their career. Its objective is for everyone to benefit from specific training to improve their technical knowledge, reinforce their talents and benefit from personal development opportunities. In the longer term, it aims to ensure an end of career that has plenty of challenges while being free of future worries.

ACTIONS 2014:

The label "Investor in People" (IIP) stresses the essential deployment of knowledge. The Human Resources department establishes, with the help of the line managers and the staff members, an individual development plan, covering languages, information and communication technologies, technical skills as well as soft skills. Along classic training, the company selectively offers its employees long-term postgraduate training, in Belgium or, in exceptional cases, abroad.

In 2014, almost 93% of Cofinimmo's staff members received training, representing a total cumulated amount of 2,250 hours and a corresponding budget of almost 1.6% of the gross payroll, broken down evenly among employees (sex, age, etc.). On a total of 321 days of training received by staff members, 30 were specifically dedicated to various themes of corporate responsibility, such as management of diversity, respect for the environment, energy performance of buildings and sustainable development.

FUTURE ACTIONS:

Investors in People: Cofinimmo is aiming for the "Gold" level in 2018.

Aesthetics, respect of public spaces and diversity of districts

Cofinimmo wishes to participate in the city's aesthetics and harmony by giving architects the opportunity to express their art. It pays special attention to the quality of façades (wether visible or hidden). The choice of materials is essential as it facilitates maintenance and guarantees the long-term nature of their appearance.

Cofinimmo can have an influence on the diversity of districts through its investment decisions, even if they are initially based on economic considerations. Its business allows it to recreate housing in office areas by reconverting empty office buildings into residential accommodation. In new redevelopment projects, it can plan diversity from the design stage.

ACTIONS 2014:

- Reconversion of the Livingstone I office building into 122 housing units.
- Reconversion of the Woluwe 34 office building into 69 housing units.
- Competition for the renovation project of the Arts/Kunsten 19H building.

FUTURE ACTIONS:

- Belliard 40: a project which will combine offices, housing and retail spaces and bring a new dynamic to Rue Belliard/Belliardstraat. The project received the IBGE/BIM "Exemplary Building 2011" award.

Governance structure

Cofinimmo's Corporate Social Responsibility is ensured by the Sustainability Committee, which objective is to continuously identify and evaluate all the elements contributing to sustainable development. This Committee is comprised of ten people representing, on the one hand, the departments which are directly involved in the management of the Group's real estate portfolio, throughout all segments (Property Management, Project Management, Property Services) and, on the other hand, the legal, communication and human resources departments. It is chaired by the Head of Property Services & CSR, who reports directly to the Executive Committee.

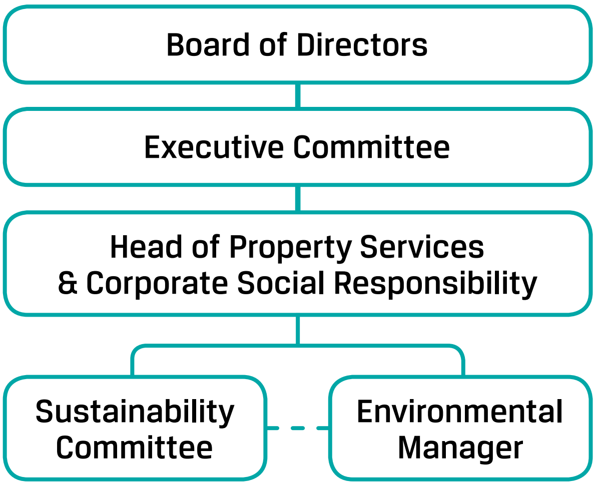
The role of the Sustainability Committee includes:

- to propose concrete and economically sound measures to improve the environmental performance of the company, its portfolio and, by extension, the spaces occupied by its tenants;
- to develop initiatives to better integrate CSR in the Group's strategy;
- to ensure that the Group complies with legal prescriptions, both national and international, in terms of environement;
- to communicate realisations to all stakeholders.

Each member of the Sustainability Committee is a true ambassador of Cofinimmo's actions in terms of sustainable development. Along with management, he/she contributes to the evolution of the corporate culture towards a more sustainable approach of its activities.

Cofinimmo also has a full-time Environmental Manager. Member of the Sustainability Committee, her mission is to monitor on the ground, hand in hand with the operational teams, the implementation of the Group's environmental strategy throughout all activity segments.

The strategic proposals with regard to sustainable development are validated or amended by the Executive Committe which, in turn, submits them for validation to the Board of Directors in the context of the annual review of the global corporate strategy.



Performance and targets

Cofinimmo establishes key performance indicators based on the EPRA reference system. These are calculated based on information collected from the manager of the property portfolio, Cofinimmo Services and occupants. They relate to the office portfolio, as well as part of the healthcare portfolio.

Targets achieved in previous years, as well as those for 2014 and future years, are displayed in a dashboard.

For more details on the performance indicators, environmental targets and the Auditor's report concerning environmental indicators, consult our website www.cofinimmo.com/Sustainable development/Performances & objectives.

> "We believe in a sustainable development of cities per district, which takes into account a balance of uses. Offices, residential buildings, retail spaces and green areas must coexist and unifunctional districts must progressively disappear."

> Cofinimmo has always favoured an open and socially-responsible approach in the selection and motivation of its employees, whose expertise is valuable to the company.

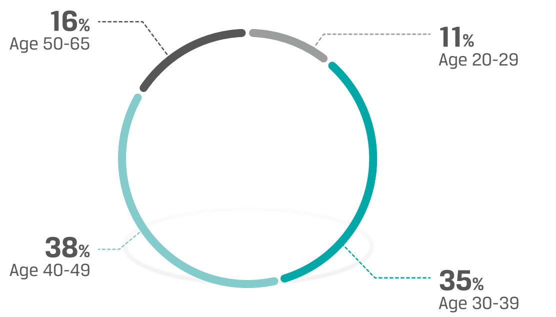
Social responsibility

As well as actions taken to reduce its portfolio's carbon footprint, Cofinimmo undertakes 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. Other partnerships have been developed, particularly to help elderly people or to support scientific research.

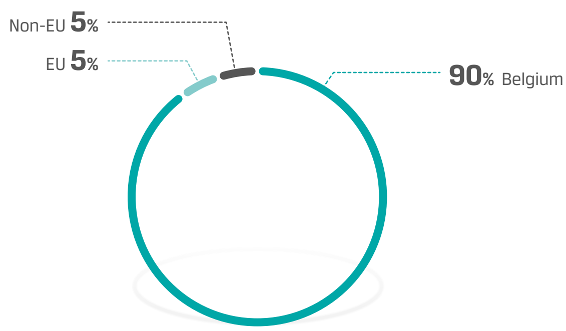
Remuneration

The remuneration packages offered by Cofinimmo are determined by reference to market remuneration for similar posts. 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 €392,730 in 2014. The members of the Group's Executive Committee and management also benefit from a stock option plan designed to cement company loyalty by allying their interests with the results of the Group. In 2014, a total of 3,000 stock options were granted, representing a fair value of €102,990 (see Note 44).

Staff members by age group



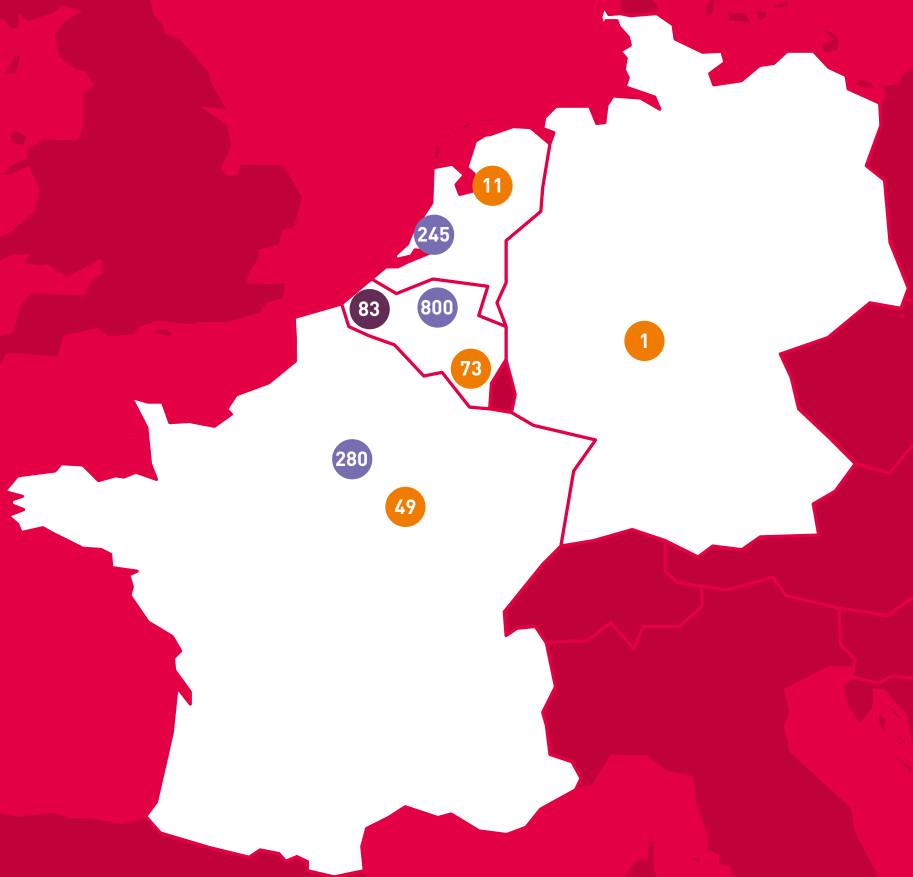
Nationality of staff members (in %)



Property report

Geographic location of all the assets of the portfolio

Business parks are counted according to the number of buildings that constitute them. Development projects are not taken into account.



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

Market characteristics

The Brussels office market

Sources: CBRE, DTZ, JonesLangLasalle.

Subsegments of the Brussels office market

The Brussels office market has several subsegments. The first four are often referred to collectively as the Central Business District (CBD).

Brussels Centre: the historic city centre

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

Leopold District: the European district of the city

Occupants: European institutions and delegations or associations collaborating with them.

Brussels North: business district

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 remainder of the 19 municipalities of the Brussels Capital Region

Occupants: medium-sized to large private companies.

Brussels Periphery & Satellites: area just outside the Brussels Capital Region and the Ring

Occupants: private companies of all sizes.

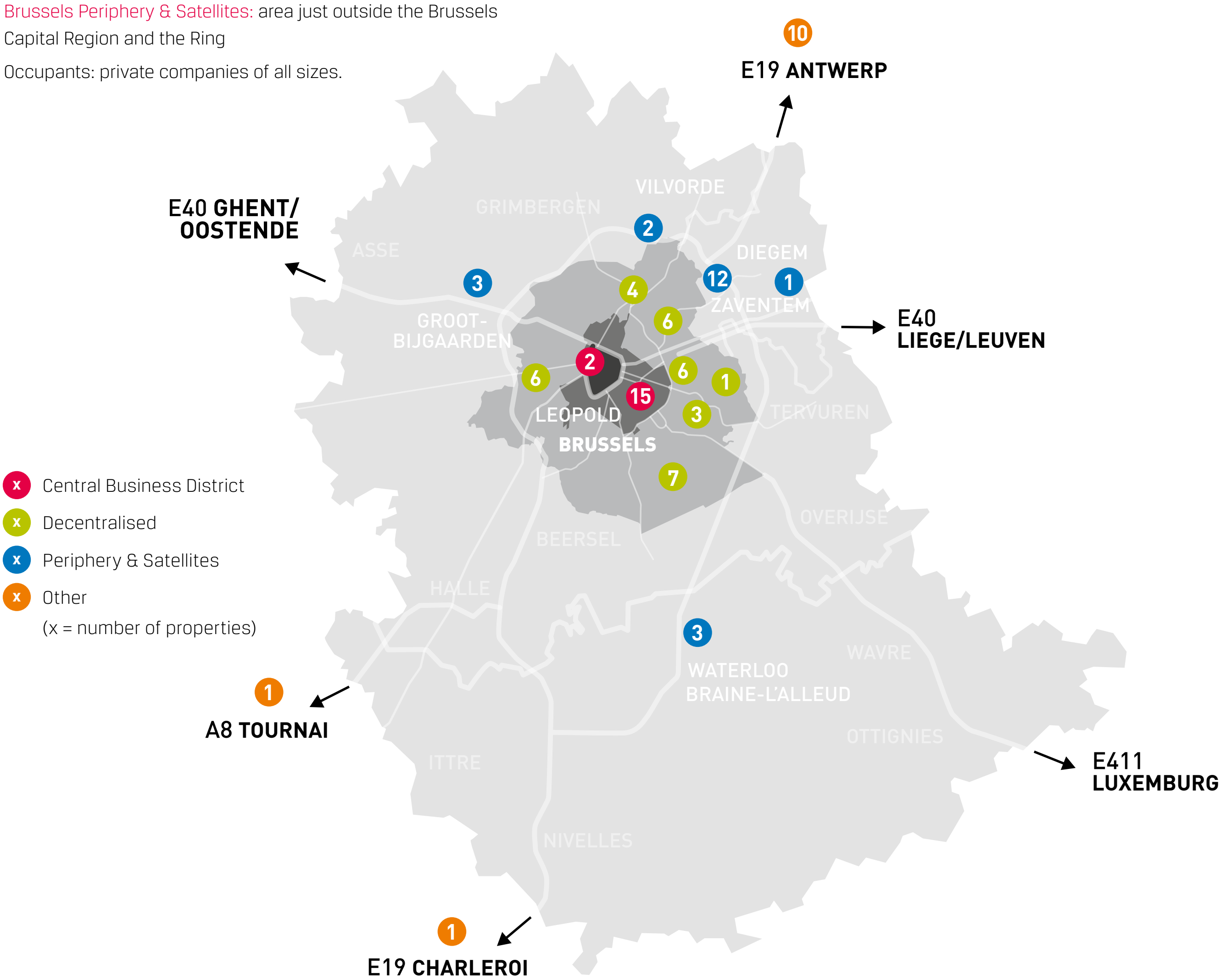
The office rental market in Brussels

Demand

Despite a few hesitant signs of recovery, demand on the Brussels real estate market reached just 404,000m² in 2014. This level is well below the average take-up of 500,000m² per year recorded before the financial crisis.

The public sector accounted for 45% of total rental demand. It was responsible for the three most important transactions of 2014: the letting of 46,000m² on the Tour & Taxis site (Brussels North) by the Flemish Government, that of 36,000m² in the Astro Tower building (Leopold District) by Actiris (Brussels employment administration) and that of 17,000m² in Cofinimmo's Livingstone II building (Leopold District) by the European Commission. Private sector demand mainly stems from renegotiations, as occupants whose lease is due for renewal seize the opportunity to improve their rental conditions.

More than 25% of rental demand was concentrated in the Leopold District. A major influence on this trend are the leases by Actiris and the European Commission mentioned above.



Prins Boudewijnlaan 41, Edegem (BE)

Arcus, Brussels (BE)

Supply

During 2014, 178,000m² of new offices were delivered to the Brussels market. Just 20% correspond to speculative investments, confirming the trend recorded since 2011 of an extremely low number of "at risk" deliveries.

Between 2015 and 2016, 188,000m² are expected on the market, over 40% of which are speculative.

Vacancy

In 2014, rental vacancy fell slightly in the Brussels office market, from 11.1% at 31.12.2013 to 10.6% at 31.12.2014. This fall can be explained, on the one hand, by a low level of new speculative building coming onto the market and, on the other hand, by the reconversion of office buildings into other uses (residential, hotels, nursing homes, etc.).

Significant disparities exist between districts. The CBD, for instance, records a "balanced" vacancy rate of 5.8%, while the periphery is struggling to reduce its vacancy, which remains at 25%. Disparities are also evident between types of buildings, with availability of "grade A"[1] buildings steadily falling.

The office investment market in Brussels

In 2014, €1.8 billion was invested in the office segment in Brussels – the highest level recorded since the financial crisis. The sale by Cofinimmo, during the second quarter, of the shares of the company Galaxy Properties, owner of the North Galaxy building (Brussels North), to ATP and AXA Belgium for €475 million, represents the largest real estate transaction on the Belgian market for a single building. Other notable transactions occurred in 2014, including the purchase by Hannover Leasing and a Chinese investor of the Covent Garden building (Brussels North) let to the European Commission for €270 million, the purchase by GLL of the Platinum building (Louise District) for €90 million and the purchase by Intégrale of the building developed for the Brussels environmental protection authority (Brussels North) for €72 million.

Although well-located buildings with long leases are still preferred by investors, more opportunistic investments were also observed during the second half of the year. The purchase by Ares Management of the Pegasus property portfolio (Brussels Periphery) for €87 million is a good example.

"Prime" yields for offices in Brussels continue to be under pressure. At the end of 2014, they stood at 6.25% for assets leased under 3/6/9-year leases and 5% for assets leased long term.

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

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

Sources: DTZ, E&Y, Healthcare Property.

Demographic trends and budgetary constraints

The ageing of the population is a growing trend in most European countries. In Belgium, Germany, France and the Netherlands, for instance, the proportion of the population aged over 80 is set to reach between 6% and 8% by 2030 depending on the country. Although the number of independent seniors within this category is up, the ageing of the population will nevertheless be accompanied by a considerable increase in the number of dependent elderly, leading to a greater need for specialised healthcare facilities and, consequently, beds. It is estimated that between 2013 and 2020, the need for beds is set to rise by 7% in France, by 14% in Belgium and by 22% in Germany. Only the Netherlands is set to see its supply of beds decline, due to financial constraints.

At the same time, healthcare expenditure accounts for an increasing share of GDP: in Belgium, France, Germany and the Netherlands, this share is between 10% and 12% depending on the country. In a context of budget restrictions, private players are increasingly taking over from the public sector in this segment. We are also seeing a tendency to steer long-term patients or less complex cases to less technical and less expensive establishments. The "Zelfstandig BehandelCentra" segment, or medium-sized private clinics specialising in less complex medical disciplines (dermatology, ophthalmology, orthopaedics, etc.), is expanding rapidly in the Netherlands.

Operators in the healthcare sector

Three types of operators exist in the healthcare sector: public operators, operators from the non-profit sector and private operators. The breakdown in market share between these various players varies from one country to the other. In the nursing and care homes segment, Belgium has the most balanced situation, with each type of operator representing a third of the market there. Conversely, the non-profit sector has a practical monopoly in the Netherlands. Germany and France have intermediary situations.

Grapevine, Brussels (BE)

MAAF insurance agency (FR)

In the private sector, we are seeing a significant fragmentation, with many players operating a single facility. A move towards consolidation is being seen in Belgium and France however. The most striking example is the merger in 2014 of Korian and Medica, two French operators jointly managing over 57,000 beds spread over 600 sites in four countries. Consolidation ensures operators a better distribution of risks, easier access to financing, a more regular contact with public authorities and certain economies of scale.

Healthcare real estate investment market

More than €13 billion was invested in healthcare real estate between 2007 and 2014 – a trend set to increase. Investment funds represent 39% of these investments, listed real estate companies 25% and insurance companies and pension funds 13%. Furthermore, while most investors are located in Belgium, interest is also evident among investors from France and Germany.

In the Benelux, the vast majority of healthcare real estate investments are related to nursing and care homes. In Germany and France, other healthcare assets (rehabilitation clinics, psychiatric clinics, hospitals, etc.) represent the majority of investments.

The breakdown between sale and leaseback transactions and traditional investments has evolved over the past seven years. In 2007, both types of transactions represented equal shares of the investment market, while in 2013, 80% of transactions were "traditional investments".

Property of distribution networks

Cofinimmo's property portfolio of distribution networks includes a portfolio of cafés/restaurants leased to the brewery group AB InBev as well as a portfolio of insurance services agencies leased to the insurance company MAAF (Covea Group). These portfolios were acquired through sale and leaseback transactions. As they are leased under a master lease, the assets comprising these portfolios are not comparable to standard retail assets. No "market", in its strict sense, exists for this type of portfolios acquired through sale and leasebacks.

The table on the following pages lists:

- 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 the lease payments sold and discounted and, where appropriate, the share of unsold rents[1] ;
- the various projects and renovations in progress.

The table does not include the properties held by subsidiaries of the Group which are accounted for under the equity method, i.e. the EHPAD Les Musiciens, acquired via a joint venture between Cofinimmo and ORPEA. The rental situation of the buildings under a finance lease and for which the lesses benefit from a call option at the end of the lease is described on the following 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 also pages 186 to 189).

For pictures and detailled descriptions of all the properties, reference is made to the company website (www.cofinimmo.com).

[1] See also Note 21.

Inventory of buildings excluding investment properties

Property	Superstructure (in m²)	Contractual rent[1] (x €1,000)	Occupancy rate	Tenant
Financial assets under finance leases				
COURTHOUSE - Antwerp	72,131	1,377	100%	Buildings Agency
FIRE STATION - Antwerp	23,585	181	100%	City of Antwerp
POLICE STATION - Hekla	4,805	N/A	100%	Federal Police
DEPAGE STUDENT HOUSING RESIDENCE – Brussels	3,196	81	100%	Université Libre de Bruxelles (ULB – Brussels University)
NELSON MANDELA STUDENT HOUSING RESIDENCE – Brussels	8,088	1,213	100%	Université Libre de Bruxelles (ULB – Brussels University)
PRISON - Leuze-en-Hainaut	28,316	2,818	100%	Buildings Agency
Assets held in joint ventures				
EHPAD Les Musiciens - France	4,264	1,337	100%	ORPEA

Inventory of property assets

Segment	Acquisition price (x €1,000,000)	Insured value[2] (x €1,000,000)	Fair value (x €1,000,000)	Gross rental yield (in %)
Offices	1,609.0	1,468.0	1,312.0	7.61%
Healthcare real estate	1,061.3	68.3	1,289.1	6.30%
Property of distribution networks	534.2	14.0	533.5	6.59%
Others	56.1	21.4	64.6	6.68%
TOTAL	**3,260.6**	**1,571.7**	**3,199.2**	**6.88%**

Overview of the consolidated property portfolio

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

Property	Address	Year of construction (last renovation)	Superstruture (in m²)	Contractual rents (x €1,000)	2014 Occupancy rate[3]	Estimated Rental Value (ERV)[4] (x €1,000)
SOUVERAIN/VORST 23-25	23-25 Boulevard du Souverain/ Vorstlaan – 1170 Brussels	S25: 1970 S23: 1987	56,891	11,539	100%	11,521
EGMONT I	36 Rue du Pépin/Kernstraat 1000 Brussels	1997	36,616	2,772[5]	100%	2,772
BOURGET 42	42 Avenue du Bourgetlaan 1130 Brussels	2001	25,756	4,483	86%	4,003
LIVINGSTONE II	1-3 Rue Philippe Le Bon/Filips De Goedestraat 1000 Brussels	1996 (2014)	15,920	2,715	100%	2,756
GEORGIN 2	2 Avenue Jacques Georginlaan 1030 Brussels	2007	17,439	3,105	100%	3,035
TERVUREN 270-272	270-272 Avenue de Tervurenlaan – 1150 Brussels	1976 (2013)	19,579	1,831	51%	3,869
ALBERT Ier 4 - CHARLEROI	4 Rue Albert Ier 6000 Charleroi	1967 (2005)	19,189	2,713	100%	2,718
SERENITAS	2-6 Avenue Van Nieuwenhuyselaan 1160 Brussels	1995	19,823	3,591	97%	3,172
SOMBRE/DONKER 56	56 Rue Sombre/Donkerstraat 1200 Brussels	2004 (2012)	7,196	2,464	100%	2,464
DAMIAAN – TREMELO	39 Pater Damiaanstraat 3120 Tremelo	2003 (2014)	20,274	2,437	100%	2,250
Others			1,541,674	174,415	96%	178,875
TOTAL			**1,780,357**	**212,065**	**95.19%**	**217,435**

[1] Non-assigned part of the rents, which varies between 4% and 100%.

[2] Except in the case of empty buildings, this amount does not include the insurances taken during works, nor those for which the occupants are contractually responsible (i.e. for nursing homes in Belgium and in France, for the cafés/restaurants of the Pubstone portfolio and for certain office buildings), nor those related to finance leases. This amount also excludes the insurances related to the MAAF buildings (first rank insurance on all the fully owned buildings and second rank insurances for the buildings in co-ownership), which are covered at their reconstruction value.

[3] The occupancy rate is calculated as the contractual rents divided by the sum of the rents + the ERV of unlet spaces.

[4] The determination of the estimated rental value takes into account market data, the location of the asset, the quality of the building, the number of beds for healthcare facilities and, if available, financial data (EBITDAR) from the tenant.

[5] 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 m²)	A Contractual rents (x €1,000)	C=A/B[1] 2014 Occupancy rate	B Rents + ERV on unlet (x €1,000)	Estimated rental value[2] (x €1,000)
Offices		**515,854**	**77,733**	**89%**	**87,094**	**84,039**
Brussels Leopold & Louise Districts		**72,539**	**14,032**	**95%**	**14,837**	**15,206**
ARTS/KUNSTEN 19H	1973 (1998)	11,099	2,214	100%	2,214	2,618
ARTS/KUNSTEN 47-49	1977 (2009)	6,915	1,422	100%	1,422	1,179
AUDERGHEM/OUDERGEM 22-28	2004	5,853	1,150	85%	1,360	1,345
LOI/WET 57	2001	10,279	1,896	100%	1,896	2,288
LOI/WET 227	1976 (2009)	5,885	1,419	89%	1,594	1,454
PHILIPPE LE BON/FILIPS DE GOEDE 1-3 (Livingstone II)*	1996 (2014)	15,920	2,715	100%	2,715	2,756
PHILIPPE LE BON/FILIPS DE GOEDE 2-4	2004	2,024	0	0%	324	324
SQUARE DE MEEÛS 23	2010	8,807	2,013	96%	2,106	2,106
TRÔNE/TROON 98	1986	5,757	1,203	100%	1,206	1,136
Brussels Decentralised		**272,928**	**41,831**	**89%**	**47,225**	**44,770**
BOURGET 40*	1998	14,260	1,491	82%	1,827	2,070
BOURGET 42	2001	25,756	4,483	86%	5,209	4,003
BOURGET 44	2001	14,085	2,354	100%	2,354	2,190
BOURGET 50	1998	5,134	745	92%	808	779
BRAND WHITLOCK 87/93	1991	6,066	766	75%	1,022	979
COCKX 8-10 (Omega Court)*	2008	16,557	2,559	87%	2,937	2,619
COLONEL/KOLONEL BOURG 105	1978 (2001)	2,634	194	61%	319	331
COLONEL/KOLONEL BOURG 122	1988 (2006)	4,129	631	96%	661	614
CORNER BUILDING	1996 (2011)	3,440	187	33%	561	538
GEORGIN 2	2007	17,439	3,105	100%	3,105	3,035
HERRMANN DEBROUX 44-46	1992	9,666	1,491	96%	1,556	1,467
MOULIN A PAPIER/PAPIERMOLEN 55	1968 (2009)	3,499	481	94%	513	458
PAEPSEM business park	1992	26,520	2,124	79%	2,701	2,437
SERENITAS	1995	19,823	3,591	97%	3,717	3,172
SOUVERAIN/VORST 23-25	S25 (1970) S23 (1987)	56,891	11,539	100%	11,539	11,521
SOUVERAIN/VORST 24	1997	3,897	753	100%	753	755
SOUVERAIN/VORST 36	1998	8,310	965	69%	1,392	1,459
TERVUREN 270-272	1976 (2013)	19,579	1,831	51%	3,587	3,869
WOLUWE 102	1985 (2009)	8,090	1,411	100%	1,417	1,309
WOLUWE 58 (+ parking St.-Lambert/ Lambertus)	1986 (2001)	3,868	742	100%	745	671
WOLUWE 62	1988 (1997)	3,285	388	77%	502	494
Brussels Periphery		**77,685**	**8,891**	**81%**	**10,984**	**10,503**
LEUVENSESTEENWEG 325	1975 (2006)	6,292	369	68%	541	512
NOORDKUSTLAAN 16 A-B-C (West-End)	2009	10,022	1,669	93%	1,800	1,694
PARK LANE	2000	35,480	4,837	86%	5,603	5,317
PARK HILL*	2000	16,675	1,268	56%	2,271	2,223
WOLUWELAAN 151	1997	9,216	748	97%	769	757
Brussels Satellites		**8,232**	**983**	**77%**	**1,276**	**1,238**
WATERLOO OFFICE PARK I	1995 (2004)	2,360	240	64%	372	358
WATERLOO OFFICE PARK J	1995 (2004)	2,360	378	98%	385	352
WATERLOO OFFICE PARK L	1995 (2004)	3,512	365	70%	519	528

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Antwerp Periphery		**36,573**	**4,739**	**86%**	**5,500**	**5,216**
AMCA - AVENUE BUILDING	2010	9,403	1,481	95%	1,554	1,555
AMCA - LONDON TOWER	2010	3,530	565	98%	576	543
GARDEN SQUARE	1989	7,464	858	86%	993	912
PRINS BOUDEWIJNLAAN 41	1989	6,014	449	50%	907	885
PRINS BOUDEWIJNLAAN 43	1980	6,007	823	91%	907	819
VELDKANT 35	1998	4,155	563	100%	563	502
Other regions		**47,897**	**7,257**	**100%**	**7,272**	**7,106**
ALBERT I[er] 4 - CHARLEROI	1967 (2005)	19,189	2,713	100%	2,713	2,718
MECHELEN STATION - MECHELEN	2002	28,708	4,544	100%	4,559	4,388
Offices which receivables have been sold		**102,725**	**10,064**	**100%**	**10,076**	**10,076**
Brussels Centre		**52,878**	**3,913**	**100%**	**3,913**	**3,913**
EGMONT I*	1997	36,616	2,772	100%	2,772	2,772
EGMONT II*	2006	16,262	1,141	100%	1,141	1,141
Brussels Decentralised		**20,199**	**1,908**	**100%**	**1,909**	**1,909**
COLONEL/KOLONEL BOURG 124*	1988 (2009)	4,137	209	99%	210	210
EVEREGREEN	1992 (2006)	16,062	1,699	100%	1,699	1,699
Brussels Leopold & Louise Districts		**26,188**	**3,624**	**100%**	**3,635**	**3,635**
LOI/WET 56	2008	9,484	1,357	100%	1,363	1,363
LUXEMBOURG/LUXEMBURG 40	2007	7,522	849	100%	849	849
NERVIENS/NERVIËRS 105	1980 (2008)	9,182	1,315	100%	1,315	1,315
SQUARE DE MEEÛS 23 (+ parking)	2010		103	96%	108	108
Other regions		**3,460**	**619**	**100%**	**619**	**619**
MAIRE 19 - TOURNAI*	1997	3,460	619	100%	619	619
Healthcare real estate		**682,461**	**82,233**	**99%**	**82,953**	**83,327**
Belgium		**429,087**	**50,927**	**100%**	**50,927**	**49,128**
Operator: Anima Care		**6,752**	**689**	**100%**	**689**	**689**
ZEVENBRONNEN - WALSHOUTEM	2001 (2012)	6,752	689	100%	689	689
Operator: Armonea		**181,969**	**20,698**	**100%**	**20,698**	**20,735**
BINNENHOF - MERKSPLAS	2008	3,775	423	100%	423	423
DAGERAAD - ANTWERP	2013	5,020	827	100%	827	827
DE WYNGAERT - ROTSELAAR	2008 (2010)	6,878	759	100%	759	759
DEN BREM - RIJKEVORSEL	2006	4,063	530	100%	530	530
DOMEIN WOMMELGHEEM - WOMMELGEM	2002	6,836	751	100%	751	751
DOUCE QUIETUDE - AYE	2007	4,635	440	100%	440	440
EUROSTER - MESSANCY	2004	6,392	1,145	100%	1,145	1,145
HEIBERG - BEERSE	2006 (2011)	13,568	1,358	100%	1,358	1,358
HEMELRIJK - MOL	2009	9,362	994	100%	994	994
HEYDEHOF - HOBOKEN	2009	2,751	346	100%	346	346
HOF TER DENNEN - VOSSELAAR*	1982 (2008)	3,279	441	100%	441	441
LA CLAIRIERE - COMINES - WARNETON	1998	2,533	258	100%	258	258
LAARSVELD - GEEL	2006 (2009)	5,591	831	100%	831	831

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LAARSVELD SERVICEFLATS - GEEL	2009	809	57	100%	57	57
LAKENDAL - AALST*	2014	7,894	784	100%	784	819
LE CASTEL - BRUSSELS	2005	5,893	478	100%	478	478
LE MÉNIL - BRAINE L'ALLEUD	1991	5,430	568	100%	568	568
LES TROIS COURONNES - ESNEUX	2005	4,519	532	100%	532	532
L'ORCHIDÉE - ITTRE	2003 (2013)	3,634	560	100%	560	560
L'ORÉE DU BOIS - WARNETON	2004	5,387	561	100%	561	561
MILLEGHEM - RANST	2009 (2010)	6,943	750	100%	750	750
NIEUWE SEIGNEURIE - RUMBEKE*	2011	3,391	531	100%	531	531
NETHEHOF - BALEN	2004 (2011)	6,471	618	100%	618	618
RÉSIDENCE DU PARC - BIEZ	1977 (2013)	12,039	636	100%	636	636
SEBRECHTS - BRUSSELS	1992	8,148	1,045	100%	1,045	1,045
'T SMEEDESHOF - OUD-TURNHOUT	2003 (2012)	15,191	1,880	100%	1,880	1,880
VISHAY - EVERE	2014	8,570	1,132	100%	1,132	1,132
VOGELZANG - HERENTALS	2009 (2010)	8,044	934	100%	934	934
VONDELHOF - BOUTERSEM	2005 (2009)	4,923	531	100%	531	531
Operator: Calidus		**6,063**	**713**	**100%**	**713**	**713**
WEVERBOS - GENTBRUGGE	2011	6,063	713	100%	713	713
Operator: Le Noble Age		**6,891**	**1,112**	**100%**	**1,112**	**1,021**
PARKSIDE - BRUSSELS	1990 (2013)	6,891	1,112	100%	1,112	1,021
Operator: ORPEA Belgium		**24,775**	**3,385**	**100%**	**3,385**	**2,994**
L' ADRET - GOSSELIES	1980	4,800	453	100%	453	408
LINTHOUT - BRUSSELS	1992	2,837	447	100%	447	411
LUCIE LAMBERT - BUIZINGEN	2004	8,314	1,425	100%	1,425	1,181
RINSDELLE - BRUSSELS	2001	3,054	537	100%	537	484
TOP SENIOR - TUBIZE	1989	3,570	353	100%	353	355
VIGNERON - RANSART	1989	2,200	170	100%	170	155
Operator: Senior Assist		**74,531**	**7,924**	**100%**	**7,924**	**7,344**
7 VOYES - VEDRIN*	1997 (2013)	4,172	377	100%	377	421
BELLEVUE - BRUSSELS*	2010 (2011)	7,926	1,393	100%	1,393	1,129
BORSBEEKHOF - BORGERHOUT*	1994	6,005	801	100%	801	687
BRISE D'AUTOMNE - RANSART*	1992	2,816	201	100%	201	210
CLAIRE DE VIE - LIEGE*	1999	3,055	217	100%	217	222
FARNIENTANE - FEXHE-SLINS*	1999	2,507	193	100%	193	163
LE CHENOY - OTTIGNIES*	1997	4,300	433	100%	433	406
LE COLVERT - CÉROUX-MOUSTY*	1994	2,992	295	100%	295	306
LE GRAND CERF - SPA*	1999	1,880	148	100%	148	139
LES CHARMILLES - SAMBREVILLE*	1999	2,763	262	100%	262	269
LES JOURS HEUREUX - LODELINSART*	2001 (2014)	4,757	483	100%	483	477
MAISON SAINT IGNACE - BRUSSELS*	1995	8,345	796	100%	796	795
MOUTERIJ - AALST*	2014	7,643	892	100%	892	815
PAAL - KOERSEL*	2003	7,017	553	100%	553	539
RÉSIDENCE DU PARC - NIVELLES*	2002	4,324	424	100%	424	381
SAINT CHARLES - BOUILLON*	2005	2,100	127	100%	127	135
SITTELLES - CHASTRE*	2004	1,929	329	100%	329	250
Operator: Senior Living Group		**128,106**	**16,405**	**100%**	**16,405**	**15,631**
ARCUS - BRUSSELS	2008 (2009)	10,719	1,726	100%	1,726	1,630
BETHANIE - SAINT SERVAIS	2005	4,780	474	100%	474	381

