

Letter to the Shareholders

MARCH 2017



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Dear Shareholders,

2016 saw a number of acquisitions both in healthcare real estate and office buildings, as well as several financing transactions intended to optimise the cost and maturity of debt. Cofinimmo recorded a solid performance on the financial markets with a total return of 14.1 %.

Ongoing investments in the Group's two core business sectors.

During 2016, Cofinimmo's operational teams made several investments in healthcare real estate and office buildings while maintaining a cautious and selective approach in order to avoid making acquisitions at excessive prices.

The main healthcare real estate transactions were the acquisition in Germany of a rehabilitation clinic in Bonn and two nursing and care homes in Chemnitz and Calau, respectively. The Cofinimmo Group continued to invest in the Netherlands with the acquisition of four medical office buildings and finalised the construction works of the Amphibia Hospital parking lot in Breda.

For the first time since 2010, Cofinimmo also acquired office buildings in line with its objective of refocusing its office portfolio on the central business district. The buildings had a significant value creation potential given that they were partially unoccupied. At 31.12.2016, one third of the rental spaces vacant at the time of acquisition had been rented thanks to the expertise and dynamism

of Cofinimmo's sales teams. The Group continued to work on the demolition/rebuilding projects at Belliard 40 and Arts/Kunst 19H, in the heart of Brussels.

The amount of the investments made since the capital increase of May 2015 has thus come to 301 million EUR, 180 million EUR of which are in healthcare real estate and 113 million EUR in offices.

Active debt management.

The Group took advantage of particularly low interest rate levels in 2016 to refinance its debt and pursue the diversification of its sources of financing: buyback of convertible bonds maturing in 2018 via the issue of new bonds maturing in 2021 (219 million EUR) and private placement of bonds (70 million EUR). In addition, in December 2016, Cofinimmo became the first European real estate company to issue Green and Social Bonds (55 million EUR), enabling investors to finance indirectly specific sustainable economy projects led by Cofinimmo.

As a result, the average cost of debt decreased from 2.9 % at the end of 2015 to 2.4 % at the end of 2016 and the maturity decreased from 5.3 to 4.8 years between the end of 2015 and the end of 2016.

Interest rate hedging instruments were restructured given persistent low interest rates: strike rates were lowered for the years 2018 to 2022 and new hedges were put in place for the years 2023 to 2025. The restructuring enabled the Group to optimise the future cost of its debt.

Confirmation of the 2016 dividend.

The net result from core activities - Group share was 6.40 EUR in 2016. At the time of publication of its 2016 annual results, the Group confirmed the proposal to pay a gross dividend of 5.50 EUR per ordinary share for the 2016 financial year. The proposal will be submitted for approval at the Ordinary General Meeting to be held on 10.05.2017.

Considering a committed investment programme of 114 million EUR, the Cofinimmo Group expects a net result from core activities - Group share of 6.49 EUR per share and a gross dividend of 5.50 EUR per ordinary share for 2017. ●

PERFORMANCE

RESULTS

(X 1,000,000 EUR)	31.12.2016	31.12.2015
Portfolio of investment properties (in fair value)	3,366.3	3,134.4
(X 1,000 EUR)	31.12.2016	31.12.2015
Property result	210,659	207,534
Operating result before result on the portfolio	172,079	174,341
Net result from core activities - Group share	134,260	128,517
Result on financial instruments - Group share	-38,850	-30,811
Result on the portfolio - Group share	1,983	6,261
Net result - Group share	97,393	103,967

— **The net result from core activities - Group share amounted to 134.3 million EUR in 2016, up 4.5 % compared to 2015.**

— **Gross rental revenues** increased by 0.9 % between 2015 and 2016: the investments made in healthcare real estate in Germany and in the Netherlands and the rental of the renovated Guimard 10-12 office building offset the revenue loss resulting from the sale of assets in 2015 (the Livingstone II office building and the Silverstone portfolio of 20 nursing and care homes). **Net interest charges** fell by 23.6 %, as a result of the combined effect of a decrease in average outstanding debt and its average cost.

— Expressed per share, the **net result from core activities** was 6.40 EUR for the 2016 financial year and 6.46 EUR for the 2015 financial year. The number of shares entitled to share in the result of the financial year increased from 19,888,379 to 20,986,326 (+5.5 %) between these two dates. The shares issued in 2015 as part of the capital increase are entitled to share in the result of the entire 2016 financial year, which was not the case in 2015.

