

**REGULATED INFORMATION**

EMBARGO UNTIL 10.02.2012 – 8:00 AM

## ANNUAL RESULTS 2011

- ☞ Net current result per share (Group share), excluding IAS 39 impact, of € 7.45, above forecast at € 7.33
- ☞ Like-for-like, the rental income rose by 2.1% over the past 12 months
- ☞ Property portfolio value as determined by the real estate expert decreased by 0.3%
- ☞ Net asset value of € 96.15 per share (assets being expressed at fair value)
- ☞ Occupancy rate stable at 95.34%
- ☞ Confirmation of the proposal for a gross dividend of € 6.50 per ordinary share for 2011
- ☞ Consolidation of the diversification strategy

Brussels, 10.02.2012, 8:00AM CET

In a particularly difficult economic environment, Cofinimmo has achieved a current result per share which, at € 7.45, is 2% higher than the forecast made in February 2011. This achievement is accompanied by the satisfaction of having at the same time put into practice several aspects of its strategy. Its commercial performance is attributable to the length of the leases characteristic of all the segments resulting from the diversification of the company since 2005 but also, specifically in the office segment, to its ability to manage existing customers and to attract new customers for the premises which have become available. The office occupancy rate of 93.07% reflects this ability and the commitment of the operational team.

The diversification policy has been continued and the trend over the year in the share of offices, which declined from 55.6% to 48.6%, is the fruit of investments in the healthcare sector and in the agency portfolio, acquired in December from French insurer MAAF, and of disposals of properties for € 172.1 million.

Despite a more volatile financial market context, Cofinimmo has successfully undertaken various measures to ensure optimum management of its balance-sheet structure. Equity has been strengthened, notably as a result of the issue of 330,246 new shares through shareholders exercising the option to receive their dividend in shares, which was taken up by over 30% of them. The € 50 million mandatory convertible bond issued in December by our subsidiary Cofinimur for the acquisition of the MAAF agencies, in turn made its contribution to strengthening the Group's equity.

The diversification of the sources of funding has also been continued and is illustrated by the issue in April of a € 173 million convertible bond into Cofinimmo shares, placed mainly with institutional investors.

These achievements are strong incentives for the continuation of the efforts in the coming years.

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## 1. Summary and key figures

The **net current result** – Group share and excluding IAS 39 impact – comes to € 113.2 million for FY 2011, down 5% on the 2010 figure. Per share, this net result is € 7.45, compared to € 8.02 for the previous FY. It is in line with the forecasts and 7.1% down on the previous FY.

The number of shares entitled to participate in the profit for the FY has risen by 2.2% following the payment of the optional dividend in ordinary shares in May 2011 for which 37.7% of the dividend coupons were subscribed.

The net current result will enable the Board of Directors to propose to the shareholders at the General Meeting the distribution of an unchanged gross dividend of € 6.50 per ordinary share for FY 2011 (payable in May 2012), in line with the forecast. This represents a pay-out of 87.2% of the aforementioned profit.<sup>1</sup>

The **result on portfolio** is composed of a net realised gain on the disposal of properties for a total amount of € +6.6 million and a net change in fair value of investment properties of € -9.6 million (-0.3%). These figures compare respectively to the € +7.3 million and € -28.3 million (-0.9%) recorded in 2010. The last quarter of 2011 was marked by an appreciation of the assets, as ascertained by the real estate experts, of € 6.6 million, after nine consecutive quarters of depreciation.

The result on portfolio at 31.12.2011 also includes, under the subheading 'Other result on portfolio', the write-back of a deferred tax liability for an amount of € 39.3 million following the conversion of Pubstone SA into an institutional Sicafi, in June 2011.

Per share, the result on portfolio records a gain of € 0.98 compared to a loss of € 1.45 in 2010.

The **net result** per share – Group share – stands at € 7.80 for FY 2011, compared to € 5.64 for FY 2010.

The 2011 property disposals amount to € 172.1 million in 2011 and mainly concerned office buildings. The proceeds have been reinvested in nursing homes and in the acquisition of the MAAF agency portfolio. Since 2005, Cofinimmo has gradually reduced its exposure to the office sector, which today represents 48.6% of its **total portfolio** as against almost 100% 5 years ago. Cofinimmo intends to further reduce the office part while maintaining a prime position and expertise in this speciality in Belgium. The occupancy rate for its office properties stands at 93.07%,<sup>2</sup> all other properties are 100% occupied.<sup>3</sup>

The Sicafi legislation was amended by the Royal Decree of 07.12.2010, following proposals made as from 2007 by their association. The new regulation provides greater flexibility for access to the capital markets. It also authorises the subsidiaries of public (listed) Sicafi to apply to the Financial Services and Markets Authority for the status of **institutional Sicafi**, which benefits from the same tax arrangements and adapted supervisory arrangements.

Pubstone SA, FPR Leuze SA and Silverstone SA obtained approval as institutional Sicafis in June, October and December respectively.

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<sup>1</sup> This dividend is higher than the amount corresponding to the legal distribution obligation, i.e. 80% of the net profit as per Article 27 of the Royal Decree of 07.12.2010.

<sup>2</sup> Occupancy rate in m<sup>2</sup>.

<sup>3</sup> The occupancy rate of the MAAF agencies portfolio is 97.2%

### Global information

(x €1,000,000)	31.12.2011	31.12.2010
Portfolio of investment properties (in fair value)	3,189.4	3,041.9
(x €1,000)	31.12.2011	31.12.2010
Property result	208,569	214,320
Operating result before result on portfolio	177,791	184,996
Financial result	-67,107	-72,094
Net current result (Group share)	103,643	105,435
Result on portfolio (Group share)	14,897	-21,639
Net result (Group share)	118,540	83,796
(in %)	31.12.2011	31.12.2010
Operating costs/average value of the portfolio under management <sup>1</sup>	0.83%	0.80%
Operating margin	85.24%	86.32%
Weighted residual lease term <sup>2</sup> (in years)	11.3	11.5
Occupancy rate <sup>3</sup>	95.34%	95.77%
Gross rental yield at 100% portfolio occupancy	6.98%	6.98%
Net rental yield at 100% portfolio occupancy	6.56%	6.52%
Average interest rate on borrowings <sup>4</sup>	4.20%	4.33%
Debt ratio <sup>5</sup>	49.89%	47.50%
Loan-to-value ratio <sup>6</sup>	51.50%	50.26%

### Information per share<sup>7</sup> (in €)

Results	31.12.2011	31.12.2010
<b>Net current result – Group share – excluding IAS 39 impact</b>	<b>7.45</b>	<b>8.02</b>
IAS 39 impact	-0.63	-0.93
<b>Net current result – Group share</b>	<b>6.82</b>	<b>7.09</b>
Realised result on portfolio	0.44	0.49
Unrealised result on portfolio <sup>8</sup>	0.54	-1.94
<b>Net result – Group share</b>	<b>7.80</b>	<b>5.64</b>

<sup>1</sup> Average value of the portfolio + the value of the receivables sold on buildings of which the maintenance costs are still borne by the Group being the owner. These costs are covered through total liability insurance premiums.

<sup>2</sup> Until the first break option for the lessee.

<sup>3</sup> Calculated according to the actual rents for the occupied buildings and the estimated rental value for unlet buildings. For the office properties alone, it stands at 91.35% as against 88.5% for the Brussels' office market (source: CB Richard Ellis).

<sup>4</sup> Including bank margins and the amortisation charges of the cost of hedging instruments active during the period.

<sup>5</sup> Legal ratio calculated according to the Sicafi regulation as financial and other debts/total assets.

<sup>6</sup> Conventional ratio defined in the documents with the banks as net financial debt/fair value of the property portfolio and of finance lease receivables. The exact definition of the ratio was amended during 2011. Had the new definition been applicable on 31.12.2010 (quod non), the ratio would have been 49.40% as at that date.

<sup>7</sup> Ordinary and preference shares.

<sup>8</sup> Changes in fair value of investment properties and exit tax.

<b>Net asset value per share</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Revalued net asset value in fair value <sup>1</sup> after distribution of dividend for the year 2010	96.15	91.72
Revalued net asset value in investment value <sup>2</sup> after distribution of dividend for the year 2010	100.68	96.07

<b>Diluted net asset value per share<sup>3</sup></b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Diluted revalued net asset value in fair value <sup>4</sup> after distribution of dividend for the year 2010	98.29	91.72
Diluted revalued net asset value in investment value <sup>5</sup> after distribution of dividend for the year 2010	102.29	96.07

**Key performance indicators according to the EPRA<sup>6</sup> principles (in € per share)**

	<b>31.12.2011</b>	<b>31.12.2010</b>
EPRA Earnings	7.45	8.02
EPRA Net Asset Value (NAV)	104.37	106.09
EPRA Adjusted Net Asset Value (NNNAV)	98.36	98.21
EPRA Net Initial Yield (NIY)	6.21%	6.33%
EPRA 'Topped-up' NIY	6.17%	6.23%
EPRA Vacancy Rate	4,84%	4,44%

<sup>1</sup> Fair value: after deduction of transaction costs (mainly transfer taxes) from the value of the investment properties.