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DAMIAAN - TREMELO	2003 (2014)	20,274	2,437	100%	2,437	2,250
LA CAMBRE - BRUSSELS	1982	13,023	1,829	100%	1,829	1,694
NOOTELAER - KEERBERGEN	1998 (2011)	1,528	212	100%	212	199
PALOKE - MOLENBEEK	2001	11,262	1,266	100%	1,266	1,183
PRINSENPARK - GENK	2006 (2013)	11,035	1,315	100%	1,315	1,356
PROGRES - LA LOUVIERE*	2000	4,852	477	100%	477	421
ROMANA - BRUSSELS	1995	4,375	828	100%	828	816
SEIGNEURIE DU VAL - MOUSCRON	1995 (2008)	6,797	1,088	100%	1,088	990
TEN PRINS - BRUSSELS	1972 (2011)	3,342	499	100%	499	476
VAN ZANDE - BRUSSELS	2008	3,463	395	100%	395	362
ZONNETIJ - AARTSELAAR	2006 (2013)	7,817	784	100%	784	785
ZONNEWEELDE - KEERBERGEN	1998 (2012)	6,106	722	100%	722	730
ZONNEWEELDE - RIJMENAM	2002	9,644	1,353	100%	1,353	1,330
ZONNEWENDE - AARTSELAAR	1978 (2013)	9,089	1,000	100%	1,000	1,028
France		**210,544**	**24,879**	**97%**	**25,579**	**28,112**
Operator: Inicéa		**18,336**	**1,882**	**100%**	**1,882**	**2,475**
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	1,156	100%	1,156	1,200
Operator: Korian		**129,573**	**14,190**	**95%**	**14,890**	**18,110**
ASTREE - SAINT-ETIENNE*	2006	3,936	418	100%	418	500
BROCELIANDE - CAEN*	2003	4,914	685	100%	685	700
CANAL DE L'OURCQ - PARIS*	2004	4,550	869	100%	869	925
CENTRE DE SOINS DE SUITE - SARTROUVILLE*	1960	3,546	359	100%	359	850
CHATEAU DE LA VERNEDE - CONQUES-SUR-ORBIEL*	1992 (1998)	3,789	493	100%	493	900
ESTRAIN - SIOUVILLE-HAGUE*	1976 (2004)	8,750	653	100%	653	1,650
FRONTENAC - BRAM*	1990 (2014)	3,730	296	100%	296	325
GLETEINS - JASSANS-RIOTTIER*	1990 (1994)	2,500	255	100%	255	350
GRAND MAISON - L'UNION*	1992 (2009)	6,338	735	100%	735	750
L'ERMITAGE - LOUVIER*	2007	4,013	461	100%	461	425
LE CLOS DU MURIER - FONDETTES*	2008	4,510	559	100%	559	450
LE JARDIN DES PLANTES - ROUEN*	2004	3,000	257	100%	257	260
LES AMARANTES - TOURS*	1996	4,208	463	100%	463	570
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 - MONTIVILLIERS*	2008	4,572	506	100%	506	520
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	485
MEUNIERES - LUNEL*	1988	4,275	694	100%	694	375
MONTPRIBAT - MONFORT-EN-CHALOSSE*	1972 (1999)	5,364	604	100%	604	580
POMPIGNANE - MONTPELLIER*	1972	6,201	830	100%	830	870
PONT - BEZONS*	1988 (1999)	2,500	205	100%	205	700
ROUGEMONT - LE MANS*	2006	5,986	401	100%	401	650

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SAINT GABRIEL - GRADIGNAN*	2008	6,274	738	100%	738	775
SAINTE BAUME - NANS-LES-PINS*	1970 (2002)	5,100	0	0%	700	700
VILLA EYRAS - HYÈRES*	1991	7,636	647	100%	647	625
WILLIAM HARVEY - SAINT-MARTIN-D'AUBIGNY*	1989	4,744	545	100%	545	1,000
Operator: Medica		**21,653**	**2,913**	**100%**	**2,913**	**2,522**
AUTOMNE - REIMS*	1990	4,203	620	100%	620	626
AUTOMNE - SARZEAU*	1994	2,482	424	100%	424	402
AUTOMNE - VILLARS-LES-DOMBES*	1992	2,889	392	100%	392	376
BRUYÈRES - LETRA*	2009	5,374	716	100%	716	441
DEBUSSY - CARNOUX-EN-PROVENCE*	1996	3,591	354	100%	354	428
OLIVIERS - CANNES LA BOCCA*	2004	3,114	407	100%	407	249
Operator: Mutualité de la Vienne		**1,286**	**113**	**100%**	**113**	**95**
LAC - MONCONTOUR*	1991	1,286	113	100%	113	95
Operator: ORPEA		**39,696**	**5,781**	**100%**	**5,781**	**4,910**
BELLOY - BELLOY*	1991 (2009)	2,559	446	100%	446	350
CUXAC - CUXAC-CABARDÈS*	1989	2,803	393	100%	393	170
HAUT CLUZEAU - CHASSENEUIL*	2007	2,512	395	100%	395	325
HÉLIO MARIN - HYÈRES*	1975	12,957	1,725	100%	1,725	1,450
LA JONCHÈRE - RUEIL-MALMAISON*	2007	3,731	760	100%	760	850
LA RAVINE - LOUVIERS*	2000 (2010)	3,600	632	100%	632	530
LA SALETTE - MARSEILLE*	1956	3,582	598	100%	598	525
LAS PEYRÈRES - SIMORRE*	1969	1,895	154	100%	154	100
LE CLOS SAINT SÉBASTIEN - SAINT-SÉBASTIEN-SUR-LOIRE*	2005	3,697	550	100%	550	450
VILLA NAPOLI - JURANCON*	1950	2,360	128	100%	128	160
Netherlands		**38,193**	**5,594**	**100%**	**5,615**	**5,254**
Operator: Bergman Clinics		**10,612**	**1,372**	**100%**	**1,372**	**1,330**
BRAILLELAAN 5 - RIJSWIJK*	2013	2,133	240	100%	240	216
RIJKSWEG 69 & 69A - NAARDEN*	2010	5,821	862	100%	862	844
RUBENSSTRAAT 165-173 - EDE*	1991 (2014)	2,658	270	100%	270	270
Operator: Domus Magnus		**3,342**	**986**	**100%**	**986**	**783**
LAURIERSGRACHT - AMSTERDAM*	1968	3,342	986	100%	986	783
Operator: European Care Residences		**6,778**	**1,004**	**100%**	**1,004**	**931**
KEIZERHOF - UTRECHT*	1968 (2009)	6,778	1,004	100%	1,004	931
Operator: Stichting ASVZ		**1,686**	**171**	**89%**	**192**	**173**
GANTELWEG - SLIEDRECHT*	2011	1,686	171	89%	192	173
Operator: Stichting Elisabeth		**6,061**	**685**	**100%**	**685**	**685**
TWEESPRONG - OOSTERHOUT*	2014	6,061	685	100%	685	685
Operator: Stichting JP van den Bent		**1,576**	**197**	**100%**	**197**	**201**
HOF VAN ARKEL - TIEL*	2012	1,576	197	100%	197	201
Operator: Stichting Leger des Heils		**1,177**	**149**	**100%**	**149**	**103**
NIEUWE STATIONSTRAAT - EDE*	1985	1,177	149	100%	149	103

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Operators: Stichting Sozorg & Martha Flora		**3,074**	**470**	**100%**	**470**	**488**
DE RIDDERVELDEN - GOUDA*	2014	3,074	470	100%	470	488
Operator: Stichting Zorggroep Noordwest-Veluwe		**3,887**	**560**	**100%**	**560**	**560**
ARCADE NW - ERMELO *	2014	3,887	560	100%	560	560
Germany		**4,637**	**833**	**100%**	**833**	**833**
Operator: Celenus		**4,637**	**833**	**100%**	**833**	**833**
BADEN-BADEN*	2005	4,637	833	100%	833	833
Property of distribution networks		**420,755**	**37,585**	**98%**	**38,196**	**35,717**
Pubstone		**360,887**	**29,854**	**99%**	**30,166**	**27,406**
Pubstone Belgium (800 properties)*		**312,810**	**19,583**	**99%**	**19,777**	**18,229**
Brussels		40,758	3,605	100%	3,605	3,362
Flanders		197,076	11,600	99%	11,728	11,242
Wallonia		74,977	4,378	99%	4,444	3,625
Pubstone Netherlands (245 properties)*		**48,077**	**10,270**	**99%**	**10,389**	**9,177**
Cofinimur I (280 properties)*		**59,868**	**7,731**	**96%**	**8,030**	**8,311**
Others		**23,026**	**4,301**	**100%**	**4,308**	**4,100**
Antwerp Periphery		**61**	**0**	**0%**	**7**	**7**
NOORDERPLAATS (AMCA)	2010	61	0	0%	7	7
Brussels Decentralised		**7,196**	**2,464**	**100%**	**2,464**	**2,464**
SOMBRE/DONKER 56	2004 (2012)	7,196	2,464	100%	2,464	2,464
Brussels Periphery		**6,124**	**570**	**100%**	**570**	**398**
MERCURIUS 30	2001	6,124	570	100%	570	398
Other regions		**9,645**	**1,267**	**100%**	**1,267**	**1,231**
KROONVELDLAAN 30 - DENDERMONDE	2012	9,645	1,267	100%	1,267	1,231
TOTAL INVESTMENT PROPERTIES & OFFICES WHICH RECEIVABLES HAVE BEEN SOLD		**1,744,821**	**211,916**	**95.19%**	**222,628**	**217,259**
Land reserve offices			**125**		**125**	**152**
Brussels Centre & North			**3**		**3**	**3**
DE LIGNE			3		3	3
MEIBOOM 16-18			0		0	0
PACHECO 34			0		0	0
Brussels Leopold & Louise Districts			**2**		**2**	**2**
LOUISE/LOUIZA 140			0		0	0
MONTOYER 14			2		2	2
MONTOYER 40			0		0	0

[1] The occupancy rate is calculated as the contractual rents divided by the sum of the rents + the ERV of unlet spaces.

[2] The determination of the estimated rental value takes into account market data, the location of the asset, the quality of the building, the number of beds for healthcare facilities and, if available, financial data (EBITDAR) from the tenant.

Property	Year of con-struction/last renovation (extension)	Superstructure (in m²)	A Contractual rents (x €1,000)	C=A/B[1] 2014 Occupancy rate	B Rents + ERV on unlet (x €1,000)	Estimated rental value[2] (x €1,000)
Brussels Decentralised			**5**		**5**	**5**
TWIN HOUSE			3		3	3
WOLUWE 34			2		2	2
Brussels Periphery			**110**		**110**	**137**
KEIBERG PARK			0		0	0
KOUTERVELD 6			110		110	137
WOLUWE GARDEN 26-30			0		0	0
Antwerp Periphery			**3**		**3**	**3**
PRINS BOUDEWIJNLAAN 24A			3		3	3
Antwerp Singel			**2**		**2**	**2**
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
Projects & renovations offices		**35,536**				
BELLIARD 40		17,722				
GUIMARD 10-12		10,796				
LIVINGSTONE I						
WOLUWE 106-108		7,018				
WOLUWE 34*						
Projects & renovations healthcare real estate			**2**		**2**	**2**
Belgium			**2**		**2**	**2**
DIAMANT - BRUSSELS			2		2	2
NOORDDUIN - KOKSIJDE						
SUZANNA WESLEY - BRUSSELS						
France						
CAUX DU LITTORAL - NÉVILLE*						
Netherlands						
TILBURGSEWEG-WEST 100 - EINDHOVEN*						
Land reserve healthcare real estate			**22**		**22**	**22**
L'ORÉE DU BOIS - WARNETON			22		22	22
TOTAL PORTFOLIO		**1,780,357**	**212,065**		**222,777**	**217,435**

[1] The occupancy rate is calculated as the contractual rents divided by the sum of the rents + the ERV of unlet spaces.

[2] The determination of the estimated rental value takes into account market data, the location of the asset, the quality of the building, the number of beds for healthcare facilities and, if available, financial data (EBITDAR) from the tenant.

Report by the real estate experts

Context

We have been engaged by Cofinimmo to value its real estate assets as of **31 December 2014** with a view to finalising its financial statements at that date.

DTZ Winssinger et Associates (DTZ), PwC Entreprise Advisory cvba/scrl (PwC) and JLL sprl/bvba have each separately valued a part of the portfolio of offices and other properties[1].

DTZ Winssinger and PwC have each separately valued part of the portfolio of nursing homes in Belgium. DTZ Eurexi 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 DTZ Zadelhof and by PwC Netherlands.

The portfolios of pubs in Belgium and the Netherlands have been valued by DTZ Winssinger and DTZ Zadelhof, respectively.

The portfolio of insurance agencies in France has been valued by DTZ Eurexi.

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

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

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

In Belgium, the office investment market recorded around €1.7 bn invested in 2014 (the total invested volumes in the commercial real estate reached €3 bn in 2014). This represents an increase of 40% compared to 2013.

Brussels concentrates the great majority of investments in the office sector as more than €1.5 bn have been invested in 2014, 50% more than in 2013. The economic recovery, the importance of available equities, and historically low interest rates contributed to boost investors' appetite for real estate and for office assets in particular. The office sector represents more than 55% of invested volumes. The growing appetite for office assets led to a yield compression in 2014. Prime office yields for assets with 6/9 year lease contracts stand currently at 5.75% (compared to 6.35% mid-2013) and they are below the psychological cap of 5% for long-term let assets (compared to 5.15% at the beginning of 2014).

Investors continue to focus on secured assets (North Galaxy, Covent Garden, headquarters of Brussels-Environment in Tour & Taxis) but also tend to invest in assets with available spaces or in assets in the middle of their life cycle (Platinum, Montoyer 47, Lloyd George). Investors also adopt opportunistic behaviors and tend to take more risks; the acquisition of assets such as the Pegasus Park constitutes a good example of this strategy. We also observe a growing interest for bigger lot-size investments, the average size of deals stands at €35m. The two biggest transactions of the year 2014 are the purchase of the North Galaxy for €475m and the acquisition of the Covent Garden for more than €260m.

Conversely to previous years, foreign investors were the most active in the office investment market in 2014. They represent close to 75% of the invested volumes. German investors remain particularly active, both on the purchase and the sell sides. They mainly focus on highly secured assets. On the other hand, US investors, who returned to the investment market, adopt a more opportunistic behavior with « add-value » acquisitions such as the Pegasus Park. US investors benefit from the exchange rate which reinforces the Dollar compared to the Euro. Asian investors, mainly Chinese investors, confirm their interest for Belgium and Brussels in particular. Investments coming from the US and Asia are important and should rise in the coming months. Apart from these international investors, domestic investors are mainly insurance companies or REITs.

Although the investment market witnessed a strong upward movement in 2014, the situation is more contrasted on the occupier market. Brussels has observed a slight increase in the take-up while the regional office markets revealed rather faded performances in 2014.

In Brussels, the take-up has increased by 10% in 2014, mainly thanks to important restructuration movements recorded in the public sector, at national, regional and European levels. The trend remains nevertheless on the downside with space reduction per employee. Combined with important ongoing restructuration process in the banking sector, the take-up should tend to decrease in the coming months.

[1] Other properties: semi-industrial, retail, leisure and residential.

The situation is quite different between Brussels' office districts. There is a (re-)concentration of the activity trend in the Central Business District, to the detriment of the Decentralised districts and the Periphery. The Airport district witnesses better performances thanks to available spaces in recent buildings and an enhancement of the accessibility of the area.

Regarding the vacancy, the trend is still following a slight and continuous downward movement. At the end of 2014, the vacancy rate stood just below 10%, for the first time for a while. As is the case for the take-up, the situation is contrasted between the CBD (vacancy rate around 8% on average) and the rest of the Brussels office markets (16% on average). The decrease of the vacancy is mainly recorded in the most recent buildings. There are currently less than 100,000 sq m available in grade A buildings.

Nevertheless, projects currently under development or in the pipeline are numerous and represent more than 400,000 sq m which should enter the market in the next three years. Combined with the important restructuration processes in the public and banking sectors and a peak which seems to have been reached in the reconversion process of obsolete office buildings, the vacancy rate should start to increase again in the coming months, both in the CBD and in the rest of the Brussels market.

2015 should again observe contrasted trends on the occupier market.

Healthcare real estate

The value of Cofinimmo's healthcare portfolio amounts to slightly over 40% of the company's total portfolio, almost on an equal footing with the office share. This increase is mainly due to Cofinimmo's property development operations in Belgium (€25 million) and its acquisition transactions in the Netherlands, Germany and France (€72 million).

The Belgian market is again on the rise in 2014, with investments of about €240 million compared to €100 million in 2013 and €260 million in 2012. Long-term rental agreements continue to attract investors seeking long-term returns, and being encouraged by lowering interest rates and the clearance of a few uncertainties thanks to the application of the sixth Belgian State reform to healthcare.

The competence with regard to healthcare and assistance for the elderly was handed over by the Federal Government to the Communities effective 1 July 2014; the related budget, however, was not passed on until 1 January 2015.

Meanwhile, all decision-making powers (including pricing for residents) regarding rest and nursing homes for the elderly have been shifted to the Community level. This means that, in future, the Communities have sole discretion in managing the creation of extra rooms or beds in rest homes, selecting residents, determining prices and reimbursement and so on. Before, those powers were dispersed: while the Regions dealt with the accommodation of structures like rest and nursing homes for the elderly, healthcare funding was entrusted to the Federal Government level, with the national sickness and invalidity insurance institution (RIZIV/INAMI) being involved. Funding per resident was determined on the basis of the resident's level of dependency and the qualified nursing personnel required to provide sufficient care to the resident. From 2015, the Communities are funded according to the growth of Belgium's GDP, the percentage of elderly people within the relevant territory, and even inflation, if any.

Today, 17.65% of the Belgian population is older than 65. In 2023, 1 out of 5 will be older than 65. In Belgium, life expectancy at birth is 80.47 years, significantly up by about 80 days compared to the previous year, and the strongest increase in life expectancy is recorded in Brussels, up by close to a half year. So, after a slight dip in 2012, life expectancy is on the rise again.

The most recent figures made available by Belgium's national sickness and invalidity insurance institution show a total of slightly over 140,000 official beds in Belgium across 1,527 rest homes; 54.07% in Flanders in 781 houses, 35.26% in Wallonia in 598 houses, and 10.67% in Brussels in 148 houses. No more than 600 houses (39.27%) are privately owned/of a commercial nature, whereas 533 are run by non-profit associations and 395 belong to social service departments (currently at town level – OCMW/CPAS). The sector is characterised by concentration of players with large groups including Armonea, Orpea, Senior Living Group and Senior Assist.

All those houses have a very high occupancy rate (almost 100%) and statistics indicate that a high number of Belgians are waiting to be assigned a spot in a rest home (for the elderly).

In 2010, the Belgian Health Care Knowledge Centre (KCE), in cooperation with Belgium's Federal Planning Bureau, made a scientific estimate of the number of rest home beds needed in the course of the following 15 years: the total of beds needed by 2025 would be within the range of 149,000 – 177,000 beds, meaning, depending on the scenario chosen, an additional 1,600 up to 3,500 beds each year. It should be noted that the minimum of 149,000 beds would only be sufficient if the home care offered would grow 50% above what is strictly needed, taking the expected ageing into account.

Distribution network real estate (Pubstone & Cofinimur I)

The distribution network properties owned by Cofinimmo represents around 16.7% of its portfolio at the end of December 2014. Cofinimmo's subsidiaries (Pubstone for the pub and restaurant sector in Belgium and the Netherlands; Cofinimur I for the store and agencies sector in France) present a diversified risk profile, both geographically and between commercial real estate and investment properties with redevelopment potential.

As was the case last year, the two portfolios remained relatively stable throughout 2014. The fair value of assets held in the distribution network portfolio represents a fair value of €533.5m, even slightly increasing during the year despite the sales of several non-strategic assets.

Cofinimmo seeks secured investments in this sector (characterised by long-term leases with single occupiers, benefitting from a quite stable financial situation), relative low rental income and fairly attractive acquisition prices per square metre. Sale and leaseback operations for assets with attractive locations, allowing a multiplicity of future uses are preferred. However, assets from this part of the portfolio could also be sold on an individual basis to small 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 €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 €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 2014 is estimated at €3,329,211,000.

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 2014, corresponding to the fair investment value under IAS/IFRS, is estimated at €3,199,183,000.

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 6,55% of the investment value.

If the properties were to be let in full, the yield would increase to 6,88%.

Investment properties have an occupancy rate of 95,19%.

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 2,47% 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	€1,344,775,000	€1,311,976,000	41.0%
Healthcare	€1,338,342,000	€1,289,103,000	40.3%
Distribution networks	€579,913,000	€533,538,000	16.7%
Others	€66,181,000	€64,566,000	2.0%
TOTAL	**€3,329,211,000**	**€3,199,183,000**	**100%**

PwC opinion

The investment value of the part of Cofinimmo's real estate portfolio valued by PwC is estimated as of 31 December 2014 at €799,434,000 and the fair value (after the deduction of the transaction costs) is estimated at €780,130,000.

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 2014 at €325,479,000 and the fair value (after the deduction of transaction costs) is estimated at €317,540,000.

Roderick Scrivener, FRICS
Director JLL

DTZ Opinion

The investment value of the part of Cofinimmo's real estate portfolio valued by DTZ and by JLL in France is estimated as of 31 December 2014 at €2,204,298,000 and the fair value (after deduction of transaction costs) at €2,101,513,000.

Christophe Ackermans, MRICS
Director DTZ

Corporate Governance Statement

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 this field.

Reference code

This Corporate Governance Statement adheres to 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. It is available on the website of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad), as well as on the website www.corporategovernancecommittee.be.

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

The company's Corporate Governance Charter can be viewed on its website www.cofinimmo.com. It was last amended on 05.02.2015.

Internal audit and risk management

In accordance with the Corporate Governance rules and with the various laws applicable to regulated real estate companies, Cofinimmo has set up a risk management and internal control procedure.

For this, 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) is an organisation that stems from the private sector and which 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, 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, a Nomination, Remuneration and Corporate Governance Committee entirely composed of Independent Directors within the meaning of Article 526ter of the Company Code, an Internal Auditor, a Risk Manager, a Management Controller and a 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, training policy, periodic performance assessment procedures and 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.

> Since 06.11.2014, Cofinimmo has adopted the status of Regulated Real Estate Company.

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 the implementation in functional units.

A budget, which translates the company's objectives into figures, 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 the property portfolio 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 for approval.

Identification, analysis and control of risks

This point includes the identification of risks, 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 of the legal and environmental constraints within which the company evolves. It begins with an identification of possible risks, their probability of occurrence and their impact on objectives viewed from different angles: financial, legal, operational, counterparty, property and reputation. The analysis is 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 who do not have a financial rating is analysed annually by the financial department. Similarly, 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, etc.);
- at a treasury level: the use of various financing sources and banks and the spreading of maturities limits the refinancing concentration risk;
- the interest rate risk 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 cash flow 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 acquisitions, rental transactions, orders of any type, approvals of invoices and payments;
- the use of a workflow software at the different stages of the letting activity, stepping up controls at the process' key stages;
- the register and movements of the COFB, COFP1 and COFP2 registered shares is recorded in a secure IT application (the Capitrack program), developed and supplied by Belgium's central depository Euroclear.

Information and internal communication

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

- the Management Report, drawn up quarterly by the Consolidation and Reporting entity, details the situation of the income statement and the balance sheet, 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 Management Board, comprising the four members of the Executive Committee and managers of operational entities, meets weekly to discuss property investments and divestments, construction and rental matters;
- the Executive Committee also meets weekly. It systematically reviews the important points of the company's operations and business (investments/disposals, treasury, 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

A complete closing is carried out each quarter, according to the same procedures as at the end of the financial year. Consolidated accounts are drawn up. Key indicators are calculated and analysed. This data is collected in the Management Report referred to in the point above. All data are 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 to 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 various procedures. 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[1] (at 31.12.2014)

	Number of ordinary shares	%	Number of preference shares	%	Total number of shares (voting rights)	%
Number of issued shares	17,339,423	100.00	686,485	100.00	18,025,908	100.00
Cofinimmo Group (own shares)[2]	54,414	0.31	0	0.00	54,414	0.30
Free Float[3]	17,285,009	99.69	686,485	100.00	17,971,494	99.70

The Board of Directors declares that the above-mentioned shareholders have identical voting rights.

[1] Situation based on the transparency declarations received under the Law of 02.05.2007. Any changes notified since 31.12.2014 have been published according to the provisions of the above-mentioned Law and can be consulted on the company's website www.cofinimmo.com.

[2] The voting rights attached to the own shares held by the Cofinimmo Group are suspended.

[3] 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 governing the composition of the Board, as adopted on a proposal by the Nomination, Remuneration and Corporate Governance Committee, the Board currently comprises 12 Directors, including (i) nine Non-Executive Directors, six of whom are Independent within the meaning of Article 526ter of the Company Code and three representing shareholders, and (ii) three Executive Directors (members of the Executive Committee). The Board will recommend to the 2015 Ordinary General Meeting the appointment of the Chief Financial Officer, who is a member of the Executive Committee, as a Director. The Board will then comprise 13 members[1] including four Executive Directors.

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 necessitate the Board holding one or more additional meetings. During 2014, the Board met on ten occasions. Before the meeting, each Board member receives the documents containing the proposals of the Executive Committee on which he 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.

Under the Law of 28.07.2011 on ensuring the presence of women on the Boards of Directors of listed companies, the Board of Directors has examined the future evolution of its composition so that at least one third of the Board members are of the opposite sex from the other members, pursuant to this Law. The Board of Directors established a very concrete action plan concerning the renewal of the terms of office during the next two years in order to ensure the appointment of at least two additional women to the Board before the end of 2016. The Board of Directors will recommend the appointment of Mrs. Kathleen Van den Eynde as an Independent Director as defined in Article 526ter of the Company Code at the Ordinary General Meeting of 13.05.2015. If approved, her term of office will run until 08.05.2019 and the number of women on the Board of Directors will increase from two to three. Furthermore, Cofinimmo directly and indirectly sponsors the activity of the association Women on Board which aims to promote women's presence on Boards of Directors. Mrs. 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 14.05.2014 decided on the appointment of Mr. Christophe Demain as a Director representing the shareholder Belfius Insurance. His term of office will run until 11.05.2016. Belfius Insurance is expected to propose a female candidate to replace him.

Subject to approval by the Financial Services and Markets Authority (FSMA):

- the renewal of the term of Mr. Xavier Denis as Executive Director and member of the Executive Committee will be proposed to the Ordinary General Meeting of 13.05.2015. If appointed, his term of office will expire on 08.05.2019;
- the appointment of Mrs. Kathleen Van den Eynde to the Board as an Independent Director under the terms of Article 526ter of the Company Code will be proposed, to replace Mr. Robert Franssen, representing the shareholder Allianz Belgium. Mr. Robert Franssen will have completed three consecutive terms of office and, under our governance rules, his term cannot be renewed. The Board of Directors warmly thanks him for the expertise he has brought to the company.

The appointment of Mr. Jérôme Descamps as Executive Director and member of the Executive Committee will also be proposed to the Ordinary General Meeting of 13.05.2015. The FSMA has given its approval, dated 18.11.2014. If appointed by the Ordinary General Meeting of 13.05.2015, his term of office will expire on 08.05.2019.

+ Cofinimmo supports the association Women on Board which promotes the inclusion of women on Boards of Directors.

+ The Board of Directors met ten times in 2014.

[1] 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	Year of birth	Gender	Nationality	Start of term	Last renewal	End of term
André Bergen • Chairman of the Board of Directors • Independent Director under the terms of Article 526ter of the Company Code • Member of the Nomination, Remuneration and Corporate Governance Committee	1950	M	Belgian	30.04.2010	08.05.2013	10.05.2017
Jean-Edouard Carbonnelle • Managing Director	1953	M	Belgian	30.04.1999	27.04.2012	11.05.2016
Christophe Demain • Director (representing the shareholder Belfius Insurance)	1966	M	Belgian	14.05.2014	-/-	11.05.2016
Xavier Denis • Executive Director	1972	M	Belgian	29.04.2011	-/-	13.05.2015
Xavier de Walque • Independent Director under the terms of Article 526ter of the Company Code • Chairman of the Audit Committee	1965	M	Belgian	24.04.2009	27.04.2012	11.05.2016
Chevalier Vincent Doumier • Independent Director under the terms of Article 526ter of the Company Code • Member of the Audit Committee	1955	M	Belgian	28.04.2006	27.04.2012	11.05.2016
Robert Franssen • Director (representing the shareholder Allianz Benelux SA/NV)	1955	M	Belgian	19.02.2004	29.04.2011	13.05.2015
Gaëtan Hannecart • Independent Director under the terms of Article 526ter of the Company Code • Chairman of the Nomination, Remuneration and Corporate Governance Committee	1964	M	Belgian	28.04.2006	27.04.2012	11.05.2016
Inès Reinmann-Toper • Independent Director within the meaning of Article 526ter of the Company Code • Member of the Audit Committee		F	French	08.05.2013	-/-	10.05.2017
Françoise Roels • Executive Director	1961	F	Belgian	27.04.2007	08.05.2013	10.05.2017
Alain Schockert • Director (representing the shareholder Degroof Bank)	1950	M	Belgian	27.04.2007	08.05.2013	10.05.2017
Baudouin Velge • Independent Director under the terms of Article 526ter of the Company Code • Member of the Nomination, Remuneration and Corporate Governance Committee	1955	M	Belgian	28.04.2006	27.04.2012	11.05.2016

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 Delta Lloyd (Amstelplein 6, 1096 BC Amsterdam, Netherlands)
- Current offices: Euronext SA/NV, Sapient Investment Managers (Cyprus), Recticel SA/NV, Flanders Festival (Ghent), as well as various offices in subsidiaries of the Cofinimmo Group
- Previous offices: Zuhair Fayez Partners (Saudi Arabia), Vlaams Netwerk van Ondermingen (VOKA), KBC Group, NYSE Euronext NY, Ahlers SA/NV, NIBC Bank (The Hague)

JEAN-EDOUARD CARBONNELLE

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

CHRISTOPHE DEMAIN

- Current function: Chief Executive Officer (CEO) of Belfius Insurance SA/NV (Avenue Galilée/Galiléelaan 5, 1210 Brussels, Belgium)
- Current offices: Belfius Insurance SA/NV
- Previous directorships: 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/Woluwedal 58, 1200 Brussels, Belgium)
- Current offices: various offices in subsidiaries of the Cofinimmo Group, Denis Intérieur SA/NV, European Quarter Area Management Association (EQuAMA)
- Previous offices: -/-

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, Belgium)
- Current offices: various offices in subsidiaries of the Cobepa Group (BeCapital Investment Advisor, Cobepa Nederland, Groupement Financier Liégeois, Ibel, Mascagna, Mosane, Regio, Sofiréal, Sophielux 1, Sophielux 2, Sophinvest, Ulran), JF Hillebrand AG, AG Insurance, SGG Holdings, Sapec
- Previous offices: Cobsos, Dexia Bank Belgium SA/NV, Dexia Insurance Belgium, Dexia Investment Company, Maison de la Radio/Radiohuis Flagey SA/NV, Financial Security Assurances

CHEVALIER VINCENT DOUMIER

- Current function: Director of companies
- Current offices: Codic International SA/NV, Cofir SA/NV, ASSAM SCRL/CVBA, Les Petits Riens ASBL/Spullenhulp VZW, Sopartec SA/NV, CIT Blaton SA/NV, Seneq SA/NV
- 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/NV, Nanocyl SA/NV, Centre Interdiocésain ASBL/Interdiocesaan Centrum VZW, Cercle Royal Gaulois Artistique et Littéraire ASBL/VZW, John Berenberg Gossler & Co KG (Germany)

ROBERT FRANSSEN

- Current function: Regional CEO of Allianz Benelux SA/NV (Rue de Laeken/Laekenstraat 35, 1000 Brussels, Belgium)
- Current offices: various offices in subsidiaries of the Allianz Group (Allianz Benelux SA/NV, Allianz Life Lux, AGCS, ANAM)
- Previous offices: various offices in subsidiaries of the Allianz Group (AGF Benelux, Mondial Assistance Europe), Anpi ASBL/VZW, Assuralia Association Professionnelle/Beroepsvereniging, Portima Société Coopérative/Coöperatieve Vennootschap, Assurcard SA/NV, Union des Entreprises de Bruxelles/Verbond van Ondernemingen te Brussel

GAËTAN HANNECART

- Current function: Managing Director and Chairman of the Executive Committee of Matexi SA/NV (Franklin Rooseveltlaan 180, 8790 Waregem, Belgium)
- Current offices: various offices in subsidiaries of the Matexi Group (Ankor Invest SA/NV, De Burkel SA/NV, Duro Home Holding SA/NV, Entro SA/NV, Familo SA/NV, Hooglatem SA/NV, Immo Vilvo SA/NV, Kempense Bouwwerken SA/NV, Matexi SA/NV, Matexi Antwerpen SA/NV, Matexi Brabant Flamand SA/NV, Matexi Brabant Wallon SA/NV, Matexi Brussels SA/NV, Matexi City Development SA/NV, Matexi Group SA/NV, Matexi Hainaut SA/NV, Matexi Liège SA/NV, Matexi Limburg SA/NV, Matexi Luxembourg SA/NV, Matexi Namur SA/NV, Matexi Oost-Vlaanderen SA/NV, Matexi Projects SA/NV, Matexi Real Estate Finance SA/NV, Matexi West-Vlaanderen SA/NV, Renoplan SA/NV, Quaerocq CVBA, SDM SA/NV, Sibomat SA/NV, Tradiplan SA/NV, Wilma Project Development Holding SA/NV, Zennebroeck SA/NV, Zenneveen SA/NV), Union Professionnelle du Secteur Immobilier/Beroepsvereniging van de Vastgoedsector (UPSI/BVS), Youthstart, Itinera Institute ASBL/VZW, Real Dolmen SA/NV, Nimmobo SA/NV, Vauban SA/NV, Campagne du Petit Baulers SA/NV, Coogee SA/NV, Galerie des Carmes SA/NV, Vicinia ASBL/VZW, Vilvoorde Development SA/NV, Group Louis Delhaize
- Previous offices: Home Invest Belgium SA/NV, Advisory Board on Urban Planning to the Flemish government

INÈS REINMANN-TOPER

- Current function: Partner in Edmond de Rothschild Corporate Finance SA (47 Rue du Faubourg Saint Honoré, 75401 Paris cedex 08, France)
- Current offices: Gecina SA, Axcior Immo, Lapillus OPCI, Axcior Corporate Finance SA
- Previous offices: Segro PLC SA

FRANÇOISE ROELS

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

ALAIN SCHOCKERT

- Current function: Chairman of the Executive Committee of Bank Degroof SA/NV (Rue de l'Industrie/Nijverheidsstraat 44, 1040 Brussels, Belgium)
- Current offices: various offices in subsidiaries of the Degroof Group (Bank Degroof SA/NV, Bank Degroof Luxemburg SA/NV, BD Square Invest SA/NV, Degroof Corporate Finance SA/NV, Degroof Structured Finance SA/NV, Fonds de pension 2005 Banque Degroof, Fonds de pension Banque Degroof, Guimard Finance SA/NV, Industrie Invest SA/NV, Société Immobilière & Financière Industrie Guimard SA/NV), Brocsa SA/NV
- Previous offices: -/-

BAUDOUIN VELGE

- Current function: Managing Partner of Interel Belgium SA/NV (Rue du Luxembourg/Luxemburgstraat 22-24, 1000 Brussels, Belgium)
- Current offices: Bekaert SA/NV, BECI, Ducroire, Bernhein Foundation, École pour le Management (EPM) SA, Cercle de Lorraine, Brussels Metropolitan Region
- Previous offices: BT Belux SA/NV, EuroCommerce AISBL, FEDIS ASBL/VZW, FEB ASBL/VBO VZW

Role of the Board of Directors

The role of the Board of Directors is to:

- set 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 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 also taken decisions on various matters, including the following:

- constant monitoring of the finance plan;
- review, examination and selection of guidelines for Cofinimmo's development, diversification and strategy;
- 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 investments, divestments and (re) development projects;
- sale of shares of Galaxy Properties and the freehold of the North Galaxy office building;
- sale of five healthcare assets in France;
- acquisition of the Green portfolio (13 assets in the Netherlands);
- acquisition of a rehabilitation clinic in Germany;
- launch of the Belliard 40 redevelopment works;
- proposal to shareholders to opt for a 2013 dividend in shares;
- application for approval as a RREC (Regulated Real Estate Company);
- restructuring of the interest rate hedging instruments;
- adoption of a Phantom Unit Plan for members of the Executive Committee;
- appointment of Mr. Jérôme Descamps as Chief Financial Officer, member of the Executive Committee and his proposed appointment as Executive Director;
- the proposed appointment of Mr. Christophe Demain as a Director representing the shareholder Belfius Insurance and Mrs. Kathleen Van den Eynde as an Independent Director under the terms of Article 526ter of the Company Code;
- the proposed renewal of the term of office of Mr. Xavier Denis as Executive Director and Member of the Executive Committee;
- the proposed renewal of the term of office of the Auditor, SCRL Deloitte, Company auditors, represented by Mr. Frank Verhaegen.

Audit committee

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

The Chairman of the Board of Directors is not a member of the Audit Committee, although he has a permanent invitation to all the Committee's meetings. However, he does not participate in the voting. Through their professional experience, the members of the Audit Committee have the necessary skills 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 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 fulfil the conditions imposed by 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.

Activity report of the Audit Committee

During 2014, the Audit Committee met on five occasions. It not only 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, it also addressed the following points:

- review of the recommendations made by the Auditor concerning internal audit procedures;
- assessment of the Risk Management framework of the Cofinimmo Group;
- introduction of the RREC regime;
- the IAS 39 reference system and interest rate hedging;
- the Internal Auditor's reports on the compliance with maintenance and repair obligations by operators of triple net assets, on the accounting department, and on the asbestos risk;
- the Board of Directors' recommendation for the renewal of the term of office of the Auditor, SCRL Deloitte, Company auditors, represented by Mr. Frank Verhaegen;
- its own assessment.

Nomination, remuneration and corporate governance committee

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. They are Mr. Gaëtan Hannecart (Chairman), Mr. André Bergen and Mr. 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 for 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 policy of the members of the Board of Directors and of the Executive Committee and applying it;
- drawing up a remuneration report;
- analysing and preparing recommendations on all matters related 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 on the website www.cofinimmo.com.

Activity report of the Nomination, Remuneration and Corporate Governance Committee

During 2014, it 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;
- determination of the remuneration of the Executive Directors so that it remains in line both with market levels and with the responsibilities assumed by them;
- the company's remuneration policy;
- drawing up of a 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 one third of women on the Board of Directors;
- the proposed appointment of Mr. Jérôme Descamps as Chief Financial Officer, member of the Executive Committee and his proposed appointment as Executive Director;
- the proposed renewal of the term of office of Mr. Xavier Denis as Executive Director and Member of the Executive Committee;
- the proposed appointments of Mr. Christophe Demain as a Director representing the shareholder Belfius Insurance and Mrs. Kathleen Van den Eynde as an Independent Director under the terms 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, apart from its Chairman Mr. Jean-Edouard Carbonnelle (CEO), of two Executive Directors, Mr. Xavier Denis (COO) and Mrs. Françoise Roels (Secretary General & Group Counsel), and of Mr. Jérôme Descamps (CFO). 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.