— The **net result** - Group share was 97.4 million EUR at 31.12.2016, compared to 104.0 million EUR at 31.12.2015. Per share, the figures were 4.64 EUR at 31.12.2016 and 5.23 EUR at 31.12.2015.

— In light of these **2016 results**, a gross dividend of 5.50 EUR per ordinary share, payable in 2017, will be proposed at the next Ordinary General Meeting.

— The **Group's debt ratio** remains low (43.7 % at 31.12.2016). The Group therefore has the financial flexibility required to continue its growth strategy in the healthcare real estate segment and to finance its office redevelopment programme. ●

— **Barring the occurrence of any unexpected events, the forecasted net result from core activities - Group share is 6.49 EUR per share for the 2017 financial year and the gross dividend payable in 2018 is 5.50 EUR per ordinary share.**

RENAMING OF COFINIMMO'S MAIN FINANCIAL INDICATOR

Cofinimmo uses the "net current result (excluding IAS 39 impact) - Group share" as its primary financial indicator, usually expressed per share. This indicator designates the result of the Group's rental activities after the financing costs of its portfolio. It excludes the result on financial instruments and the result on the portfolio (sale and revaluation of properties).

The interpretation of the term "current" became stricter following the implementation of a directive¹ published by the European Securities and Markets Authority (ESMA). Cofinimmo therefore decided to rename the "Net current result (excluding IAS 39 impact) - Group share" section of its income statement to "Net result from core activities - Group share".

¹ ESMA Guidelines on Alternative Performance Measures.