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

<sup>3</sup> Assuming conversion of convertible bonds issued by Cofinimmo and of the mandatory convertible bonds issued by Cofinimur.

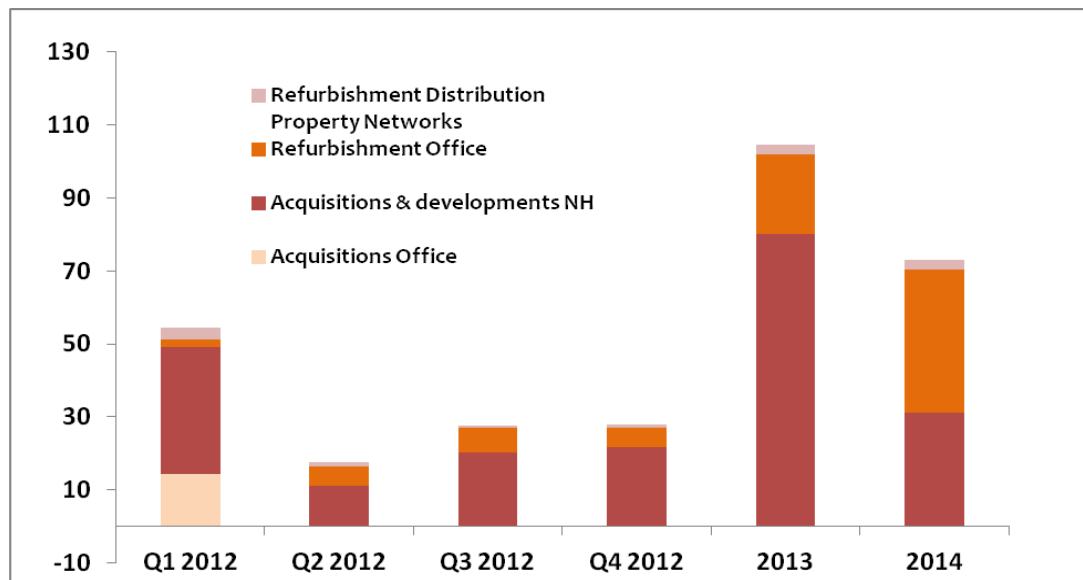
<sup>4</sup> Fair value: after deduction of transaction costs (mainly transfer taxes) from the value of the investment properties.

<sup>5</sup> Investment value: before deduction of transaction costs (mainly transfer taxes) from the value of the investment properties.

<sup>6</sup> Main performance indicators applicable to listed property companies according to EPRA best practice recommendations ([www.epra.com](http://www.epra.com)).

## 2. Forecast

The investment programme currently set for the years 2012 to 2014 runs to a total of € 305 million<sup>1</sup> and breaks down per sector as follows:



Following the acquisition of the MAAF branches portfolio, the latter together with the Pubstone portfolio have been regrouped in one segment renamed “Distribution Property Networks”.

For the FY 2012 alone, the following investments are scheduled:  
the acquisition during the first half of 2012 of the Termonde Police Station valued at € 14.4 million resulting from an agreement with the construction firm Cordeel and the acquisition of nursing homes in Belgium and France amounting to € 87.9 million resulting from the delivery of new units or extensions of existing units.

The investment programme also includes the refurbishment costs, which are capitalised.

On the basis of its current predictions and in the absence of major unforeseen events, the company announces:

- Forecasted net current result per share (excluding IAS 39) for FY 2012 in line with the level reached for FY 2011, and
- The objective to distribute a gross dividend per ordinary share for FY 2012 (payable in 2013) equivalent to that of FY 2011, i.e. € 6.50 gross per share.

<sup>1</sup> Development budget for Livingstone 1 not included, the sale of apartments is expected to more than cover its cost.

### 3. Important transactions and events in 2011

#### A. Investments, divestments and developments

##### Offices/Other properties<sup>1</sup>

###### **Investments**

Cofinimmo has acquired all the shares in AMCA SA, the company owning the office block **Avenue Building**, and offices in the neighbouring building London Tower.

The areas acquired amount to approximately 13 500m<sup>2</sup> and nearly 200 parking spaces. The buildings have been valued at € 29.2 million. Cofinimmo has also acquired a block of 42 adjacent parking spaces for € 0.7 million.

Since the acquisition, Cofinimmo, through its active marketing of the properties, has achieved an occupancy rate of 64.9% for the site and is continuing its search for tenants for the rest of the building.

The buildings achieve an excellent energy performance rating: E 75 for Avenue Building and E 74 for London Tower, compared to a maximum authorised rating in the Flemish Region of E 100. Cofinimmo has also obtained 'BREEAM In-Use' 'Good' certification for these two buildings, applicable both to their design ('Asset rating') and their management ('Business Management rating').

###### **Divestments**

Continuing its asset arbitrage policy aimed at composing an optimum portfolio from a sector and geographical point of view, but also to reap benefit from opportunities to make sales at favourable prices, Cofinimmo has proceeded to sell several assets or assigned long leaseholds for a total gross amount of € 172.1 million, which is in line with their overall investment value as determined by the independent real estate expert.

The main assets disposed of are:

1. The **Da Vinci** office block, located in the Leopold District in Brussels, with a total area of 7 435m<sup>2</sup> and acquired by Compagnie de Manutention Groupe (CdMG) for € 31.4 million.
2. The commercial building **Ledeberg 438**, located in Ghent, with a total area of 4 234m<sup>2</sup> and let to the Delhaize Group, which exercised the purchase option provided for in its lease, for € 1.9 million.
3. The office block **Royale 94**, located in Brussels, totalling 1 917m<sup>2</sup> and acquired by a Belgian company set up by a group of international philanthropic foundations, for € 3.4 million.

<sup>1</sup> The category 'other properties' comprises semi-industrial and retail buildings as well as a leisure club.

4. The **Veldkant 31-33** buildings. These properties, which are located in the Antwerp municipality of Kontich and which are for mixed use (offices - warehouses), provide 9 410 m<sup>2</sup> and were acquired by a private investor for € 11.4 million.
5. The **Montoyer Science** office block, located in the Leopold District of Brussels, with an area of 12 798m<sup>2</sup> and let to the European Commission, acquired by the Hesse Newman investment fund for € 57.2 million.
6. The **Citylink** estate located in Antwerp, with an area of 26 916m<sup>2</sup>, acquired by its principal tenant, Mercator Verzekeringen NV, for € 63.2 million.

The proceeds from these disposals have been reallocated in full to the company's investment programme.

#### **Developments**

During 2011, the Project Management department managed or supervised 2 sites in Brussels concerning the Corner Building and the Tervuren 270-272. The volume of these capitalised construction and renovation works in the offices sector in 2011 comes to a total of € 6.0 million.

#### **Development and sustainable management policy**

Cofinimmo has, for many years now, been applying a policy of renovation and rational construction of its existing buildings designed to significantly reduce their energy consumption.

For both its development and redevelopment projects, the company scrupulously adheres to Belgian and European environmental requirements, with a desire to exceed current guidelines. It pre-emptively the trend in regulatory standards and also fully incorporates the technical advances and economic developments in its choices of materials and the planning of its works.

In 2011, the renovation project of the Science 15-17 building won an award in the 'exemplary buildings' competition organised by the Brussels Institute for Environmental Management (IBGE). The project includes an advanced level of insulation and the use of state-of-the-art technology in the field of energy use, such as geothermal energy, which places it in the 'passive' building category according to the IBGE criteria.



Comparison between the maximum energy performance (E) imposed by the Law on the introduction of the permit and that of the main projects executed or in preparation

Projects executed recently	Actual E	Authorised maximum E <sup>1</sup>
<b>Offices</b>		
Avenue Building	75	100
City Link	74 and 76 <sup>2</sup>	100
London Tower (office part)	74	100
West-End	69	100
<b>Service flats</b>		
Weverbos	57 à 67 <sup>[4]</sup>	100

Ongoing or future projects	Planned E	Authorised maximum E 1
<b>Offices</b>		
Science 15-17	45	90
Tervuren 270	90	Not applicable <sup>3</sup>
<b>Residential</b>		
Livingstone I	70	90
<b>Public-private partnership</b>		
Police station (Termonde)	15	100

### **BREEAM certification**

With a view to recognition of its efforts, Cofinimmo continued its policy of 'BREEAM In-Use' certification, giving priority to the buildings currently being marketed. Four buildings are in the process of certification, the pre-assessment having already been completed. These are the properties **Bourget 42 and 44**, **Square de Meeus 23** and **Omega Court**. BREEAM In-Use is a sub-programme of BREEAM,<sup>4</sup> which certifies the cost reduction and the improvement of the environmental efficiency of existing buildings.