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 are detailed in its charter, which can be viewed on the website 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

Joined Cofinimmo in November 1998 as Chief Financial Officer and was appointed Chief Executive Officer in 2012. Before that, he worked for the Group Société Générale of Belgium, first in the holding company 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

Joined Cofinimmo in 2002 as Head of Project Development and Area Manager. Before coming to Cofinimmo, he worked as 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 property projects and portfolios. He is a Civil Engineer Architect (Catholic University of Louvain 1996) and holds a Master of Business Administration (INSEAD 2002).

Jérôme Descamps

Chief Financial Officer

Joined Cofinimmo in October 2014. He previously worked as Chief Financial Officer for Société de la Tour Eiffel, a SIIC (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 École Supérieure de Gestion de Paris (Finances).

Françoise Roels

Secretary General & Group Counsel

Joined Cofinimmo in August 2004. She is the head of the legal department and is in charge of the Company's General Secretariat. She is responsible for Cofinimmo's compliance and risk management functions, as well as aspects connected with shareholders and relations with the Belgian financial supervisory 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 is a law graduate (RUG 1984), examinee in philosophy (RUG 1984) and holds a master's diploma 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 presence at meetings of the Board of Directors and the Committees, and his constructive involvement in the discussions and decision-making;
- ascertain whether the current composition of the Board of Directors or the Committees is appropriate.

The evaluation of the Board and its Committees is planned for 2015. It is carried out by means of a procedure established by the Chairman of the Board, the Secretary General and the Nomination, Remuneration and Corporate Governance Committee. The procedure is launched following a decision by the Board of Directors. The exercise of the assessment takes the form of a written procedure that takes into account the company's strategy, its financial situation and its place in the economic environment. The Nomination, Remuneration and Corporate Governance Committee, in a preparatory session, draws up a questionnaire to which the Directors are required to reply individually.

The questionnaire deals with the following subjects: the functioning of the Board of Directors, its culture, its composition, the information given to the Board of Directors, its relationship with the Executive Committee, its relationship with the Committees and with the Chairman of the Board.

The procedure also allows the Directors to raise points for attention not covered by the questionnaire. The replies and comments of the Directors are then examined by the Nomination, Remuneration and Corporate Governance Committee which studies them and makes any necessary recommendations to the Board of Directors.

On each office renewal, the Board proceeds, under the guidance and with the contribution of the Nomination, Remuneration and Corporate Governance Committee, to the assessment of the concerned Director. On this occasion, the Nomination, Remuneration and Corporate Governance Committee reviews the Board members' skills/experience grid and ensures that the Board's composition continues to be appropriate. The Nomination, Remuneration and Corporate Governance Committee then makes its recommendation regarding the office that is about to expire to the Board of Directors. The Board then decides whether to submit it to shareholders at the General Meeting.

The Non-Executive Directors carry out an annual evaluation of their interaction with the Executive Committee. It is put on the agenda of a restricted Board of Directors meeting, in the absence of the members of the Executive Committee. This meeting is held at least once a year.

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
1 Sébastien Berden	Head of Healthcare
2 Yeliz Bicici	Head of Development
3 Chantal Cabuy	Head of Human Resources & Internal Communication
4 Steve Deraedt	Head of Information Technology
5 Valérie De Vos	Legal Coordination & Document Manager
6 Ingrid Daerden	Head of Treasury & Project Financing
7 Andrée Doucet	Sr. Corporate Legal Officer
8 Aline Etienne	Corporate Legal Officer
9 Jimmy Gysels	Head of Business Unit Pubstone
10 Dirk Huysmans	Head of Offices Belgium
11 Valérie Kibieta	Head of External Communication & Investor Relations
12 Stéphanie Lempereur	Head of Corporate Finance & Control
13 Pascale Minet	Head of Accounting
14 Valéry Smeers	Tax Manager
15 Domien Szekér	Head of Project Management
16 Jean Van Buggenhout	Head of Property Services & Corporate Social Responsibility
17 Caroline Vanstraelen	Corporate Legal Officer
18 Sophie Wattiaux	Corporate Legal Officer

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, Belfius Insurance and Allianz Belgium: if transactions arise between these respective companies and Cofinimmo for which these companies have an opposing interest to that of Cofinimmo;
- regarding Mr. Gaëtan Hannecart: if transactions arise between Cofinimmo and the Matexi Group of which Mr. Gaëtan Hannecart is managing Director and for which the Matexi Group would have an opposing interest to that of Cofinimmo.

In view of the absence of any conflict of interest, the Board of Directors did not draw up any report for the year 2014, 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 (the provision applicable up until 04.11.2014 was Article 18 of the Royal Decree of 07.12.2010 relating to Sicafis/Bevaks) 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, etc.) acts as counterparty in an operation with the RREC or a company it controls.

The company applied Article 18 of the Royal Decree on Sicafis/Bevaks in relation to the optional dividend in shares, since some company Directors held Cofinimmo shares.

The company also applied Article 18 of the Royal Decree on Sicafis/Bevaks in relation to the simplification of the Group's structure in the Netherlands and Belgium. Pubstone SA/NV concluded various share transfer agreements with Inbev Belgium SA/NV and Inbev Nederland BV in relation to Pubstone Holding BV, now called Pubstone Properties BV. Cofinimmo then concluded a share transfer agreement with Inbev Belgium SA/NV in relation to Pubstone Group.

Finally, the company applied Article 18 of the Royal Decree on Sicafis/Bevaks in relation to the delivery of the Building Availability Certificate for the new prison of Leuze-en-Hainaut. At the same time, Cofinimmo agreed an addendum to the Design & Build agreement dated 20.10.2011 with Cordeel Zetel Temse SA/NV and Willemen General Contractor, essentially relating to the provisional acceptance date for the prison and a share purchase contract relating to 50% of the shares in FPR Leuze.

Code of conduct

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

Acquisition & sale of Cofinimmo shares (insider trading)

In accordance with the principles and values of the company, Cofinimmo has inserted in its Code of Conduct the rules (Dealing Code) to be followed by Directors and designated persons wishing to negotiate financial instruments issued by Cofinimmo and its subsidiaries. In particular, this Dealing Code prohibits them from buying and selling Cofinimmo shares in the period running from the day after each quarter's closing date up until (and including) publication of the annual, 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 have been brought into line with the Royal Decree of 05.03.2006 relating to insider trading, the fair presentation of investment recommendations and the indication of conflicts of interest.

Judicial and arbitration procedures

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

Compliance officer and risk management

Mrs. 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 is also the company's Risk Manager within the Executive Committee, being responsible for identifying and managing risks potentially affecting the organisation.

Internal audit

Mr. Jean Van Buggenhout is in charge of the Internal Audit function. His 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 2014, except for the construction and large-scale renovation projects which are mentioned in the subchapter "Transactions and performances in 2014".

Power of representation

Article 17 of the Articles of Association stipulates 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:

- Jean-Edouard Carbonnelle, Managing Director, Chairman of the Executive Committee;
- Xavier Denis, Executive Director, member of the Executive Committee;
- Françoise Roels, Executive Director, member of the Executive Committee;
- Jérôme Descamps, 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 numbers 0045579 and 0045580, for the leases, works, loans, borrowings, credit facilities and collaterals, information and communication technologies, human resources, fiscal management, hedging operations, fund transfer operations and insurance operations.

Cofinimmo's Articles of Association

Extracts from the Cofinimmo Articles of Association are published on page 209 of the Annual Financial Report. Their most recent revisions date from the Extraordinary General Meeting of 22.10.2014 and from the Board of Directors' meetings of 10.01.2014, 22.04.2014, 05.06.2014, 07.07.2014, 07.10.2014, and 12.01.2015.

Information required under Article 34 of the Royal Decree of 14.11.2007[1]

Capital structure[2]

Shares	Number	Capital (in €)	%
Ordinary (COFB)	17,339,423	929,195,482.58	96.19
Preference (COFP1)	395,048	21,170,071.08	2.19
Preference (COFP2)	291,437	15,617,702.15	1.62
TOTAL	**18,025,908**	**965,983,255.79**	**100.00**

The share capital stands at €965,983,255.79 and is divided into 18,025,908 fully paid-up shares, each of which represents an equal share, of which 17,339,423 ordinary shares without par value, and 686,485 preference shares without par value, that is a series of 395,048 P1 preference shares and a series of 291,437 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 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 ten final calendar days of each civil quarter;
- at any time during a period of one month following the notification of the implementation of the promise of sale referred to below; and,
- in the event of the company being liquidated, during a period starting two weeks after the publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process.

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

The subscription or acquisition of preference shares implies a commitment to sell such shares to a third party designated by the company (call option) dating from the 15th year following their issue, subject to the conditions and in accordance with the procedure defined in Article 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 representing a total amount of €173,311,791.40. The convertible bonds enable their holder to receive Cofinimmo ordinary shares at a ratio 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.

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 representing a total amount of €190,840,869.56. The convertible bonds enable their holder to receive Cofinimmo ordinary shares at a ratio of one for one. At the time of the conversion, however, the company will have a choice between providing the new and/or existing shares, a cash payment, or a combination thereof. The parity of exchange 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.

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 3,250,600 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 law.

Stock option plan

The members of the Executive Committee and the management benefit from a stock option plan as explained on page 114 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 Board of Directors of Cofinimmo 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

The Board of Directors is empowered to increase the share capital in one or more tranches up to a maximum amount of €799,000,000.00 on the dates and according to the procedures to be decided by the Board of Directors, in accordance with Article 603 of the Company Code. This authorisation is granted for a period of 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 takeover bid, following receipt by the company of the communication referred to in Article 607 of the Company Code. This authorisation does not restrict the powers of the Board of Directors to undertake

[1] 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.

[2] As of the publication date of this Annual Financial Report.

operations using authorised capital other than those referred to in Article 607 of the Company Code.

So far, the Board of Directors has used this option in the context of:

- the final placement of a bond offering dated 28.04.2011 for a maximum capital increase of €79,652,977.11;
- the capital increase by contribution in kind of dividend rights, decided on 24.05.2011, amounting to €17,697,422.45;
- the capital increase by contribution in kind of dividend rights, decided on 25.05.2012, amounting to €20,941,247.88;
- the capital increase by contribution in kind of dividend rights, decided on 06.06.2013, amounting to €28,367,771.12;
- the final placement of a bond offering dated 20.06.2013 for a maximum capital increase of €94,544,660.97;
- the capital increase by contribution in kind of dividend rights, decided on 05.06.2014, amounting to €20,536,439.56.

This means that the amount by which the Board of Directors can increase the subscribed capital under the authorised capital is €537,259,480.91.

Decision-making bodies

Directorships may be revoked at any time.

In the event that one or more mandates 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 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 as of the publication of the minutes dated 10.01.2014 of the Extraordinary General Meeting held on 05.12.2013 to acquire, pledge or transfer Cofinimmo's own shares (even outside the stock exchange) on behalf of the company, at a unit price that may not be less than 85% of the closing market price on the day preceding the date of the transaction (acquisition, sale and pledge) and that may not be more than 115% of the closing market price on the day preceding the date of the transaction (acquisition, pledge), without Cofinimmo holding more than 10% of the total issued shares at any time. At 31.12.2014, Cofinimmo SA/NV held 54,414 own shares.

In accordance with Article 620 of the Company Code, the company bought back its own shares in the context of a change of status decided by the Extraordinary General Meeting of 22.10.2014, within the limits authorised by the General Meeting of 05.12.2013. The company bought back 9,489 shares from shareholders exercising their exit right in accordance with Article 77 of the Law of 12.05.2014 relating to regulated real estate companies, for a total price of €892,155.78. The unit price of €94.02 was determined based on the stock market price on 28.08.2014, i.e. the last closing price before publication of the Information Note concerning the change of status.

Contractual terms of the members of the Executive Committee

The contractual terms of the Executive Directors are described on page 117 of this Annual Financial Report.

Change of control

The Ordinary General Meeting of 14.05.2014 and the Extraordinary General Meeting of 22.10.2014 were not asked to decide on a change of control clause.

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

This Remuneration Report complies with the provisions of the 2009 Corporate Governance Code and of Article 96 §3, point 2, of the Company Code, as introduced by the Law of 06.04.2010.

Internal procedures

During 2014, the policy regarding Directors' remuneration was drawn up on the following basis:

Non-Executive Directors

The principle of continuity with the past has been maintained. The policy adopted by the shareholders at the Ordinary General Meeting of 28.04.2006 on the proposal of the Board of Directors and the Nomination, Remuneration and Corporate Governance Committee remains applicable. In 2013, 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 the shareholders at the Ordinary General Meeting of 28.04.2006 may be maintained.

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 the 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. It results from this analysis that 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 submits the result of its analysis and any reasoned recommendations to the Board of Directors for it to take a decision.

Remuneration of 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 2014 is:

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

Non-Executive Directors do not receive a performance-related remuneration.

Attendance and remuneration of Non-Executive Directors

	Attendance at Board meetings[1]	Attendance at Nomination, Remuneration and Corporate Governance Committee meetings	Attendance at Audit Committee meetings	Total remuneration (in €)	Number of shares held at 31.12.2014
André Bergen	10/10	5/7	4/5	100,000 (fixed remuneration)	0
Christophe Demain[2]	4/5	-/-	-/-	21,666.67	0
Xavier de Walque	10/10	-/-	5/5	61,000	0
Chevalier Vincent Doumier	10/10	-/-	4/5	54,050	221
Robert Franssen	8/10	-/-	-/-	40,000	0
Gaëtan Hannecart	8/10	7/7	-/-	57,400	0
Inès Reinmann-Toper	8/10	-/-	5/5	49,750	0
Alain Schockert	9/10	-/-	-/-	42,500	0
Baudouin Velge	9/10	7/7	-/-	53,650	0

[1] It should be noted that the Board meeting of September 2014 was rescheduled at the last minute, preventing some Directors from attending.

[2] Term started on 14.05.2014.

Remuneration of Executive Directors

The remuneration package of the members of the Executive Committee comprises the following elements:

- a fixed remuneration;
- a variable remuneration, including a variable remuneration in cash, and a bonus stock plan;
- a stock option plan;
- a savings and provident scheme, 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 the meetings of the Audit Committee and Mrs. Françoise Roels attends the meetings of the Nomination, Remuneration and Corporate Governance Committee, but they are not members of these 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 in function of the effective achievement of financial and qualitative 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, weighed depending upon their importance, approved by the Board of Directors on the proposal of the Nomination, Remuneration and Corporate Governance Committee. In principle (target), the variable remuneration amounts to 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 analysis 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 calculate what the variable remuneration could be on the basis of the degree of achievement of the objectives. This calculation only serves as a guidance for the final 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 finally 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 the financial year 2014, the performance assessment criteria were:

- the net current result per share (40%);
- the cost/income ratio (10%);
- the regulatory debt ratio (10%);
- the management of large-scale projects (40%).

The Nomination, Remuneration and Corporate Governance Committee has assessed the achievement of the 2014 objectives of the members of the Executive Committee and has proposed to the Board of Directors a variable remuneration of 55% of the fixed annual remuneration. This proposal has been accepted by the Board of Directors.

From the 2013 financial year, and in strict application of the Law of 06.04.2010, the Board of Directors decided to grant half of the variable remuneration in cash and the other half in the form of a phantom stock unit plan spread over time. The plan involves making a cash payment, over three years, of the equivalent value of Cofinimmo ordinary shares fictitiously awarded free of charge.

At the meeting of 05.02.2015, the Board of Directors decided, as for the 2013 financial year, (i) to spread over a period of three years the allocation of the remuneration for 2014 and (ii) for half of the variable remuneration, to make the amount finally attributed in 2016 and 2017 dependent on changes in the share price of the Cofinimmo ordinary shares since 05.02.2015 (provisional allocation).

The variable remuneration will therefore be spread over three years, with a 50% share of the variable remuneration paid in 2015, 25% finally allocated in February 2016 and 25% finally allocated in February 2017.

In order to be able to determine the amount of the variable remuneration to finally allocate in 2016 and 2017, half of the variable remuneration as determined on 05.02.2015 is fictitiously converted into a number of 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 final allocation. This amount is determined by multiplying the predetermined number of shares by the market fair value of the share of the company on the final allocation date, increased by the gross dividend allocated since the provisional allocation date.

A detailed description of the phantom stock unit plan can be seen in Appendix I of the Corporate Governance charter, which is available at the company's website www.cofinimmo.com.

For the 2015 financial year, the granting of the variable remuneration will depend on the achievement of the following key objectives:

- the net current result per share (25%);
- the debt management (20%);
- the operational management of the large-scale projects (15%);
- the occupancy rate of the office portfolio (10%);
- the cost/income ratio (10%);
- other (20%).

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 objective is set in this respect. The Board of Directors considers that this remuneration is not to be considered as a variable remuneration within the meaning of the Law of 06.04.2010. An option's exercise period stands at ten years as of the date of the offer.

On the recommendation of the Nomination, Remuneration and Corporate Governance Committee, the Board of Directors decided in its session of 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/Wet van de Economische Heropleving) of 27.03.2009.

Stock options can only be exercised after the expiry of the third calendar year following the year in which the stock options are granted. If the options have not been exercised at the end of the period of exercise, they become null and void ipso facto. Vesting is carried out at the end of the third year after granting (three-year vesting period for stock options granted from 2014). In the event of voluntary or involuntary departure (excluding premature termination for serious reasons) of a beneficiary, the stock options accepted and vested can only be exercised during the first exercise window following the date of premature termination of contract. Retirement is an exception however. Options which have not been vested are cancelled. In the event of involuntary departure of a beneficiary for serious reasons, the stock options accepted, vested or not, but still not exercised, are cancelled.

These conditions governing the acquisition and exercise of options in the event of departure, whether voluntary or involuntary, will 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 seen in Appendix I of the Corporate Governance charter, which is available at the company's website www.cofinimmo.com. Cofinimmo applies the standard IFRS 2 by recognizing the fair value of the stock options on the date that they were granted (i.e. three years) according to the progressive acquisition method as vesting occurs. The annual charge for the progressive acquisition is entered on the income statement under personnel costs.

Stock options	Exercise deadline	Exercise price	Fair value (on date of granting)
2006 Scheme	13.06.2021	€129.27	€26.92
2007 Scheme	12.06.2022	€143.66	€35.79
2008 Scheme	12.06.2023	€122.92	€52.47
2009 Scheme	11.06.2019	€86.06	€51.62
2010 Scheme	13.06.2020	€93.45	€44.50
2011 Scheme	13.06.2021	€97.45	€45.29
2012 Scheme	13.06.2022	€84.85	€41.07
2013 Scheme	16.06.2023	€88.12	€49.59
2014 Scheme	16.06.2024	€88.75	€34.33

Savings and provident scheme

The savings and provident scheme is designed to reduce, as far as possible, the income difference before and after retirement. The extra pensions are financed exclusively from Cofinimmo contributions. The members of the Executive Committee benefit from a group insurance plan of the defined contribution type 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 an accident), (iii) payment of an 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 "temporary death 1 year" 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" constituent and the outstanding amount to the "Retirement" constituent. 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 €3,828 for the CEO and €6,643 for the other members of the Executive Committee. Cofinimmo provides them with a company car which annual cost for the company does not exceed €15,000 (excluding fuel). The company reimburses them for all professional expenses they incur in the context of their function. 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 Executive Directors for the 2014 financial year

	CEO[1]	Other members of the Executive Committee[1]
Fixed remuneration (in €)	349,300	575,000
Variable remuneration for the financial year (in €)		
Total amount:	192,115	316,000
in cash / in pension promises:	96,058	158,000
in stock units:	96,058	158,000
Savings and provident scheme (in €)	62,000	149,833
Other benefits[2] (in €)	33,380	68,876
TOTAL REMUNERATION (IN €)	**636,795**	**1,109,709**

Stock option plan[3]

Stock options granted and accepted	2014 Scheme	2013 Scheme	2012 Scheme	2011 Scheme	2010 Scheme	2009 Scheme	2008 Scheme	2007 Scheme
Jean-Edouard Carbonnelle	2,050	1,600	1,600	1,350	1,350	1,350	1,350	1,350
Xavier Denis	0	0	-/-	-/-	-/-	-/-	-/-	-/-
Jérôme Descamps	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Françoise Roels	0	0	1,600	1,350	1,000	1,000	1,000	1,000

Phantom stock unit plan[4]

	2014 Scheme	2013 Scheme	
	Number of stock units[5]	Number of stock units	Amount payable in 2015[6]
Jean-Edouard Carbonnelle	917	900	€51,849
Xavier Denis	643	580	€33,398
Jérôme Descamps[7]	158	-/-	-/-
Françoise Roels	709	683	€39,336

Number of shares held at 31.12.2014

Jean-Edouard Carbonnelle	550
Xavier Denis	800
Jérôme Descamps	0
Françoise Roels	0

[1] Under self-employed status, total cost for the company.
[2] Medical cover, company car, cell phone, other insurances, own expenses.
[3] -/- indicates that the concerned person was not yet a member of the Executive Committee on the day of granting of the stock options.
[4] -/- indicates that the concerned person was not yet a member of the Executive Committee on the provisional allocation date.
[5] In compliance with the Phantom Stock Unit Plan : the fair value of the ordinary share at the provisional allocation date of 05.02.2015 being €104.74.
[6] In compliance with the Phantom Stock Unit Plan : the fair value of the ordinary share at the final allocation date of 01.03.2015 being €109.16 and the gross dividend attributed since the provisional allocation date being €6.00.
[7] Beginning of term: 01.10.2014.

Contractual terms of the members of the Executive Committee

With a view to entrusting the responsibility for the day-to-day management to Director members of the Executive Committee, the company has concluded a service contract with them. This agreement is concluded for an unspecified period. The Directors have a 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 concluded with Mr. Jean-Edouard Carbonnelle and Mrs. Françoise Roels respectively, this contract may be terminated subject to an advance notice of 24 months where the company initiates the termination or an 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 management agreements signed with the above-mentioned Directors who are members of the Executive Committee in 2007. The shareholders' approval is therefore not required on this point, in accordance with the same Article.

The service contracts concluded 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, since they stipulate that the contract can be terminated subject to a 12-month advance notice where the company initiates the termination or a three-month advance notice in the event that Mr. Xavier Denis or Mr. Jérôme Descamps initiate 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.

Should the Director members of the Executive Committee be unable to carry out their duties for reasons of incapacity (illness or accident), Cofinimmo will continue to pay them the fixed portion of their emoluments for a period of two months dating from the first day of incapacity. Thereafter, they receive an incapacity allowance (paid by an insurance company) equal 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 a 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 Mr. Frank Verhaegen, auditor certified by the Financial Services and Markets Authority (FSMA), with registered office at 1831 Diegem, Berkenlaan 8B.

The fixed remuneration of the Auditor for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to €116,700 (excluding VAT). Its fees for certifying the company accounts of Cofinimmo's subsidiaries came to €131,150 (excluding VAT), this amount including the fees 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 €194,000 (excluding VAT) during the financial year and mainly concerned verifying the economic and financial data relative to acquisitions within the meaning of Article 133 §7 of the Company Code.

Real estate expertise

The real estate experts designated by the Group to certify the overall value of its property portfolio are:

- DTZ;
- PricewaterhouseCoopers;
- Jones Lang LaSalle.

The terms of office of the real estate experts of the property of distribution networks in France and the healthcare real estate in the Netherlands expired on 31.12.2014.

In compliance with Article 24 §2 of the Law of 12.05.2014 relating to RREC, which stipulates that the experts cannot be in charge of the valuation of a property asset for longer than a period of three years, Cofinimmo proceeded to the rotation of the experts at 01.01.2015, by:

- rotating the portfolio between experts (legal entities) for the healthcare real estate in the Netherlands;
- rotating the physical persons representing the experts (legal entities) for the property of distribution networks in France.

Mandates of real estate experts at 01.01.2015

DTZ					
Segment	**Number of assets under mandate**	**Location**	**Physical persons**	**Start of term**	**End of term**
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**	**Start of term**	**End of term**
Offices	11	Belgium	Ann Smolders and Jean-Paul Ducarme	01.01.2014	31.12.2016
Healthcare real estate	29	Belgium	Ann Smolders and Jean-Paul Ducarme	01.01.2014	31.12.2016
Healthcare real estate	11	Netherlands	J. H. Elink Schuurman	01.01.2015	31.12.2015
Healthcare real estate	1	Germany	Dirk Hennig	01.01.2015	31.12.2015

Jones Lang LaSalle					
Type	**Number of assets under mandate**	**Location**	**Physical persons**	**Start of term**	**End of term**
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 **DTZ group**, via its subsidiaries in Belgium, France and the Netherlands, is responsible for the property valuation of the most important share of the portfolio.

In Belgium, valuation is carried out by Winssinger & Associates SA/NV (with registered offices located at Chaussée de La Hulpe/Ter Hulpesteenweg 166, 1170 Brussels, Belgium). It is registered with the Brussels companies register under no. 0422 118 165 and is represented by Mr. Christophe Ackermans.

In France, valuation is carried out by DTZ Eurexi SA (with registered offices located at 8 Rue de l'Hôtel de Ville, 92200 Neuilly-sur-Seine, France). It is registered with the Nanterre companies register under no. 332 11 574 and is represented by Mr. Jean-Philippe Carmarans, Mr. Philippe Dorion and Mr. Jérôme Salomon, depending on the portfolio being valued.

In the Netherlands, valuation is carried out by DTZ Zadelhoff BV (with registered offices located at Apollolaan 150, 1077 BG Amsterdam, Netherlands). It is registered under no. NL 006 645 628 B01 and is represented by Mr. Christophe Ackermans and Mr. Jean-Philippe Carmaran, depending on the portfolio being valued.

PricewaterhouseCoopers is responsible for the property valuation of offices and healthcare real estate.

In Belgium, valuation is carried out by PricewaterhouseCoopers Enterprise Advisory SCRL/CVBA (with registered offices located at Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium). It is registered with the Brussels companies register under no. 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 (with registered offices located at Thomas R. Malthussstraat 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 (with registered offices 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, valuation is carried out by Jones Lang LaSalle SPRL/ BVBA (with registered offices located at Avenue Marnix/Marnixlaan 23, 1000 Brussels, Belgium). It is registered with the Brussels companies register under no. 0403 376 874 and is represented by Mr. Rod Scrivener.

In France, valuation is carried out by Jones Lang LaSalle Expertises SAS (with registered offices located at 40-42 Rue la Boétie, 75008 Paris, France). It is registered with the Nanterre companies register under no. 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 RREC, 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 in 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 from the transaction.

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

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;
- age and type of building;
- state of repair and level of comfort;
- architectural appearance;
- gross/net surface area ratio;
- number of parking spaces;
- rental conditions;

and, for healthcare real estate, the ratio rents/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 €988,258 (including VAT) in 2014.

Cofinimmo in the stock market

Cofinimmo offers four instruments listed on the stock market, which offer different risk, liquidity and yield profiles. They are described in this chapter.

The ordinary share

The Cofinimmo ordinary shares is listed on NYSE Euronext Brussels (ticker: COFB) since 1994. Cofinimmo is the foremost listed real estate company of the Bel20. The ordinary share is also included in the Euronext 150 index, as well as the EPRA Europe and GPR250 real estate indexes. At 31.12.2014, Cofinimmo's market capitalisation amounted to €1.73 billion.

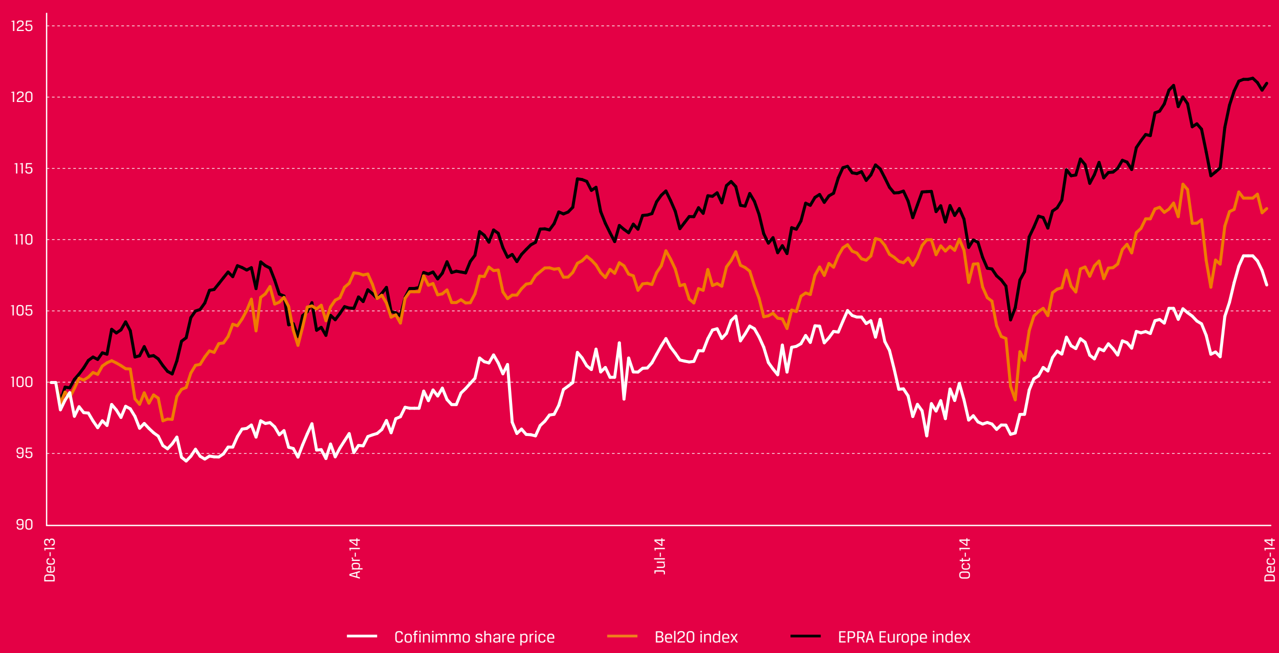
Stock market context and trend in the Cofinimmo share

In an environment characterised by historically low interest rates and a search for yields, the listed real esate companies performed well in the stock market in 2014. The EPRA Europe index closed with an average increase of 21.3%, against 12.4% for the Bel20 index.

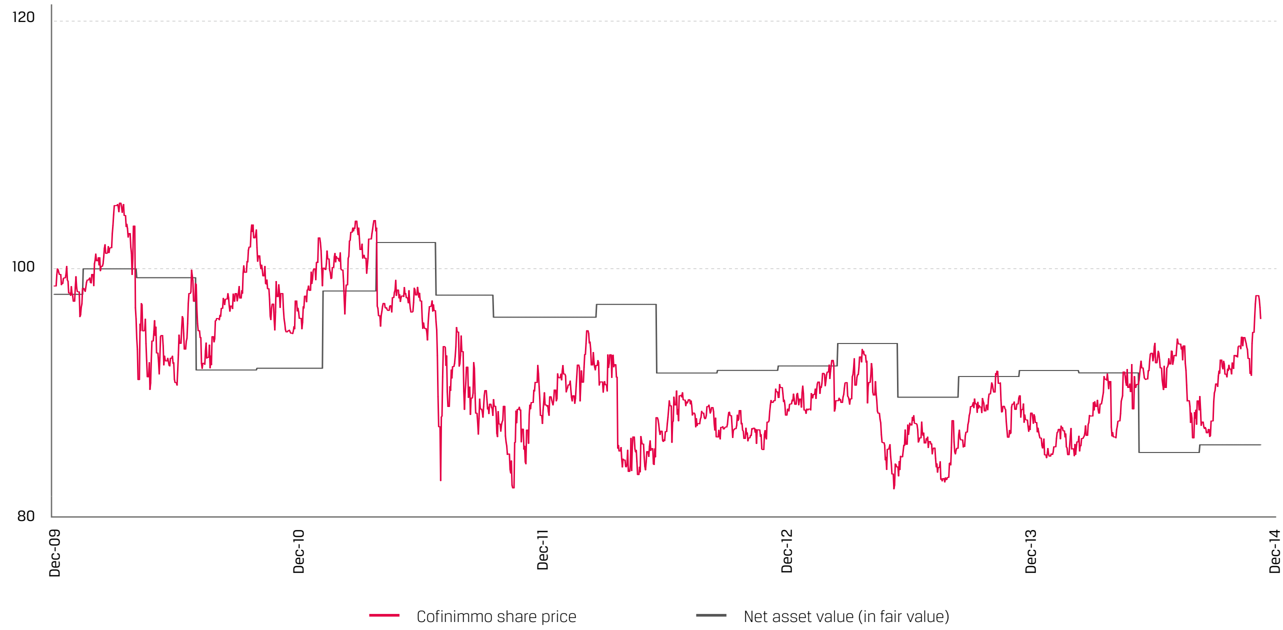
The graph below illustrates the Cofinimmo share performance in 2014 (without applying any adjustment on the 2013 dividend payment date) in relation to the Bel20 and EPRA Europe indexes. The Cofinimmo share price fluctuated between €84.74 and €97.83 with an average annual share price for the year 2014 of €89.76. The Cofinimmo share ended the year 2014 with a closing price of €95.97, i.e. a positive performance of 6.9% compared to the year before.

The graph on the following page illustrates the Cofinimmo share price in relation to its net asset value (in fair value) over the past five years. The share price traded at an average discount of 2.0% over the past five years and a premium of 1.6% in 2014.

Performance of the Cofinimmo share on the stock market in 2014 (basis 100 at 01.01.2014)



Comparison of share price and net asset value per share (in €)

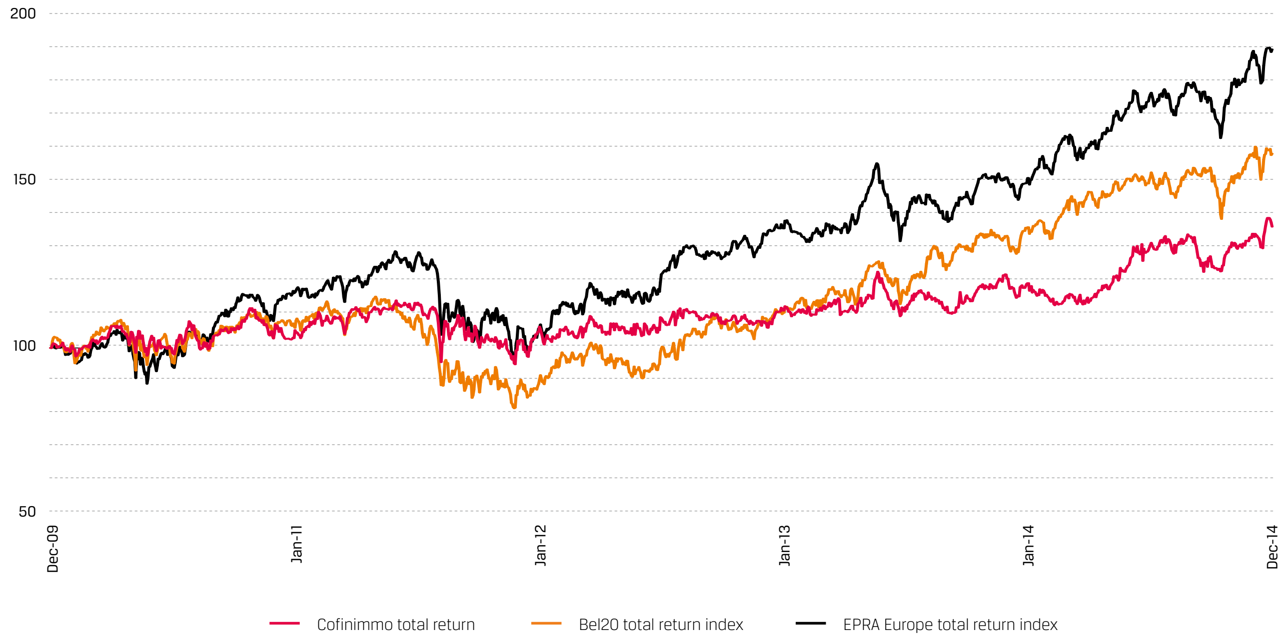


Total return (in %)

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 2013 dividend made available for payment in June 2014, the Cofinimmo share achieved a return of 14.3% over the year 2014.

The graph below illustrates the stock market performances of the Cofinimmo share compared to the Bel20 and EPRA Europe indexes over the past five years, dividend return included. During this period, the Cofinimmo share generated a return of 36.7%, i.e. an average annual return of 6.5%. The Bel20 and EPRA Europe indexes recorded variations of 58.9% and 90.4% respectively, which corresponds to average annual yields of 9.7% and 13.7%.

Total returns



Shareholder/investor profile

Cofinimmo has a large number of investors with diversified profiles, comprised, on the one hand, of retail investors, based mainly in Belgium, and, on the other hand, of institutional investors spread namely over Belgium, France, Germany, Luxembourg, the Netherlands, Switzerland, the United Kingdom and the United States.

At 31.12.2014, no shareholder crossed the threshold of 5% which requests a transparency declaration.

Cofinimmo share liquidity

In 2014, Cofinimmo continued its efforts to enhance the liquidity of its share. The company participated in 30 roadshows and conferences throughout the year. It also invested in promotional campaigns aimed at both institutional and retails investors.

With a market capitalisation of its ordinary shares standing at €1.66 billion and an average daily volume of €3.0 million or just over 34,000 shares, Cofinimmo's liquidity level is sufficient to keep it on the radar screen of major institutional investors.

Dividend

At the Ordinary General Shareholders' Meeting of 13.05.2015, the Board of Directors will offer a dividend in line with the forecast published in the 2013 Annual Financial Report. It amounts to €5.50 gross per ordinary share, which corresponds to a gross yield of 6.1% against the average share price of the ordinary share during the financial year 2014. In accordance with the Articles of Association of the company, the dividend of the preference shares, on the other hand, is fixed at €6.37 gross (see also the chapter "Standing document" of this Annual Financial Report).