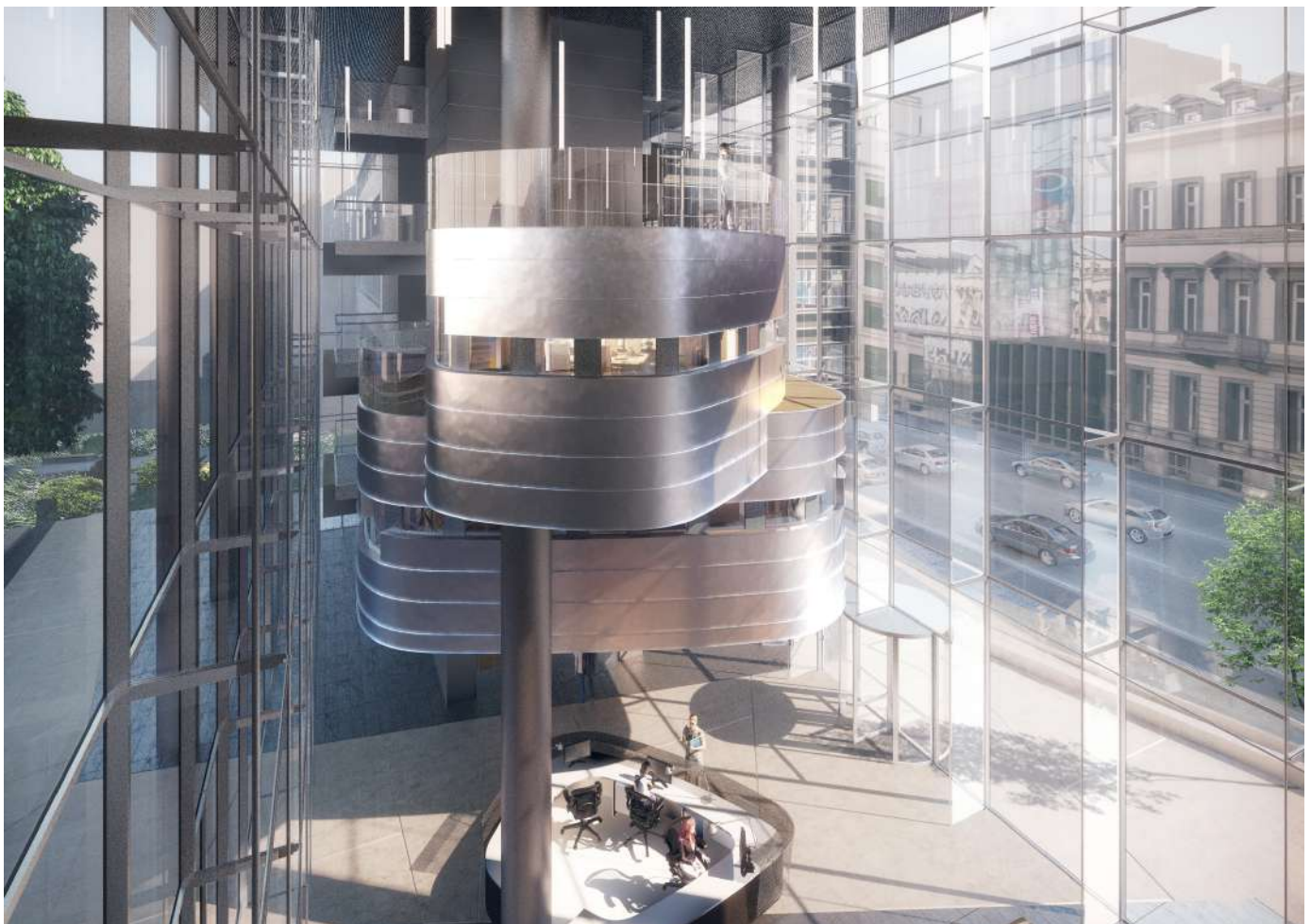
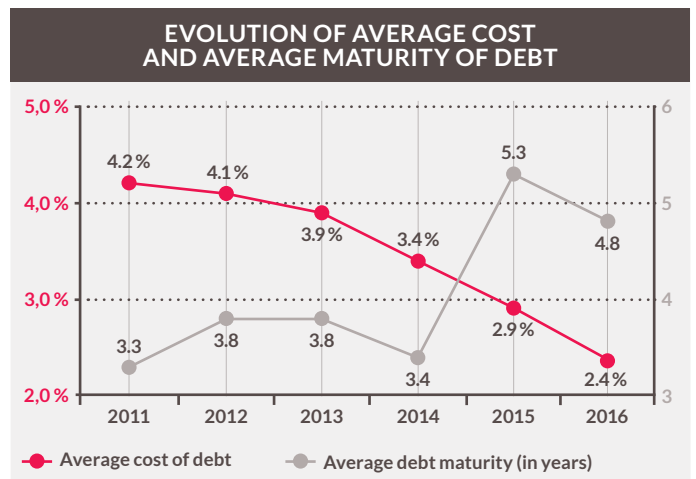
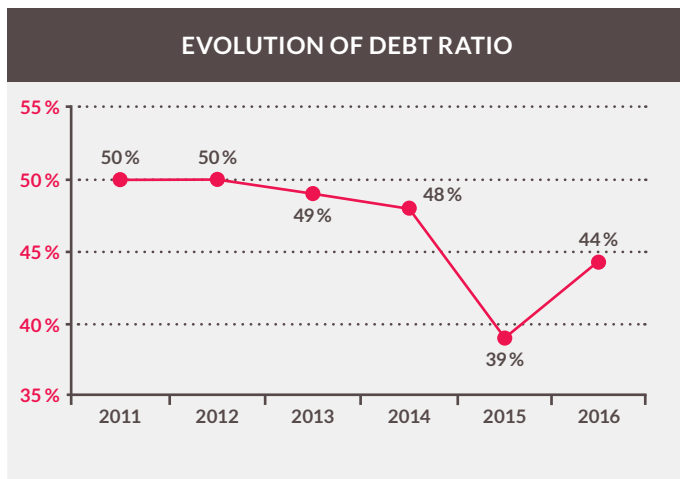
WITHHOLDING TAX RATE

In January 2017, the withholding tax on Regulated Real Estate Companies (RREC) increased from 27 % to 30 %. However, for RREC who dedicate at least 60 % of their investments to buildings, which are primarily intended for residential use combined with the offering of healthcare services, shareholders can benefit from a reduced withholding tax rate on the dividend of 15 %. At 31.12.2016, Cofinimmo's healthcare real estate accounted for 45 % of the Group's total portfolio. As a result, Cofinimmo shareholders do not benefit from the reduced withholding tax. The gross dividend of 5.50 EUR per ordinary Cofinimmo share therefore corresponds to a net dividend of 3.85 EUR.