### **Redevelopment opportunities**

The company is also preparing to convert office buildings to cater for market trends and to secure the best return. These conversions allow optimisation of their assigned use and their environmental integration.

In this context, in 2012 and 2013 respectively, Cofinimmo will initiate the redevelopment of the office buildings **Livingstone 1 and 2** and **Science 15-17** into mixed residential/commercial projects. The budget for the works for the 2 buildings amounts to between €70 and €75 million (VAT and architects' fees excluded).

<sup>1</sup> According to Directive 2002/91/EC, transposed in the 3 Belgian Regions.

<sup>2</sup> City Link is a complex of 4 buildings; 2 of them have an E level of 74, the other 2 an E level of 76.

<sup>[4]</sup> Selon leur localisation.

<sup>3</sup> This renovation is not considered as large-scale renovation subject to European Directive 2002/91/EC.

<sup>4</sup> BREEAM (which stands for BRE Environmental Assessment Method, being the method for assessing the environmental efficiency of buildings developed by the BRE, the British Building Research Establishment - [www.breeam.org](http://www.breeam.org)) is the benchmark for sustainable construction, i.e. sparing in the use of natural resources. The BREEAM assessment of the environmental performance of a building covers the following aspects: Energy, Water, Materials, Transport, Waste, Pollution, Health and Well-being, Management, Land and Ecology.

### Livingstone

The Livingstone site comprises two separate entities, Livingstone 1 and 2.

The **Livingstone 1** office building (16 000m<sup>2</sup>), which is divided into four units, was constructed in 1976 and has 10 storeys.

With its prime location in the heart of the European District, next to green areas such as Square Marie-Louise, and its easy access, the redevelopment of Livingstone 1 into a residential building will meet the housing needs identified in this area. The property will be laid out in 4 separate blocks of flats providing a total of approximately 125 units (bedsits and 1, 2 or 3-room flats), which will be put up for sale.

On the energy front, Cofinimmo endeavours to obtain level K 30 and level E 60 for this property. To do this, the company has opted for:

- a building shell with a very high insulation level;
- a D-type ventilation system, i.e. with high-performance heat recovery (min. 90%);
- a very high-performance central heating system (condensing boilers);
- an ultra-performant frame and pane assembly;
- a structure providing external solar protection;
- separate meters and energy accounting;
- a green roof;
- an interior park;
- a rainwater recovery tank;
- electric vehicle recharging terminals.

The ground floor will be occupied by retail and/or professional concerns (areas of 100 to 446m<sup>2</sup>) with direct access to the adjacent roads and avenues.

The present volume of the building will remain unaltered.

The Livingstone 1 renovation works are scheduled to start in the third quarter of 2012 as soon as the required permits have been issued and a certain level of pre-sales has been achieved for the flats.

The functional structure of the property, which allows redistribution into very attractive flats with large open outdoor areas, and the energy performance and environmental targets led to the nomination of the Livingstone 1 project in the competition for “the conversion of inoccupied office into residential properties” organised by the Region of Brussels.

The **Livingstone 2** property has an office area of  $\pm 17\ 000\text{m}^2$  on seven floors and will be completely restructured and renovated. A new entrance hall will be built at the corner of Rue Joseph-II and Rue Philippe le Bon directly opposite the metro station. On the ground floor, a flexible space perfectly adapted to offices or large meeting rooms will be designed.

The Livingstone 2 works are scheduled to start in the second quarter of 2012 and should last 12 months.

### Science 15-17

The company opted in favour of the demolition of the existing building and the execution of a mixed project, with the aim of making this a flagship property in Rue Belliard.

During the design phase, it has set itself the following objectives:

- 1. The creation of a building with sustainable construction<sup>1</sup> and low energy consumption**  
The company is aiming in particular for a very low energy level (**maximum E 60**) and **'very good' BREEAM** certification for the property.
- 2. Improvement of the appearance of Rue Belliard**  
The architectural monotony that dominates in Rue Belliard will be broken with the creation of a forecourt at the corner of Rue Belliard and Rue de la Science. With a five-storey transparent atrium serving as entrance to the property, the interior garden, which is located behind the building, will be visible from the road and will fit perfectly into the new urban vision. The building will be multi-functional: the lower floors will be given over to commercial or cultural activities, whereas the upper floors will retain their identity as offices.
- 3. The construction of a representative building providing top-of-the-range office space in a prime district**  
Its integration along Rue Belliard provides optimum accessibility. The offices will have excellent acoustics, protected against ambient noise, and a superior gross/net office area ratio. The areas will also be divisible into 1.35m modules and will allow great flexibility. The company will apply the most modern cooling, heating and ventilation techniques, with discretionary management possible.

The works will start after the departure of the existing tenant (European Commission) and on obtaining the various permits required. They are scheduled to last over 2013-2014.

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<sup>1</sup> i.e. economic in the use of natural resources.

## Nursing homes/clinics

### Investments

#### *Belgium*

Cofinimmo has acquired all the shares of Hemera SA, owner of the **De Nieuwe Seigneurie** nursing home, located at Rumbeke. This newly built nursing home has a total area of 3,391m<sup>2</sup> and accommodates 75 beds. It has been valued at € 7.4 million and offers a gross rental yield of 6.71% in double net equivalent.<sup>1</sup>

Cofinimmo acquired Saint Charles Château des Moines SA, Gérigroep SA and Vert Buisson SA, respective owners of the following nursing homes:

- **Résidence Saint-Charles** located at Bouillon. This nursing home has a total area of 3,000m<sup>2</sup> and accommodates 55 beds.
- **Résidence Le Chenoy** located at Ottignies. This home has a total area of 4,300m<sup>2</sup> and accommodates 135 beds.
- **Résidence Le Grand Cerf** in Spa. This home has a total area of 2,000m<sup>2</sup> and accommodates 68 beds.

The purchase price of the three nursing homes, which together total 9,300m<sup>2</sup> and 258 beds, amounts to € 10.3 million. They offer a gross rental yield of 6.86% in double net equivalent (For these four nursing homes, Cofinimmo has concluded 'triple net' long leases for a term of 27 years with the Senior Assist Group, the operator of the various sites).

Cofinimmo has acquired all the shares from Dexia Immorent SA, a holding company which itself owns all the shares of Bethanie SA, Dewa Invest SA, Le Progrès SPRL, Paloke SA and Residentie De Nootelaer SPRL, respective owners of the following nursing homes:

- **Résidence Béthanie**, located at Saint-Servais (Namur), which has a total area of 4,780m<sup>2</sup> and accommodates 135 beds;
- **Résidence Ten Prins**, located at Anderlecht, which has a total area after extension work of 3,342m<sup>2</sup> and accommodates 74 beds;
- **Résidence Le Progrès**, located at Haine-Saint-Paul (La Louvière), which has a total area of 4,852 m<sup>2</sup> and accommodates 118 beds;
- **Résidence Paloke**, located at Molenbeek, which has a total area of 11,262 m<sup>2</sup> and accommodates 215 beds;
- **Résidence De Nootelaer**, located at Keerbergen, which has a total area of 1,528 m<sup>2</sup> and accommodates 38 beds.

The property portfolio acquired totals 25,764m<sup>2</sup> and 580 beds. It has been valued at € 47.0 million. Its rental yield is in line with that of the Belgian nursing homes held by Cofinimmo in portfolio which have similar characteristics.

The nursing homes are run by Senior Living Group SA under triple net long leases for a residual term of 25 years.

<sup>1</sup> To allow comparison with the yields from office buildings for which the maintenance costs are payable by the owner (double net lease), the yields from nursing homes for which the maintenance costs are payable by the tenant are restated as 'double net equivalent'.

At the end of 2011, Cofinimmo acquired all the shares of Parkside Invest SA, owner of the **Parkside** nursing home located at 75, avenue Général De Ceuninck, 1020 Brussels. The existing property has been valued at € 6.5 million. Renovation work and an extension to the existing nursing home are currently in progress.

The total budget for the works to be financed by Cofinimmo is estimated at € 10 million. After their delivery, planned during the 4th quarter of 2012, the renovated, extended nursing home will total 5,920m<sup>2</sup> and 135 beds. The nursing home will be run by the Belgian subsidiary of the French group 'Le Noble Age', with which Cofinimmo has concluded a 27-year lease.

Furthermore, Cofinimmo and Le Noble Age have agreed to construct a nursing home with about 150 beds on a new site on the outskirts of Brussels. Cofinimmo will acquire the site as soon as it obtains a building permit and will carry out the works. The site and the buildings will then be let to Le Noble Age on an equivalent lease to that signed for Parkside. The building permit application will be submitted in the coming weeks.