Withholding tax

Since 01.01.2013, the applicable withholding tax on distributed dividends amounts to 25%.

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 benefit from them. Moreover, the agreements to prevent double taxation provide for reductions of the withholding tax on dividends.

ISIN BE0003593044	**2014**	2013	2012
Share price (in €)			
Highest	97.83	93.50	95.00
Lowest	84.74	82.23	83.38
At close	95.97	89.75	89.60
Average	89.76	88.26	88.40
Dividend yield[1]	6.7%	7.4%	7.4%
Gross return[2] (over 12 months)	14.3%	7.5%	6.0%
Dividend[3] (in €)			
Gross	5.50[4]	6.00	6.50
Net	4.13[4]	4.50	4.88
Volume			
Average daily volume	33,883	37,975	33,584
Annual volume	8,844,025	9,911,464	8,765,448
Number of shares entitled to share in the consolidated results of the financial year	17,339,423	16,954,002	16,007,572
Market capitalisation at the end of the period (x €1,000)	1,664,064	1,521,570	1,470,688
Free float zone[5]	90%	90%	90%
Velocity[5]	49.0%	58.5%	53.4%
Adjusted velocity[5]	56.7%	65.0%	57.2%
Pay-out ratio[6]	82.1%	88.5%	85.4%

“In 2014, Cofinimmo celebrated the 20th anniversary of its listing on the stock exchange.”

[1] Gross dividend distributed in 2014 on the average annual share price.
[2] Appreciation of the share price + dividend yield.
[3] Dividends are subject to a 25% withholding tax.
[4] Forecast.
[5] According to the Euronext method.
[6] In the net current result - Group share, excluding IAS 39 impact.

The 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 shares are registered, have voting rights and are convertible into ordinary shares since 01.05.2009, at a rate of one for one.

During the financial year 2014, 2,197 preference shares were converted into ordinary shares. At 31.12.2014, 686,485 non-converted 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 "Capital structure" of the chapter "Corporate Governance Statement" of this Annual Financial Report).

	COFP1		COFP2	
ISIN BE0003811289 (COFP1)/ISIN BE0003813301 (COFP2)	**2014**	2013	**2014**	2013
Share price (in €)				
At close	95.00	95.00	90.78	78.00
Average	94.80	95.00	86.22	84.71
Dividend yield[1]	6.7%	6.7%	7.4%	7.5%
Gross return[2] **(over 12 months)**	6.7%	6.7%	23.8%	-1.9%
Dividend[3] **(in €)**				
Gross	6.37[4]	6.37	6.37[4]	6.37
Net	4.78[4]	4.78	4.78[4]	4.78
Volume				
Average daily volume[5]	9	0	48	66
Annual volume	9	0	871	1,061
Number of shares	395,048	395,148	291,437	293,534
Market capitalisation at the end of the period (x €1,000)	37,530	37,539	26,457	22,896

The convertible bonds

Cofinimmo issued two bonds convertible into ordinary shares.

ISIN BE0002176429 (Cofinimmo SA/NV 2011-2016)	**2014**	2013	2012
Market price (in % of the nominal amount of €116.60)			
At close	103.10	102.75	102.30
Average	103.63	102.92	98.53
Yield to maturity (12-month average)	0.4%	0.5%	2.3%
Effective yield at issue	3.1%	3.1%	3.1%
Interest coupon (in %)			
Gross (per €116.60)	3.13	3.13	3.13
Net (per €116.60)	2.34	2.34	2.34
Number of securities	1,486,332	1,486,332	1,486,332
Conversion price (in €)	116.60	116.60	116.60

ISIN BE6254178062 (Cofinimmo SA/NV 2013-2018)	**2014**	2013	2012
Market price (in €, the nominal amount being €108.17)			
At close	114.90	110.56	N/A
Average	113.14	109.59	N/A
Yield to maturity (12-month average)	0.5%	1.5%	N/A
Effective yield at issue	2.0%	2.0%	N/A
Interest coupon (in %)			
Gross (per €108.17)	2.00	2.00	N/A
Net (per €108.17)	1.50	1.50	N/A
Number of securities	1,764,268	1,764,268	N/A
Conversion price (in €)	104.23	108.17	N/A

[1] Gross dividend distributed in 2014 on the average annual share price.
[2] Appreciation of the share price + dividend yield.
[3] Dividends are subject to a 25% withholding tax.
[4] Forecast.
[5] Average calculated based on the number of trading days during which a volume was recorded.

The non-convertible bonds

Cofinimmo issued two non-convertible bonds.

ISIN BE6241505401 (Cofinimmo SA/NV 2012-2020)	2014	2013	2012
Market price (in % of a nominal amount of €100,000)			
At close	106.86	100.13	97.25
Average	104.27	100.33	96.69
Yield to maturity (12-month average)	2.6%	3.5%	4.1%
Effective yield at issue	3.6%	3.6%	3.6%
Interest coupon (in %)			
Gross (per €100,000)	3.55	3.55	3.55
Net (per €100,000)	2.66	2.66	2.66
Number of securities	1,400	1,400	1,400

ISIN BE6258604675 (Cofinimmo SA/NV 2013-2017)	2014	2013	2012
Market price (in % of a nominal amount of €100,000)			
At close	102.27	99.90	N/A
Average	101.74	99.94	N/A
Yield to maturity (12-month average)	2.1%	2.8%	N/A
Effective yield at issue	2.8%	2.8%	N/A
Interest coupon (in %)			
Gross (per €100,000)	2.78	2.78	N/A
Net (per €100,000)	2.09	2.09	N/A
Number of securities	500	500	N/A

Egmont I, Brussels (BE)

Square de Meeûs 23, Brussels (BE)

Shareholders' structure[1] (at 31.12.2014)

The Board of Directors declares that the shareholders mentionned below have identical voting rights.

Company	Number of ordinary shares	%	Number of preference shares	%	Total number of shares (voting rights)	%
Number of issued shares	17,339,423	100.0%	686,485	100.0%	18,025,908	100.0%
Cofinimmo Group (own shares)	54,414	0.3%	0	0.0%	54,414	0.3%
Free float	17,285,009	99.7%	686,485	100.0%	17,971,494	99.7%

Agenda of the shareholder

Interim statement: results at 31.03.2015	13.05.2015
Ordinary General Shareholders' Meeting for 2014	13.05.2015
2014 Dividend payment date (ordinary and preference shares)[2]	
Coupon detachment date (Ex date)[3]	18.05.2015
Record date[4]	20.05.2015
Dividend payment date	As from 25.05.2015
Financial service	Bank Degroof (principal paying agent) or any other financial institution
Coupons	
Ordinary share	Coupon n°25
Preference share	Coupons n°14 (COFP1) & n°13 (COFP2)
Half-Yearly Financial Report: results at 30.06.2015	31.07.2015
Interim statement: results at 30.09.2015	06.11.2015
Annual press release: results at 31.12.2015	05.02.2016

[1] Situation based on the transparency declarations received under the Law of 02.05.2007. Any changes communicated since 31.12.2014 have been published in accordance with the provisions of this same Law and may be consulted on our website (www.cofinimmo.com).

[2] Subject to the approval of the Ordinary General Meeting of 13.05.2015.

[3] Date from which the stock exchange trading takes place without any entitlement to the future dividend payment.

[4] Date on which positions are recorded in order to identify shareholders entitled to the dividend.

Data according to the EPRA principles[1]

EPRA performance indicators

			2014		2013	
		Definitions	x €1,000	in €/share	x €1,000	in €/share
1	EPRA Earnings	Current result from core operational activities.	120,479	6.70	119,209	6.78
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 property investment business model.	2,094,867	96.08	2,036,162	98.85
3	EPRA NNNAV	EPRA NAV adjusted to include the fair value of (i) financial instruments, (ii) debt and (iii) deferred taxes.	2,006,201	92.01	1,972,270	95.74

			2014	2013
		Definitions	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.	6.06%	6.20%
	(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.	6.04%	6.16%
5	EPRA Vacancy rate	Estimated Rental Value (ERV) of vacant spaces divided by the ERV of the total portfolio.	4.93%	5.04%
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.	18.54%	18.87%
	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.	15.93%	16.01%

[1] These data are not compulsory under the RREC legislation and are not subject to a verification by public authorities. The auditor verified whether the "EPRA Earnings", "EPRA NAV", "EPRA NNNAV" and "EPRA Cost ratios" are calculated according to the definitions included in the 2014 "EPRA Best Practices Recommendations" and whether the financial data used in the calculation of these ratios comply with the accounting data included in the audited consolidated financial statements.

EPRA Earnings and EPRA Earnings per share[1]

(x €1,000)	2014	2013
IFRS Earnings per financial statements	**-52,671**	**58,737**
Adjustments to calculate EPRA Earnings, to exclude:	**173,150**	**60,471**
(i) Changes in the fair value of investment properties and properties held for sale	5,455	26,260
(ii) Gains or losses on disposal of investment properties	22,441	-147
(v) Goodwill impairment	11,000	21,000
(vi) Changes in the fair value of financial instruments (IAS 39)	136,143	13,686
(vii) Costs & interests on acquisitions and joint ventures	177	1,570
(viii) Deferred taxes in respect of EPRA adjustments	-926	-618
(x) Minority interests in respect of the above	-1,140	-1,280
EPRA Earnings	**120,479**	**119,209**
Number of shares	17,971,494	17,593,767
EPRA EARNINGS PER SHARE (in €)	**6.70**	**6.78**

EPRA Net Asset Value (NAV)

(x €1,000)	2014	2013
NAV per financial statements	**1,541,972**	**1,614,937**
NAV per share per financial statements (in €)	**85.80**	**91.79**
Effect of the exercise of options, convertible debts or other equity instruments	464,229	357,333
Diluted NAV, after the exercise of options, convertible debts and other equity instruments	**2,006,201**	**1,972,270**
To exclude:		
(i) Fair value of financial instruments	125,164	101,172
(ii) Deferred taxes	36,150	35,368
(iii) Goodwill as a result of deferred taxes	-72,648	-72,648
EPRA NAV	**2,094,867**	**2,036,162**
Number of shares	21,804,218	20,600,935
EPRA NAV PER SHARE (in €)	**96.08**	**98.85**

EPRA Triple Net Asset Value (NNNAV)

(x €1,000)	2014	2013
EPRA NAV	**2,094,867**	**2,036,162**
To include:		
(i) Fair value of financial instruments	-125,164	-101,172
(iii) Deferred taxes	36,498	37,280
EPRA NNNAV	**2,006,201**	**1,972,270**
Number of shares	21,804,218	20,600,935
EPRA NNNAV PER SHARE (in €)	**92.01**	**95.74**

[1] The summary and comments on the consolidated income statement are presented on pages 18 and 19.

EPRA Net Initial Yield (NIY) and EPRA 'topped-up' NIY[1]

(x €1,000,000)	2014									
	Offices	Healthcare real estate				Property of distribution networks			Other	TOTAL
		Belgium	France	Nether-lands	Germany	Belgium	Nether-lands	France		
Investment properties in fair value	1,312.0	821.3	379.4	77.0	11.4	272.2	149.4	111.9	64.6	3,199.2
Assets held for sale	-	-	-2.4	-	-	-	-	-0.9	-	-3.3
Development projects	-65.7	-16.3	-4.0	-1.1	-	-	-	-0.2	-1.6	-88.9
Properties available for lease	1,246.3	805.0	373.0	75.9	11.4	272.2	149.4	110.8	63.0	3,107.0
Estimated transaction costs resulting from the hypothetical disposal of investment properties	31.1	20.5	25.3	1.9	0.6	29.9	9.0	7.4	1.5	127.2
Gross up completed property portfolio valuation	1,277.4	825.5	398.3	77.8	12.0	302.1	158.4	118.2	64.5	3,234.2
Annualised gross rental income	87.8	50.9	24.9	5.6	0.8	19.6	10.3	7.7	4.3	211.9
Property charges	-14.3	-0.2	-0.2	-0.0	-0.0	-0.6	-0.3	-0.2	-0.2	-16.0
Annualised net rental income	**73.5**	**50.7**	**24.7**	**5.6**	**0.8**	**19.0**	**10.0**	**7.5**	**4.1**	**195.9**
Rent-free periods expiring within 12 months and other lease incentives	-0.6	-	-	-	-	-	-	-	-	-0.6
Topped-up net annualised rental income	**72.9**	**50.7**	**24.7**	**5.6**	**0.8**	**19.0**	**10.0**	**7.5**	**4.1**	**195.3**
EPRA NIY	**5.75%**	**6.14%**	**6.20%**	**7.15%**	**6.95%**	**6.30%**	**6.27%**	**6.41%**	**6.38%**	**6.06%**
EPRA 'TOPPED-UP' NIY	**5.70%**	**6.14%**	**6.20%**	**7.15%**	**6.95%**	**6.30%**	**6.27%**	**6.41%**	**6.38%**	**6.04%**

EPRA Vacancy rate[2]

(x €1,000)	2014									
	Offices	Healthcare real estate				Pubstone Belgium	Pubstone Nether-lands	Cofinimur I France	Other	TOTAL
		Belgium	France	Nether-lands	Germany					
Rental space (in m²)	654,115	429,087	210,544	38,193	4,637	312,811	48,076	59,868	23,026	1,780,357
ERV[3] of vacant spaces	9,373	-	700	20	-	194	118	299	8	10,712
ERV[3] of the total portfolio	94,130	49,152	28,112	5,254	833	18,229	9,177	8,311	4,237	217,435
EPRA VACANCY RATE	**9.96%**	**0.00%**	**2.49%**	**0.39%**	**0.00%**	**1.06%**	**1.29%**	**3.60%**	**0.18%**	**4.93%**

[1] For more details on sector information, see Note 5.

[2] For more details on the vacancy rate, see the chapter "Property report", pages 88 to 95.

[3] ERV = Estimated Rental Value.

2013								
Offices	Healthcare real estate			Property of distribution networks			Other	TOTAL
	Belgium	France	Netherlands	Belgium	Netherlands	France		
1,524.8	792.0	418.1	18.2	272.2	150.7	109.9	61.1	3,347.0
-	-	-7.6	-	-	-	-0.7	-	-8.3
-77.7	-44.0	-	-6.8	-	-	-	-1.9	-130.4
1,447.1	748.0	410.5	11.4	272.2	150.7	109.2	59.2	3,208.3
36.2	19.0	24.7	0.6	29.9	9.0	6.8	1.5	127.7
1,483.3	767.0	435.2	12.0	302.1	159.7	116.0	60.7	3,336.0
105.2	47.6	27.5	0.8	19.9	10.3	7.9	4.3	223.5
-15.5	-0.2	-0.1	-0.0	-0.5	0.0	-0.3	-0.2	-16.8
89.7	**47.4**	**27.4**	**0.8**	**19.4**	**10.3**	**7.6**	**4.1**	**206.7**
-1.1	-	-	-	-	-	-	-	-1.1
88.6	**47.4**	**27.4**	**0.8**	**19.4**	**10.3**	**7.6**	**4.1**	**205.6**
6.05%	**6.18%**	**6.29%**	**7.07%**	**6.43%**	**6.46%**	**6.57%**	**6.76%**	**6.20%**
5.97%	**6.18%**	**6.29%**	**7.07%**	**6.43%**	**6.46%**	**6.57%**	**6.76%**	**6.16%**

EPRA Evolution of gross rental income

(x €1,000)	2013	2014					
SEGMENT	**Gross rental income**[1]	Gross rental income - At comparable perimeter vs. 2013	Acquisitions	Disposals	Other	Regularisation of rental income related to previous periods	**Gross rental income**[1] **- At current perimeter**
Offices	**104,652**	**106,466**	**-**	**-12,662**	**-**	**-41**	**93,763**
Healthcare real estate Belgium	**46,432**	46,906	2,020	-	-	-	**48,926**
Healthcare real estate France	**28,476**	28,584	50	-1,797	-	-41	**26,796**
Healthcare real estate Netherlands	**835**	856	606	-	-	-	**1,462**
Healthcare real estate Germany	**-**	-	69	-	-	-	**69**
Healthcare real estate	**75,743**	**76,346**	**2,745**	**-1,797**	**-**	**-41**	**77,253**
Pubstone - Belgium	**20,002**	20,188	-	-332	-	-	**19,856**
Pubstone - Netherlands	**10,053**	10,255	-	-	-	-	**10,255**
Cofinimur I - France	**7,747**	7,872	22	-	-	79	**7,973**
Property of distribution networks	**37,802**	**38,315**	**22**	**-332**	**-**	**79**	**38,084**
Other	**4,527**	**4,575**	**7**	**-80**	**-**	**-**	**4,502**
TOTAL PORTFOLIO	**222,724**	**225,702**	**2,774**	**-14,871**	**-**	**-3**	**213,602**

[1] Writeback of lease payments sold and discounted included.

Investment properties – Rental data[1]

(x €1,000)	2014					
SEGMENT	Gross rental income of the period[2]	Net rental income of the period	Available rental space (in m²)	Passing rent at the end of the period	ERV[3] at the end of the period	Vacancy rate at the end of the period
Offices	**93,763**	**90,355**	**654,115**	**87,814**	**94,130**	**9.96%**
Healthcare real estate Belgium	48,926	48,894	429,087	50,950	49,152	0.00%
Healthcare real estate France	26,796	26,795	210,544	24,880	28,112	2.49%
Healthcare real estate Netherlands	1,462	1,462	38,193	5,594	5,254	0.39%
Healthcare real estate Germany	69	69	4,637	833	833	0.00%
Healthcare real estate	**77,253**	**77,220**	**682,461**	**82,257**	**83,351**	**0.86%**
Pubstone - Belgium	19,856	19,856	312,811	19,583	18,229	1.06%
Pubstone - Netherlands	10,255	10,255	48,076	10,271	9,177	1.29%
Cofinimur I - France	7,973	7,973	59,868	7,731	8,311	3.60%
Property of distribution networks	**38,084**	**38,084**	**420,755**	**37,585**	**35,717**	**1.71%**
Other	**4,502**	**4,452**	**23,026**	**4,411**	**4,237**	**0.18%**
TOTAL PORTFOLIO	**213,602**	**210,111**	**1,780,357**	**212,065**	**217,435**	**4.93%**

Investment properties – Valuation data[4]

(x €1,000)	2014			
SEGMENT	Fair value of the portfolio	Changes in the fair value over the period	EPRA Net Initial Yield	Changes in the fair value over the period
Offices	**1,246,275**	**-12,826**	**5.75%**	**-1.02%**
Healthcare real estate Belgium	804,955	6,672	6.14%	0.84%
Healthcare real estate France	375,417	454	6.20%	0.12%
Healthcare real estate Netherlands	75,890	1,754	7.15%	2.37%
Healthcare real estate Germany	11,400	868	6.95%	8.25%
Healthcare real estate	**1,267,662**	**9,748**	**6.22%**	**0.78%**
Pubstone - Belgium	272,202	-508	6.30%	-0.19%
Pubstone - Netherlands	149,396	-1,899	6.27%	-1.26%
Cofinimur I - France	111,740	1,137	6.41%	1.03%
Property of distribution networks	**533,338**	**-1,270**	**6.31%**	**-0.24%**
Other	**62,943**	**3,727**	**6.38%**	**6.29%**
TOTAL PORTFOLIO	**3,110,218**	**-621**	**6.06%**	**-0.02%**
Reconciliation with IFRS consolidated income statement				
Investment properties under development	88,965	-4,834		
TOTAL	**3,199,183**	**-5,455**		

[1] For more details on the rental data, see the chapter "Property report" of this Annual Financial Report.

[2] Writeback of lease payments sold and discounted included.

[3] ERV = Estimated Rental Value.

[4] For more details on the valuation data, see the Management report, chapter "Offices" on page 44, chapter "Healthcare real estate" on page 52 and chapter "Property of distribution networks" on page 60.

	2013				
Gross rental income of the period[1]	Net rental income of the period	Available rental space (in m^2)	Passing rent at the end of the period	ERV[2] at the end of the period	Vacancy rate at the end of the period
104,652	**101,582**	**763,644**	**105,228**	**107,149**	**9.75%**
46,432	46,401	403,636	47,689	44,252	0.00%
28,476	28,477	234,298	28,066	29,007	1.93%
835	835	5,821	854	844	0.00%
-	-	-	-	-	-
75,743	**75,713**	**643,755**	**76,609**	**74,103**	**0.76%**
20,002	20,002	316,268	19,963	18,373	0.00%
10,054	10,054	47,203	10,299	8,932	0.00%
7,747	7,747	59,572	7,892	8,167	1.03%
37,803	**37,803**	**423,042**	**38,153**	**35,472**	**0.24%**
4,527	**4,515**	**23,026**	**4,395**	**3,558**	**0.00%**
222,724	**219,613**	**1,853,467**	**224,385**	**220,282**	**5.04%**

	2013		
Fair value of the portfolio	Changes in the fair value over the period	EPRA Net Initial Yield	Changes in the fair value over the period
1,447,104	**-22,332**	**6.05%**	**-1.52%**
747,969	5,982	6.18%	0.81%
418,130	2,906	6.29%	0.70%
11,250	-136	7.07%	-1.18%
1,177,349	**8,754**	**6.23%**	**0.75%**
272,243	886	6.43%	0.33%
150,650	386	6.46%	0.26%
109,925	1,333	6.57%	1.23%
532,818	**2,605**	**6.47%**	**0.49%**
59,205	**1,040**	**6.76%**	**1.79%**
3,216,476	**-9,933**	**6.20%**	**-0.31%**
130,533	-16,327		
3,347,009	**-26,260**		

[1] Writeback of lease payments sold and discounted included.

[2] ERV = Estimated Rental Value.

Investment properties – Lease data

(x €1,000)	Figures depending on the lease ends							
Segment	Average lease length (in years)		Passing rents of the leases maturing in:			ERV[1] of the leases maturing in:		
	Until the break[2]	Until the end of the lease	Year 1	Year 2	Years 3-5	Year 1	Year 2	Years 3-5
Offices	**4.8**	**5.7**	**4,370**	**11,250**	**28,932**	**4,128**	**10,198**	**27,590**
Healthcare real estate Belgium	21.4	21.4	12	14	-	12	14	-
Healthcare real estate France	6.1	6.2	169	-	5,781	150	-	4,910
Healthcare real estate Netherlands	13.7	15.0	-	-	149	-	-	103
Healthcare real estate Germany	24.9	24.9	-	-	-	-	-	-
Healthcare real estate	**16.3**	**16.4**	**181**	**14**	**5,930**	**162**	**14**	**5,013**
Pubstone - Belgium	15.8	19.8	-	-	-	-	-	-
Pubstone - Netherlands	15.8	19.8	-	-	-	-	-	-
Cofinimur I - France	7.1	7.7	-	-	-	-	-	-
Property of distribution networks	**14.0**	**17.3**	**-**	**-**	**-**	**-**	**-**	**-**
Other	**12.0**	**13.2**	**-**	**110**	**-**	**-**	**137**	**-**
TOTAL PORTFOLIO	**11.0**	**12.1**	**4,551**	**11,374**	**34,862**	**4,290**	**10,349**	**32,603**

De Arcade - Ermelo (NL)

[1] ERV = Estimated Rental Value.

[2] First break option for the tenant.

Lease figures according to their revision date (break)

Passing rents of the leases subject to revision in:			ERV[1] of the leases subject to revision in:		
Year 1	Year 2	Years 3-5	Year 1	Year 2	Years 3-5
7,244	**16,012**	**36,783**	**6,750**	**14,763**	**36,407**
12	14	-	12	14	-
169	604	5,781	150	580	4,910
-	-	149	-	-	103
-	-	-	-	-	-
181	**618**	**5,930**	**162**	**594**	**5,013**
-	-	-	-	-	-
-	-	-	-	-	-
695	47	256	810	35	247
695	**47**	**256**	**810**	**35**	**247**
-	**680**	**-**	**-**	**535**	**-**
8,120	**17,357**	**42,969**	**7,722**	**15,927**	**41,667**

Riddervelden - Gouda (NL)

De Tweesprong - Oosterhout (NL)

[1] ERV = Estimated Rental Value.

EPRA Cost ratios

(x €1,000)		31.12.2014	31.12.2013
(i)	**Administrative/operational expenses per IFRS income statement**	**-36,955**	**-37,323**
	Rent-free periods	-2,932	-2,479
	Taxes and charges on rented properties not recovered	-2,513	-2,376
	Net redecoration costs	-928	-1,176
	Technical costs	-3,802	-5,114
	Commercial costs	-1,138	-957
	Taxes and charges on unlet properties	-3,922	-4,075
	Property management costs	-14,544	-14,258
	Corporate management costs	-7,176	-6,888
(v)	**Share of joint venture expenses**	**-32**	**-110**
	EPRA COSTS (DIRECT VACANCY COSTS INCLUDED) (A)	**-36,987**	**-37,433**
(ix)	**Direct vacancy costs**	**5,219**	**5,677**
	EPRA COSTS (DIRECT VACANCY COSTS EXCLUDED) (B)	**-31,768**	**-31,756**
(x)	**Gross rental income less ground rent costs**	**198,759**	**197,664**
(xii)	**Add: Share of joint venture gross rental income**	**689**	**683**
	Gross rental income (C)	199,448	198,347
	EPRA cost ratio (direct vacancy costs included) (A/C)	**18.54%**	**18.87%**
	EPRA cost ratio (direct vacancy costs excluded) (B/C)	**15.93%**	**16.01%**
*	Overhead and operational expenses capitalised (including share of joint ventures)	2,269	2,534

Cofinimmo capitalises overhead costs and operational expenses directly related to development projects (legal fees, project management fees, capitalised interests, etc.).

Development projects

In 2014, Cofinimmo worked on several redevelopment projects. For details on the ongoing and future projects, see page 44 of the chapter "Offices", page 52 of the chapter "Healthcare real estate" and page 60 of the chapter "Property of distribution networks".

Annual accounts

Annual accounts

Consolidated accounts

Consolidated global result (income statement)

(x €1,000)	Notes	2014	2013
A. NET RESULT			
Rental revenues	6	195,918	195,191
Writeback of lease payments sold and discounted	6	15,931	25,276
Rental-related expenses	6	-91	-6
Net rental income	5, 6	211,758	220,461
Recovery of property charges	7	612	101
Recovery income of charges and taxes normally payable by the tenant on let properties	8	44,756	48,826
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	7	-1,540	-1,277
Rental charges and taxes normally payable by the tenant on let properties	8	-47,512	-51,202
Property result		208,074	216,909
Technical costs	9	-3,802	-5,114
Commercial costs	10	-1,137	-956
Taxes and charges on unlet properties		-3,922	-4,075
Property management costs	11	-14,295	-14,258
Property charges		-23,156	-24,403
Property operating result		184,918	192,506
Corporate management costs	11	-7,176	-6,887
Operating result before result on the portfolio		177,742	185,619
Gains or losses on disposals of investment properties	5, 12	1,949	147
Gains or losses on disposals of other non-financial assets	5, 12	-24,390	
Changes in the fair value of investment properties	5, 13, 22	-5,455	-26,260
Other result on the portfolio	5, 14	-11,304	-22,683
Operating result		138,542	136,823
Financial income	15	5,577	5,723
Net interest charges	16	-54,700	-66,043
Other financial charges	17	-2,309	-929
Changes in the fair value of financial assets and liabilities	18	-136,143	-13,686
Financial result		-187,575	-74,935
Share in the result of associated companies and joint ventures		1,307	1,537
Pre-tax result		-47,726	63,425
Corporate tax	19	-2,493	-2,179
Exit tax	19	926	618
Taxes		-1,567	-1,561
Net result		-49,293	61,864
Minority interests	43	-3,378	-3,127
NET RESULT – GROUP SHARE	32	**-52,671**	**58,737**
NET CURRENT RESULT – GROUP SHARE[1]	32	**-15,655**	**104,924**
RESULT ON THE PORTFOLIO – GROUP SHARE[2]	32	**-37,016**	**-46,187**

[1] The net current result – Group share corresponds to the net result excluding "Gains or losses on disposals of investment properties", "Gains or losses on disposals 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" on these five elements.

[2] The result on the portfolio – Group share corresponds to the "Gains or losses on disposals of investment properties", "Gains or losses on disposals 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" on these five elements.

Consolidated global result (income statement)

(x €1,000)	Notes	2014	2013
B. OTHER ELEMENTS OF THE GLOBAL RESULT RECYCLABLE UNDER THE INCOME STATEMENT			
Impact on the fair value of estimated transfer duties resulting from the hypothetical disposal of investment properties		1,777	-1,461
Changes in the effective part of the fair value of authorised cash flow hedging instruments	24	-4,716	36,787
Other elements of the global result, net of taxes		56,533	20,536
Impact of the recycling under the income statement of hedging instruments which relationship with the hedged risk was terminated	18	56,515	20,501
Minority interests		18	35
OTHER ELEMENTS OF THE GLOBAL RESULT – GROUP SHARE		**53,594**	**55,862**
C. GLOBAL RESULT		**4,283**	**117,691**
Minority interests	43	-3,360	-3,092
GLOBAL RESULT - GROUP SHARE		**923**	**114,599**

Result per share – Group share

(in €)	Notes	2014	2013
Net current result	32	-0.87	5.96
Result on the portfolio	32	-2.06	-2.62
Net result	32	-2.93	3.34

Consolidated financial position (balance sheet)

(x €1,000)	Notes	31.12.2014	31.12.2013
Non-current assets		**3,410,050**	**3,565,180**
Goodwill	5, 20	118,356	129,356
Intangible assets	23	659	753
Investment properties	5, 21	3,195,773	3,338,709
Other tangible assets	23	411	677
Non-current financial assets	24	10,933	20,941
Finance lease receivables	25	78,018	67,449
Trade receivables and other non-current assets		38	40
Participations in associated companies and joint ventures	43	5,862	7,255
Current assets		**88,962**	**105,263**
Assets held for sale	5, 26	3,410	8,300
Current financial assets	24	498	2,782
Finance lease receivables	25	1,618	1,236
Trade receivables	27	24,781	25,698
Tax receivables and other current assets	28	17,505	24,304
Cash and cash equivalents		17,117	15,969
Deferred charges and accrued income	29	24,033	26,974
TOTAL ASSETS		**3,499,012**	**3,670,443**

(x €1,000)	Notes	31.12.2014	31.12.2013
Shareholders' equity		**1,608,965**	**1,681,462**
Shareholders' equity attributable to the shareholders of the parent company		1,541,971	1,614,937
Capital	30	963,067	942,825
Share premium account	30	384,013	372,110
Reserves	31	247,562	241,265
Net result of the financial year	32	-52,671	58,737
Minority interests	43	66,994	66,525
Liabilities		**1,890,047**	**1,988,981**
Non-current liabilities		1,303,250	1,412,904
Provisions	34	17,658	18,180
Non-current financial debts	24	1,148,023	1,266,665
Credit institutions	24	565,420	691,183
Other	24	582,603	575,482
Other non-current financial liabilities	24	102,041	93,304
Deferred taxes	35	35,528	34,755
Exit tax	35	734	1,183
Other	35	34,794	33,572
Current liabilities		586,797	576,077
Current financial debts	24	473,499	455,509
Credit institutions	24	473,469	251,221
Other	24	30	204,288
Other current financial liabilities	24	24,698	21,921
Trade debts and other current debts	36	59,850	64,680
Exit tax	36	621	611
Other	36	59,229	64,069
Deferred charges and accrued income	37	28,750	33,967
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,499,012**	**3,670,443**

Calculation of the debt ratio

(x €1,000)		2014	2013
Non-current financial debts		1,148,023	1,266,665
Other non-current financial liabilities (except for hedging instruments)	+	76	54
Current financial debts	+	473,500	455,509
Trade debts and other current debts	+	59,850	64,680
Total debt	=	**1,681,448**	**1,786,908**
Total assets		3,499,012	3,670,443
Hedging instruments	-	1,500	13,999
Total assets (except for hedging instruments)	/	**3,497,513**	**3,656,444**
DEBT RATIO	=	**48.08%**	**48.87%**

Consolidated cash flow statement

(x €1,000)	Notes	2014	2013
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**15,969**	**3,041**
Operating activities			
Net result of the period		-52,671	58,737
Adjustments for interest charges and income		45,896	61,002
Adjustments for gains and losses on disposals of property assets		22,441	-147
Adjustments for non-cash charges and income	38	138,453	35,273
Changes in working capital requirements	39	-5,037	-1,898
CASH FLOW RESULTING FROM OPERATING ACTIVITIES		**149,082**	**152,967**
Investment activities			
Investments in intangible assets and other tangible assets		-107	-584
Acquisitions of investment properties	40	-73,022	-7,847
Extensions of investment properties	40	-38,392	-27,270
Investments in investment properties	40	-28,197	-19,916
Acquisitions of subsidiaries	4	-1,802	
Disposals of investment properties	40	70,546	6,562
Disposals of assets held for sale	40	5,417	1,993
Disposals of consolidated subsidiaries	12	197,983	
Payment of exit tax		151	-1,201
Finance lease receivables		82,724[1]	-11,117
Other flows from investment activities		2,121	
CASH FLOW RESULTING FROM INVESTMENT ACTIVITIES		**217,422**	**-59,380**
Financing activities			
Disposals of own shares		-532	91,686
Dividends paid to shareholders		-73,386	-67,335
New minority interests	43		277
Coupons paid to minorities	43	-319	-273
Coupons paid to MCB-holders	43	-2,703	-2,727
Increase of financial debts		221,262	229,153
Decrease of financial debts		-407,470	-245,027
Financial income received		5,449	5,367
Financial charges paid		-51,347	-66,368
Other flows from financing activities		-56,310[2]	-25,412
CASH FLOW RESULTING FROM FINANCING ACTIVITIES		**-365,356**	**-80,659**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**17,117**	**15,969**

[1] This amount mainly comprises the total cost of the restructuration of the interest rate hedging scheme. For more details, see the chapter "Management of Financial Resources" of this Annual Financial Report.

[2] This amount mainly comprises the amount received from the sale of the investment fees receivables of FPR Leuze.

Consolidated statement of changes in shareholders' equity

(x €1,000)	Capital	Share premium account	Reserves[1]	Net result of the financial year	**Share-holders' equity Parent company**	Minority interests	**Share-holders' equity**
AT 01.01.2013	**857,822**	**329,592**	**190,543**	**98,072**	**1,476,029**	**66,263**	**1,542,292**
Appropriation of the 2012 net result			98,072	-98,072			
Elements recognised in the global result			55,862	58,737	**114,599**	3,092	**117,691**
Cash flow hedging[2]			57,288		**57,288**		**57,288**
Impact on the fair value of estimated transfer duties resulting from the hypothetical disposal of investment properties			-1,426		**-1,426**	-35	**-1,461**
Result of the period				58,737	**58,737**	3,127	**61,864**
Other			-42		**-42**	170	**128**
SUBTOTAL	**857,822**	**329,592**	**344,435**	**58,737**	**1,590,586**	**69,525**	**1,660,111**
Issue of shares[3]	28,368	15,504			**43,872**		**43,872**
Acquisition/Disposal of own shares	56,635	27,014	8,037		**91,686**		**91,686**
Dividends/Coupons			-111,207		**-111,207**	-3,000	**-114,207**
AT 31.12.2013	**942,825**	**372,110**	**241,265**	**58,737**	**1,614,937**	**66,525**	**1,681,462**
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[2]			51,799		**51,799**		**51,799**
Impact on the fair value of estimated transfer duties resulting from the 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**
SUBTOTAL	**942,825**	**372,110**	**353,637**	**-52,671**	**1,615,901**	**70,016**	**1,685,917**
Issue of shares[3]	20,536	12,229			**32,765**		**32,765**
Acquisition/Disposal of own shares	-294	-326	89		**-531**		**-531**
Dividends/Coupons			-106,164		**-106,164**	-3,022	**-109,186**
AT 31.12.2014	**963,067**	**384,013**	**247,562**	**-52,671**	**1,541,971**	**66,994**	**1,608,965**

[1] See Note 31.

[2] Recycling under the income statement included.

[3] 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)	Reserve for the positive/ negative balance of changes in the fair value of investment properties	Reserve for the estimated transfer duties resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS
AT 01.01.2013	**-150,059**	**-71,424**	**-157,113**
Appropriation of the 2012 net result	5,858	-2,865	11,080
Elements directly recognised under shareholders' equity		-1,426	57,288
Cash flow hedging			57,288
Impact on the fair value of estimated transfer duties resulting from the hypothetical disposal of investment properties		-1,426	
Other	-221		
SUBTOTAL	**-144,422**	**-75,715**	**-88,745**
Acquisition/Disposal of own shares			
Dividends			
AT 31.12.2013	**-144,422**	**-75,715**	**-88,745**
Appropriation of the 2013 net result	16,570	-3,086	4,576
Elements directly recognised under shareholders' equity		-210	51,799
Cash flow hedging			51,799
Impact on the fair value of estimated transfer duties resulting from the hypothetical disposal of investment properties		-210	
Other	1	5,317	
SUBTOTAL	**-127,851**	**-73,694**	**-32,370**
Acquisition/Disposal of own shares			
Dividends			
AT 31.12.2014	**-127,851**	**-73,694**	**-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	Distributable reserve	Non-distributable reserve	Legal reserve[1]	**Total reserves**
-1,479	**566,271**	**2,685**	**1,662**	**190,543**
-13,421	97,165	255		**98,072**
				55,862
				57,288
				-1,426
-22,653	22,662	97	73	**-42**
-37,553	**686,098**	**3,037**	**1,735**	**344,435**
	8,037			**8,037**
	-111,207			**-111,207**
-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**

[1] The legal reserve was reclassified as 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 in 1200 Brussels (Boulevard de la Woluwe/Woluwedal, 58). The consolidated financial statements of the company for the financial year ended 31.12.2014 comprise the company and its subsidiaries (together referred to as the "Group"). The consolidation scope has changed since 31.12.2013. During the year, a subsidiary was sold and Cofinimmo acquired 100% of the shares of a company it held at 50% in 2013. In addition, the Extraordinary General Meeting of 22.09.2014 approved the mergers by absorption of two subsidiaries, with a view to simplifying the organisation of the Group. The consolidation scope at 31.12.2014 is presented in Note 43 of this Annual Financial Report.

The consolidated and company financial statements were adopted by the Board of Directors on 27.03.2015 and will be submitted to the General Shareholders' Meeting of 13.05.2015.

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 2013, except for what is mentionned 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 2014, the Group applied the following new standards: IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28. No significant impact is expected following the application of these standards.

Moreover, the Group has chosen not to anticipate the application of the following main standards and interpretations[1], or their amendments, issued before the authorisation date of publication of the annual accounts but not in force at the closing date: IFRS 9 and IFRS 15. The Group does not have the right to anticipate these standards, as they have not yet been adopted in Europe.

The preparation of consolidated 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

The current consolidated financial statements include the financial statements of the company and the financial statements of the entities (including structured entities) which it controls and its subsidiaries. The company exercices control when:

- it has authority over the issuing entiy;
- it is exposed, or is entitled, to variable returns, resulting from its ties with the issuing entity;
- it has the capacity to exercise its authority so as to influence the amount of the returns it obtains.

The company must reassess whether it controls the issuing entity when events and circumstances indicate that one or more of the three elements of control described above have changed.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that the control starts 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 which do not result in a loss of control are accounted for as equity transactions.

[1] The Group analyses the possible impact resulting from the application of these standards.

The book value of the participations in subsidiaries, held by the Group or by third parties, are 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 by which parties which exercise a joint control have rights on the net assets of the agreement. Under the equity accounting method, the consolidated income statement includes the Group's share in the result of associated companies and joint ventures. This share is calculated from the date on which the joint control begins 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.

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 under 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 under 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. This was done for the goodwill of CIS.

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 which 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. Subsequently, at closing, monetary assets and liabilities denominated in foreign currencies are translated at the then prevailing currency rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the income statement as 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 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 under 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 under 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 under 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 under 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 under 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 their fair value.

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 under 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 calculation method of the discounted 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 disposed to pay in order to acquire each of the properties making up the portfolio of assets and in order to benefit from their rental income while assuming the related charges, without deduction of transfer taxes. The disposal of an investment property is usually subject to the payment to the public authorities of transfer taxes or 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).

At the time of an acquisition or an investment, the transfer taxes incurred in the case of a hypothetical subsequent disposal are recorded directly under shareholders' equity; any adjustment made subsequently is booked under the income statement. This adjustment is transferred to the reserves at the time of appropriation of the result of the financial year.

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 which are under renovation or redevelopment. When the works are completed, the buildings are transferred from development projects to investment properties or assets 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 a 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 under the income statement of the period. Any payment made periodically by the lessee will be treated by the Group partly as a repayment of the principal and partly as a financial income based on a pattern reflecting a constant periodic rate of return 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" of 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" of 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. The progressive reconstitution of the lease payments sold will be recognised under the item "Writeback of lease payments sold and discounted" of the income statement.

The changes in the fair value of the property will be recorded separately under the item "Changes in the fair value of investment properties" of the income statement.

J. Other 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 item "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 under the income statement (see S II).

III Depreciation

Investment properties, whether land or constructions, are not depreciated but recorded at their 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 in 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 under the income statement.

II Real estate Public-Private Partnerships

With the exception of the police station in Dendermonde, qualified as operational leasing and consequently recorded under investment properties, Public-Private Partnerships are classified as finance lease receivables and are subject to IFRIC 12. For their accounting treatment, see K I.

L. Cash and cash equivalents

Cash and cash equivalents comprise current accounts, cash and short-term placements.

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 taxes, 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 in deduction of the items "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 under 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, a fixed-rate borrowing is swapped into a floating-rate borrowing by virtue of a matching Interest Rate Swap derivative contract, in conformity with fair value hedge accounting (IAS 39 §86), the change in the fair value of the Swap in the income statement is compensated by the adjustment of the book value of the fixed-rate borrowing (see F I).

The convertible borrowings are stated at their fair value at the closing date.

O. Employee benefits

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

P. Provisions

A provision is recognised in 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 under 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 fixed term of the lease). More accurately, the contractual rent expressed in annual amount is first recognised as a revenue and the rent-free period spread over the fixed 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 under the income statement but not yet due. Therefore, in order to avoid this redundancy which would wrongfully inflate 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 under 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 fixed term of the lease, whereas the net result reflects the rents to date and as they are cashed in.

The concessions granted to tenants are, on their part, booked as charges over the fixed 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 which 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 which 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 reconstructing the building whereby, in most cases, the existing structure 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 in so far as the expert normally recognises a pro tanto appreciation in the value of the property. Example: installation of an air conditioning system where one did not previously exist.

Works which 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

The net financing costs comprise interests payable on borrowings, calculated using the effective interest rate method, and gains and losses on hedging instruments that are recognised under the income statement (see F). Interest income is recognised under the income statement as it accrues, taking into account the effective yield on the asset. Dividend income is recognised under 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 under 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 a RREC or merger of a non-RREC with a 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 merger or approval date.

Any subsequent adjustment to this exit tax liability is recognised under the income statement. When the approval or merger takes place, the provision becomes a debt and any difference is also recognised under 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 members of the Executive Committee 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 uncertainty

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

[1] 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).

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[1]. 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

Goodwills are calculated at the acquisition date as the positive difference between the acquisition cost and Cofinimmo's share in the net asset acquired. These goodwills are 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 appointi Directors for determining joint or global 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.

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 depends on the prevailing market conditions. Almost 100% 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 is usually required from non-public-sector tenants corresponding to six months of rent.

With some 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 0.049% of the total turnover over the period 1996-2014. 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 opertor groups which 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 distibution 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 €1,571.68 million[1], compared to a fair value of the investment properties of €1,345.11 million at 31.12.2014, including the value of the land. Cover has also been taken against vacancies resulting from these events. Moreover, Cofinimmo has an insurance for its public liability as the building owner or project supervisor.

Details of the Group's financial risk are provided in Note 24.

[1] 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 cafés/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 related to the buildings let 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

FPR Leuze

During the financial year 2014, Cofinimmo bought 100% of the shares of FPR Leuze. Previously, the company was jointly held by Cordeel Zetel Temse, Willemen General Contractor and Cofinimmo, forming the consortium responsible for the construction works of the prison in Leuze-en-Hainaut.

According to the terms of the contract, at the delivery of the Availability Certificate of the building by the Buildings Agency (Belgian Federal State), which took place on 20.06.2014, Cofinimmo (already holder of 50% of the shares) bought the shares held by Cordeel Zetel Temse (49%) and Willemen General Contractor (1%) at their market value.

Since then, Cofinimmo has an exclusive control over the company and integrates it in its financial statements according to the global consolidation method. However, the share of Cofinimmo in the result of FPR Leuze before the purchase of the shares is to be found under the item "Share in the result of associated companies and joint ventures" of the income statement[1].

General information

Company	FPR Leuze
Segment	PPP Prison
Country	Belgium
% interest of Cofinimmo at 31.12.2014 – global consolidation	100%
% interest of Cofinimmo until 20.06.2014 – equity method	50%
Associated shareholders until 20.06.2014	Cordeel Zetel Temse (49%) Willemen General Contractor (1%)

Net amount paid at acquisition (x €1,000)	
Price paid by Cofinimmo for the purchase of the shares	4,489[2]
Cash on the acquisition balance sheet	2,687
Net cash outflow	1,802

Assets and liabilities taken over at acquisition (x €1,000)	
Non-current assets	11,496
Current assets	20,787
Current liabilities	25,202

This acquisition is not considered as a business combination as defined under IFRS 3.

If the purchase of the shares had taken place on 01.01.2014, the additional impact on the consolidated income statement of Cofinimmo would have been a gain of K€901, i.e. the result of the shares (50%) not held before 20.06.2014.

As a reminder, in 2011, the Buildings Agency (Belgian Federal State) attributed to the Future Prisons consortium, constituted of Cofinimmo, Cordeel and Willemen, the public contract based on the Design-Build-Finance-Maintain model for the construction and maintenance of a new prison in Leuze-en-Hainaut, a 28,316m² facility destined to accommodate 312 detainees.

The construction works started in August 2012, immediately after the delivery of the permit. The budget of the works amounted to €106 million (all costs, taxes and capitalised interests included).

Following the notification of the delivery of the Availability Certificate of the building by the Buildings Agency, the company reimbursed the construction credit through the assignement, agreed upon from the outset, to KBC Bank of 90% of the receivables from the investment fees due by the Agency over 25 years. FPR Leuze SA/NV keeps the balance of these receivables, as well as 100% of the maintenance and facility management fees. These will be used to pay the maintenance and facility management services.

Following this operation, FPR Leuze keeps on its balance sheet a receivable equal to 10% of the rents not assigned.

[1] For more information on the share of Cofinimmo in the result of FPR Leuze before the purchase of the shares, see Note 43.

[2] The amount of K€4,489 includes the price paid for the purchase, at their market value, of 50% of the shares which were not held (K€2,593) as well as the capital increase (K€1,896) entirely subscribed by Cofinimmo.

NOTE 5. SECTOR INFORMATION

In fair value, offices represent 41.0% of the portfolio, healthcare real estate 40.3%, property of distribution networks 16.7% and the other business sectors 2.0%.

The different property segments are described on pages 44 to 69.

Two clients represent more than 10% of the contractual rents: Korian/Medica, with a €34 million presence in the healthcare real estate segment, and AB InBev, with a €30 million presence in the property of distribution networks segment.

	OFFICES										HEALTHCARE	
(x €1,000)	Brussels CBD[1]		Brussels Decentralised		Brussels Periphery		Antwerp		Other Regions		Belgium	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
INCOME STATEMENT												
Net rental income	**27,258**	**38,060**	**42,305**	**41,295**	**10,061**	**10,463**	**4,240**	**4,627**	**7,831**	**7,932**	**48,893**	**46,400**
Property result after direct property costs	**24,031**	**34,430**	**37,049**	**35,336**	**8,519**	**8,699**	**3,739**	**4,220**	**7,517**	**7,282**	**48,690**	**46,232**
Property management costs												
Corporate management costs												
Gains or losses on disposals of investment properties and other non-financial assets	-23,550	-865	620							169		
Changes in the fair value of investment properties	13,785	-21,935	-32,358	-17,314	-1,741	-2,327	1,183	-569	1,332	2,418	6,486	6,415
Other result on the portfolio												
Operating result												
Financial result												
Share in the result of associated companies and joint ventures												
Taxes	**-114**											
NET RESULT												
NET RESULT – GROUP SHARE												
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
BALANCE SHEET												
Assets												
Goodwill												
Investment properties, including:	426,669	615,882	603,032	591,643	148,437	143,666	65,563	62,297	113,278	111,323	821,235	791,995
Development projects	47,751	67,313	17,144	9,613	1,966	331	464	450			16,280	44,026
Assets held for own use			8,875	9,146								
Assets held for sale												
Other assets												
TOTAL ASSETS												
Shareholders' equity and liabilities												
Shareholders' equity												
Shareholders' equity attributable to the shareholders of the parent company												
Minority interests												
Liabilities												
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES												

[1] Central Business District.

REAL ESTATE						PROPERTY OF DISTRIBUTION NETWORKS						OTHER		AMOUNTS NOT ALLOCATED		TOTAL	
France		Netherlands		Germany		Pubstone Belgium		Pubstone Netherlands		Cofinimur I France							
2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
27,095	**28,524**	**1,462**	**836**	**69**		**19,856**	**20,002**	**10,255**	**10,054**	**7,981**	**7,747**	**4,452**	**4,521**			**211,758**	**220,461**
26,921	**28,481**	**1,439**	**829**	**69**		**19,301**	**19,482**	**9,917**	**10,080**	**7,829**	**7,483**	**4,192**	**4,210**			**199,213**	**206,764**
														-14,295	-14,258	-14,295	-14,258
														-7,176	-6,887	-7,176	-6,887
	267					489	629		-1		-143		91			-22,441	147
969	2,906	1,774	537	868		-508	886	-1,899	386	1,231	1,332	3,423	1,005			-5,455	-26,260
-1,990						-11,000	-19,000	251	-2,312					1,435	-1,371	-11,304	-22,683
																138,542	**136,823**
														-187,575	**-74,935**	**-187,575**	**-74,935**
573	**444**											**734**	**1,093**			**1,307**	**1,537**
703	**-51**						**262**	**336**	**405**					**-2,492**	**-2,177**	**-1,567**	**-1,561**
																-49,293	**61,864**
																-52,671	**58,737**

2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
26,929	26,929					55,777	66,777	35,650	35,650							118,356	129,356
377,017	410,480	77,020	18,120	11,400		272,202	272,243	149,396	150,650	110,960	109,275	19,564	61,135			3,195,773	3,338,709
4,030		1,130	6,870							201			1,930			88,966	130,533
																8,875	9,146
2,430	7,650									980	650					3,410	8,300
														181,473	194,078	181,473	194,078
																3,499,012	**3,670,443**
														1,608,965	1,681,462	1,608,965	1,681,462
														1,541,971	1,614,937	1,541,971	1,614,937
														66,994	66,525	66,994	66,525
														1,890,047	1,988,981	1,890,047	1,988,981
																3,499,012	**3,670,443**

NOTE 6. RENTAL INCOME AND RENTAL-RELATED EXPENSES

(x €1,000)	2014	2013
Rental income	**195,918**	**195,191**
Rents	197,761	197,455
Gross potential income[1]	209,112	207,688
Vacancy[2]	-11,351	-10,233
Cost of rent-free periods	-2,933	-2,479
Client incentives	-558	-631
Indemnities for early termination of rental contracts[3]	1,648	846
Writeback of lease payments sold and discounted	**15,931**	**25,276**
Rental-related expenses	**-91**	**-6**
Rents payable on rented premises	-88	-88
Writedowns on trade receivables	-44	-43
Writeback of writedowns on trade receivables	41	125
TOTAL	**211,758**	**220,461**

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.

The change in the fair value of these buildings is determined by the independent real estate expert and is recorded 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 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 recorded in the balance sheet and offset against the Group's finance lease receivable, and the interest element under 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)	2014	2013
Rental income from operating leases	195,918	195,191
Interest income from finance leases	4,040	3,598
Capital receipts from finance leases	1,652	2,973
TOTAL	**201,610**	**201,762**

Total minimum future rents under non-cancellable operating leases and finance leases in effect at December 31st

(x €1,000)	2014	2013
Operating lease	**2,342,313**	**2,603,033**
Less than one year	208,942	221,103
Between one and five years	531,266	582,939
More than five years	1,602,105	1,798,991
Finance lease	**79,636**	**68,685**
Less than one year	1,618	1,236
Between one and five years	21,467	18,827
More than five years	56,551	48,622
TOTAL	**2,421,949**	**2,671,718**

[1] The gross potential income is the sum of the real rents received and the estimated rents attributed to unlet spaces.

[2] The vacancy is calculated on unlet spaces based on the rental value estimated by the independent real estate experts.

[3] Early termination compensations are recognised in full under the income statement.

NOTE 7. NET REDECORATION EXPENSES[1]

(x €1,000)	2014	2013
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	1,540	1,277
Recovery of property charges	-612	-101
TOTAL	**928**	**1,176**

The recovery of property charges exclusively comprises indemnities on rental damage.

NOTE 8. CHARGES AND TAXES NOT RECOVERED FROM THE TENANT ON LET PROPERTIES

(x €1,000)	2014	2013
Recovery income of charges and taxes normally payable by the tenant on let properties	**44,756**	**48,826**
Rebilling of rental charges invoiced to the landlord	16,971	20,098
Rebilling of withholding taxes and other taxes on let properties	27,785	28,728
Charges and taxes normally payable by the tenant on let properties	**-47,512**	**-51,202**
Rental charges invoiced to the landlord	-17,334	-20,420
Withholding taxes and other taxes on let properties	-30,178	-30,782
TOTAL	**-2,756**	**-2,376**

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

The charges and taxes not recovered at 31.12.2014 mainly include unrecoverable taxes of €1.1 million on the empty Livingstone II and Belliard 40 buildings.

NOTE 9. TECHNICAL COSTS

(x €1,000)	2014	2013
Recurrent technical costs	**3,601**	**5,202**
Repairs	3,208	4,719
Insurance premiums	393	483
Non-recurrent technical costs	**201**	**-88**
Major repairs (building companies, architects, engineering offices, etc.)[2]	268	307
Damage expenses	-67	-395
Losses providing from disasters and subject to insurance cover	213	270
Insurance compensation for losses providing from disasters	-280	-665
TOTAL	**3,802**	**5,114**

NOTE 10. COMMERCIAL COSTS

(x €1,000)	2014	2013
Letting fees paid to real estate brokers	740	602
Advertising	85	23
Fees paid to lawyers and other experts	312	331
TOTAL	**1,137**	**956**

[1] According to Appendix C of the Royal Decree of 13.07.2014, the correct term is "Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease".

[2] Except for capital expenditures.

NOTE 11. MANAGEMENT COSTS

Management costs are split between property 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. The internal costs of property management are divided as follows:

(x €1,000)	2014	2013
Office charges	**1,606**	**1,579**
IT	789	813
Other	817	766
Fees paid to third parties	**3,195**	**3,069**
Recurrent	2,650	2,761
Real estate experts	988	965
Lawyers	62	75
Property management	327	263
Other	1,273	1,458
Non-recurrent	545	308
Mergers and acquisitions (other than business combinations)	545	308
Public relations, communication and advertising	**572**	**619**
Personnel expenses	**10,916**	**11,183**
Salaries	8,228	8,569
Social security	1,633	1,578
Pensions and other benefits	1,055	1,036
Fees earned	**-2,555**	**-2,733**
Management fees related to the lease contracts[1]	-2,284	-2,269
Fees for additional services	-271	-464
Taxes and regulatory fees	**427**	**401**
Depreciation charges on office furniture	**134**	**140**
TOTAL	**14,295**	**14,258**

The fees of the real estate experts amounted to €991,318 for 2014, 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 a 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.

(x €1,000)	2014	2013
Office charges	**405**	**341**
IT	160	116
Other	245	225
Fees paid to third parties	**889**	**761**
Recurrent	574	715
Lawyers	-9	148
Auditors	382	322
Other	201	245
Non-recurrent	315	46
Public relations, communication and advertising	**702**	**685**
Personnel expenses	**3,524**	**3,691**
Salaries	2,801	3,007
Social security	356	371
Pensions and other benefits	367	313
Taxes and regulatory fees	**1,656**	**1,409**
TOTAL	**7,176**	**6,887**

[1] The management fees related to the lease contracts include the rebilling to the tenants of the management costs of the buildings.

Group insurance

The group insurance subscribed by Cofinimmo (under the defined contribution form) 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 on the Supplementary Pensions defines a guaranteed minimum return required on the "Life" share of 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.

The rate guaranteed by the insurer stands at 2.25% since 2013.

Cofinimmo therefore covers part of the rates guaranteed by the Law on Supplementary Pensions. If necessary, additional amounts must be brought under the reserves to reach the guaranteed returns for the services given. A provision of €72,843 was recorded under the income statement at 31.12.2014.

Emoluments of the Auditor

The fixed emoluments of Deloitte, Company Auditors for reviewing and certifying Cofinimmo's company and consolidated accounts amounted to €116,700 (excluding VAT). Its emoluments for certifying the company accounts of Cofinimmo's subsidiaries amounted to €131,150 (excluding VAT) and are calculated per company based on their effective performances.

The fees of the Degroof Bank as financial service provider for the payment of the dividends 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)	2014	2013
Emoluments of the Company Auditor	**318**	**312**
Emoluments for the execution of a mandate of Company Auditor	248	247
Emoluments for exceptional services or special assignments within the Group	70	65
Other certification assignments	55	24
Assignments other than auditing duties	15	41
Emoluments of people with whom the Auditor is connected	**124**	**70**
Emoluments for exceptional services or special assignments within the Group	124	70
Other certification assignments	15	
Tax advisory duties	106	70
Assignments other than auditing duties	3	
TOTAL	**442**	**382**

The emoluments of the Company Auditors, other than Deloitte, appointed for the Group's French companies amounted to K€14 (excluding VAT).

NOTE 12. GAINS OR LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES AND OTHER NON-FINANCIAL ASSETS

(x €1,000)	2014	2013
Disposals of investment properties		
Net disposals of properties (selling price - transaction costs)	75,351	21,699
Book value of properties sold	-74,014	-21,589
Fair value of properties sold	-70,855	-20,909
Writeback of the impact on the fair value of estimated transfer duties resulting from the hypothetical disposal of investment properties	-3,159	-680
Other	612	37
SUBTOTAL	**1,949**	**147**
Disposals of other non-financial assets		
Net disposals of other non-financial assets	6,530	
Book value of other non-financial assets sold	-19,953	
Other[1]	-10,967	
SUBTOTAL	**-24,390**	
TOTAL	**-22,441**	**147**

The future hypothetical transaction costs and transfer duties are deducted directly from the shareholders' equity on the acquisition of properties. When the properties are sold, this amount must therefore be deducted from the difference between the price obtained and the book value of these properties in order to calculate the gain or loss effectively made.

The loss on disposals of subsidiaries is related to the disposal of 100% of the shares of the company Galaxy Properties SA/NV, owner the North Galaxy building. The disposal price of the shares of the company amounted to €7 million, the difference with the conventional value of the building comprising mainly in debts taken over by the buyers.

The transaction implied a realised book loss of K€24,390 for Cofinimmo, resulting mainly from the difference between the price received by Cofinimmo for the shares of Galaxy Properties SA/NV and their book value, and, incidentally, from the cancellation of the writeback of lease payments sold and discounted booked since 01.01.2014.

This operation implied the payment of K€26,729 of registration rights.

The net amount received by Cofinimmo within the context of this disposal stood at K€207,988, less the cash of the closing balance sheet of the subsidiary (K€10,005).

[1] The amount of K€10,967 is the realised loss from the transfer of the freehold of the North Galaxy building from Cofinimmo SA/NV to Galaxy Properties SA/NV, as well as the cancellation of the writeback of lease payments sold and discounted booked since 01.01.2014.

NOTE 13. CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

(x €1,000)	2014	2013
Positive changes in the fair value of investment properties	55,806	26,659
Negative changes in the fair value of investment properties	-61,261	-52,919
TOTAL	**-5,455**	**-26,260**

The breakdown of the changes in the fair value of properties is presented in Note 22.

NOTE 14. OTHER RESULT ON THE PORTFOLIO

(x €1,000)	2014	2013
Changes in the deferred taxes[1]	-1,739	-312
Writeback of rents already earned but not expired	505	-2,071
Changes in the fair value of other non-financial assets		-5
Goodwill impairment[2]	-11,000	-21,000
Other	930	705
TOTAL	**-11,304**	**-22,683**

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.

NOTE 15. FINANCIAL INCOME

(x €1,000)	2014	2013
Interests and dividends received[3]	1,537	2,125
Interest receipts from finance leases and similar receivables	4,040	3,598
TOTAL	**5,577**	**5,723**

NOTE 16. NET INTEREST CHARGES

(x €1,000)	2014	2013
Nominal interests on loans	**32,194**	**33,742**
Bilateral loans - floating rate	7,623	7,174
Syndicated loans - floating rate		272
Commercial papers - floating rate	926	902
Investment credits - floating or fixed rate	634	1,262
Bonds - fixed rate	13,778	16,709
Convertible bonds	9,233	7,423
Reconstitution of the nominal amount of financial debts	**721**	**845**
Charges from authorised hedging instruments	**31,738**	**51,329**
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	21,644	36,902
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	10,094	14,427
Income from authorised hedging instruments	**-13,283**	**-22,960**
Authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-9,203	-13,715
Authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-4,080	-9,245
Other interest charges	**3,330**[4]	**3,087**
TOTAL	**54,700**[5]	**66,043**[6]

The effective interest charges on loans correspond to an average effective interest rate on loans of 3.43% (2013: 3.92%). The effective charges without taking into account the hedging instruments stands at 2.27%. This percentage can be split up between 1.94% for the borrowings at fair value and 2.37% for the borrowings at amortised cost.

1 See Note 35.

2 See Note 20.

3 The amount of dividends received is nil at 31.12.2014.

4 Commitment fees.

5 In 2014, the interests on loans at amortised cost (K€27,012) are comprised of the "Other interest charges" of the "Reconstitution of the nominal amount of financial debts" and the "Nominal interests on loans" (except for the "Convertible bonds"). The interests on loans at fair value throught the net result (K€27,688) are comprised of the "Charges and income from authorised hedging instruments" and the "Convertible bonds".

6 In 2013, the interests on loans at amortised cost (K€30,251) are comprised of the "Other interest charges" of the "Reconstitution of the nominal amount of financial debts" and the "Nominal interests on loans" (except for the "Convertible bonds"). The interests on loans at fair value throught the net result (K€35,792) are comprised of the "Charges and income from authorised hedging instruments" and the "Convertible bonds".

NOTE 17. OTHER FINANCIAL CHARGES

(x €1,000)	2014	2013
Bank fees and other commissions	**320**	**357**
Other	**1,989**	**572**
Interests on advance payments	682	272
Other	1,307	300
TOTAL	**2,309**	**929**

The item "Other" mainly comprises an amount of K€790 related to the update of the maintenance provison for the courthouse and the fire station in Antwerp. The discount rate of the provisions was indeed brought down from 6.50% to 5.80%.

NOTE 18. CHANGES IN THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(x €1,000)	2014	2013
Authorised hedging instruments qualifying for hedge accounting	**-54,796**	**-19,858**
Change in the fair value of authorised hedging instruments qualifying for hedge accounting	1,719[1]	643
Impact of the recycling under the income statement of hedging instruments which relationship with the hedged risk was terminated	-56,515	-20,501
Authorised hedging instruments not qualifying for hedge accounting	**-79,927**	**8,127**
Change in the fair value of authorised hedging instruments not qualifying for hedge accounting	-71,670[2]	13,153
Convertible bonds	-8,257	-5,026
Other	**-1,420**	**-1,955**
TOTAL	**-136,143**	**-13,686**

Only the changes in the ineffective part of the fair value of cash flow hedging instruments, as well as 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 under "Other elements of the global result".

When the 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 under the income statement.

The change in the fair value of the authorised hedging instruments not qualifying for hedge accounting results from the impact of the interest rates decrease on their valuation.

The impact of the recycling under the income statement of hedging instruments which relationship with the hedged risk was terminated results from the restructuting of FLOOR options which were cancelled in 2014, for a notional amount of €600 million and extending until the end of 2017. This operation will lead to lower interest charges in the coming years. The total cost of the restructuring amounts to €56 million. For more details on the hedging policy, see the chapters "Risk factors" and "Management of financial resources" of this Annual Financial Report.

NOTE 19. CORPORATE TAX AND EXIT TAX

(x €1,000)	2014	2013
CORPORATE TAX	**2,493**	**2,179**
Parent company	**1,425**	**378**
Pre-tax result	-52,775	56,601
Result exempted from income tax due to the RREC regime	52,775	-56,601
Taxable result from non-deductible costs	3,813	3,721
Tax at rate of 33.99%	1,296	1,265
Other	129	-887
Subsidiaries	**1,068**	**1,801**
EXIT TAX - SUBSIDIARIES	**-926**	**-618**

The non-deductible costs mainly comprise the office tax in the Brussels Capital Region. The item "Other" mainly comprises taxes related to merged companies. With the exception of the institutional RREC, the Belgian subsidiaries do not benefit from the RREC regime. The Dutch subsidiary Pubstone Properties BV does not benefit from the FBI regime.

[1] The gross amounts are respectively an income of K€3,715 (2013: K€2,051) and a charge of K€1,996 (2013: K€1,408).

[2] The gross amounts are respectively an income of K€3,130 (2013: K€15,715) and a charge of K€74,800 (2013: K€2,562).

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 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).

Changes in the goodwill

(x €1,000)	Pubstone Belgium	Pubstone Netherlands	CIS France	Total
Cost				
AT 01.01.2014	100,157	39,250	26,929	166,336
AT 31.12.2014	**100,157**	**39,250**	**26,929**	**166,336**
Writedowns				
AT 01.01.2014	33,380	3,600		36,980
Writedowns recorded during the financial year	11,000			11,000
AT 31.12.2014	**44,380**	**3,600**		**47,980**
Book value				
AT 01.01.2014	66,777	35,650	26,929	129,356
AT 31.12.2014	**55,777**	**35,650**	**26,929**	**118,356**

Impairment test

At the end of the financial year 2014, 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 yield expected from its equity is used as 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 2014, the result of this test (illustrated in the table below) leads to an impairment of K€11,000 on the goodwill of Pubstone Belgium. For Pubstone Netherlands and CIS France, no impairment was recorded. During the financial year 2014, the fair values of Pubstone Belgium and Pubstone Netherlands recorded negative changes of K€508 and K€1,899 respectively, while the fair value of CIS France recorded a positive change of K€969.

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 disposal price of the properties and the residual value are based on the average value per square meter of the portfolio determined by the expert on 31.12.2014, plus a 15% (2013: 20%) margin as from the fourth year, and indexed at 1% (2013: 1.8%). This margin is based on the realised gains observed on the sale of cafés/restaurants since the acquisition of the Pubstone portfolio.

This average margin on the disposals made since 2007 amounts to 45% and includes not only the margins on the assets vacated by AB InBev but also the margins on the assets not vacated by AB InBev and sold. The latter were mostly bought by people having a special interest in buying the property, for example the operator of the café/restaurant, who is tied to AB InBev by a sublease contrat and a beverage supply contract, or the operator of an adjacent establishment wishing to expand his retail space by taking over that of a competitor. These situations have a favourable impact on the selling price. Only the margins on the disposals of assets vacated by AB InBev are therefor taken into account.

The disposal of cafés/restaurants realised at market conditions similar to the asumptions taken into account for the calculation of the value in use, i.e. that only the cafés/restaurants vacated by AB InBev are sold, showed an 18% (2013: 30%) gain versus the last value of the real estate expert. Out of caution, no margin is taken into account during the first three years and the 15% margin taken into account afterwards is lower than the average margin observed since the acquisition of the portfolio.

The indexation considered for these cash flows progresses from 0.5% to 1.5% (as from the fifth year) per year (2013: 2%).

The discount rate used amounts to 5.80% (2013: 6.50%).

Assumptions used in the calculation of the value in use of Cofinimmo Investissements et Services

A projection of future net cash flows was drawn up 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 31.12.2014, which are considered sustainable in the long term in terms of the profitability of the activity of the operating tenant.

At the 28th year, a residual value is calculated per property.

The indexation considered for these cash flows stands at 2% per year (2013: 2%).

The discount rate used amounts to 5.80% (2013: 6.50%).

(x €1,000)

Building group	Goodwill	Net book value[1]	Value in use	Impairment
Pubstone Belgium	66,777	338,979	327,979	-11,000
Pubstone Netherlands	35,650	185,046	185,046[2]	
CIS France	26,929	227,560	227,560[2]	
TOTAL	**129,356**	**751,585**	**740,585**	**-11,000**

Sensitivity analysis of the value in use when the main variables of the impairment test vary

Change in the value in use (in %)

Building group	Changes in inflation		Changes in discount rate		Changes in margin	
	+0.50%	-0.50%	+0.50%	-0.50%	+5.00%	-5.00%
Pubstone Belgium	5.97%	-5.52%	-5.71%	6.22%	1.83%	-1.83%
Pubstone Netherlands	6.15%	-5.68%	-5.86%	6.40%	1.56%	-1.56%
CIS France	7.25%	-6.61%	-6.36%	7.02%	/	/

Sensitivity analysis of the impairment when the main variables of the impairment test vary

Impairment (x €1,000)

Building group	Impairment booked	Changes in inflation		Changes in discount rate		Changes in margin	
		+0.50%	-0.50%	+0.50%	-0.50%	+5.00%	-5.00%
Pubstone Belgium	-11,000	0	-29,262	-29,867	0	-5,157	-17,156
Pubstone Netherlands	0	0	-8,287	-8,620	0	0	-565
CIS France	0	0	0	0	0	/	/

NOTE 21. INVESTMENT PROPERTIES

(x €1,000)	2014	2013
Properties available for lease	3,097,932	3,199,030
Development projects	88,966	130,533
Assets held for own use	8,875	9,146
TOTAL	**3,195,773[4]**	**3,338,709**

The fair value of the portfolio, as determined by the independent experts, stands at K€3,199,183 at 31.12.2014 (31.12.2013: K€3,347,009). It includes investment properties for K€3,195,773 (31.12.2013: K€3,338,709) and assets held for sale for K€3,410 (31.12.2013: K€8,300).

[1] Including goodwill.
[2] As the value in use is greater than the net book value, the net book value is presented here.
[3] "0" is indicated where the value in use is greater than the net book value.
[4] Including the fair value of buildings which receivables were sold, which stands at K€222,721.

Properties available for lease

(x €1,000)	2014	2013
AT 01.01	**3,199,030**	**3,156,893**
Capital expenditures	15,240	17,868
Acquisitions	66,693	528
Transfers from/to Assets held for sale		-410
Transfers from/to Development projects	73,648	12,473
Sales/Disposals (fair value of assets sold/disposed of)	-272,274	-4,678
Writeback of lease payments sold and discounted	15,931	25,276
Increase/Decrease in the fair value[1]	-336	-8,920
AT 31.12	**3,097,932**	**3,199,030**

Development projects

(x €1,000)	2014	2013
AT 01.01	**130,533**	**131,857**
Investments	47,858	35,015
Acquisitions	4,705	6,883
Transfer from/to Properties available for lease	-73,648	-12,473
Sales/Disposals (fair value of assets sold/disposed of)	-15,646	-14,422
Increase/Decrease in the fair value[1,2]	-4,836	-16,327
AT 31.12	**88,966**	**130,533**

Assets held for own use

(x €1,000)	2014	2013
AT 01.01	**9,146**	**9,150**
Investments	14	
Increase/Decrease in the fair value[1]	-285	-4
AT 31.12	**8,875**	**9,146**

Fair value of investment properties

Investment properties are accounted for at fair value using the fair value model in accordance with IFRS 13. 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 IFRS 13.

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 transfers includes:

- sale of 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%;
- sale of property assets where the purchaser is a public entity (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 of shares of a real estate company: no taxes;
- merger, split and other forms of company restructuring: no taxes, etc.

[1] Note 22 reconciles the total change in the fair value of investment properties.

[2] The decrease in value at 31.12.2014 comes mainly from the building Guimard 10-12 (K€-4,806). The value of this building was decreased because it is under renovation.

The effective rate of the transfer duties 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[1] who carry out the periodic valuation of the Belgian RREC assets were asked to compute a weighed average transaction cost percentage to apply on the RREC property portfolios, based on supporting historical data.

For transactions concerning properties with an overall value exceeding €2.5 million, given the range of different methods for property transfers (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, that the weighted average transfer tax comes to 2.5%. This percentage is reviewed annually and, if necessary, adjusted at each 0.5% threshold.

For transactions concerning properties with an overall value of less than €2.5 million, transaction costs of between 10.0% and 12.5% 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 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 31.12.2014, the difference between the investment value and the fair value of the global portfolio amounted to €130.03 million or €7.24 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 changeover to the RREC regime in 1996 stands at 9.32%. Since that date, Cofinimmo SA/NV has undertaken 147 asset disposals for a total of €1,515.72 million. This gain would have been 11.40% 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, in the Netherlands and in Germany amount to 6.75%, 4.89% and 5.00% respectively.

Determination of the valuation level of the fair value of the investment properties

The fair value of the investment properties in 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 level 3, and this for the entire portfolio.

(x €1,000)	**31.12.2014**	31.12.2013
Asset category	**Level 3[2]**	**Level 3[2]**
Offices	**1,311,976**	**1,524,811**
Antwerp	64,945	61,847
Brussels CBD	378,917	548,569
Brussels Decentralised	547,432	582,029
Brussels Periphery/Satellites	141,703	143,336
Other Regions	113,278	111,323
Offices under development	65,701	77,707
Healthcare real estate	**1,289,103**	**1,228,245**
Belgium	804,956	747,969
France	375,417	418,130
Netherlands and Germany	87,290	11,250
Healthcare real estate under development	21,440	50,896
Property of distribution networks	**533,538**	**532,818**
Pubstone Belgium	272,202	272,243
Pubstone Netherlands	149,396	150,650
Cofinimur I France	111,940	109,925
Other	**64,566**	**61,135**
TOTAL	**3,199,183**	**3,347,009**

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

[2] Under IFRS 13, the basis of the fair value valuations can be qualified as:
- Level 1: observable listed prices in active markets;
- Level 2: observable data other than the listed prices included in level 1;
- Level 3: unobservable data.

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, it's 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 2014, 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 2014, there was no transfer between valuation levels (within the meaning of IFRS 13) 1, 2 and 3. In addition, there was no change in valuation methods for the investment properties.

Changes in the fair value of investment properties, based on unobservable data

(x €1,000)	
FAIR VALUE AT 31.12.2013	**3,347,009**
Gains/losses recognised under the income statement	-5,456
Acquisitions	71,398
Extensions/redevelopments	24,417
Investments	38,854
Writeback of lease payments sold	15,931
Disposals	-292,970
Transfers of levels	
FAIR VALUE AT 31.12.2014	**3,199,183**

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 weighed average of the asumptions used in the determination of the fair value of investment properties. The lowest discount rates apply to specific situations.

The extreme values and the weighed average of the asumptions used in 2013 are mentioned for information purposes. Following the rotation of experts and the perimeter changes which occurred during the year, the values are not always comparable.