#### France

In France, Cofinimmo has acquired the portfolio of the following six healthcare establishments:

	Type	Location	Region
1.	EHPAD <sup>1</sup>	Cannes-la-Bocca	Provence-Alpes-Côte d'Azur
2.	EHPAD	Carnoux-en-Provence	Provence-Alpes-Côte d'Azur
3.	SSR <sup>2</sup>	Létra	Rhône-Alpes
4.	EHPAD	Reims	Champagne-Ardenne
5.	EHPAD	Sarzeau	Bretagne
6.	EHPAD	Villars-les-Dombes	Rhône-Alpes

These establishments total 21,653m<sup>2</sup> and run 485 beds.

The total purchase price for the 6 establishments comes to € 44.5 million. They offer a gross rental yield in line with the average of Cofinimmo's investments in nursing homes and clinics in this country.

These establishments are run by different subsidiary companies of the Medica Group, with which Cofinimmo has concluded 12-year 'triple net' commercial leases.

<sup>1</sup> EHPAD: Etablissements d'Hébergement pour Personnes Agées Dépendantes (nursing homes for dependent elderly persons).

<sup>2</sup> SSR: Soins de Suite et de Réadaptation (post-acute care and rehabilitation).

## Developments

### *Belgium*

In 2011, the company has executed construction and renovation works in the nursing homes/clinics sector in Belgium for a total amount of € 28.2 million.

The main projects managed in 2011 were:

Property	Operator	Type of works	Number of (additional) beds	(Additional) floor area	(Expected) end of works
De Abdij, Coxyde	Armonea	New construction	+87 beds	+6 440m <sup>2</sup>	Q2 2013
Susanne Wesley, Brussels	Armonea	Renovation and extension	+84 beds	+4 900 m <sup>2</sup>	Q1 2014
De Mouterij, Alost	Senior Assist	New construction	+109 beds and + 16 service flats	+7 600 m <sup>2</sup>	Q1 2014
Solva, Alost	Senior Assist	New construction	+80 beds and + 29 service flats	+ 7 894 m <sup>2</sup>	Q4 2013

These establishments are all pre-let.

### *France*

Cofinimmo has concluded a partnership with the French group **Orpea** relating exclusively to properties operated by the latter.

This partnership provides that the parties will establish joint ventures, with the object of the acquisition, holding and letting of properties in the healthcare sector (retirement homes, post-acute care and psychiatric clinics), which are to be run by Orpea.

Cofinimmo will hold 51% of the capital of each joint venture and the OPCI (collective undertaking for real estate investment) of the Orpea group will hold the balance, i.e. 49%.

The two partners aim for their assets to reach € 500 million within the next five years.

The letting of the assets held by the joint venture will give rise to an annually indexed rent and will be subject to the signing of a triple net commercial lease with an initial fixed term of 12 years. The acquisition price and rents will be determined for each asset as the partnership is implemented.

Orpea and Cofinimmo already cooperate in respect of several assets. This partnership confirms the will of both parties to develop strongly.

These investments in the healthcare sector in Belgium and France have allowed improvement of the portfolio risk profile and have a positive impact on the overall occupancy rate.

### Distribution property networks: Pubstone and Cofinimur

Cofinimmo also invests in properties used by undertakings as networks of contact points for the direct sale of goods or services to their customers. It acquires these networks comprising a large number of small properties from an undertaking wishing to externalise its distribution assets and rents them back to the undertaking simultaneously on a medium or long-term basis.

Cofinimmo embarked on this diversification in 2007, at the time of the acquisition of the entire portfolio of pubs held by AB Inbev in Belgium and the Netherlands, which comprise the assets of its subsidiary Pubstone SA.

#### **Investments**

In December 2011, Cofinimmo acquired a portfolio of 265 insurance agencies, 14 office blocks and three mixed purpose buildings (offices/agencies) from the insurance group **MAAF**. This acquisition was made by its newly established subsidiary Cofinimur.

The investment totals € 107.6 million and the expected gross yield is 7.31%.

The establishments are all located in France and mainly in large town centres or at the entry to agglomerations; for the most part, they are in strategic locations, such as shopping streets, market squares or business parks.

#### **Divestments**

In 2011, Cofinimmo proceeded to sell four Pubstone pubs for a total amount of € 0.76 million, which is above their total investment value.

#### **Developments**

In 2011, Pubstone property was also subject to renovation works for a total amount of € 3.03 million, of which € 2.26 million in Belgium and € 0.77 million in the Netherlands.

## Public-Private Partnerships (PPPs)

### Investments

In 2011, Cofinimmo continued its policy of participation in Public-Private Partnerships (PPPs), which enable certain public services to be offered the necessary funding for the construction of buildings which must meet specific requirements.

Cofinimmo concluded an agreement with the building firm Cordeel concerning the **Termonde Police Station**. For this project, a Public-Private Partnership was tendered.

Cordeel is responsible for the construction of the building totalling more than 9,000m<sup>2</sup> and, after the delivery planned for the first half of 2012, Cofinimmo will take over the property and will let it to the Régie des Bâtiments (Belgian State) for 18 years. The investment amounts to € 15 million for Cofinimmo and the expected initial gross yield is 7%.

This building will be particularly ecological, with an energy level achieved by the building of E 15.

In July 2011, the Régie des Bâtiments (Belgian State) awarded the consortium Future Prisons, of which Cofinimmo is a part, the public tender drawn up on the basis of the Design-Build-Finance-Maintain model for the building and maintenance of a new **prison in Leuze-en-Hainaut**. The financial close occurred on 20 October 2011.

Along with its partners Cordeel and Willemen, Cofinimmo set up a project company (FPR Leuze SA), in which it holds a 50% stake. This company is jointly controlled and it is accounted for by the equity method in the consolidated financial statements of Cofinimmo.

On the delivery of the Building Availability Certificate for the building by the Régie des Bâtiments (scheduled for the final quarter of 2013), Cofinimmo will take over exclusive control of the company. The project is the subject of a fixed-price building contract and will be financed by FPR Leuze with own funds and a building loan. This loan will be reimbursed on delivery of the building by means of the assignment of 90% of the receivables corresponding to the investment fees, which cover a period of 25 years. FPR Leuze will retain the balance of these fees and all other fees, principally related to maintenance. They will be allocated to the payment of maintenance services subcontracted to specialised firms. FPR Leuze has agreed the building loan and the future assignment of receivables with KBC Bank.

The overall cost of the project is € 104.8 million with a forecasted internal rate of return of 10% on equity of the company FPR Leuze.



## **B. Management of financial resources**

### **Financing**

In 2011, Cofinimmo took various actions to gather financial resources to finance its investment commitments and bolster its balance sheet. At the beginning of 2011, Cofinimmo therefore successively undertook the following actions:

#### Public offering of a convertible bond

Pursuant to the Royal Decree of 07.12.2010 on Sicafis, on 28.04.2011 Cofinimmo successfully closed a placement of convertible bonds for a total amount of € 173.3 million. The bonds will mature on 28.04.2016 and are convertible into ordinary shares of the company. They were issued and are repayable at maturity at 100% of the par value set at € 116.60 per bond. Their coupon amounts to 3.125%, payable annually in arrears. Early redemption is possible upon exercise of the issuer call option at any time shortly after the third anniversary of the convertible bonds, if the stock price exceeds 130% of the conversion price.

The convertible bonds enable their holder to receive ordinary Cofinimmo shares at the initial rate of one share for one bond. The initial conversion price is equal to the par value of € 116.60, which was also the subscription price. This conversion price takes account of a 15% premium in relation to the reference price of the share. Upon conversion, the company will have the option to deliver new and/or existing shares, cash, or a combination thereof.

The bonds were offered initially and attributed on a provisional basis (subject to a clawback by the shareholders) to institutional investors following an accelerated book-building procedure, then they were offered to the existing shareholders, both private and institutional, during a three-day priority subscription period. They exercised their right to clawback to the tune of 1.45%.

At 31.12.2011, 47 convertible bonds were converted into ordinary Cofinimmo shares.

The terms of issue are available in the prospectus published on 18.04.2011, which is, as well as conversion conditions, available on the website of the ([www.cofinimmo.com](http://www.cofinimmo.com)).

#### Credit line extension

A long-term bilateral bank credit line for an amount of € 50 million originally maturing in 2013 has been extended until 2014.