(x €1,000)

Asset category	Fair value at 31.12.2014	Valuation method	Unobservable data (a)	Extreme values (weighed average) 2014	Extreme values (weighed average) 2013
OFFICES	**1,311,976**				
Antwerp	64,945	**Discounted estimated rental value**	Estimated rental value (ERV)	121 - 165 (146)€/m²	117 - 162 (142)€/m²
			Capitalisation rate	7.20% - 8.50% (7.53%)	7.10% - 8.65% (8.11%)
Brussels CBD	378,917	**Discounted estimated rental value**	Estimated rental value (ERV)	160 - 276 (222)€/m²	162 - 277 (213)€/m²
			Capitalisation rate	5.10% - 6.75% (5.75%)	5.30% - 7.20% (5.80%)
Brussels Decentralised	547,432	**Discounted cash flow**	Estimated rental value (ERV)	171 - 203 (198)€/m²	145 - 152 (148)€/m²
			Capitalisation rate	4.25% - 4.50% (4.47%)	1.55% - 8.00% (3.91%)
			Capitalisation rate of the final net ERV	6.00% - 7.10% (6.96%)	6.40% - 8.00% (6.99%)
			Inflation rate	2.00%	2.00%
		Discounted estimated rental value	Estimated rental value (ERV)	66 - 203 (166)€/m²	70 - 190 (160)€/m²
			Capitalisation rate	6.00% - 8.80% (7.28%)	5.80% - 8.75% (7.32%)
Brussels Periphery/ Satellites	141,703	**Discounted estimated rental value**	Estimated rental value (ERV)	60 - 189 (140)€/m²	50 - 178 (138)€/m²
			Capitalisation rate	7.25% - 8.50% (7.89%)	5.75% - 9.00% (7.80%)
Other Regions	113,278	**Discounted estimated rental value**	Estimated rental value (ERV)	130 - 179 (139)€/m²	114 - 141 (124)€/m²
			Capitalisation rate	5.75% - 7.00% (6.49%)	5.70% - 7.25% (6.35%)
Offices under development	65,701	**Residual value**	Estimated rental value (ERV)	99 - 225 (207)€/m²	99 - 225 (192)€/m²
			Capitalisation rate of the final net ERV	5.25% - 9.35% (6.50%)	5.76% - 9.35% (6.06%)
			Costs to completion	(b)	(b)
			Inflation rate	2.00%	2.00%
HEALTHCARE REAL ESTATE	**1,289,103**				
Belgium	804,956	**Discounted cash flow**	Estimated rental value (ERV)	64 - 187 (121)€/m²	52 - 189 (116)€/m²
			Capitalisation rate	6.80% - 7.30% (7.00%)	6.25% - 7.70% (6.89%)
			Capitalisation rate of the final net ERV	7.00% - 9.25% (7.82%)	6.75% - 9.25% (7.73%)
			Inflation rate	2.00%	2.00%
		Discounted estimated rental value	Estimated rental value (ERV)	53 - 187 (121)€/m²	52 - 189 (116)€/m²
			Capitalisation rate	5.60% - 7.25% (6.12%)	5.65% - 7.00% (6.11%)

(a) The net rental income is detailed in Note 6.

(b) The costs required for the completion of a property are specific to each project and depend on the degree of progress of the works.

Asset category	Fair value at 31.12.2014	Valuation method	Unobservable data (a)	Extreme values (weighed average) 2014	Extreme values (weighed average) 2013
France	**375,417**	**Discounted cash flow**	Estimated rental value (ERV)	53 - 280 (143)€/m²	53 - 224 (131)€/m²[1]
			Capitalisation rate	5.75% - 7.50% (5.79%)	5.75% - 8.00% (5.77%)[1]
			Capitalisation rate of the final net ERV	5.75% - 12.31% (6.71%)	6.00% - 12.31% (7.11%)[1]
			Inflation rate	1.25% - 2.05% (2.02%)	1.75% - 2.12% (2.10%)[1]
		Discounted estimated rental value	Estimated rental value (ERV)	53 - 280 (141)€/m²	53 - 224 (130)€/m²[1]
			Capitalisation rate	3.81% - 26.95% (7.11%)	3.32% - 25.35% (6.64%)[1]
Netherlands and Germany	**87,290**	**Discounted cash flow**	Estimated rental value (ERV)	101 - 180 (148)€/m²	N/A[1,2]
			Capitalisation rate	7.25% - 7.30% (7.27%)	N/A[1,2]
			Capitalisation rate of the final net ERV	7.00% - 11.68% (9.72%)	N/A[1,2]
			Inflation rate	1.80% - 2.00% (1.92%)	N/A[1,2]
		Discounted estimated rental value	Estimated rental value (ERV)	87 - 235 (158)€/m²	N/A[1,2]
			Capitalisation rate	5.30% - 7.50% (6.51%)	N/A[1,2]
Healthcare real estate under development	**21,440**	**Residual value**	Estimated rental value (ERV)	80 - 202 (170)€/m²	80 - 198 (127)€/m²
			Capitalisation rate	5.70% - 14.26% (7.65%)	5.00% - 7.25% (6.08%)
			Costs to completion	(b)	(b)
			Inflation rate	1.50% - 1.92% (1.83%)	2.00%
PROPERTY OF DISTRIBUTION NETWORKS	**533,538**				
Pubstone Belgium	**272,202**	**Discounted cash flow**	Estimated rental value (ERV)	13 - 307 (77)€/m²	13 - 307 (77)€/m²
			Capitalisation rate	6.25%	6.85%
			Capitalisation rate of the final net ERV	6.55%	7.10%
			Inflation rate	2.00%	2.00%
		Discounted estimated rental value	Estimated rental value (ERV)	13 - 307 (77)€/m²	13 - 307 (77)€/m²
			Capitalisation rate	3.50% - 8.50% (5.63%)	4.00% - 9.50% (6.15%)
Pubstone Netherlands	**149,396**	**Discounted estimated rental value**	Estimated rental value (ERV)	47 - 495 (207)€/m²	47 - 415 (205)€/m²
			Capitalisation rate	4.50% - 7.60% (5.44%)	4.50% - 7.60% (5.82%)
Cofinimur I France	**111,940**	**Discounted cash flow**	Estimated rental value (ERV)	85 - 700 (150)€/m²	80 - 700 (147)€/m²
			Capitalisation rate	6.00% - 8.00% (6.01%)	6.00%
			Capitalisation rate of the final net ERV	4.73% - 14.04% (7.80%)	4.91% - 14.07% (8.02%)
			Inflation rate	1.67% - 2.00% (1.98%)	2.00%
		Discounted estimated rental value	Estimated rental value (ERV)	85 - 700 (150)€/m²	80 - 700 (147)€/m²
			Capitalisation rate	4.36% - 36.20% (6.98%)	4.60% - 27.20% (7.00%)
OTHER	**64,566**				
Other	**64,566**	**Discounted estimated rental value**	Estimated rental value (ERV)	43 - 369 (163)€/m²	41 - 261 (194)€/m²
			Capitalisation rate	4.00% - 8.50% (6.45%)	4.75% - 8.50% (6.07%)
TOTAL	**3,199,183**				

(a) The net rental income is detailed in Note 6.
(b) The costs required for the completion of a property are specific to each project and depend on the degree of progress of the works.
1 In 2013, because of the very small size of the healthcare portfolio in the Netherlands, the asumptions used for the Netherlands were grouped with those for France.
2 In 2013, we had not made any acquisitions in Germany yet.

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 K€181,486.

A 10% decrease in the estimated rental value would give rise to a decrease in the portfolio's fair value of K€189,065.

A 0.5% increase in the capitalisation rates would give rise to a decrease in the portfolio's fair value of K€231,629.

A 0.5% decrease in the capitalisation rates would give rise to an increase in the portfolio's fair value of K€271,166.

A ±0.5% change in the capitalisation rate and a ±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 the Executive Committee and the experts. Other outside references are also examined.

Use of properties

The Executive Committee considers the current use of the investment properties recognised at fair value in 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/Wet 56, Luxembourg/Luxemburg 40 and Everegreen buildings which Cofinimmo owns 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/Luxemburg 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/Nerviërs 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/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/Kolonel Bourg 124, Maire 19, Egmont I and Egmont II buildings, as well as the usufructs from the Loi/Wet 56, Luxembourg/Luxemburg 40, Everegreen and Nerviens/Nerviërs 105 buildings do not qualify as financial leases. The fair value of these properties after the sale of their rental income or usufruct receivables corresponds to the difference between their market value, including the future rental income or lease receivables, and the discounted value of the future rental income or lease payments sold. Indeed, by virtue of Article 1690 of the Belgian Civil Code, a third party wishing to buy the Colonel/Kolonel Bourg 124, Maire 19, Egmont I and Egmont II buildings would be deprived of the right to receive rental income on that property until the end of the lease. Likewise, in the case of the Loi/Wet 56, Luxembourg/Luxemburg 40, Everegreen and Nerviens/Nerviërs 105 buildings, the buyer would be deprived of the receivables until the expiry of the right of usufruct.

Although neither specifically foreseen nor forbidden under IAS 40, the derecognition from the gross value of the properties of the residual value of the future receivables sold allows, in the opinion of the Board of Directors of Cofinimmo, a true and fair presentation of the value of the properties in the consolidated balance sheet, which corresponds to the independent 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.

NOTE 22. BREAKDOWN OF THE CHANGES IN THE FAIR VALUE OF INVESTMENT PROPERTIES

(x €1,000)	2014	2013
Properties available for lease	-336	-8,920
Development projects	-4,836	-16,327
Assets held for own use	-285	-4
Assets held for sale	2	-1,009
TOTAL	**-5,455**	**-26,260**

This section includes the change in the fair value of investment properties and assets held for sale.

NOTE 23. INTANGIBLE ASSETS AND OTHER TANGIBLE ASSETS

(x €1,000)	Intangible assets		Other tangible assets	
	2014	2013	**2014**	2013
AT 01.01	**753**	**605**	**677**	**856**
Acquisitions of the financial year	**94**	**477**	**13**	**107**
IT software	94	477		
Office fixtures and fittings			13	107
Depreciation of the financial year	**188**	**329**	**272**	**282**
IT software	188	329		
Office fixtures and fittings			272	282
Disposals of the financial year			**7**	**4**
Office fixtures and fittings			7	4
AT 31.12	**659**	**753**	**411**	**677**

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)	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 qualification
I. NON-CURRENT ASSETS						
E. Non-current financial assets						
Authorised hedging instruments						
CAP	1,000		2		1,002	Level 2
FLOOR						
IRS						
Share in associated companies				**5,862**	**5,862**	**Level 2**
Other						
Trade receivables				38	38	Level 2
Other				9,931	9,931	Level 2
F. Non-current finance lease receivables				**78,018**	**130,320**	**Level 2**
II. CURRENT ASSETS						
B. Current financial assets						
Authorised hedging instruments						
CAP						
FLOOR						
IRS			498		498	Level 2
C. Current finance lease receivables				**1,618**	**2,703**	**Level 2**
D. Trade receivables				**24,781**	**24,781**	**Level 2**
E. Tax receivables and other current assets						
Taxes				**2,394**	**2,394**	**Level 2**
Other				**15,111**	**15,111**	**Level 2**
F. Cash and cash equivalents				**17,117**	**17,117**	**Level 2**
TOTAL	**1,000**		**500**	**154,870**	**209,757**	
I. NON-CURRENT LIABILITIES						
B. Non-current financial debts						
Bonds				190,000	190,000	Level 2
(Mandatory) convertible bonds		385,454			385,454	Level 1
Bank debt				565,420	565,420	Level 2
Other						
Rental guarantees received				5,140	5,140	Level 2
Other				2,009	2,009	Level 2
C. Other non-current financial liabilities						
Authorised hedging instruments						
CAP	391				391	Level 2
FLOOR	35,551				35,551	Level 2
IRS			66,024		66,024	Level 2
Autres				**75**	**75**	**Level 2**
II. CURRENT LIABILITIES						
B. Current financial debts						
Commercial paper - fixed rate				15,000	15,000	Level 2
Commercial paper - floating rate				201,500	201,500	Level 2
Bank debt				256,969	256,969	Level 2
Other				**30**	**30**	**Level 2**
C. Other current financial liabilities						
Authorised hedging instruments						
CAP						
FLOOR	480				480	Level 2
IRS			24,218		24,218	Level 2
D. Trade debts and other current debts				**59,850**	**59,850**	**Level 2**
TOTAL	**36,422**	**385,454**	**90,242**	**1,295,993**	**1,808,111**	

(x €1,000)	31.12.2013					
	Designated in a hedging relationship	Designated at fair value through the net result	Held for trading	Loans, receivables and financial liabilities at amortised cost	Fair value	Fair value qualification
I. NON-CURRENT ASSETS						
E. Non-current financial assets						
Authorised hedging instruments						
CAP	6,929		25		6,954	Level 2
FLOOR						
IRS	4,263				4,263	Level 2
Share in associated companies				**9,724**	**9,724**	**Level 2**
Other						
Trade receivables				40	40	Level 2
F. Non-current finance lease receivables				**67,449**	**96,254**	**Level 2**
II. CURRENT ASSETS						
B. Current financial assets						
Authorised hedging instruments						
CAP						
FLOOR						
IRS			2,782		2,782	Level 2
C. Current finance lease receivables				**1,236**	**1,764**	**Level 2**
D. Trade receivables				**25,698**	**25,698**	**Level 2**
F. Cash and cash equivalents				**15,969**	**15,969**	**Level 2**
TOTAL	**11,192**		**2,807**	**120,116**	**163,448**	
I. NON-CURRENT LIABILITIES						
B. Non-current financial debts						
Bonds				190,000	190,135	Level 2
Commercial paper - fixed rate				15,000	15,000	Level 2
(Mandatory) convertible bonds		377,331			377,331	Level 1
Bank debt				676,183	676,183	Level 2
Other						
Rental guarantees received				7,994	7,994	Level 2
C. Other non-current financial liabilities						
Authorised hedging instruments						
CAP	2,538		13		2,551	Level 2
FLOOR	90,699				90,699	Level 2
IRS						
Other				**76**	**76**	**Level 2**
II. CURRENT LIABILITIES						
B. Current financial debts						
Bonds		204,288			205,080	Level 2
Commercial paper - floating rate				103,150	103,150	Level 2
Bank debt				147,373	147,373	Level 2
Other						
C. Other current financial liabilities						
Authorised hedging instruments						
CAP						
FLOOR	1,057				1,057	Level 2
IRS			20,864		20,864	Level 2
D. Trade debts and other current debts				**65,378**	**65,378**	**Level 2**
TOTAL	**94,294**	**581,619**	**20,877**	**1,205,154**	**1,902,871**	

Fair value of financial assets and liabilities[1]

The financial instruments that are valued, subsequent to their initial recognition, at their fair value on the balance sheet, can be presented according to three levels (1 to 3), based on the degree to which they are observable:

- 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 derived from data that are observable for the assets or liabilities in question, either directly (i.e. as prices, other than listed prices included within level 1) or indirectly (i.e. as 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 subject to a level 1 valuation.

Change in the fair value of the convertible bonds

	2014			2013		
(x €1,000)	Convertible 1	Convertible 2	Total	Convertible 1	Convertible 2	Total
AT 01.01	**178,072**	**195,063**	**373,135**	**177,289**	**190,820**	**368,109**
Residual change in the fair value (amongst others) attributable to changes in the credit risk of the instrument recognised during the financial year	578	-3,000	-2,422	-5,746	-8,673	-14,419
Change in the fair value attributable to changes in market conditions generating a market risk (interest rates, share prices) during the financial year	25	10,653	10,678	6,529	12,916	19,445
AT 31.12	**178,675**	**202,716**	**381,391**	**178,072**	**195,063**	**373,135**

At 31.12.2014, the convertible bonds have a total fair value of €381,391,498. If the bonds are not converted into shares, the redemption value will amount to €364,147,180 at final maturity.

Level 2

All other financial assets and liabilities, namely the financial derivatives stated at fair value, are subject to a level 2 valuation.

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 floating-rate debt is close to their book value. Bank debts are primarily in the form of roll-over credit facilities drawn over one month. The calculation of the fair value of "finance lease receivables" and "interest rate swaps" is based on the discounted cash flow method by using a yield curve that is adapted to the duration of the instruments. For the optional derivatives (CAP, FLOOR), the "Black & Scholes" model is used.

More details on the finance lease receivables can be found in Note 25.

Level 3

Cofinimmo currently does not hold any financial instrument which are be subject to a level 3 valuation.

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 indetermined 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 (non-current and current) at floating rate and at fixed rate (calculated based on their nominal values)

(x €1,000)	2014	2013
Floating-rate borrowings (incl. €100,000 of bonds converted into floating rate)	1,119,200	1,224,150
Fixed-rate borrowings	464,283	464,826
TOTAL	**1,583,483**	**1,688,976**

[1] For more details on the changes which occurred during 2014, and on the composition and conditions of our bonds, see the chapter "Management of Financial Resources" of this Annual Financial Report.

In accordance with its hedging policy, the Group hedges at least 50% of its portfolio of total debts for at least three years by entering into interest rate derivatives (CAP bought, fixed listed IRS, FLOOR sold).

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.

For optional instruments, only the intrinsic element is designated as a hedging instrument.

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

Impact of a 1% change in the interest rate on the average interest rate of the debt, the notional principal amount and the fair value of the instruments (based on the debt and the derivative positions at the closing date)[1]
(x €1,000,000)

Change	Average interest rate		Notional principal amount		Change in the fair value of the financial derivatives		Change in the fair value of the convertible bonds	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Fair value at 31.12	3.43%	3.79%	1,119	1,224	-125	-105	381	373
+1%	3.57%	3.86%			67	77	-9	-11
-1%	3.40%	3.78%			-44	-79	9	12

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
(x €1,000)

	2014		2013	
Change	Income statement	Equity	Income statement	Equity
+1%	57,442	7,171	57,312	30,411
-1%	-37,791	-13,135	-53,268	-38,288

If the future interest rate curve at 31.12.2014 increases in parallel by 1%, the fair value of the valued financial derivatives increases by €67.23 million (2013: €+77.22 million). Given the actual level of short-term interest rates and the exercise price of the financial instruments, this would result in an increase by €7.17 milllion (2013: €+30.41 million) of equity and by €60.06 million (2013: €+46.81 million) of the income statement[2].

If the curve decreases in parallel by 1%, the fair value of the financial derivatives decreases by €44.19 million (2013: €-79.83 million). Given the current level of short-term interest rates and the exercise price of the financial instruments, this would result in a decrease by €13.13 million (2013: €-38.29 million) of equity and by €31.05 million (2013: €-41.54 million) of the income statement[2].

Credit risk

By virtue of Cofinimmo's operational business, it deals with two main counterparties: banks and clients.

The Group maintains a minimum rating standard for its financial counterparties. All financial counterparties have an external "investment grade" rating.

Client risk is mitigated by a diversification of clients and an analysis of their solvency before and during the lease contract. The two main office clients come from the public sector. Also see pages 32 and 47 of this Annual Financial Report, which contains a table with the top ten clients 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.

Foreign exchange risk

The Group is not currently exposed to any foreign exchange 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.

[1] The figures shown exclude the changes in payments related to the current year and the convertible bonds.

[2] These figures differ from those presented in the table above because they do not include the impact of the convertible bonds and of the floating-rate credit lines.

Liquidity obligation at maturity related to non-current loans (contractual flows and non-discounted interests)

(x €1,000)	2014	2013
Between one and two years	300,976	268,546
Between two and five years	711,371	889,945
Beyond five years	142,540	153,422
TOTAL	**1,154,887**	**1,311,912**

Undrawn long-term credit facilities

(x €1,000)	2014	2013
Expiring within one year	20,000	
Expiring after one year	597,700	614,400

Collateralisation

The book value of the pledged financial assets stands at €39,439,728 (2013: €38,832,250) at 31.12.2014.

The terms and conditions of the pledged financial assets are detailed in Note 41.

During 2014, there were no payment defaults on loan agreements, nor 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 buys the right to pay a maximum interest rate during a specific period. He only exercises this right if the actual short-term rate exceeds the CAP's maximum interest rate level. In order to buy a CAP, the buyer pays a premium to the counterparty. By buying a CAP, Cofinimmo obtains a guaranteed maximum rate. 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.

For 2015, this corridor is fixed between 3.00% and 4.25% for an amount of €400 million. The corridor is fixed between 3.00% and 4.25% as a result of the fact that the majority of the instruments were contracted at a time when the interest rate were higher.

The bought CAP options and sold FLOOR options are detailed below.

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.

As part of its hedging policy of financial charges, Cofinimmo has contracted Interest Rate Swaps to exchange floating rates against fixed rates, not qualifying for hedge accounting.

The €140 million bond issued in 2012 was partially converted from a fixed rate to a floating rate; the Swap, with a nominal value of €100 million, is designated as held for trading. The increase in the floating rates is hedged via the CAP options bought by the Group.

The combination of these IRS contracts and CAP options bought allows Cofinimmo to benefit from the decreasing interest rates (compared to the initial fixed rates of the bonds) whilst protecting itself against an increase of these rates via the CAP options. The IRS contracts are detailed in the table on page 174.

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 Cancellable Interest Rate Swaps to exchange floating interest rates against fixed interest rates. The sale of this cancellation option allowed to reduce the guaranteed fixed rates during the period covering at least the first cancellation date.

The Cancellable Interest Rate Swaps are detailed in the table on page 174.

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 31.12.2014 hedged by derivative financial instruments

The floating-rate debt (€1,119 million) is obtained by deducting from the total debt (€1,622 million) the elements of the debt which remained at fixed rate, as detailed in the table below:

(x €1,000)	2014	2013
FINANCIAL DEBTS	**1,621,522**	**1,722,174**
Convertible bonds	-381,391	-373,135
Fixed-rate bonds	-90,000	-90,000
Mandatory Convertible Bonds (minimum fixed coupon)	-4,063	-4,196
Fixed-rate borrowings	-10,183	-10,726
Other (debit accounts, rental guarantees received)	-16,685	-19,967
FLOATING-RATE BORROWINGS HEDGED BY DERIVATIVE FINANCIAL INSTRUMENTS	**1,119,200**	**1,224,150**

At 31.12.2014, Cofinimmo had a floating-rate debt for a notional amount of €1,119 million. This amount was hedged against interest rate risks with CAP for a notional amount of €400 million (2013: €1 billion), FLOOR sold forming a collar with CAP for a notional amount of €400 million (2013: €1 billion), and Interest Rate Swaps for a notional amount of €540 million (2013: €140 million).

In a context of decreasing interest rates, Cofinimmo decided to (partially) cancel these hedging instruments in January 2015. Cofinimmo took advantage of favourable market conditions to restructure its derivatives portfolio.

Cash flow hedge

Period	Option	Exercise price	Annual amount 2014 (x €1,000)	Annual amount 2013 (x €1,000)
2014	CAP bought	4.25%	400,000	1,000,000
2015	CAP bought	4.25%	400,000	1,000,000
2016	CAP bought	4.25%	400,000	1,000,000
2017	CAP bought	4.25%	400,000	1,000,000
2014	FLOOR sold	3.00%	400,000	1,000,000
2015	FLOOR sold	3.00%	400,000	1,000,000
2016	FLOOR sold	3.00%	400,000	1,000,000
2017	FLOOR sold	3.00%	400,000	1,000,000

Cofinimmo projects to maintain a property portfolio partially financed by debt. The company will thus owe an interest flow to be paid, which forms the element covered by the derivative financial instruments described above.

At 31.12.2014, Cofinimmo had a debt of €1,622 million which is partially covered by derivative instruments of the cash flow hedging type. Based on future projections, this debt will amount to €1,621 million at 31.12.2015 and €1,635 million at 31.12.2016.

Effective part of the changes in the fair value of the derivative financial instruments, qualified as cash flow hedge

(x €1,000)	2014	2013
Effective part of the fair value of authorised cash flow hedging instruments	-4,716	36,787
AT 31.12	**-4,716**	**36,787**

Ineffective part of the changes in the fair value of the derivative financial instruments, qualified as cash flow hedge

(x €1,000)	2014	2013
Ineffective part of the fair value of authorised cash flow hedging instruments	1,719	643
Impact of the recycling under the income statement of hedging instruments which relationship with the hedged risk was terminated	-56,515	-20,501
AT 31.12	**-54,796**	**-19,858**

Derivative financial instruments held for trading

The Group contracted a Cancellable Interest Rate Swap. This instrument, recorded under "trading", is comprised of a classic IRS (fixed payer) and a short position in an option which enables the counterparty to cancel the swap as from a certain date. The disposal of this option resulted in a decrease of the guaranteed fixed rate over the whole period.

(x €1,000)

Period	Option	Exercise price	Floating rate	Notional amount 2014	Notional amount 2013	First option
2008-2018	Cancellable IRS	4.10%	3M	140,000	140,000	15.10.2011
2014-2018	IRS	0.51%	3M	400,000		
2018	IRS	2.11%	1M	660,000	660,000	
2019	IRS	2.37%	1M	800,000	800,000	
2018-2019	IRS	2.18%	1M	200,000	200,000	
2020-2022	IRS	2.73%	1M	500,000	500,000	
2012-2016 (fixed to floating)	IRS	3.60%	3M+300.5bps	100,000	100,000	
2014	CAP	4.25%	3M		200,000	

Liquidity obligation at maturity related to the financial derivatives (non-discounted flows, basis rate: Euribor 3 months at 31.12.2014)

(x €1,000)	2014	2013
Between one and two years	-37,372	-29,280
Between two and five years	-54,410	-43,948
Beyond five years	-26,114	622
TOTAL	**-117,896**	**-72,606**

Compensation of the financial assets and liabilities

(x €1,000)	31.12.2014					
	Gross amount of recognised financial assets	Gross amount of financial liabilities set off in the financial statements	Net amount of financial assets presented in the position of financial liabilities	Amounts not set off in the financial statements		Net amount
				Financial instruments	Cash collateral received	
Financial assets						
CAP, FLOOR	1,002		1,002	1,002		
IRS	498		498	498		
TOTAL	**1,500**		**1,500**	**1,500**		

(x €1,000)	31.12.2014					
	Gross amount of recognised financial assets	Gross amount of financial liabilities set off in the financial statements	Net amount of financial assets presented in the position of financial liabilities	Amounts not set off in the financial statements		Net amount
				Financial instruments	Cash collateral received	
Financial liabilities						
CAP, FLOOR	36,421		36,421	1,002		35,420
IRS	90,242		90,242	498		89,744
TOTAL	**126,663**		**126,663**	**1,500**		**125,164**

(x €1,000)	31.12.2013					
	Gross amount of recognised financial assets	Gross amount of financial liabilities set off in the financial statements	Net amount of financial assets presented in the position of financial liabilities	Amounts not set off in the financial statements		Net amount
				Financial instruments	Cash collateral received	
Financial assets						
CAP, FLOOR	6,954		6,954	6,394		560
IRS	12,123		12,123	9,724		2,399
TOTAL	**19,077**		**19,077**	**16,118**		**2,959**

(x €1,000)	31.12.2013					
	Gross amount of recognised financial assets	Gross amount of financial liabilities set off in the financial statements	Net amount of financial assets presented in the position of financial liabilities	Amounts not set off in the financial statements		Net amount
				Financial instruments	Cash collateral received	
Financial liabilities						
CAP, FLOOR	100,335		100,335	6,394		93,941
IRS	22,069		22,069	9,724		12,345
TOTAL	**122,404**		**122,404**	**16,118**		**106,286**

These tables present the net positions of the assets and liabilities of the derivative financial instruments per counterparty, which are recoverable in case of bankruptcy according to the ISDA agreements in place.

Summary of the derivative financial instruments active during the financial year 2014

(x €1,000)

	Option	Exercise price	Floating rate	Notional amount 2014	Notional amount 2013	First option	Option frequency
Swap from fixed rate to floating rate							
Period							
2012-2016	IRS	3.60%	Euribor 3M + 3.005%	100,000	100,000		
2004-2014 (maturity 15.07.2014)	IRS	5.25%	Euribor 3M + 0.8%	100,000	100,000		
2009-2014 (maturity 25.11.2014)	IRS	5.00%	Euribor 3M + 2.22%	100,000	100,000		
Swap from floating rate to fixed rate							
Period							
2015	CAP bought	4.25%	Euribor 3M	400,000	1,200,000		
2015	FLOOR sold	3.00%	Euribor 3M	400,000	1,000,000		
2008-2018	Cancellable IRS	4.10%	Euribor 3M	140,000	140,000	15.10.2011	Annual
2014-2018	IRS	0.51%	Euribor 3M	400,000			

D. MANAGEMENT OF CAPITAL

As a result of Article 13 of the Royal Decree of 13.07.2014 on RREC, 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

On 31.03.2014, 30.06.2014 and 30.09.2014, the debt ratio amounted to 47.89%, 48.88% and 47.87% respectively, remaining below the 50% mark. On 31.12.2014, the debt ratio stood at 48.08%. The increase on 30.06.2014 is mainly the result of the 2013 dividend payment in June 2014.

2. Debt ratio policy

Cofinimmo's policy is to maintain a debt ratio close to 50%. It may repeatedly rise above or fall below the 50% 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 50% level on December 31st of the next three years. This forecast nevertheless remains subject to the occurrence of unforeseen events. See also the chapter "Risks Factors" 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 5.68% for 2014 (2013: 5.75%). During the financial year 2014, conditional rents (indexations) were recorded as revenues of the period for €0.01 million (2013: €0.04 million).

(x €1,000)	2014	2013
Less than one year	4,334	3,523
More than one year but less than five years	17,403	14,277
More than five years	190,504	179,593
Minimum lease payments	**212,240**	**197,393**
Deferred financial income	-132,605	-128,709
Discounted value of minimum lease payments	**79,635**	**68,684**
Non-current finance lease receivables	78,018	67,449
More than one year but less than five years	21,467	13,864
More than five years	56,551	53,584
Current finance lease receivables	1,618	1,236
Less than one year	1,618	1,236

The increase in finance lease receivables between 2013 and 2014 is mainly the result of the delivery of the prison in Leuze-en-Hainaut in June 2014.

NOTE 26. ASSETS HELD FOR SALE

(x €1,000)	2014	2013
AT 01.01	**8,300**	**10,670**
Investments	159	39
Transfers from Investment properties		410
Disposals of assets during the year	-5,050	-1,810
Increase/Decrease in the fair value	1	-1,009
AT 31.12	**3,410**	**8,300**

All the assets held for sale are investment properties.

NOTE 27. CURRENT TRADE RECEIVABLES

(x €1,000)	2014	2013
Gross trade receivables[1]		
Gross trade receivables which are due but not provisioned	7,607	8,312
Gross trade receivables which are not due	16,490	17,386
Bad and doubtful receivables	1,001	353
Provisions for the impairment of receivables (-)	-317	-353
TOTAL	**24,781**	**25,698**

The Group has recognised a writedown on trade receivables of K€3 (2013: K€82) during the year ended 31.12.2014. 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)	2014	2013
Due under 60 days ago	4,187	7,061
Due 60 to 120 days ago	16	102
Due over 120 days ago	4,088	1,149
TOTAL	**8,291**	**8,312**

[1] The credit risk is detailed in the chapter "Risk Factors" of this Annual Financial Report.

Provisions for bad and doubtful receivables

(x €1,000)	2014	2013
AT 01.01	**353**	**1,425**
Use	-39	-990
Provisions charged to the income statement	44	43
Provision writebacks credited to the income statement	-41	-125
AT 31.12	**317**	**353**

NOTE 28. TAX RECEIVABLES AND OTHER CURRENT ASSETS

(x €1,000)	2014	2013
Taxes	**13,556**	**17,280**
Taxes	2,394	2,903
Regional taxes	1,444	3,671
Withholding taxes	9,718	10,706
Other	**3,949**	**7,024**
TOTAL	**17,505**	**24,304**

The other current assets are mainly taxes and withholding taxes to be reinvoiced to the tenants.

NOTE 29. DEFERRED CHARGES AND ACCRUED INCOME

(x €1,000)	2014	2013
Rent-free periods and incentives granted to tenants to be spread	1,740	1,361
Prepaid property charges	16,938	17,267
Prepaid interests and other financial charges	5,355	8,346
TOTAL	**24,033**	**26,974**

NOTE 30. SHARE CAPITAL AND SHARE PREMIUMS

(in number)	Ordinary shares		Convertible preference shares		Total	
	2014	2013	2014	2013	2014	2013
Number of shares (A)						
AT 01.01	**16,954,002**	**16,423,925**	**688,682**	**689,397**	**17,642,684**	**17,113,322**
Issued as a result of the optional dividend	383,224	529,362			383,224	529,362
Conversion of preference shares into ordinary shares	2,197	715	-2,197	-715		
AT 31.12	**17,339,423**	**16,954,002**	**686,485**	**688,682**	**18,025,908**	**17,642,684**
Own shares held by the Group (B)						
AT 01.01	**48,917**	**1,105,750**			**48,917**	**1,105,750**
Own shares (sold)/purchased - net	5,497	-1,056,833			5,497	-1,056,833
AT 31.12	**54,414**	**48,917**			**54,414**	**48,917**
Number of outstanding shares (A-B)						
AT 01.01	**16,905,085**	**15,318,175**	**688,682**	**689,397**	**17,593,767**	**16,007,572**
AT 31.12	**17,285,009**	**16,905,085**	**686,485**	**688,682**	**17,971,494**	**17,593,767**

(x €1,000)	Ordinary shares 2014	Ordinary shares 2013	Convertible preference shares 2014	Convertible preference shares 2013	Total 2014	Total 2013
Capital						
AT 01.01	**906,099**	**821,058**	**36,726**	**36,764**	**942,825**	**857,822**
Own shares sold/(purchased) - net	-294	56,635			-294	56,635
Issued as a result of the optional dividend	20,536	28,368			20,536	28,368
Conversion of preference shares into ordinary shares	117	38	-117	-38		
AT 31.12	**926,458**	**906,099**	**36,609**	**36,726**	**963,067**	**942,825**
Share premiums						
AT 01.01	**335,799**	**293,243**	**36,311**	**36,349**	**372,110**	**329,592**
Own shares sold/(purchased) - net	-326	27,014			-326	27,014
Issued as a result of the optional dividend	12,229	15,504			12,229	15,504
Conversion of preference shares into ordinary shares	116	38	-116	-38		
AT 31.12	**347,818**	**335,799**	**36,195**	**36,311**	**384,013**	**372,110**

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 at 31.12.2014. 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 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 15th anniversary of their issue date;
- 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 and the second at €104.40 per share. The par value of both series stands at €53.33 per share.

Shares held by the Group: at 31.12.2014, the Group held 54,414 ordinary shares (also see page 102) (31.12.2013: 48,917).

Authorised capital

On 29.03.2011, the General Shareholders' Meeting authorised the Board of Directors to issue new capital for €799,000,000 and for a period of five year. At 31.12.2014, the Board of Directors has made use of this authorisation for a total amount of €261,740,519.09. Hence, the remaining authorised capital amounts to €537,259,480.91 at that date. This authorised capital is based on the par value of €53.33 per share before 31.12.2007 and €53.59 per ordinary share subsequently.

NOTE 31. RESERVES

(x €1,000)	2014	2013
Legal reserve		1,735
Reserve for the balance of changes in the fair value of investment properties	-127,851	-144,422
Reserve for the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	-73,694	-75,715
Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge accounting as defined under IFRS	-32,370	-88,745
Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting as defined under IFRS	-13,851	-37,553
Other	495,328	585,965
Tax-exempt reserves	5,053	3,037
Distributable reserves	490,275	582,928
TOTAL	**247,562**	**241,265**

The reserves are presented before appropriation of the result of the financial year.

NOTE 32. RESULT PER SHARE

The calculation of the result per share at the closing date is based on the net current result/net result attributable to the ordinary and preference shareholders of K€-15,655 (2013: K€104,924)/K€-52,671 (2013: K€58,737) and a number of ordinary and preference shares entitled to share in the result of the period ended 31.12.2014 of 17,971,494 (2013: 17,593,767).

The net current result - excluding IAS 39 impact stands at K€120,479 for the financial year 2014. Per share, this result amounts to €6.70.

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)	2014	2013
Net current result attributable to the ordinary and preference shares	**-15,655**	**104,924**
Net current result of the period	-11,146	109,930
Minority interests	-4,509	-5,006
Result on the portfolio attributable to the ordinary and preference shares	**-37,016**	**-46,187**
Result on the portfolio of the period	-38,147	-48,066
Minority interests	1,131	1,879
Net result attributable to the ordinary and preference shares	**-52,671**	**58,737**
Net result of the period	-49,293	61,864
Minority interests	-3,378	-3,127

Diluted result per share

(in €)	2014	2013
Net result - Group share	-52,670,758	58,736,945
Number of ordinary and preference shares entitled to share in the result of the period	17,971,494	17,593,767
Net current result per share - Group share	-0.87	5.96
Result on the portfolio per share - Group share	-2.06	-2.62
Net result per share - Group share	-2.93	3.34
Diluted net result - Group share	-57,043,668	54,350,041
Number of ordinary and preference shares entitled to share in the result of the period taking into account the theoretical conversion of the convertible bonds, of the mandatory convertible bonds and of the stock options	17,285,009[1]	16,945,296[1]
Diluted net result per share - Group share	-3.30[1]	3.21[1]

[1] In accordance with IAS 33, the convertible bonds are excluded from the calculation of the diluted net result of 2013 and 2014, as they would have an accretive impact on the diluted result per share.

NOTE 33. DIVIDEND PER SHARE[1]

(in €)	Paid in 2014	Paid in 2013
Gross dividends attributable to the ordinary shareholders	101,431,248.00	99,568,137.50
Gross dividend per ordinary share	6.00	6.50
Net dividend per ordinary share	4.50	4.875
Gross dividends attributable to the preference shareholders	4,386,120.83	4,391,458.89
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 2014 of €5.50 per ordinary share (net dividend of €4.125 per ordinary share), amounting to a total dividend of €95,067,549.50, is to be proposed at the Ordinary General Meeting of 13.05.2015[1]. Indeed, at the closing date, the number of ordinary shares entitled to the 2014 dividend amounts to 17,285,009.

The Board of Directors proposes to suspend the right to dividend for the 39,219 own ordinary shares still held by Cofinimmo under its stock option plan and to cancel the right to dividend of the remaining 15,195 own shares.

A gross dividend in respect of the financial year 2014 of €6.37 per preference share (net dividend of €4.7775 per preference share), amounting to a total dividend of €4,372,909.45, is to be proposed at the Ordinary General Meeting of 13.05.2015. Indeed, at the closing date, the number of preference shares entitled to the 2014 dividend stands at 686,485.

As a reminder, since 01.01.2013, the withholding tax rate applicable to distributed dividends stands at 25%. 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 benefit from them. Moreover, the agreements to prevent double taxation provide for reductions of withholdings at source on dividends.

NOTE 34. PROVISIONS

(x €1,000)	2014	2013
AT 01.01	**18,180**	**20,493**
Provisions charged to the income statement	3,576	1,421
Uses	-1,327	-2,166
Provision writebacks credited to the income statement	-2,771	-1,568
AT 31.12	**17,658**	**18,180**

The provisions of the Group (K€17,658) can be classified in two categories:

- contractual provisions defined under IAS 37 as onerous contracts. Cofinimmo has committed to undertake the maintenance and various works for tenants in several buildings, for K€13,552 (2013: K€13,882);
- legal provisions to face its potential commitments vis-à-vis tenants or third parties, for K€4,136 (2013: K€4,298).

These provisions are calculated by discounting the future payments considered as likely by the Board of Directors.

NOTE 35. DEFERRED TAXES

(x €1,000)	2014	2013
Exit tax	734	1,183
Deferred taxes Pubstone Properties	32,804	33,572
Deferred taxes Cofinimmo branch	1,990	
TOTAL	**35,528**	**34,755**

The exit tax pertains to two French entities which opted for the SIIC status in 2013. This exit tax is based on 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 second payment took place in December 2014 for a total amount of K€626.

The deferred taxes of the Dutch subsidiary Pubstone Properties BV correspond 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.

The French Cofinimmo branch is subject to a new tax, the branch tax. A provision for deferred taxes had to be made.

[1] Based on the parent company's result.

NOTE 36. TRADE DEBTS AND OTHER CURRENT DEBTS

(x €1,000)	2014	2013
Trade debts	**22,575**	**25,844**
Other current debts	**37,275**	**38,836**
Exit tax	**621**	**611**
Taxes, social charges and salaries debts	**25,343**	**25,881**
Taxes	23,375	24,153
Social charges	667	498
Salaries debts	1,301	1,230
Other	**11,311**	**12,344**
Dividend coupons	38	48
Provisions for withholding taxes and other taxes	6,867	8,705
Pubstone dividend coupons	1,322	1,322
Miscellaneous	3,084	2,269
TOTAL	**59,850**	**64,680**

NOTE 37. ACCRUED CHARGES AND DEFERRED INCOME

(x €1,000)	2014	2013
Rental income received in advance	9,922	9,614
Interests and other charges accrued and not due	18,803	24,268
Other	25	85
TOTAL	**28,750**	**33,967**

NOTE 38. NON-CASH CHARGES AND INCOME

(x €1,000)	2014	2013
Charges and income related to operating activities	**4,870**	**24,069**
Changes in the fair value of investment properties	5,455	26,260
Writeback of lease payments sold and discounted	-15,931	-25,276
Movements in provisions and stock options	-522	-1,484
Depreciation/Writedown (or writeback) on intangible and tangible assets	460	615
Losses (or writeback) on current assets	3	-83
Exit tax	-926	-618
Deferred taxes	1,739	
Goodwill impairment	11,000	21,000
Rent-free periods	-378	189
Minority interests	3,378	3,127
Other	592	339
Charges and income related to financing activities	**133,583**	**11,204**
Changes in the fair value of financial assets and liabilities	136,143	13,686
Other	-2,560	-2,482
TOTAL	**138,453**	**35,273**

NOTE 39. CHANGES IN WORKING CAPITAL REQUIREMENTS

(x €1,000)	2014	2013
Movements in asset items	**4,727**	**9,602**
Trade receivables	-655	-1,926
Tax receivables	-633	5,056
Other short-term assets	6,280	-198
Deferred charges and accrued income	-265	6,670
Movements in liability items	**-9,764**	**-11,500**
Trade debts	-3,900	-12,228
Taxes, social charges and salaries debts	1,587	860
Other current debts	-2,537	2,586
Accrued charges and deferred income	-4,914	-2,718
TOTAL	**-5,037**	**-1,898**

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 2014 in order to detail the amounts included in the cash flow statement.

The amounts related to properties and included in the cash flow statement 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 cash flow statement;
- acquisition of the property against shares, not shown in the cash flow statement 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 cash flow statement.

(x €1,000)		Offices	Healthcare real estate				Property of distribution networks	Other	Total
			Belgium	France	Netherlands	Germany			
Properties available for lease	Properties against cash				56,421	11,058	535		68,014
	Properties against shares								
	Companies against cash								
	Subtotal				56,421	11,058	535		68,014
Development projects	Properties against cash			3,646	1,253		109		5,008
	Properties against shares								
	Companies against cash								
	Subtotal			3,646	1,253		109		5,008
TOTAL				**3,646**	**57,674**	**11,058**	**644**		**73,022**

The amount of K€73,022 shown in the cash flow statement under the item "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 cash flow statement.

(x €1,000)	Offices	Healthcare real estate				Property of distribution networks	Other	Total
		Belgium	France	Netherlands	Germany			
Development projects	27,247	21,733	25	52				49,057
TOTAL	**27,247**	**21,733**	**25**	**52**				**49,057**
Amount paid in cash	16,954	21,378	12	48				38,392
Changes in provisions	10,293	355	13	4				10,665
TOTAL	**27,247**	**21,733**	**25**	**52**				**49,057**

Investments in investment properties

Investments in investment properties are financed in cash and are shown under the item "Investments in investment properties" of the cash flow statement.

(x €1,000)	Offices	Healthcare real estate				Property of distribution networks	Other	Total
		Belgium	France	Netherlands	Germany			
Properties available for lease	9,354	1,590	1,337	332		3,257	10	15,880
Assets held for sale						170		170
TOTAL	**9,354**	**1,590**	**1,337**	**332**		**3,427**	**10**	**16,650**
Amount paid in cash	17,100	5,797	1,333	243		3,714	10	28,197
Changes in provisions	-7,746	-4,207	4	89		-287		-12,147
TOTAL	**9,354**	**1,590**	**1,337**	**332**		**3,427**	**10**	**16,650**

Disposals of investment properties

The amounts shown in the cash flow statement under the item "Disposals of investment properties" represent the net price received in cash from the buyer.

This net price is made of the net book value of the property at 31.12.2013 and the net gain or loss realised on the disposal after deduction of the transaction costs.

(x €1,000)	Offices	Healthcare real estate				Property of distribution networks	Other	Total
		Belgium	France	Netherlands	Germany			
Properties available for lease								
Net book value	12,150		41,417			2,055		55,622
Result on the disposal of assets	1,069		-54			489		1,504
Net sales price received	13,219		41,363			2,544		57,126
Assets held for sale								
Net book value			5,363					5,363
Result on the disposal of assets			54					54
Net sales price received			5,417					5,417
Development projects								
Net book value	13,029							13,029
Result on the disposal of assets	403							403
Net sales price received	13,420							13,420
TOTAL	**26,639**		**46,780**			**2,544**		**75,963**

NOTE 41. CONTINGENT RIGHTS AND LIABILITIES

- Cofinimmo has undertaken to acquire the extensions or constructions of new nursing homes realised by Armonea SA/NV (as long leaseholder or as contracting partner) on the plots of land that Cofinimmo acquired through the transaction with the Group Van Den Brande (now Armonea).
- Cofinimmo has signed call and put options relating to the freehold of a plot of land located in Gentbrugge intended for the construction of a nursing home which will be operated by Foyer de la Femme ASBL/VZW.
- The shares of the company Belliard III-IV Properties SA/NV held by Cofinimmo are subject to a call 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 has furthermore granted a mortgage and a mortgage mandate on the plot of land. 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.
- With regard to the assignment of the receivables of the leases or usufruct agreements with the Buildings Agency (Belgian Federal State) or the European Commission for the buildings Belliard I & II, Colonel/Kolonel Bourg 124, Egmont I, Egmont II, and Maire 19, as well as the assignment of the receivables of the lease with the City of Antwerp for the fire station, the shares of Belliard 1 & 2 Properties SA/NV and Egmont Properties SA/NV have been pledged in favour of a bank, subject to certain conditions. These companies merged with the company Bolivar Properties during the year and the shares of Bolivar Properties were pledged in favour of the said bank.
- 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 lease signed with the Buildings Agency (Belgian Federal State) for 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 rental income guarantee within the context of the disposal of part of its portfolio located in the Brussels periphery and in Wavre.
- Cofinimmo has granted a purchase option to the HEKLA Police in Antwerp on the property granted under a 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 call options at market value to the long leaseholder on a part of its nursing homes and clinics portfolio.
- Cofinimmo has undertaken and benefits on behalf of its subsidiary Silverstone of a pre-emptive right on future developments to be executed in partnership with a nursing home operator.
- Cofinimmo has undertaken and benefits in the name of its subsidiary Pubstone from a preferential right on the future developments to be executed in partnership with InBev Belgium. Cofinimmo (and Pubstone Group) has undertaken and benefits from preferential rights on the shares of Pubstone SA/NV and Pubstone Group and InBev Belgium benefits from a call option on the shares of Pubstone SA/NV and Pubstone Group.
- Cofinimmo has a pre-emptive right on a project to be executed in partnership with a nursing home operator in Belgium.
- There is a pending litigation on a property asset in France. As it is immaterial, no provision was made at the end of 2014.
- Within the context of the signing of a partnership with Orpea, Cofinimmo will set up joint ventures with Orpea, which purpose will be the acquisition, holding and letting of property assets operated by Orpea in France.
- 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 undergone various commitments in the context of the sale of the shares of a company it held and received guarantees from the buyers for the solidarity commitments which it had with the sold company.
- Cofinimmo benefits from a commitment to acquire the plot of land on which a third party has built apartments.
- Cofinimmo conceded a call option to the shareholders of Aspria Roosevelt SA/NV relating to the sale of 100% of the shares of the company. Aspria Roosevelt SA/NV owns the Solvay Sports site in Brussels. A new sports and leisure club, operated by the Aspria Group, will be built on this site.
- In the context of the purchase of 13 healthcare assets in the Netherlands, Superstone and the seller agreed on a put option for Superstone and a call option for the seller relating to a building located in Utrecht. In the context of this same transaction, five of the 13 buildings will be acquired by Superstone once certain conditions precedent are fulfilled.
- 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 following a change in the taxation laws affecting holders residing in Belgium or in the Netherlands.
- 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 MCB-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 investment commitments of K€65,771 (31.12.2013: K€68,888) in respect of investment expenditures contracted at the closing date but not yet incurred for the construction of new properties and extensions. 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.

The full consolidation method is applied where the parent company has 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.

Consolidation perimeter

Subsidiaries held at 100% by the Group

Name and address of registered offices 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%
		31.12.2014	31.12.2013	
BELLIARD III-IV PROPERTIES SA/NV 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).
BOLIVAR PROPERTIES SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 878 423 981	100.00	100.00	Bolivar Properties SA/NV holds the freehold of the building Omega Court, the residual rights of the building Belliard I-II, charged with a long-lease right (emphytéose/erfpacht), a long-lease right on the buildings Egmont I and II, a long-lease right on the building Maire 19 in Tournai, the temporary full ownership of the building Noorderlaan 69, and a long-lease right on the building Colonel/Kolonel Bourg 124. This subsidiary also holds a participation in the company Leopold Square SA/NV.

Name and address of registered offices Fully consolidated subsidiaries	VAT or national number (NN)	Direct and indirect interests and voting rights (in %) 31.12.2014	 31.12.2013	Main activity of the Group subsidiaries held at 100%
COFINIMMO INVESTISSEMENTS ET SERVICES SA 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: - 15 SSR clinics (Soins de Suite et de Rééducation - rehabilitation clinics): Belloy in Belloy, Bezons in Bezons, Brocéliande in Caen, Bruyères in Letra, Canal de l'Ourcq in Paris, Caux du Littoral in Néville, 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; - 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; - 18 EHPAD (Établissements d'Hébergement pour Personnes Âgées Dépendantes - nursing homes): 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.
SAS IS II Avenue de l'Opéra 27, 75001 Paris (France)	FR 74 393 097 209	100.00	100.00	
SCI AC Napoli Avenue de l'Opéra 27, 75001 Paris (France)	FR 71 428 295 695	100.00	100.00	
SCI Beaulieu Avenue de l'Opéra 27, 75001 Paris (France)	FR 50 444 644 553	100.00	100.00	
SCI Chamtou Avenue de l'Opéra 27, 75001 Paris (France)	FR 11 347 555 203	100.00	100.00	
SCI Cuxac II Avenue de l'Opéra 27, 75001 Paris (France)	FR 18 343 262 341	100.00	100.00	
SCI de l'Orbieu Avenue de l'Opéra 27, 75001 Paris (France)	FR 14 383 174 380	100.00	100.00	
SA Domaine de Vontes Avenue de l'Opéra 27, 75001 Paris (France)	FR 67 654 800 135	100.00	100.00	
SCI du Donjon Avenue de l'Opéra 27, 75001 Paris (France)	FR 06 377 815 386	100.00	100.00	
SNC du Haut Cluzeau Avenue de l'Opéra 27, 75001 Paris (France)	FR 39 319 119 921	100.00	100.00	
SARL Hypocrate de la Salette Avenue de l'Opéra 27, 75001 Paris (France)	not subject to taxation NN 388 117 988	100.00	100.00	
SCI La Nouvelle Pinède Avenue de l'Opéra 27, 75001 Paris (France)	FR 78 331 386 748	100.00	100.00	
SCI Privatel Investissement Avenue de l'Opéra 27, 75001 Paris (France)	FR 13 333 264 323	100.00	100.00	
SCI Résidence Frontenac Avenue de l'Opéra 27, 75001 Paris (France)	FR 80 348 939 901	100.00	100.00	
SCI Sociblanc Avenue de l'Opéra 27, 75001 Paris (France)	not subject to taxation NN 328 781 844	100.00	100.00	
COFINIMMO LUXEMBOURG SA Boulevard Grande-Duchesse Charlotte 65, 1331 Luxemburg (Luxemburg)	not subject to taxation NN 100 044	100.00	100.00	Cofinimmo Luxembourg SA owns a clinic in Baden-Baden in Germany.

Name and address of registered offices 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%
		31.12.2014	31.12.2013	
COFINIMMO SERVICES SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 437 018 652	100.00	100.00	Cofinimmo Services SA/NV is responsible for the property management of Cofinimmo's buildings.
FPR LEUZE SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 839 750 279	100.00	50.00	FPR Leuze SA/NV was created following the assignment by the Buildings Agency (Belgian Federal State) to the Future Prisons consortium, of which Cofinimmo is a part, 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. Following the delivery of the Availability Certificate, Cofinimmo bought the shares held by Cordeel and Willemen.
LEOPOLD SQUARE SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 465 387 588	100.00	100.00	Leopold Square SA/NV partially or fully owns the buildings located avenue du Bourgetlaan 40 in Brussels and Park Hill A and B in Diegem and the freehold of the Omega Court building. This subsidiary also holds participations in Cofinimmo Services SA/NV, Livingstone II SA/NV, W34 SA/NV and Pubstone Properties BV.
RHEASTONE SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 893 787 296	100.00	100.00	Rheastone SA/NV owns the nursing home Le Progrès in La Louvière.
SUPERSTONE BV Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	NL 85 07 32 554 B 01	100.00	100.00	Superstone NV owns three private clinics, eight healthcare facilities and a medical office building, all located in the Netherlands. The company has the status of "fiscale beleggingsinstelling".
W34 SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 536 269 745	100.00	100.00	W34 SA/NV fully owns the apartments under construction and not yet sold, as well as the share of the freehold corresponding to the long lease of offices agreed with the ONA (Oeuvre Nationale des Aveugles), of the Woluwe 34 building.
LIVINGSTONE II SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 544 336 086	100.00	100.00	Livingstone II SA/NV fully owns the Livingstone II building.

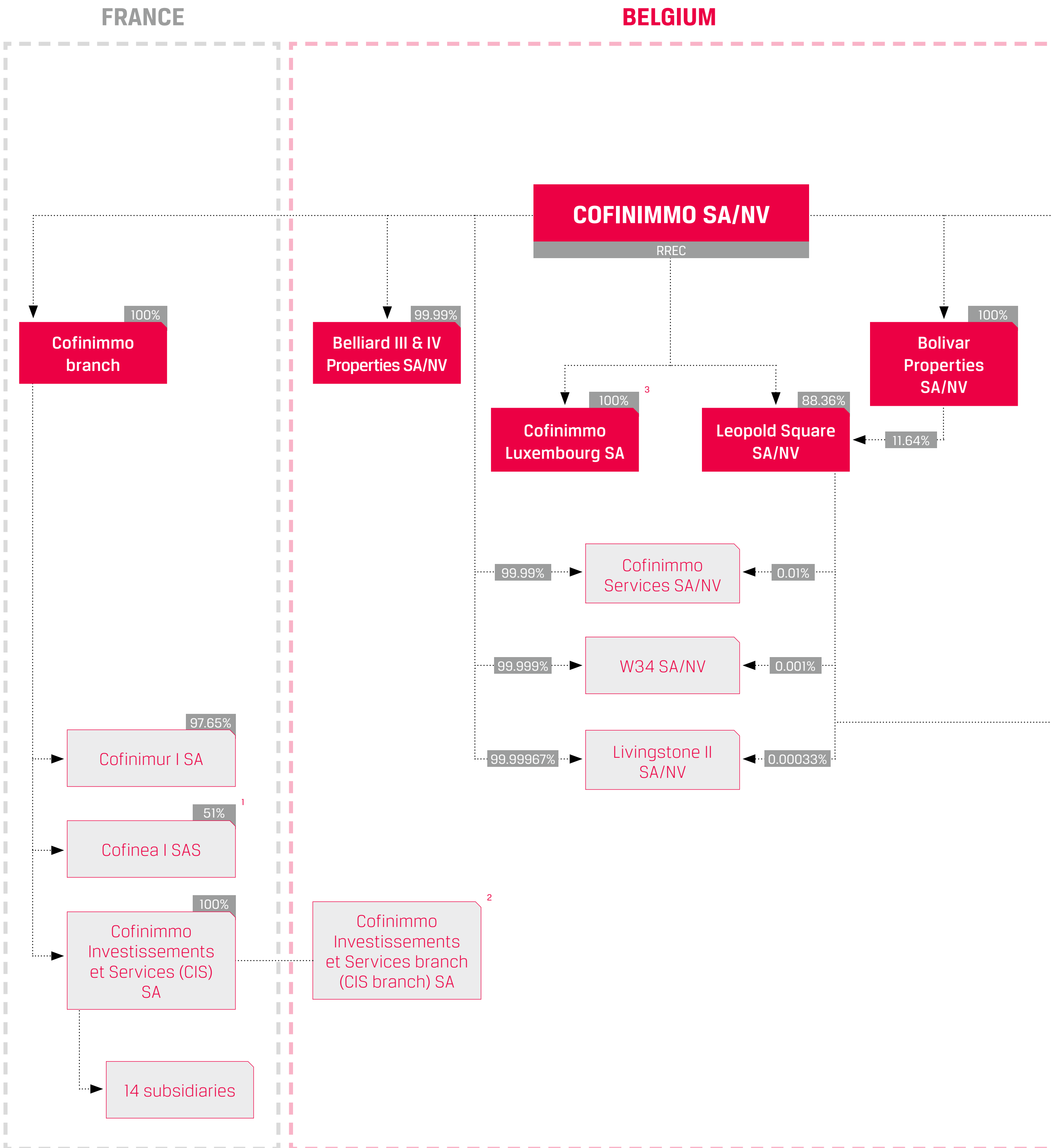
Subsidiaries held by the Cofinimmo Group and holding minority interests (not controlled)

Name and address of registered offices 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%
		31.12.2014	31.12.2013	
COFINIMUR I SA Avenue Georges V 10, 75008 Paris (France)	FR 74 537 946 824	97.65	97.65	Cofinimur I SA has a portfolio of 280 sites (agencies and offices), located in France and used by the MAAF Group.
PUBSTONE GROUP SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 878 010 643	90.00	90.0006	Pubstone Group SA/NV holds a controlling interest in the company Pubstone SA/NV.
PUBSTONE SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 405 819 096	99.99	99.99	Pubstone SA/NV owns 800 cafés/restaurants in Belgium.
PUBSTONE PROPERTIES BV Claudius Prinsenlaan 128, 4818 CP Breda (Netherlands)	not subject to taxation NN 8185 89 723	90.00[1]	90.00[1]	Pubstone Properties BV owns 245 cafés/restaurants in the Netherlands.
SILVERSTONE SA/NV Boulevard de la Woluwe/ Woluwedal 58, 1200 Brussels	BE 452 711 674	95.00	95.00	Silverstone SA/NV owns 23 nursing homes in Belgium: 7 Voyes in Vedrin, Bellevue in Forest/Vorst, Borsbeekhof in Borgerhout, Brise d'Automne in Ransart, Charmilles in Sambreville, Chenoy in Ottignies, Claire de Vie in Liège, Colvert in Ottignies, Lakendal in Aalst, Farnientane in Fexhe-Slins, Grand Cerf in Spa, Hof ter Dennen in Vosselaar, Les Jours Heureux in Lodelinsart, Maison Saint Ignace in Laeken, De Mouterij in Aalst, Nieuwe Seigneurie in Rumbeke, Parc in Nivelles, Saint Charles in Bouillon, Sitelles in Chastre, De Fakkel in Paal, Karen in Koersel, Villa Vitae in Paal and De Laeck in Koersel.

Co-entreprises

Name and address of registered offices Joint ventures consolidated under the equity method	VAT or national number (NN)	Direct and indirect interests and voting rights (in %)		Main activity of the joint ventures
		31.12.2014	31.12.2013	
COFINEA I SAS Avenue de l'Opéra 27, 75001 Paris (France)	FR 74 538 144 122	51.00	51.00	Cofinea I SAS houses the nursing homes operated by the Orpea Group in France following the partnership agreement signed with the Orpea Group in November 2011. Currently, the company owns an EHPAD located in Paris. Cofinimmo SA/NV holds 51% of the capital of Cofinea I SAS, which is therefore consolidated under the equity method in the Group's consolidated financial statements.

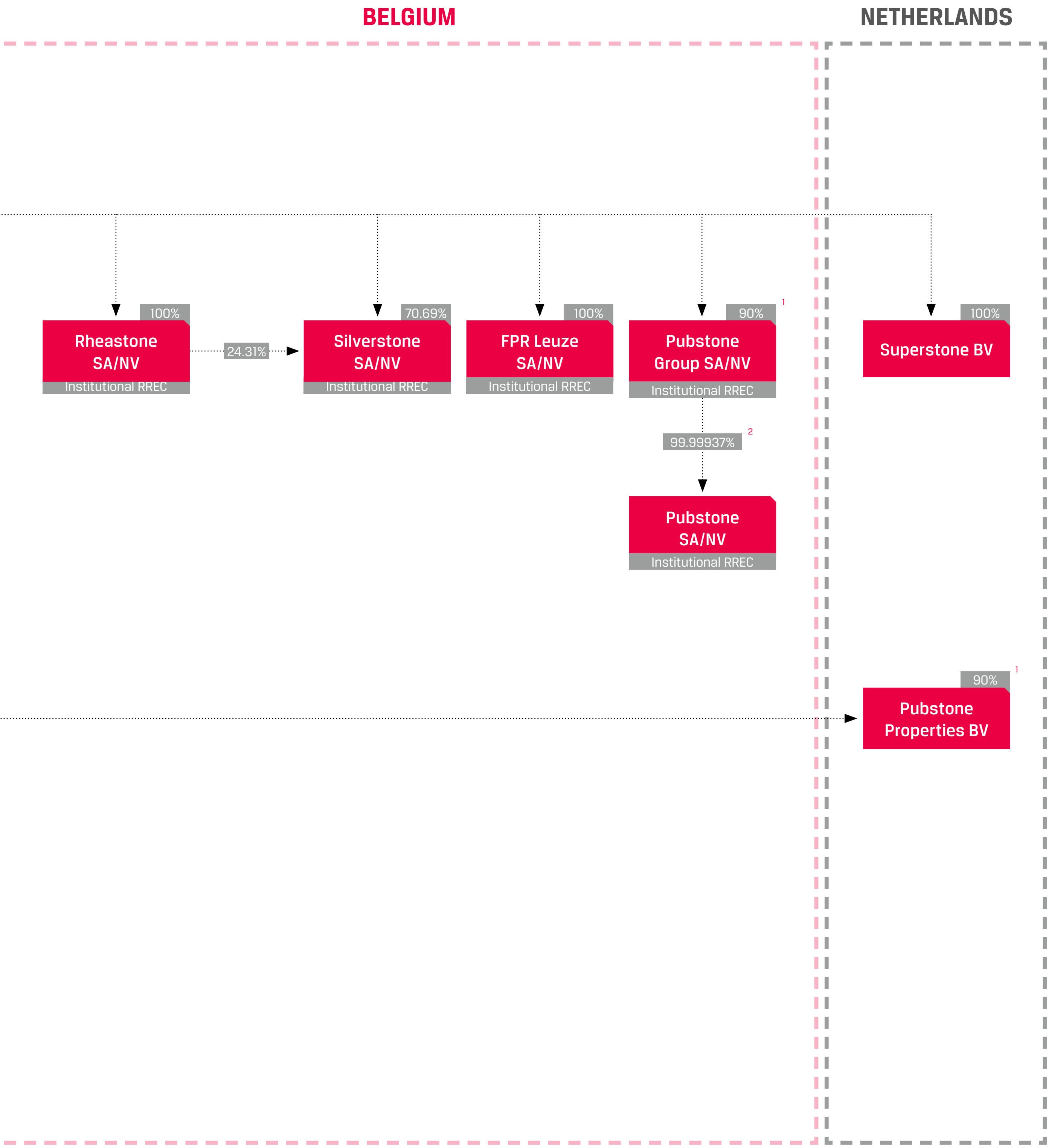
[1] Economic interest.



[1] Company consolidated under the equity method.

[2] The share of the consolidated pre-tax result of CIS branch (company which houses the asset management activity for third parties) in the consolidated pre-tax result of the Group stands at 0%. The share of the assets under management in the consolidated assets of the Group amounts to 1%.

[3] Company under Luxembourg Law holding an asset in Germany.



[1] 10% of the shares are held by InBev Belgium SA/NV.
[2] 0.00063% of the shares are held by InBev Belgium SA/NV and its subsidiaries.

Non-controlling interests[1]

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 about the Group: www.fonciere-atland.fr.

Pubstone

At the end of 2007, Cofinimmo acquired a portfolio of cafés/restaurants owned until then by Immobrew SA/NV, a subsidiary of AB InBev and renamed Pubstone SA/NV. At 31.12.2014, AB InBev owns an indirect stake of 10% in the Pubstone structure.

In addition, following the restructuration 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. Listed on the stock exchange, its administrative offices are located in Leuven, Belgium.

For further information about the Group: www.ab-InBev.com.

Silverstone

During the financial year 2012, Cofinimmo set up a structure, Silverstone SA/NV, holding a portfolio of nursing homes in Belgium. Senior Assist holds 5% of Silverstone SA/NV at 31.12.2014.

Senior Assist is a family group founded in 2005 which operates in the home care and accommodation of dependent elderly people sectors. It operates 32 nursing homes in Belgium.

For further information about the Group: www.senior-assist.be.

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 31.12.2014, the minority interests amount to €67 million vs. Cofinimmo's shareholders' equity of €1,609 million, i.e. 4.2%).

Change in non-controlling interests

(x €1,000)	Cofinimur I		Pubstone	Silverstone	Total
	Atland	MCB-holders	InBev	Senior Assist	
AT 01.01.2013	**1,345**	**48,133**	**11,658**	**5,127**	**66,263**
Interests in the income statement	62	2,860	-265	470	3,127
Reserve for the estimated transaction costs and transfer duties	1		-15	-21	-35
Transactions with non-controlling interests			277		277
MCB coupon		-2,727			-2,727
Dividends	-32			-241	-273
Other	-136	10	16	3	-107
AT 31.12.2013	**1,240**	**48,276**	**11,671**	**5,338**	**66,525**
Interests in the income statement	84	2,927	-132	499	3,378
Reserve for the estimated transaction costs and transfer duties	-1		-8	-9	-18
MCB coupon		-2,703			-2,703
Dividends	-35			-284	-319
Other	1	130			131
AT 31.12.2014	**1,289**	**48,630**	**11,531**	**5,544**	**66,994**

Joint ventures

At 31.12.2014, the Cofinimmo Group owns the joint venture Cofinéa I, consolidated under the equity method because the Group exercises a joint control on this company under the contractual partnership agreement with the associated shareholders.

Given its share in the result of the Cofinimmo Group, this joint venture is considered to be immaterial.

As a reminder, on 20.06.2014, Cofinimmo bought all the shares of the company FPR Leuze[2].

Since that date, Cofinimmo exercises an exclusive control on the company, which is thus fully consolidated. The share of Cofinimmo in the result of FPR Leuze before the purchase of the shares is to be found in the consolidated income statement under the item "Shares in the result of associated companies or joint ventures".

[1] The term "non-controlling interests" as defined under IFRS 12 designates minority interests.

[2] For more information, see Note 4.

General information

Company	Cofinéa I	FPR Leuze[1]
Segment	Healthcare real estate	PPP
Country	France	Belgium
% held by the Cofinimmo Group	51%	50%
Associated shareholders	Orpea Group OPCI (49%)	Cordeel Zetel Temse (49%)
		Willemen General Contractor (1%)
Date of company creation	2012	2011
Accounting period	Ends on December 31st	Ends on December 31st
	31.12.2014	20.06.2014
Net current result (at 100%)	1,124	2,198
Other elements of the global result	-538	-396
Global result	586	1,802
% held by the Cofinimmo Group	51%	50%
Share in the result of associated companies or joint ventures	299	901
Amount of the interest at Cofinimmo		
Participations in associated companies and joint ventures	5,862	-

Risks and commitments related to associated shareholders

The Cofinea I partnership was entered into with the Orpea Group. Its goal is to bring assets operated by the Orpea Group under its 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 to be taken by 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 2014, a total of 3,000 stock options were granted.

When they are exercised, the beneficiaries will pay the exercise price of €88.75 per share for the 2014 plan in exchange for the delivery of the securities. In the event of the voluntary or involuntary departure (excluding premature termination for serious reasons) of a beneficiary, the stock options accepted and vested can only be exercised during the first exercise window following the date of premature termination of the contract, except in case of retirement. 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 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 - weighed average

	2014
Price valuation model	Black & Scholes
Contractual duration of the options	10 years
Estimated duration	8 years
Strike price (in €)	88.75
Volatility (average last three years)	14.72%
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)	102.99

[1] Situation between 01.01.2014 and 20.06.2014.

Evolution of the number of stock options

Year of the plan	2014	2013	2012	2011	2010	2009	2008	2007	2006
AT 01.01		**925**	**4,095**	**8,035**	**5,740**	**7,215**	**6,730**	**7,300**	**8,000**
Granted	3,000								
Cancelled				-1,250	-184	-695	-1,800	-1,800	-2,100
Exercised	-3,992								
Expired									
AT 31.12	**-992**	**925**	**4,095**	**6,785**	**5,556**	**6,520**	**4,930**	**5,500**	**5,900**
Exercisable at 31.12				6,785	5,556	6,520	4,930	5,500	5,900
Strike price (in €)	88.75	88.12	84.85	97.45	93.45	86.06	122.92	143.66	129.27
Last exercise date	16.06.2024	16.06.2023	18.06.2022	14.06.2021	13.06.2020	11.06.2019	12.06.2023[1]	12.06.2022[1]	13.06.2021[1]
Fair value of the options at the date of granting (x €1,000)	102.99	164.64	168.18	363.9	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" of the income statement.

NOTE 45. AVERAGE NUMBER OF PEOPLE LINKED BY AN EMPLOYMENT CONTRACT OR BY A PERMANENT SERVICE CONTRACT

	2014	2013
Average number of people linked by an employment contract or by a permanent service contract	115	111
Employees	111	107
Executive management personnel	4	4
FULL TIME EQUIVALENT	**108**	**105**

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 €1,746,504 of which €369,833 are attributed to post-employment benefits.

The chapter "Corporate Governance Statement" of this Annual Financial Report details the composition of the various decision-making bodies and includes the tables on the remuneration of the Non-Executive and Executive Directors.

The difference between the amount under 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.

As a reminder, at the end of 2012, Cofinimmo signed a joint venture with the entity Cofinea I SAS, a company incorporated under French Law. Cofinimmo owns 51% of its capital and the Orpea Group 49%. With the exception of its participation in Cofinea I, Cofinimmo has not had any other transactions with this joint venture. Furthermore, there was no transaction in 2014 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

No significant events occurred after the closing date that could have a significant impact on the figures at 31.12.2014.

However, it is worth mentioning the restructuring of interest rate hedging instruments. In addition to the hedges cancelled in May 2014, Cofinimmo cancelled sold FLOOR options for a notional amount of €200 million in January 2015. The cost of this restructuring stood at €17.7 million and will progressively be recorded under the income statements of 2015, 2016 and 2017 under the IAS 39 item, in compliance with the applicable accounting rules.

It is also worth mentioning the extension of two credit lines in January 2015 and the private placement of bonds for a total amount of €190 million in March 2015.

For more details on these operations, see the chapter "Events after 31.12.2014" of this Annual Financial Report.

The amount of the dividend proposed at the Ordinary General Shareholders' Meeting of 13.05.2015 stands at €95,067,549.50 for the ordinary shares and at €4,372,909.45 for the preference shares. For more details, see Note 33.

[1] 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 ten to 15 years.

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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 2014

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 2014, 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 3.499.012 (000) EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 52.671 (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.

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 2014, 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, 30 March 2015

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)	2014	2013
A. NET RESULT		
Rental income	125,411	124,654
Writeback of lease payments sold and discounted	15,931	25,276
Rental-related expenses	-345	-293
Net rental income	140,997	149,637
Recovery of property charges	588	101
Recovery income of charges and taxes normally payable by the tenant on let properties	16,029	13,357
Costs payable by tenants and borne by the landlord on rental damage and refurbishment at end of lease	-1,539	-1,277
Charges and taxes normally payable by the tenant on let properties	-17,483	-15,225
Property result	138,592	146,593
Technical costs	-2,786	-3,595
Commercial costs	-1,033	-846
Taxes and charges on unlet properties	-3,829	-3,984
Property management costs	-11,071	-11,384
Other property charges	-3	-16
Property charges	-18,722	-19,825
Property operating result	119,870	126,768
Corporate management costs	-6,670	-6,367
Operating result before result on the portfolio	113,200	120,401
Gains or losses on disposals of investment properties	-10,322	-8,144
Gains or losses on disposals of other non-financial assets	-13,181	
Change in the fair value of investment properties	-15,799	-26,134
Other result on the portfolio	-804	-1,994
Operating result	73,094	84,129
Financial income	39,320	29,774
Net interest charges	-45,454	-56,073
Other financial charges	-3,021	-2,085
Changes in the fair value of financial assets and liabilities	-116,714	856
Financial result	-125,869	-27,528
Pre-tax result	-52,775	56,601
Corporate tax	-864	579
Exit tax		
Taxes	-864	579
NET RESULT OF THE PERIOD	**-53,639**	**57,180**
B. OTHER ELEMENTS OF THE GLOBAL RESULT		
Impact on the fair value of the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	2,599	501
Changes in the effective part of the fair value of authorised cash flow hedging instruments	52,015	57,288
OTHER ELEMENTS OF THE GLOBAL RESULT	**54,614**	**57,789**
C. GLOBAL RESULT	**975**	**114,969**

Appropriation account

(x €1,000)	2014	2013
A. Net result	**-53,639**	**57,180**
B. Transfer from/to the reserves	**153,430**	**48,984**
Transfer to the reserve of the positive balance of changes in the fair value of investment properties	**-27,969**	**-32,242**
Financial year	-19,508	
Previous years	-8,461	-32,242
Transfer to the reserve of the negative balance of changes in the fair value of investment properties	**46,252**	**4,445**
Financial year	15,312	4,445
Previous years	30,940	
Transfer to the reserve of the estimated transaction costs and transfer duties resulting from the hypothetical disposal of investment properties	**488**	**1,146**
Financial year	488	1,146
Transfer to the reserve of the balance of changes in the fair value of authorised cash flow hedging instruments qualifying for hedge accounting	**10,512**	**-4,576**
Financial year	10,512	-4,576
Transfer to the reserve of the balance of changes in the fair value of authorised cash flow hedging instruments not qualifying for hedge accounting	**71,579**	**-18,643**
Financial year	71,579	-18,643
Transfer to other reserves	**-216**	**-241**
Transfer from the result carried forward of the previous years	**52,784**	**99,095**
C. Remuneration of the capital		
Remuneration of the capital under Article 13 §1 (1) of the Royal Decree of 13.07.2014		
D. Allocation for the financial year other than remuneration of the capital	**-99,791**	**-106,164**
Dividends	-99,440	-105,817
Profit-sharing scheme	-351	-347
E. Result to be carried forward	**294,364**	**350,446**

Consolidated financial situation (balance sheet) (abbreviated format)

(x €1,000)	2014	2013
Non-current assets	**3,118,880**	**3,252,549**
Intangible assets	553	533
Investment properties	2,080,282	2,301,126
Other tangible assets	408	671
Non-current financial assets	970,732	882,758
Finance lease receivables	66,893	67,448
Trade receivables and other non-current assets	12	13
Current assets	**50,275**	**54,536**
Current financial assets	498	2,782
Finance lease receivables	1,366	1,236
Trade receivables	13,728	12,312
Tax receivables and other current assets	12,385	15,805
Cash and cash equivalents		
Deferred charges and accrued income	22,298	22,401
TOTAL ASSETS	**3,169,155**	**3,307,085**

(x €1,000)	2014	2013
Shareholders' equity	**1,541,935**	**1,614,937**
Capital	965,983	945,447
Share premium account	463,902	451,673
Reserves[1]	165,689	160,637
Net result of the financial year	-53,639	57,180
Liabilities	**1,627,220**	**1,692,148**
Non-current liabilities	1,142,722	1,266,436
Provisions	17,583	18,024
Non-current financial debts	1,021,107	1,154,926
Credit institutions	415,700	479,000
Other	605,407	675,926
Other non-current financial liabilities	104,032	93,486
Current liabilities	484,498	425,712
Current financial debts	411,014	352,648
Credit institutions	411,014	250,532
Other		102,116
Other current financial liabilities	5,432	2,743
Trade debts and other current debts	43,784	42,109
Other	43,784	42,109
Deferred charges and accrued income	24,268	28,212
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,169,155**	**3,307,085**

[1] The reserves include the item "Reserve for own shares" for an amount of K€-4,933 at 31.12.2014.