#### Optional Dividend

In 2011, the Board of Directors decided, for the first time, to offer the ordinary shareholders as well as the holders of preference shares the choice between payment of the dividend for 2010 in new ordinary shares or in cash or in a combination of these two forms of payment. The subscription price of a new ordinary share was fixed at € 93.925.<sup>1</sup> The new ordinary shares have a right to share in the results of Cofinimmo from 01.01.2011 (first dividend payable in May 2012). The dividend in the form of shares was also one of the new provisions of the Royal Decree of 07.12.2010. Since the holders of 37.7% of the Cofinimmo shares opted for reinvestment of their 2010 dividends in new ordinary shares, the equity of the company increased by € 31.0 million.

#### Mandatory Convertible Bonds (“MCB”)

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<sup>1</sup> The subscription price of € 93.925 corresponds to a discount of 2.97% compared to the weighted average price of the share during the subscription period, i.e. € 96.80.

Cofinimur I, a subsidiary of Cofinimmo, issued mandatory convertible bonds for an amount of € 52.0 million<sup>1</sup>. The issue was mainly subscribed by French and Belgian insurance companies.

The issue price is € 96 per bond and the mandatory convertible bonds are repayable in new shares of the company Cofinimur I on the 12th anniversary of the issue (2023) at the rate of one Cofinimur share per bond. The MCB-holders will have the option, in the month preceding the 12th anniversary of the issue (2023), of exchanging their MCBs for Cofinimmo shares at the rate of one ordinary Cofinimmo share per MCB.

Cofinimmo has the option to buy back the bonds from the 7th anniversary of the issue at their intrinsic value.

The financial resources raised cover all the investment commitments until October 2012 and the refinancing of the credit lines maturing before that date.

### **Debt structure**

The weighted average maturity of the Cofinimmo debt (excluding the short term treasury bills which are entirely covered by undrawn portions on the long-term credit lines) decreases from 3.8 years at 31.12.2010 to 3.3 years at 31.12.2011. The long-term confirmed credit lines (bank lines, bonds, treasury bills at over one year and leasing), with outstandings totalling € 1,967.0 million at 31.12.2011, mature evenly until 2019<sup>2</sup>. In 2012, 12.1% of the outstandings mature (the refinancing is already ensured by the undrawn portion on the existing credit lines) and 18.3% in 2013.

At 31.12.2011 Cofinimmo is in compliance with the financial ratios, both statutory and conventional. Cofinimmo's regulatory debt ratio<sup>3</sup> stands at 49.89% (compared to 47.50% at 31.12.2010) and is consistent with the moderate risk profile of the assets and cash flow and – particularly – with the long residual duration of the leases contracted. As a reminder, the legal limit on debt for Sicafis is 65%. The conventional financial debt ratio,<sup>4</sup> as defined in the documents with the banks, stood at 51.5% at the end of FY 2011. If the Group were to exceed the threshold of 57.5%, it is agreed that it will return to below this threshold within the following 6 months. Cofinimmo's financial policy is aimed at maintaining a financial debt ratio close to 50%.

At 18.01.2011, the rating agency Standard & Poor's upgraded Cofinimmo long term rating at BBB/outlook stable and short term rating at A-2.

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<sup>1</sup> As at 31.12.2011 Cofinimmo owned € 5 million of these MCB's

<sup>2</sup> The bank debts were contracted with 12 leading financial institutions which all hold a financial rating of at least BBB+ (source: Bloomberg, 10.01.2012.)

<sup>3</sup> Financial and other debts/total assets. See Royal Decree of 07.12.2010.

<sup>4</sup> Conventional ratio defined in the documents with the banks as net financial debt/fair value of the property portfolio and of finance lease receivables. The exact definition of the ratio was subject to amendment during the year 2011. Had the new definition been conventionally applied on 31.12.2010 (quod non), the ratio at that date would have been 49.40%.

### **Interest rate hedging**

The average interest rate on the Cofinimmo debt, including banking margins and amortisation costs of cover instruments for the period stood at 4.20% for the FY 2011.

At 31.12.2011, almost all of the debt was at short term floating rate and, for the fixed rate debt, the company often immediately converts it into floating rate. The convertible bond, however, has remained at fixed rate. In so doing, the company is exposed to a greater risk of a rise in short-term rates which could have a negative impact on its financial result. For this reason, Cofinimmo has simultaneous recourse to partial hedging of its overall debt through the use of hedging instruments such as the purchase of CAPs, generally combined with the sale of FLOORS, and the conclusion of IRS.

In 2012, assuming that the structure and level of debt remain identical to those at 31.12.2011, and taking account of the cover instruments put in place for 2012, an increase or a fall in interest rates of 0.5% would have no significant impact on the cost of financing.

4. **Summary of the results and consolidated accounts at 31.12.2011**

The Statutory Auditor Deloitte, Reviseurs d'entreprises, represented by Mr Frank Verhaegen, completed the plenary audit work and confirmed not to have any reservation with respect to the accounting information included in this press release and that it corresponds with the financial statements as approved by the Board of Directors. The accounting methods and principles adopted for the establishment of the financial statements are identical to those used for the annual financial statements regarding the year 2010.

**A. Consolidated income statement – Analytical form (x €1,000)**

	31.12.2011	31.12.2010
<b>A. NET CURRENT RESULT</b>		
Rental income, net of rental-related expenses	188,967	195,092
Writeback of lease payments sold and discounted (non-cash)	20,999	21,108
Taxes and charges on rented properties not recovered	143	-258
Redecoration costs, net of tenant compensation for damages	-1,540	-1,622
<b>Property result</b>	<b>208,569</b>	<b>214,320</b>
Technical costs	-4,412	-3,269
Commercial costs	-1,560	-1,357
Taxes and charges on unlet properties	-3,574	-3,334
<b>Property result after direct property costs</b>	<b>199,023</b>	<b>206,360</b>
Property management costs	-13,926	-15,031
<b>Property operating result</b>	<b>185,097</b>	<b>191,329</b>
Corporate management costs	-7,306	-6,333
<b>Operating result (before result on portfolio)</b>	<b>177,791</b>	<b>184,996</b>
Financial income (IAS 39 excluded) <sup>1</sup>	6,079	6,036
Financial charges (IAS 39 excluded) <sup>2</sup>	-63,625	-64,373
Revaluation of derivative financial instruments (IAS 39)	-9,561	-13,757
Share in the result of associated companies and joint ventures	213	
Taxes	-6,920	-7,224
<b>Net current result<sup>3</sup></b>	<b>103,977</b>	<b>105,678</b>
Minority interests	-334	-243
<b>Net current result – Group share</b>	<b>103,643</b>	<b>105,435</b>
<b>B. RESULT ON PORTFOLIO</b>		
Gains or losses on disposals of investment properties	6,644	7,253
Changes in fair value of investment properties	-9,603	-28,288
Other result on portfolio	22,067	-205
<b>Result on portfolio</b>	<b>19,108</b>	<b>-21,240</b>
Minority interests	-4,212	-399
<b>Result on portfolio – Group share</b>	<b>14,896</b>	<b>-21,639</b>
<b>C. NET RESULT</b>		
<b>Net result – Group share</b>	<b>118,539</b>	<b>83,796</b>

<b>Number of shares</b>	31.12.2011	31.12.2010
Number of ordinary shares issued (own shares included)	15,220,653	13,667,092
Number of preference shares issued and not converted	1,067,809	1,249,310
Number of outstanding ordinary shares	14,126,279	13,614,485
Number of preference shares entitled to share in the result of the period	1,067,809	1,249,310
<b>Total number of shares entitled to share in the result of the period</b>	<b>15,194,088</b>	<b>14,863,795</b>

<sup>1</sup> IAS 39 included, at 31.12.2011 and 31.12.2010, financial income stands at K€12,320 and K€7,530 respectively.

<sup>2</sup> IAS 39 included, at 31.12.2011 and 31.12.2010, financial charges stand at K€-79,427 and K€-79,624 respectively.

<sup>3</sup> Net result excluding gains or losses on disposals of investment properties, changes in fair value of investment properties, exit tax and the write-back of the deferred tax liabilities.

### **Comments on the consolidated income statement – Analytical form**

The cumulated rental income as at 31.12.2011 amounts to € 188.9 million, compared to € 195.1 million at 31.12.2010, decreasing by 3.1%. The property result has fallen to € 208.6 million compared to € 214.3 million at 31.12.2010 (-2.7%). Like-for-like, the level of rents rose by 2.1% over the past 12 months, essentially due to the indexation. At 31.12.2011, the occupancy rate stands at 95.34% for the portfolio as a whole and at 91.35% for the office portfolio alone (93.07% in m<sup>2</sup>). The fall in rental income and the property result is attributable to property sales.

Direct operating costs are € 1.10 million higher on account of technical expenses relating to the increased replacement of obsolete equipment by more efficient models, especially in the energy field. On the other hand, operating costs not directly attributable to the properties, i.e. those incurred for property and corporate management, have remained stable.