Dividend distribution obligation according to the Royal Decree of 13.07.2014 concerning RREC

(x €1,000)	2014	2013
Net result	**-53,639**	**57,180**
Depreciation (+)	338	374
Writedowns (+)	-10	-61
Writeback of writedowns (-)		-1
Writeback of lease payments sold and discounted (-)	-15,931	-25,276
Other non-cash elements (+/-)	79,165	2,423
Gains or losses on disposals of property assets (+/-)	23,503	8,143
Changes in the fair value of investment properties (+/-)	-2,223	7,663
Corrected result (A)	**31,203**	**50,445**
Realised gains and losses[1] on property assets during the financial year (+/-)	3,925	-40,385
Realised gains[1] on property assets during the financial year, exonerated from the distribution obligation if reinvested within four years (-)	-30,940	-6,594
Realised gains on property assets previously exonerated from the distribution obligation and not reinvested within four years (+)		
Net gains on disposal of property assets not exonerated from the distribution obligation (B)	**-27,015**	**-46,979**
TOTAL (A+B) X 80%	**3,350**	**2,773**
Debt decrease (-)	-73,756	-62,101
DIVIDEND DISTRIBUTION OBLIGATION[2]	0	0

Non-distributable equity according to Article 617 of the Company Code

(x €1,000)	2014	2013
Net assets	**1,541,936**	**1,614,937**
Dividend distribution and profit-sharing plan	-99,791	-106,164
NET ASSETS AFTER DISTRIBUTION	**1,442,145**	**1,508,773**
Paid-up capital or, if greater, subscribed capital	965,983	945,447
Share premiums unavailable for distribution according to the Articles of Association	463,902	451,673
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	-55,225	-60,632
Reserve for the balance of changes in the fair value of authorised hedging instruments qualifying for hedge account	-42,665	-84,168
Reserve for the balance of changes in the fair value of authorised hedging instruments not qualifying for hedge accounting	-67,836	3,743
Reserve for own shares		
Other reserves declared non-distributable by the General Meeting	3,453	3,279
Legal reserve		
NON-DISTRIBUTABLE EQUITY ACCORDING TO ARTICLE 617 OF THE COMPANY CODE	**1,267,612**	**1,259,342**
Remaining margin after distribution	174,533	249,431

[1] In relation to the acquisition value, increased by the capitalised renovation costs.

[2] Because of its debt reduction, Cofinimmo SA/NV has no distribution obligation.

Statement of changes in shareholders' equity

(x €1,000)	Capital	Share premium account	Reserves	Net result of the financial year	Equity
AT 01.01.2013	**917,079**	**436,170**	**65,417**	**96,035**	**1,514,701**
Appropriation of the 2012 net result			96,035	-96,035	
Elements recognised in the global result			57,789	57,180	**114,969**
Cash flow hedge			57,288		**57,288**
Impact on the fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties			501		**501**
Result of the period				57,180	**57,180**
Other			-140		**-140**
SUBTOTAL	**917,079**	**436,170**	**219,101**	**57,180**	**1,629,530**
Issue of new shares	28,368	15,503			**43,871**
Acquisitions/Disposals of own shares			52,743		**52,743**
Dividends/Coupons			-111,207		**-111,207**
AT 31.12.2013	**945,447**	**451,673**	**160,637**	**57,180**	**1,614,937**
Appropriation of the 2013 net result			57,180	-57,180	
Elements recognised in the global result			52,021	-53,639	**-1,618**
Cash flow hedge			52,015		**52,015**
Impact on the fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties			582		**582**
Exercise on Cofinimmo shares (stock options and own shares)			-576		**-576**
Result of the period				-53,639	**-53,639**
Other			2,015		**2,015**
SUBTOTAL	**945,447**	**451,673**	**271,853**	**-53,639**	**1,615,334**
Issue of new shares	20,536	12,229			**32,765**
Dividends/Coupons			-106,164		**-106,164**
AT 31.12.2014	**965,983**	**463,902**	**165,689**	**-53,639**	**1,541,935**

Detail of the reserves

(x €1,000)	Reserve for the positive/ negative balance of changes in the fair value of investment 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
AT 01.01.2013	**-148,962**	**-59,811**	**-157,112**
Appropriation of the 2012 net result	23,727	-176	11,080
Elements recognised in the global result		501	57,288
Cash flow hedge			57,288
Impact on the fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties		501	
Other			
SUBTOTAL	**-125,235**	**-59,486**	**-88,744**
Acquisitions/Disposals of own shares			
Dividends			
AT 31.12.2013	**-125,235**	**-59,486**	**-88,744**
Appropriation of the 2013 net result	27,796	-1,146	4,576
Elements recognised in the global result		582	52,015
Cash flow hedge			52,015
Impact on the fair value of estimated transaction costs resulting from the hypothetical disposal of investment properties		582	
Exercise on Cofinimmo shares (stock options and own shares)			
Result of the financial year			
Other		5,311	
SUBTOTAL	**-97,439**	**-54,739**	**-32,153**
Issue of new shares			
Dividends			
AT 31.12.2014	**-97,439**	**-54,739**	**-32,153**

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**
-1,479	**824**	**-59,430**	**491,387**	**65,417**
-13,421		256	74,569	**96,035**
				57,789
				57,288
				501
			-140	**-140**
-14,900	**824**	**-59,174**	**565,816**	**219,101**
		57,813	-5,070	**52,743**
			-111,207	**-111,207**
-14,900	**824**	**-1,361**	**449,539**	**160,637**
18,643		241	7,070	**57,180**
		-575	-1	**52,021**
				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**

Standing document

General information

COMPANY NAME

Cofinimmo: public Regulated Real Estate Company incorporated under Belgian Law or public RREC incorporated under Belgian Law.

REGISTERED AND ADMINISTRATIVE OFFICES

The registered and administrative offices are established at 1200 Brussels, Boulevard de la Woluwe/Woluwedal 58 (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 Nerincx in Brussels, published in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of 17.02.2015 under the No. 0025656. 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 06.11.2014, it is submitted to the legal regime of Regulated Real Estate Companies provided for in the Law of 12.05.2014 regarding Regulated Real Estate Companies. The Company has as sole purpose to (a) provide, directly or through a company in which it holds a stake in accordance with the provisions of the RREC regulation, buildings for users and (b), within the limits set by the RREC regulation, hold property assets mentioned in Article 2, 5°, vi to x of the RREC Law.

The Company is also submitted to the provisions of the Royal Decree of 13.07.2014 regarding Regulated Real Estate Companies.

The Articles of Association have been amended on various occasions, the last of which was on 12.01.2015 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 17.02.2015 under the No. 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.

ACTIVITIES OF THE COMPANY

ARTICLE 3: COMPANY PURPOSE

3.1) The Company's sole purpose is to:

(a) provide, directly or through a company in which it holds a stake in accordance with the provisions of the RREC regulation, buildings for users and;

(b), within the limits set by the RREC regulation, hold property assets mentioned in Article 2, 5°, vi to x of the RREC Law.

By property asset, we mean:

i. Buildings as defined in Articles 517 and following of the Civil Code and real rights on buildings, excluding forests, farmland or mines;

ii. Shares or stakes with voting rights issued by property companies, controlled exclusively or jointly by the Company;

iii. Option rights on property assets;

iv. Shares of public or institutional Regulated Real Estate Companies, provided, in the latter case, that a joint or exclusive control is exercised on it by the Company;

v. Rights from contracts granting the Company a finance lease on one or several assets or giving it other similar rights of use;

vi. The shares of public Sicafis/Bevaks;

vii. The shares of foreign organisations for collective real estate investment listed in Article 260 of the RREC Law;

viii. The shares of organisations for collective real estate investment established in another member state of the European Economic Area and not listed in Article 260 of the RREC Law, provided that they are submitted to a surveillance equivalent to that applied to public Sicafis/Bevaks;

ix. Shares or stakes issued by companies (i) having legal personality; (ii) incorporated under the Law of another member state of the European Economic Area; (iii) which shares are admitted for negotiation on a regulated market and/or are subject to a prudential supervision; (iv) which have as main activity the acquisition or construction of buildings with a view to accommodate users, or the direct or indirect holding of stakes in certain types of entities with a similar corporate purpose; and (v) which are exempted from income taxation with regard to gains resulting from the activity described under (iv) above, providing the respect of constraints, of which at least the legal obligation to distribute a share of their revenues to their shareholders (Real Estate Investment Trusts, or REITs);

x. Property certificates referred to in Article 5, §4 of the Law of 16.06.2006.

With regard to providing buildings, the Company can namely exercise all activities related to the construction, fitting out, renovation, development, acquisition, disposal, management and operation of buildings.

3.2) On an ancillary or temporary basis, the Company can make placements in securities which do not constitute property assets within the meaning of the RREC regulation. These placements will be made with respect to the risk management policy adopted by the Company and will be diversified so as to ensure an appropriate diversification of risks. The Company can also hold non-affected cash, in all currencies, in the form of sight or term deposits or of any instrument of the monetary market that can easily be mobilised.

Moreover, it can realise operations on hedging instruments, aimed exclusively at covering interest rate and currency exchange risks within the context of the financing and the management of the property assets and excluding any operation of a speculative nature.

3.3) The Company can give or take one or several buildings under a finance lease. The activity consisting of giving buildings under finance leases with a call option can only be exercised on an ancillary basis, except if these buildings are destined for public use, including social housing and schooling (in which case the activity can be exercised as a main activity).

3.4) The Company can have an interest, through mergers or otherwise, in any affair, enterprise or company having a similar or related purpose and which can benefit the development of its activity and, in general, realise any operation linked directly or indirectly to its corporate purpose as well as any act useful or necessary for the realisation of its corporate purpose.

ARTICLE 4: PROHIBITIONS

The Company may not:

- Act as a real estate developer within the meaning of the RREC regulation, with the exception of occasional operations;
- Participate in an underwriting syndicate;
- Lend financial instruments, with the exception of loans realised within the conditions and according the provisions of the Royal Decree of 07.03.2006;
- Acquire financial instruments issued by a private law company or association which has been declared bankrupt, which has reached a friendly agreement with its creditors, which has been the object of a judicial reorganisation procedure, which has obtained a suspension of payments, or which has been the object, in a foreign country, of a similar measure.

FINANCIAL YEAR

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

PLACES AT WHICH DOCUMENTS ACCESSIBLE TO THE PUBLIC MAY BE CONSULTED

The Company's Articles of Association may be consulted at the clerk's office of the Brussels Commercial Court as well as on the website www.cofinimmo.com.

The company and consolidated accounts of the Cofinimmo Group are filed 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.

All press releases and other financial information given out by the Cofinimmo Group over the past five years can be consulted on the website ww.cofinimmo.com. The Annual Financial Reports may be obtained from the registered offices or consulted on the website www.cofinimmo.com. They are sent each year to the registered shareholders and to any parties expressing a wish to receive them. They include reports by the real estate experts and the Statutory Auditor.

DECLARATIONS

RESPONSIBLE PEOPLE

The Board of Directors of Cofinimmo SA/NV, composed as described on page 104, assumes the responsibility for the content of this Annual Financial Report, with the exception of the information provided by third parties, including the reports of the Statutory Auditor and the real estate experts, and declares that to the best of its knowledge:

- this Annual Financial Report contains a fair and true statement of the important events. As the case may be, it refers to the major transactions between related parties that have occurred during the year and their impact on the financial statements;
- this Annual Financial 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 7).

FORECAST INFORMATION

This Annual Financial Report contains forecast information based on company plans, estimates and projections, as well as on its reasonable expectations regarding external events and factors. By its nature, this forecast information is subject to risks and uncertainties that may have as a consequence that the results, financial situation, performance and actual figures differ from this information. Taking into account these factors of uncertainty, 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, which provides for the payment of compensations upon the termination of the employment contract, except for the comment in the section "Contractual terms of the members

of the Executive Committee" in the chapter "Corporate Governance Statement".

DECLARATION CONCERNING INFORMATION FROM THIRD PARTIES

The information published in this Annual Financial Report provided by third parties, such as the report by the real estate experts 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 ensure 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 past five years - namely those of the financial years 2012 and 2013 which are included as reference in this Annual Financial Report - which comprise the company annual accounts, the consolidated annual accounts and the Statutory Auditor's reports, as well as the Half-Yearly Financial Reports, can be consulted on the website www.cofinimmo.com.

FISCAL REGIMES

THE PUBLIC REGULATED REAL ESTATE COMPANY (RREC)

The public Regulated Real Estate Company (RREC) has a similar status than the one existing in numerous countries: Real Estate Investment Trusts (REITs) in the US, Fiscale Beleggingsinstellingen (FBI) in the Netherlands, G-REITs in Germany, Sociétés d'Investissements Immobiliers Cotées (SIIC) in France and UK-REITs in the UK.

This regime is currently governed by the Law of 12.05.2014 and the Royal Decree of 13.07.2014 regarding Regulated Real Estate Companies[1].

The main characteristics of the RREC are:

- closed-end company;
- stock exchange listing;
- activity consisting of providing buildings to users; as an ancillary activity, the RREC can invest its assets in listed securities;
- possibility for the Belgian subsidiaries of the public RREC to be approved as institutional RREC;
- diversification of risk: no more than 20% of the consolidated property portfolio invested in a single property;
- consolidated debt limited to 65% of the market value of the 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 property 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 realised gains on disposals of property 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 25% for physical persons residing in Belgium.

Companies applying for the public or institutional RREC status, or which merge with a 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 an additional crisis contribution of 3%, giving a total of 16.995%). Cofinimmo obtained its RREC status on 26.08.2014. Until then and since 01.04.1966, it benefitted from the Sicafi/Bevak status.

INSTITUTIONAL REGULATED REAL ESTATE COMPANY UNDER BELGIAN LAW

The institutional RREC, introduced 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 RREC 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 upon registration with the FSMA.

The main characteristics of the institutional RREC are:

- non-listed company controlled by a public RREC;
- registered shares held by eligible investors;
- no diversification or debt ratio requirement (consolidation at public RREC level);
- dividend distribution obligation;
- owned jointly or exclusively by a public RREC;
- exclusive purpose of providing buildings to users;
- no obligation to appoint a real estate expert, the real estate assets being appraised by the expert of the public RREC;
- statutory 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.

THE "SOCIÉTÉ D'INVESTISSEMENTS IMMOBILIERS COTÉE" (SIIC)

The "Société d'Investissements Immobiliers 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 that of 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 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 the letting of its properties.

The main characteristics of the SIIC regime are:

- exemption from corporate tax on the fraction of the profit arising from i) the letting of buildings, 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 purpose, 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;
- results distribution obligation: 95% of the exempted profits arising from rental income, 60% of the exempted profits arising from the disposal of properties, shares in companies 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 shares of companies not subject to corporate tax held by the SIIC or its subsidiaries having opted for the SIIC regime.

[1] Cofinimmo's adoption date of the RREC status is 06.11.2014.

THE "FISCALE BELEGGINGSINSTELLINGEN" (FBI)

The main characteristics of the Fiscale Beleggingsinstelling regime are:

- only public limited companies, limited liability companies and mutual funds can be considered as FBIs;
- the FBI's statutory purpose and actual operations may only involve the investment of assets;
- investments in property 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 listed investment companies;
- shares or ownership interests in an unlisted FBI may not be held, directly or indirectly, for 5% or more by a natural person (and his/her partner);
- 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 shares are subject to a withholding tax of 5%.

Cofinimmo does not benefit from the FBI status in the Netherlands for Pubstone Properties, but it does have the FBI status for its subsidiary Superstone.

Share capital

ISSUED CAPITAL

The issued capital of €965,983,255.79[1] is fully paid-up.

SHARE CAPITAL

The shares have no par value.

SCHEDULE OF CHANGES

The history of the share capital changes before 2014 can be consulted in the 2013 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).

Changes in 2014

Date of the transaction		31.03.2014	30.06.2014	16.07.2014	30.09.2014	31.12.2014	
Type of transaction	**Situation at 31.12.2013**	Conversion of preference shares Q1 2014	Conversion of preference shares Q2 2014	Contribution in kind of dividend rights	Conversion of preference shares Q3 2014	Conversion of preference shares Q4 2014	**Situation at 31.12.2014**
Issue price (€)				85.50			
Amount (€) of share capital				20,536,439.56			
Amount (€) of the net contribution to the shareholders' equity[2]				12,229,212.44			
Number of ordinary shares		+123	+29	+383,224	+305	+1,740	
Total number of ordinary shares after the transaction	**16,954,002**	16,954,125	16,954,154	17,337,378	17,337,683	17,339,423	**17,339,423**
Number of preference shares COFP1		-100					
Total number of preference shares COFP1 after the transaction	**395,148**	395,048	395,048	395,048	395,048	395,048	**395,048**
Number of preference shares COFP2		-23	-29		-305	-1,740	
Total number of preference shares COFP2 after the transaction	**293,534**	293,511	293,482	293,482	293,177	291,437	**291,437**
Total number of preference shares after the transaction	**688,682**	688,559	688,530	688,530	688,225	686,485	**686,485**
Total share capital after the transaction	**945,446,816.23**	945,446,816.23	945,446,816.23	965,983,255.79	965,983,255.79	965,983,255.79	**965,983,255.79**

[1] At the time of writing of this Annual Financial Report.

[2] According to the accounting rules of the public RREC regime.

DESCRIPTION OF SHARE TYPES

On 31.12.2014, Cofinimmo had issued 17,339,423 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 per share, capped at this amount, which represents a gross yield of respectively 5.90% and 6.10% compared to the subscription price or a net yield of respectively 4.43% and 4.58% after the deduction of the 25% 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 ten days of each quarter, at a rate of one new ordinary share for one preference share (see also page 211);
- 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 fifteenth anniversary of their issue date;
- 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 for the COFP1 shares vs. €104.44 for the COFP2 shares) which represents the purchase price.

EVOLUTION OF THE CONVERSION OF PREFERENCE SHARES INTO ORDINARY SHARE

	Converted COFP1 shares	Converted COFP2 shares
From 01.05.2009 to 10.05.2009	28,348	45,578
From 21.06.2009 to 30.06.2009	81,743	10,083
From 21.09.2009 to 30.09.2009		933
From 22.12.2009 to 31.12.2009	2,794	3,594
From 22.03.2010 to 31.03.2010	7,399	47,285
From 20.06.2010 to 30.06.2010	20,000	398
From 20.09.2010 to 30.09.2010	400	1,693
From 22.12.2010 to 31.12.2010	79	129
From 22.03.2011 to 31.03.2011		305
From 21.06.2011 to 30.06.2011		404
From 21.09.2011 to 30.09.2011		439
From 22.12.2011 to 31.12.2011	48,430	131,923
From 22.03.2012 to 31.03.2012	47,500	193,592
From 21.06.2012 to 30.06.2012		97
From 21.09.2012 to 30.09.2012	70,599	66,475
From 22.12.2012 to 31.12.2012		149
From 22.03.2013 to 31.03.2013	50	
From 21.06.2013 to 30.06.2013		84
From 21.09.2013 to 30.09.2013		
From 22.12.2013 to 31.12.2013		581
From 22.03.2014 to 31.03.2014	100	23
From 21.06.2014 to 30.06.2014		29
From 21.09.2014 to 30.09.2014		305
From 22.12.2014 to 31.12.2014		1,740

AUTHORISED CAPITAL

At 31.12.2014, the authorised capital amounted to €537,259,480.91 (see Note 30 of this Annual Financial Report).

CHANGES IN TREASURY SHARES (OWN SHARES)

The number of treasury shares held by the Cofinimmo Group at 01.01.2014 amounted to 48,917. All these shares are entitled to a share in the results of the financial year starting 01.01.2014.

The number of treasury shares held by the Cofinimmo Group on 31.12.2014 came to 54,414 (held by Cofinimmo SA/NV), which represents a level of self-ownership of 0.30%.

POSITION AT 01.01.2014	**48,917**
Transfers and disposals of shares within the stock option plan reserved for employees during the first half of 2014	-1,612
Purchase of shares from shareholders having exercised their exit right	+9,489
Transfers and disposals of shares within the stock option plan reserved for employees during the second half of 2014	-2,380
POSITION AT 31.12.2014	**54,414**

SHAREHOLDING

The shareholding structure is set out in the chapter "Cofinimmo in the Stock Market" of this Annual Financial Report. It can also be consulted on the Company's website www.cofinimmo.com.

Extracts from the Articles of Association

SUMMARY OF CHANGES IN 2014

Revision of the Articles of Association approved by the Extraordinary General Meeting of 22.10.2014 following the Law of 12.05.2014 and the Royal Decree of 13.07.2014 regarding Regulated Real Estate Companies.

CAPITAL

Article 6, Point 2 - Authorised capital

The Board of Directors is empowered to increase share capital in one or several tranches up to a maximum amount of seven hundred and ninety-nine million Euros (€799,000,000) on the dates and according to the procedures to be decided by the Board of Directors, in accordance with Article 603 of the Company Code. In the case of a capital increase accompanied by the payment or entry in the accounts of a share premium, only the amount assigned to the capital will be subtracted from the remaining available amount of the authorised capital.

This authorisation is granted for a period of five years from the date of publication in the annexes of the Belgian Official Gazette (Moniteur Belge/Belgisch Staatsblad) of the minutes of the Extraordinary General Meeting of 29.03.2011.

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 Meeting itself.

Share capital increases which are decided in this way by the Board of Directors may be carried out by subscription in cash or by non-cash contributions, provided that the legal provisions are respected, or by incorporation of reserves or the share premium account, with or without the creation of new shares, and increases may give rise to the issue of Ordinary Shares or Preference Shares or shares with or without voting rights. These capital increases may also be carried out by the issue of convertible bonds or subscription rights – whether or not attached to another security – which can give rise to the creation of Ordinary Shares or Preference Shares or shares with or without voting rights.

The Board of Directors is entitled to abolish or limit the preferential subscription right of the shareholders, including in favour of specific persons other than staff members of the Company or its subsidiaries, provided that an irreducible allocation right is granted to the existing shareholders at the time of allocation of the new shares. 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 a 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.

Notwithstanding the authorisation given to the Board of Directors in accordance with the foregoing, the Extraordinary General Meeting of 29.03.2011 expressly authorised the Board of Directors to carry out one or more capital increase(s) in the event of a takeover bid, in accordance with the provisions of Article 607 of the Company Code and subject to compliance, where appropriate, with the irreducible allocation right provided for under the RREC legislation. Capital increases carried out by the Board of Directors by virtue of the said authorisation shall be scored against the remaining available capital within the meaning of this Article. This authorisation does not restrict the powers of the Board of Directors to undertake operations using authorised capital other than those referred to in Article 607 of the Company Code.

Where capital increases decided in accordance with these authorisations involve a share premium, the amount thereof, after charging any expenses, shall be allocated to an account not available for distribution known as a "Share premium account" which shall constitute, like the capital, the guarantee of third parties and may not be reduced or annulled except by decision of the General Meeting deliberating subject to the conditions of quorum and majority required for reducing the capital, under reservation of its incorporation in the capital.

Article 6, Point 3 - Acquisition, pledge and transfer of own shares

The Company may acquire or pledge its own shares subject to the conditions laid down by 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 Meeting. The Board of Directors is specially authorised, for a period of three years from the date of publication of the Extraordinary General Meeting of 29.03.2011, to acquire, pledge and dispose of, on behalf of Cofinimmo, the own shares of the Company without a prior decision by the General Meeting, where this acquisition or this disposal is necessary in order to prevent serious and imminent harm to the Company.

Furthermore, during a period of five years following the publication of the General Meeting of 05.12.2013, the Board of Directors may acquire, pledge and dispose of (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 pledge) and that may not be more than one hundred fifteen per cent (115%) of the closing market price on the day preceding the date of the transaction (acquisition, pledge) whereby Cofinimmo may at no time hold more than ten 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 and the RREC legislation.

The Company is prohibited from subscribing to its own capital increase, either directly or indirectly.

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 Meeting itself.

In the event of a share issue without mention of the nominal value below the par value of the existing shares, the invitation to the General Meeting must mention it explicitly.

If the General Meeting decides to ask for the payment of an issue premium, this must be entered in an unavailable reserve account which may be reduced or abolished only by a decision by the General Meeting deliberating in accordance with the provisions laid down for the amendment of the 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.

Contributions in kind may also relate to the dividend right in the context of the distribution of an optional dividend, with or without an additional cash contribution.

In the event of a capital increase by contribution in cash by decision of the General Meeting or in the context of the authorised capital, the preference subscription right of shareholders may be limited or abolished only on condition that an irreducible right of allocation is granted to the existing shareholders on the allocation of new shares. This irreducible right of allocation meets the following conditions established by the RREC regulation:

1. it relates to all the newly issued shares;
2. it is granted to shareholders in proportion to the part of the capital represented by their shares at the time of the operation;
3. a maximum price per share is announced no later than the day before the opening of the public subscription period, which must last for at least three trading days.

The irreducible right of allocation applies to the issue of shares, convertible bonds and subscription rights able to be exercised by means of a cash contribution. 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 by way of non-cash contribution are subject to the rules prescribed by Articles 601 and 602 of the Company Code.

In addition, the following conditions must be respected in the case of a non-cash contribution, in accordance with the RREC regulation:

1. the identity of the party making the contribution must be mentioned in the report of the Board of Directors referred to in Article 602 of the Company Code, as well as, where appropriate, in the notice convening the General Meeting, which is to take a decision on the capital increase;
2. the issue price may not be below the lower value of (a) a net asset value dating back no longer than four months before the date of the contribution agreement or, at the Company's choice, before the date of the capital increase deed or (b) the average closing price during the 30 calendar days prior to this same date. In this respect, it is permitted to subtract from the amount referred to in point 2(b) above an amount corresponding to the portion of the gross undistributed dividends, of which the new shares could be deprived, provided that the Board of Directors specifically justifies the amount of the accumulated dividends to be deducted in its special report and discloses the financial conditions of the operation in the Annual Financial Report;
3. except where the issue price, or in the case referred to in Article 6.6, the exchange rate, and their terms and conditions are determined and communicated to the public no later than on the day following the conclusion of the contribution agreement, mentioning the time within which the capital increase will in fact be carried out, the capital increase deed is concluded within a maximum of four months; and
4. the report referred to in point 1° above must also indicate the impact of the proposed contribution on the situation of the existing 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 the granting of this 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 office of the Company, and where appropriate and permitted by Law, this register may take electronic form. Shareholders may consult the register with respect to their shares.

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. Preference 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 "Preference Dividend").

The annual gross amount of the Priority Dividend is six Euros thirty-seven cents (€6.37) 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 Preference Dividend, with the provision of 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 Preference Dividend, namely six Euros thirty-seven cents (€6.37) 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 ten working days. The distributable profit which it has been decided to distribute will first be paid to the holders of Preference Shares, for the amount of six Euros thirty-seven cents (€6.37) per Preference Share. Any amount remaining from the distributable profit which it has been decided to distribute will 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 Preference Dividend will be released for payment on June 1st of that year.

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

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° From the fifth anniversary of their issue date, from May 1st to May 10th of that year, and subsequently during the last ten days of each quarter of the calendar year;
- 2° At any time during a period of one month following notification of the exercise of the call option referred to below; and
- 3° In the event of the Company being liquidated, during a period beginning two weeks after publication of the liquidation decision and ending on the day before the General Meeting convened to conclude the liquidation process.

The conversion rate will be one Ordinary Share for one Preference Share.

The conversion will be carried out by issuing new Ordinary Shares, without increasing the Company's capital. The Company's Board of Directors may have the conversions carried out recorded in an authentic document. These official records may be grouped together at the end of each civil quarter, on the understanding that the conversion will be deemed to have taken effect on the date of dispatch of the request for conversion.

The conversion request must be addressed to the Company by the holder of the Preference Shares by registered post, indicating the number of Preference Shares for which conversion is requested.

8.3. Call option

Starting from the fifteenth year following their issue, the third party designated by the Company may purchase in cash all or some 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 percent (2.5%) of the total number of Preference Shares originally issued, the third party designated by the Company may purchase the balance of the unconverted Preference Shares, as from the fifth year following their issue date, at the earliest 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 of the holder of Preference Shares failing to present the Preference Shares, the purchase of which has been duly decided upon, 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 deposit of the price with the Caisse des Dépôts et Consignations.

8.4. Voting right

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

In the event of the liquidation of the Company, whether voluntary or compulsory, the holders of Preference Shares will automatically have the right to convert the Preference Shares into Ordinary Shares during a period beginning 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. Modification of the rights attached to the different classes of shares

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

8.8. Form

The Preference Shares are, and shall 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 RREC regulation. These securities may take the forms provided for by the Company Code.

SHAREHOLDING

Article 10 – Stock exchange listing and disclosure of major participations

The Company shares must be traded on a regulated Belgian market, in accordance with the RREC regulation.

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 five per cent (5%) and multiples of five 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 in principle for a term of four years by the General Meeting, whom that body may remove at any time.

Their terms are renewable.

The Board of Directors includes at least three Independent Directors meeting the criteria stipulated in Article 526ter of the Company Code.

The term 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 directorships are not filled, the remaining Directors, at a meeting of the Board, shall be empowered provisionally to appoint a replacement for the period until the next General Meeting, which shall hold the final election.

Any remuneration may not be determined in accordance with the operations and transactions carried out by the Company or its subsidiaries.

Without prejudice to temporary provisions, Directors are exclusively natural persons. They must meet the integrity and expertise conditions laid down in the RREC regulation and may not fall within the scope of the prohibitions defined in the RREC regulation.

The appointment of Directors is subject to prior approval by the Financial Services and Markets Authority (FSMA).

Article 17 - Representation of the Company and signature of documents

Except where the Board of Directors has delegated special powers of representation, the Company is represented in all its acts, including those involving a public official or 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 such powers, 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 notary 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 appoints one or more auditors who carry out the duties incumbent upon them under the Company Code and the RREC regulation.

The auditor must be approved by the Financial Services and Markets Authority (FSMA).

GENERAL SHAREHOLDERS' MEETINGS

Article 19 - Meetings

The Annual General Meeting shall be held on the second Wednesday of May at 3.30pm. 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 Meeting shall be held at the place indicated in the notice convening the General 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 twenty 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 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 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 14th day prior to the General Meeting, at midnight (Belgian time) (below, the registration date), either by their registration on the register of shareholders of the Company, 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 Meeting.

The owners of dematerialised shares wishing to attend the Meeting must produce an attestation issued by their financial intermediary or approved account holder certifying, as the case may be, the number of dematerialised shares registered in the name of the shareholder in its accounts on the registration date and for which the shareholder has declared that he wishes to attend the General Meeting. This deposit must be made at the registered office or with establishments designated in the notices convening the meeting, no later than the sixth 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 email, sent no later than the sixth 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 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 Meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Managing Director or, should he also be absent, by the person designated by the Directors present. The Chairman appoints the secretary. The General Meeting shall 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 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 must be expressly stipulated that the form must be signed, the signature certified and the entire document sent by registered letter no later than the sixth day prior to 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 the bonds in circulation. The notice convening the 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 the obligation to distribute to its shareholders, within the limits allowed by the Company Code and the RREC regulation, a dividend of which the minimum amount is laid down by the RREC regulation.

By decision of the Extraordinary General Meeting held on 29.03.2011, the Board of Directors is authorised to decide to distribute to the employees of the 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 a period of five years, the first distributable profit being that of the financial year two thousand and eleven (2011).

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

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 and including the governance practices and provisions to be met by companies under 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).

CALL OPTION

A right to purchase a specific financial instrument at a preset price and during a specific 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. He 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 the leases at the closing date, before deduction of rent-free periods 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 according to the RREC legislation as financial and other debts divided by total assets.

DERIVATIVES

As a borrower, Cofinimmo wants to hedge against a possible 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 the sale of a FLOOR; IRS contracts).

DISPOSAL 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 currently set by the independent experts at 2.5% for assets located in Belgium. However, for properties with an overall value of less than €2.5 million, 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 or in the Netherlands, the deducted transfer taxes amount to respectively 6.75% and 4.89%. This disposal value is used as fair value in Cofinimmo's IAS/IFRS financial statements.

DIVIDEND YIELD

Gross dividend divided by the average share price during the year.

DOUBLE NET

So-called "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 expenses 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 aiming to establish a complete and certified inventory of a company (accounting, economic, legal and fiscal aspects) before a financing or acquisition transaction.

EBIT (EARNINGS BEFORE INTERESTS 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 amortised.

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 ÂGEES DÉPENDANTES)

In France, this is the most widespread form of accomodation facility for the elderly.

E-LEVEL

Primary energy consumption level of a building, according to the European legislation.

EPB (ENERGY PERFORMANCE OF A BUILDING)

This index, issued from the European Directive 2002/91/EC, expresses the quantity of energy required to meet the various needs for the normal use of a building. It 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 to direct real estate investments by offering greater liquidity, accessibility and transparency of the companies (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. 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 a 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% 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 the real estate experts.

FBI (FISCALE BELEGGINGSINSTELLING)

Dutch fiscal status, comparable to the RREC status.

FINANCIAL RATING

Financial ratings given by specialised agencies (Standard & Poor's in the case of Cofinimmo), estimating the short- or long-term financial strength of a company. These ratings influence the rate at which a company can finance itself.

FLOOR

A FLOOR is an interest rate option. The buyer of a FLOOR buys the right to benefit from a minimum interest rate for a specific period. He only exercises this right if the 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 which 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 method.

FSMA (FINANCIAL SERVICES AND MARKETS AUTHORITY)

The autonomous regulatory authority governing financial and insurance markets in Belgium.

GPR250 (GLOBAL PROPERTY RESEARCH 250)

Stock exchange index of the 250 largest listed real estate companies worldwide.

IAS/IFRS (INTERNATIONAL ACCOUNTING STANDARDS/ 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 which 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 in 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).

(INITIAL) GROSS RENTAL YIELD

The ratio between the (initial) rent of an acquired asset and its acquisition value, without deduction of transaction costs.

INSIDER TRADING

Infringement committed by an individual who takes advantage of information obtained through his/her professional situation 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 risk level.

INVESTMENT VALUE

Value of the portfolio as established by the real estate experts, without deduction of transaction costs.

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. Through an IRS, Cofinimmo swaps a floating interest rate against a fixed interest rate, or the other way round.

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 regarding 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 no less than 27 years and no more than 99 years.

MARKET CAPITALISATION

Closing stock market price multiplied by the total number of outstanding shares on that date.

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)

European stock market index launched by Morgan Stanley Capital International grouping listed companies worldwide.

NET CURRENT CASH FLOW

Net current result (Group share) before the result on the portfolio, plus (+) contributions to depreciations, writebacks on trade receivables 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 rent-free periods and concessions granted to tenants.

NET CURRENT RESULT

Operating result plus financial result (financial income - financial charges) less income taxes.

NET RESULT

Net current result + result on the portfolio.

OCCUPANCY RATE

The occupancy rate is calculated by dividing the (indexed) contractual rents of the leases in force by the sum of these contractual rents and of the estimated rental values of the vacant spaces, the latter being calculated based on 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 sectors regarding projects for collective use: urban renovation, infrastructure works, public buildings, etc.

PRIVATE PLACEMENT

Fund-raising from a limited number of (institutional) investors without approaching the general public.

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.

REIT (REAL ESTATE INVESTMENT TRUST)

Listed real estate investment trust as existing in the United States.

RESULT ON THE PORTFOLIO

Realised and unrealised gains and losses compared to the last valuation by the real estate expert, including the amounts of exit tax due following the entry of a building into the RREC, SIIC or FBI regimes.

REVALUED NET ASSETS

Net Asset Value (NAV). Equity estimated at its market value, i.e. the difference between the company's assets and liabilities (these both being presented directly at market value on the Cofinimmo balance sheet). This value is calculated at the company based on the property valuation provided by the independent real estate experts.

ROYAL DECREE OF 13.07.2014

Royal Decree concerning Regulated Real Estate Companies (RREC).

SERVICE FLATS

Small apartments providing accommodation to (semi)-autonomous elderly people combined with domestic and meal services.

SIIC (SOCIÉTÉ D'INVESTISSEMENTS IMMOBILIERS COTÉE)

French fiscal status for property companies, comparable to the RREC status.

SSR (CLINIQUE DE SOINS DE SUITE ET DE READAPTATION)

Clinic providing rehabilitation care to patients following a hospital stay for a health complaint or surgery.

SWAP RATE

Interbank interest rate.

TAKE-UP

Letting of rental spaces.

TRIPLE NET

So-called "triple net" rental contracts or yields imply that insurance costs, taxes and maintenance expenses are payable by the tenant (lessee). This mainly concerns the leases of healthcare assets.

VELOCITY

This parameter indicates the speed of circulation of the share and is obtained by dividing the total volume of shares exchanged over the year by the total number of shares.

WITHHOLDING TAX

Tax withheld by a bank or by another financial intermediary on payment of a dividend.

ZBC (ZELFSTANDIG BEHANDELCENTRUM)

Independent private clinic in the Netherlands.

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Portraits: David Plas

PRINT
Printer Dereume

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").

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

This English Annual Financial Report is a translation of the French Annual Financial Report. Only the French 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 31.03.2015.