The corporate costs are € 1.0 million higher on account of non recurring operations realized during the fiscal year (transformation of Pubstone into an institutional sicafi, company's mergers and launch of optional dividend).

The operating result (before result on portfolio) has fallen to € 177.8 million, compared to € 185.0 million at 31.12.2010.

The financial result, however, has improved from € -72.1 million at 31.12.2010 to € -67.1 million at 31.12.2011, as a result of the fall in the average interest rate including bank margins and the amortisation costs of hedging instruments active during the period, standing at 4.20%<sup>1</sup> in 2011, as against 4.33% in 2010.

The average level of debt stands at € 1,606.9 million at 31.12.2011, as opposed to € 1,577.0 million at 31.12.2010.

The revaluation of optional financial instruments gives rise to a latent net loss of € 9.6 million at 31.12.2011, compared to a latent net loss of € 13.8 million at 31.12.2010. The balance-sheet heading under shareholders' equity 'Reserve for the balance of changes in fair value of the financial instruments',<sup>2</sup> which registers the changes in effective value of optional as well as non-optional financial instruments, declines from € -60.1 million at 31.12.2010 to € -117.7 million at 31.12.2011, under the impact of the fall in future interest rates between these two dates. This item is not registered in the income statement but has a negative impact on the shareholders' equity and the intrinsic share value. The amount will be progressively reversed over future years.

The heading "Share in the result of associated companies and joint-ventures" concerns the share in the result of the subsidiary FPR Leuze.

Taxes (€ 6.9 million) comprise the corporate income taxes on the non-deductible costs of the Sicafi (primarily the office tax in the Brussels-Capital Region) and those payable by companies not covered by the Sicafi tax regime.

The net current result – Group share at 31.12.2011 comes to € 103.6 million, as against € 105.4 million at 31.12.2010 (-1.7%). If the negative impact of IAS 39 is excluded, it comes to € 113.2 million as

<sup>1</sup> The average interest rate is calculated by dividing, on an annual basis, the interest charges on the financial debt (€ 62.4 million) and the amortisation cost of hedging instruments (€ 5.0 million) by the average debt for the period (€ 1,606.9 million).

<sup>2</sup> The heading 'Reserve for the balance of changes in fair value of financial instruments' is shown in the balance sheet under the heading 'Reserve'.

against € 119.2 million at 31.12.2010 (-5.03%). Per share, it works out at €7.45, as opposed to € 8.02 at 31.12.2010 (-7.01%). The number of shares participating in the results of the period have risen by 2.2% between those two dates.

The result on portfolio becomes positive, rising from € -21.6 million at 31.12.2010 to € 19.1 million at 31.12.2011. It comprises the following items:

- A realised gain on disposals of properties of € 6.6 million, as against € 7.3 million at 31.12.2010. In Group share, this realised gain stands at € 0.44 per share in 2011 compared to € 0.49 in 2010.
- A negative change in fair value of the portfolio of € 9.6 million,<sup>1</sup> compared to a negative change of € 28.3 million at 31.12.2010. In Group share, this change stands at € -0.63 per share in 2011 compared to € -1.90 in 2010.
- A sub-heading 'Other result on portfolio', that comprises principally the writeback of deferred tax following the conversion of Pubstone SA into an institutional Sicafi for an amount of € 39.3 million. In Group share, this other result on portfolio stands at € 1.17 per share in 2011, compared to € -0.04 per share in 2010.

The net result – Group share results in a gain of € 118.5 million, compared to € 83.8 million at 31.12.2010. Per share, this net result amounts to € 7.80, compared to € 5.64.

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<sup>1</sup> Changes in provisions for exit tax included.

**B. Consolidated balance sheet (x €1,000)**

	31.12.2011	31.12.2010
<b>Non-current assets</b>	<b>3,414,890</b>	<b>3,304,794</b>
Goodwill	157,456	164,012
Intangible assets	745	1,427
Investment properties	3,177,560	3,041,916
Other tangible assets	966	539
Non-current financial assets	21,880	38,522
Finance lease receivables	55,403	58,349
Trade receivables and other non-current assets	43	29
Participations in associated companies and joint ventures	838	
<b>Current assets</b>	<b>114,051</b>	<b>77,112</b>
Assets held for sale	12,025	170
Current financial assets	13,779	9,227
Finance lease receivables	2,868	2,780
Trade receivables	20,840	18,864
Tax receivables and other current assets	17,015	22,137
Cash and cash equivalents	10,207	3,265
Deferred charges and accrued income	37,317	20,669
<b>TOTAL ASSETS</b>	<b>3,528,941</b>	<b>3,381,906</b>
<b>Shareholders' equity</b>	<b>1,515,544</b>	<b>1,466,878</b>
<b>Shareholders' equity attributable to shareholders of parent company</b>	<b>1,460,887</b>	<b>1,459,781</b>
Capital	814,228	796,528
Share premium account	312,330	513,093
Reserves	215,790	66,364
Net result of the financial year	118,539	83,796
<b>Minority interests</b>	<b>54,657</b>	<b>7,097</b>
<b>Liabilities</b>	<b>2,013,397</b>	<b>1,915,028</b>
<b>Non-current liabilities</b>	<b>1,601,387</b>	<b>1,448,760</b>
Provisions	18,474	19,234
Non-current financial debts	1,435,094	1,226,815
Other non-current financial liabilities	106,735	69,693
Deferred taxes	41,083	133,018
<b>Current liabilities</b>	<b>412,011</b>	<b>466,268</b>
Current financial debts	246,316	313,730
Other current financial liabilities	58,930	62,780
Trade debts and other current debts	79,225	62,631
Accrued charges and deferred income	27,540	27,127
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,528,941</b>	<b>3,381,906</b>

**Comments on the consolidated balance sheet**

The fair value of the property portfolio,<sup>1</sup> recorded in the consolidated balance sheet, in application of IAS 40, is obtained by deducting the transaction costs from the investment value. At 31.12.2011, the fair value stands at € 3,189.4 million, as compared to € 3,041.9 million at 31.12.2010.

The investment value of the property portfolio<sup>1</sup> comes to € 3,311.3 million at 31.12.2011, as compared to € 3,153.2 million at 31.12.2010 (also see the table 'Property portfolio' below).

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



The heading 'Participating interests in affiliates and joint ventures' refers to Cofinimmo's 50% stake in FPR Leuze SA.

The heading 'Minority interests' includes the bonds repayable in shares issued by the subsidiary Cofinimur.

## 5. Property portfolio

<b>GLOBAL PORTFOLIO OVERVIEW</b>		
<i>Extract from the report by the independent real estate experts Winssinger &amp; Associates and PriceWaterhouseCoopers based on the investment value</i>		
<b>(x €1,000,000)</b>	<b>31.12.2011</b>	<b>31.12.2010</b>
Total estimated investment value of the portfolio	3,311.31	3,153.17
Projects and development sites	-59.20	-43.72
<b>Total marketable properties</b>	<b>3,252.11</b>	<b>3,109.45</b>
Contractual rents	216.47	207.93
<b>Gross yield on marketable properties</b>	<b>6.66%</b>	<b>6.69%</b>
Contractual rents and estimated rental value on unlet space at the valuation date	227.04	217.12
Gross yield at 100% portfolio occupancy	6.98%	6.98%
<b>Occupancy rate of marketable properties<sup>1</sup></b>	<b>95.34%</b>	<b>95.77%</b>

At 31.12.2011, the heading *Projects and development sites* mainly includes projects or extensions in the nursing homes segment, and notably those in Grez-Doiceau, Tremelo, Uccle and Laeken.

<b>Segment</b>	<b>Fair value</b>			<b>Property result after direct costs</b>	
	<b>(in €1,000)</b>	<b>(in %)</b>	<b>Changes over the period<sup>2</sup></b>	<b>(in €1,000)</b>	<b>(in %)</b>
<b>Offices</b>	<b>1,551,558</b>	<b>48.6%</b>	<b>-2.5%</b>	<b>104,468</b>	<b>52.5%</b>
Brussels					
Leopold/Louise districts	354,346	11.1%	-6.2%	27,025	13.6%
Brussels Centre/North	225,530	8%	1.4%	16,035	8.1%
Brussels Decentralised	623,490	19.5%	-2.2%	35,847	18.0%
Brussels Periphery & Satellites	144,381	4.5%	-3.3%	9,352	4.7%
Antwerp	60,721	1.9%	-5.9%	7,999	4.0%
Other Regions	113,090	3.6%	2.8%	8,210	4.1%
<b>Nursing homes/clinics</b>	<b>1,080,357</b>	<b>33.9%</b>	<b>2.5%</b>	<b>62,459</b>	<b>31.4%</b>
Belgium	679,229	21.3%	2.5%	36,191	18.2%
France	401,128	12.6%	0.6%	26,269	13.2%
<b>Distribution property networks</b>	<b>512,330</b>	<b>16.1%</b>	<b>1.87%</b>	<b>28,080</b>	<b>14.1%</b>
Pubs - Belgium	258,085	8.1%	2.6%	18,843	9.5%
Pubs - Netherlands	149,234	4.7%	2.0%	9,237	4.6%
MAAF - France	105,010	3.3%	0.0%		
<b>Others</b>	<b>45,171</b>	<b>1.4%</b>	<b>2.5%</b>	<b>4,016</b>	<b>2.0%</b>
<b>TOTAL PORTFOLIO</b>	<b>3,189,415</b>	<b>100.0%</b>	<b>-0.3%</b>	<b>199,023</b>	<b>100.0%</b>

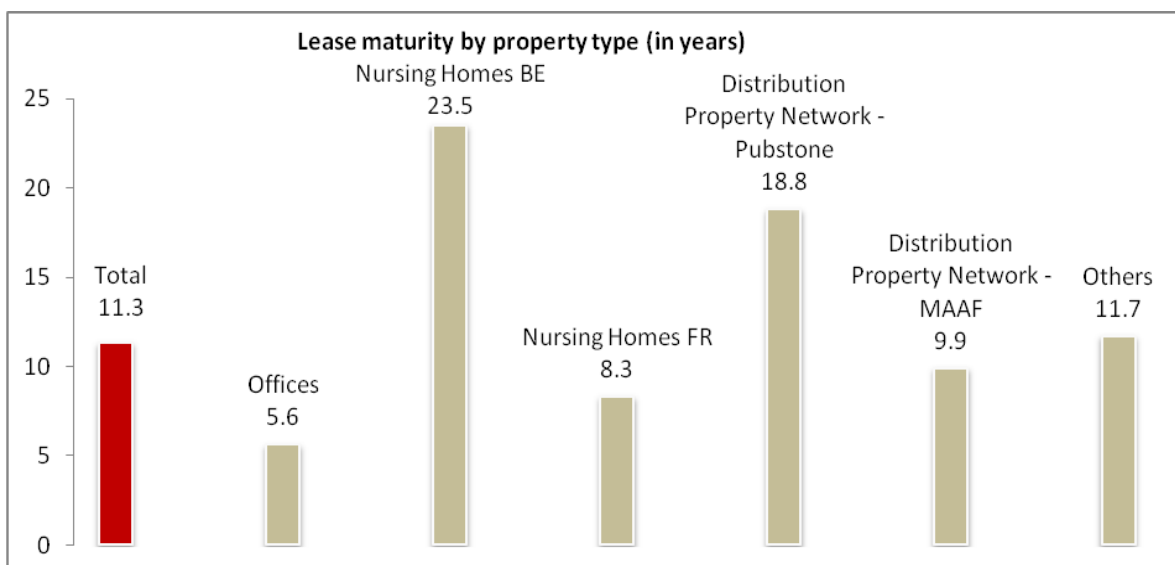
<sup>1</sup> Calculated on the basis of rental income.

<sup>2</sup> With unchanged portfolio composition.

At 31.12.2011, the consolidated property portfolio has a total **rental area** of **1,790,071 m<sup>2</sup>** in superstructure. The offices (87 buildings) account for 48.6% of the portfolio in fair value, the nursing homes (118 properties) 33.9% and the distribution property networks (1,345 properties) 16.1%. The other properties represent 1.4%. The vast majority of the portfolio is located in Belgium: 79.4%. The properties located abroad relate on the one hand to the investments in the healthcare sector and the distribution property networks in France 15.9% and on the other hand to the Dutch Pubstone portfolio 4.7%.

The **occupancy rate**, which only applies to buildings of suitable condition for occupancy on the calculation date (marketable properties), stands at **95.34%** for the consolidated portfolio (compared to 95.77% on 31.12.2010) and at 93.07%<sup>1</sup> for the office sector. The average occupancy rate on the Brussels office market was estimated at 31.12.2011 to be 88.5% (source: CB Richard Ellis).

The **average residual lease length** of the Group's consolidated portfolio amounts to **11.3 years** for the consolidated portfolio and to 5.6 years for the offices alone. Offices are generally let for an initial term of 3-6-9 years (private sector) or 15 years (public sector). The average lease duration of the distribution property networks portfolio is currently 17 years. At 31.12.2011, the average residual lease length of the nursing home contracts was 8.3 years in France and 23.5 years in Belgium. All leases provide for annual indexation of the rents.

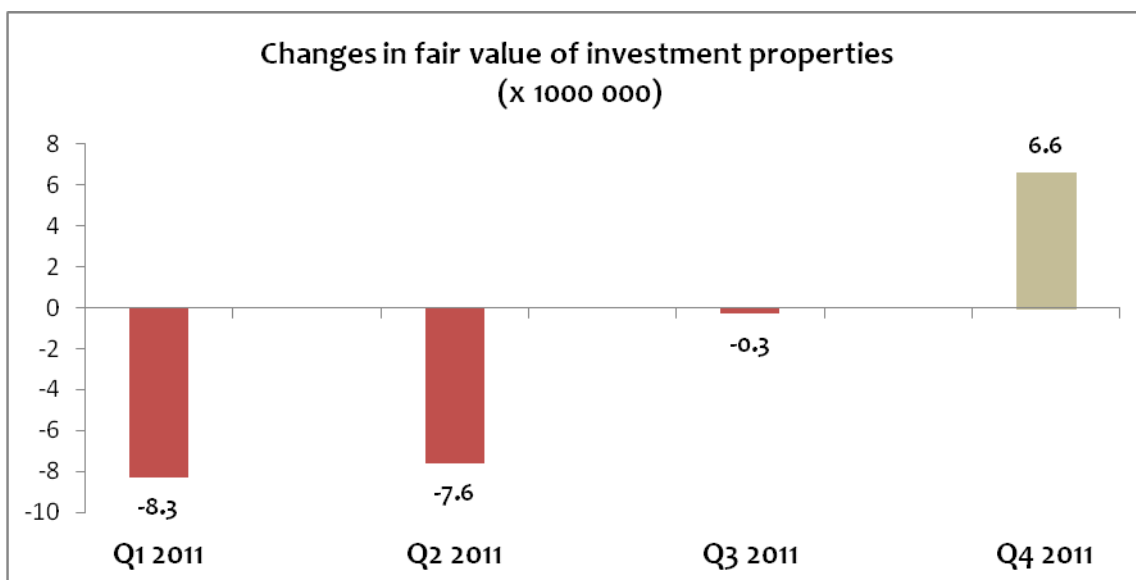


At 31.12.2011, Cofinimmo's 5 major **customers** in terms of contractual rents are the AB InBev Group (13.6%), the Belgian State (10.5%), the Korian Group (8.8%), Armonea (6.8%) and Senior Living Group (6.6%). In the office segment, the public sector accounts for 35.5% of the portfolio, providing great stability of rental income.

The **valuation of the properties in the portfolio** by the independent real estate experts resulted in a negative change in fair value, with the portfolio composition constant, of -0.3%. The average gross yield remains stable at 6.98% at 31.12.2011 for the entire portfolio. Over the year, the total

<sup>1</sup> Occupancy rate in m2

portfolio lost €9.6 million in fair value. Unlike the first three quarters of the year, the change in the portfolio value was positive in the fourth quarter.



This depreciation for the year is made up as follows:

- the Offices segment records a negative change in fair value of € 39.0 million;
- the segments Nursing Homes Belgium, Nursing homes/clinics France, Distribution Property Networks and Others record a positive change in fair value of € 16.8 million, € 2.1 million, € 9.4 million and € 1.1 million respectively.

The reason behind the depreciation of the office portfolio is two-fold:

- the over-supply of rental area prohibits an increase in rents and leads to an extension of the vacancy period before renting and to a lengthening of rent-free periods claimed by future clients before signing the transaction;
- the value of properties requiring a significant renovation in the near future is penalised: this is the case for the Livingstone and Science 15-17 buildings.

At office portfolio level, this depreciation is compensated for in part by:

- the indexation provided for in the leases;
- a high occupancy rate: 93.07%<sup>1</sup> at 31.12.2011;
- an average residual length of leases in progress of 5.6 years at end-2011, a level which is higher than the average among European real estate companies.

<sup>1</sup> Occupancy rate in m<sup>2</sup>

Yield per segment in 2011	Offices	Nursing homes/clinics Belgium	Nursing homes/clinics France	Distribution property networks	Others	Total
Gross rental yield at 100% portfolio occupation	7.54%	6.11%	6.52%	6.70%	7.43%	6.98%
Net rental yield at 100% portfolio occupation	6.73%	6.11%	6.52%	6.59%	6.70%	6.56%

Between 31.12.2007 and 31.12.2011, the **gross yield**<sup>1</sup> of the total portfolio rose from 6.75% to 6.98%. The difference between the yield for the nursing homes in France and in Belgium is due to the length of the leases, there being a strong correlation between the lease term and the value of the property.

With the portfolio constant, the level of **rents** rose by 2.1% over the past 12 months, due to the rent indexation for the pubs and nursing homes in Belgium and new lets.

#### 6. **Important events and transactions after 31.12.2011**

Also see point 9 Corporate Governance below.

In January 2012, Cofinimmo and Senior Assist, the reference operator in the healthcare sector in Belgium, concluded a co-investment agreement relating to a portfolio of nursing homes run by Senior Assist with a total value of nearly € 150 million. Of this portfolio, € 80 million corresponds to buildings already currently owned by Cofinimmo, € 24 million to new buildings in operation and € 46 million to projects to be developed. The initial rental yields from the properties comprising this portfolio range from 6.50% to 7.04% in double net equivalent. All have been let or pre-let on the basis of long leases of 27 years, with indexed rents.

The company Maison Saint-Ignace, owner of the nursing home of the same name, of which Cofinimmo already held all the shares, has been registered as an institutional sicafi since 13.12.2011<sup>2</sup> and was renamed Silverstone SA on 31.01.2012.

Cofinimmo and Senior Assist are the sole shareholders of Silverstone, with participating interests of 95% and 5% respectively.

#### 7. **Ordinary share dividend for the financial year 2011, payable in 2012**

As announced previously, the Board of Directors will propose to the Ordinary General Meeting of Shareholders on 27.04.2012 the payment of a gross dividend of €6.50 per ordinary share. The gross dividend of € 6.50 corresponds to a pay-out ratio of 87.2% on the net current result for 2011, excluding the impact of IAS 39 (€ 7.45 per share). For 2010, the pay-out ratio was 81.0%.

<sup>1</sup> Gross rental yield at 100% portfolio occupation.

<sup>2</sup> Subject to compliance with the conditions set out in the decision to register SILVERSTONE, which were fulfilled on 31.01.2012

## **8. Preference share dividend and conversion**

A gross dividend of € 6.37 per preference share, also payable in May 2012, will be proposed to the Ordinary General Meeting.

In accordance with Article 10a of the Articles of Association, the 1,499,766 preference shares issued by Cofinimmo in 2004 are convertible on the basis of one ordinary share for one preference share during the last ten days of each calendar quarter. Since the opening of the conversion procedure (01.05.2009), 431,957 preference shares have been converted into ordinary shares. Hence 1,067,809 preference shares are still outstanding. The resulting changes to the composition of the capital are communicated in the media and in the company Articles of Association, as well as under the heading 'Investor Relations & Media/Share Information /Types of Share + Shareholder Structure' on the company's website ([www.cofinimmo.com](http://www.cofinimmo.com)).

For the record, the next opportunity for conversion will be offered from 22.03.2012 to 31.03.2012. Preference shareholders who convert their preference shares before 31.03.2012 will be entitled to the gross dividend of the ordinary share of € 6.50 for 2011, payable in May 2012.

## **9. Corporate Governance**

Subject to the agreement of the FSMA, the renewal of the terms of office of the following Directors will be proposed to the Ordinary General Meeting of 27.04.2012:

- Mr Jean-Edouard Carbonnelle, as Director and Member of the Executive Committee;
- Mr Vincent Doumier, as representative of the shareholder Compagnie du Bois Sauvage;
- Mr Gaëtan Hannecart, Mr Xavier de Walque and Mr Baudouin Velge, as Independent Directors within the meaning of Article 526b of the Company Code.

If approved by the Ordinary General Meeting of 27.04.2012, their term of office will run until 29.04.2016.

## 10. Financial calendar 2012

Publication of the Annual Financial Report 2011 (on the website)	30.03.2012 (after stock market)
Ordinary General Meeting for 2012	27.04.2012
Interim statement: results at 31.03.2012	02.05.2012
Dividend payment date (ordinary and preference shares) <sup>1</sup>	
☞ Coupon detachment date ( <i>Ex date</i> ) <sup>2</sup>	02.05.2012
☞ Record date <sup>3</sup>	04.05.2012
☞ Dividend payment date	09.05.2012
☞ Financial service	Bank Degroof (principal paying agent) or any other financial institution
☞ Coupons	
- Ordinary share	Coupon No 21
- Preference share	Coupons No 9 (COFP2) and No 10 (COFP1)
Half-yearly Financial Report: results at 30.06.2012	01.08.2012
Interim statement: results at 30.09.2012	12.11.2012

As a reminder, following changes made to the French SIIC regime, it is no longer a regulatory requirement to have a listing on a domestic stock exchange. Therefore Cofinimmo has decided to delist its shares from NYSE Euronext Paris. This delisting has no impact on Cofinimmo's day-to-day operations in France, where the company remains highly active. Cofinimmo continues to benefit from the French SIIC tax regime.

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### About Cofinimmo

Cofinimmo is the foremost listed Belgian real estate company specialising in rental property. The company owns a portfolio worth over €3 billion, representing a total area of 1 800 000m<sup>2</sup>. Its main investment segments are office property and nursing homes. Cofinimmo is an independent company, which manages its properties in-house. It is listed on Euronext Brussels (BEL20) and benefits from the Belgian Sicafi fiscal regime and the French SIIC regime. At 31.12.2011, its total market capitalisation stands at €1.35 billion.

[www.cofinimmo.com](http://www.cofinimmo.com)

## together in real estate

*This English press release is a translation of the French press release. Only the French press release forms legal evidence.*

<sup>1</sup> Subject to approval of the Ordinary General Meeting of 27.04.2012.

<sup>2</sup> Date from which the share is traded without a right to payment of future dividends.

<sup>3</sup> Date on which positions are closed in order to identify the shareholders who qualify to receive a dividend.

**Appendix 1: Global result – Form Royal Decree of 07.12.2010 (x €1,000)**

	31.12.2011	31.12.2010
<b>A. NET RESULT</b>		
Rental income	188,779	195,387
Writeback of lease payments sold and discounted	20,999	21,108
Rental-related expenses	188	-295
<b>Net rental income</b>	<b>209,966</b>	<b>216,200</b>
Recovery of property charges	273	795
Recovery income of charges and taxes normally payable by the tenant on let properties	33,581	35,279
Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-1,813	-2,417
Charges and taxes normally payable by the tenant on let properties	-33,438	-35,537
<b>Property result</b>	<b>208,569</b>	<b>214,320</b>
Technical costs	-4,412	-3,269
Commercial costs	-1,560	-1,357
Taxes and charges on unlet properties	-3,574	-3,334
Property management costs	-13,926	-15,031
<b>Property charges</b>	<b>-23,472</b>	<b>-22,991</b>
<b>Property operating result</b>	<b>185,097</b>	<b>191,329</b>
Corporate management costs	-7,306	-6,333
<b>Operating result before result on portfolio</b>	<b>177,791</b>	<b>184,996</b>
Gains or losses on disposals of investment properties	6,644	7,253
Changes in fair value of investment properties	-9,603	-27,331
Other portfolio result	-17,221	-957
<b>Operating result</b>	<b>157,611</b>	<b>163,961</b>
Financial income	6,079	6,036
Net interest charges	-62,458	-63,280
Other financial charges	-1,166	-1,093
Changes in fair value of financial assets and liabilities	-9,561	-13,757
<b>Financial result</b>	<b>-67,106</b>	<b>-72,094</b>
Share in the result of associated companies and joint ventures	213	
<b>Pre-tax result</b>	<b>90,718</b>	<b>91,867</b>
Corporate tax	-6,920	-7,224
Exit tax	39,287	-205
<b>Taxes</b>	<b>32,367</b>	<b>-7,429</b>
<b>Net result</b>	<b>123,085</b>	<b>84,438</b>
Minority interests	-4,546	-642
<b>Net result – Group share</b>	<b>118,539</b>	<b>83,796</b>
<b>Net current result – Group share</b>	<b>103,643</b>	<b>105,435</b>
<b>Result on portfolio – Group share</b>	<b>14,896</b>	<b>-21,639</b>

<b>B. OTHER ELEMENTS OF THE GLOBAL RESULT</b>		
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-2,331	-468
Change in the effective part of the fair value of authorised cash flow hedging instruments	-49,247	-12,979
<b>Other elements of the global result</b>	<b>-51,578</b>	<b>-13,447</b>
Minority interests	87	25
<b>Other elements of the global result – Group share</b>	<b>-51,491</b>	<b>-13,422</b>
<b>C. GLOBAL RESULT</b>	<b>71,506</b>	<b>70,991</b>
Minority interests	-4,458	-617
<b>Global result – Group share</b>	<b>67,048</b>	<b>70,374</b>