PERFORMANCE

DEBT

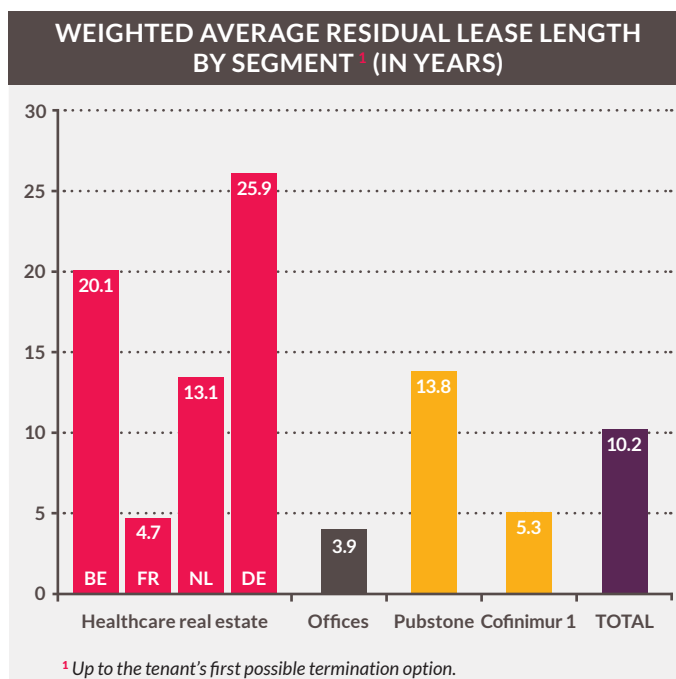
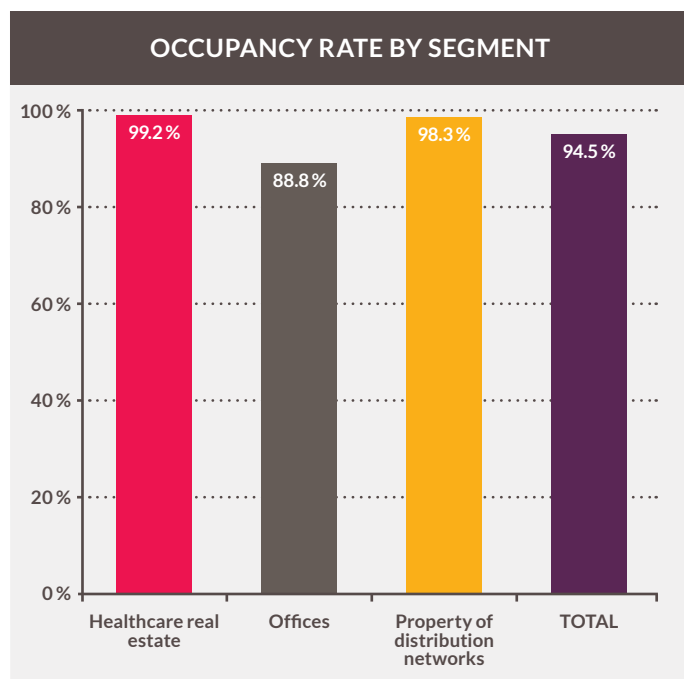
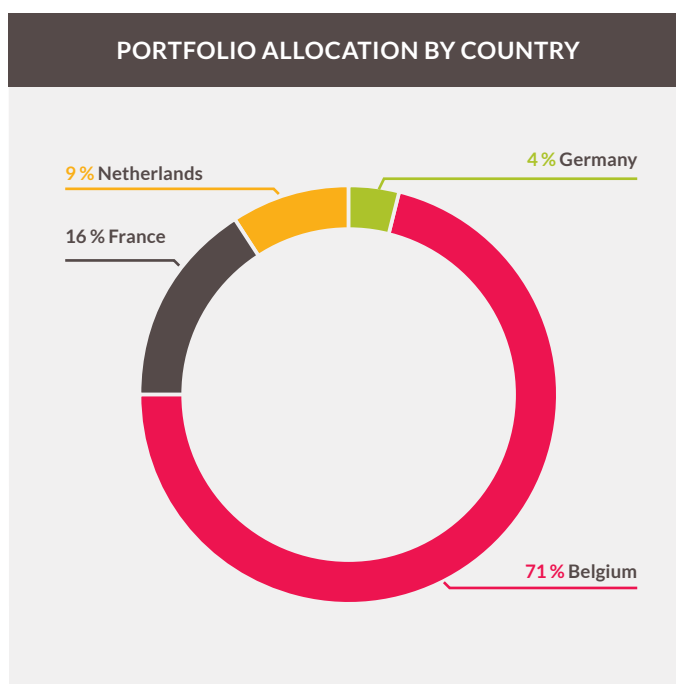
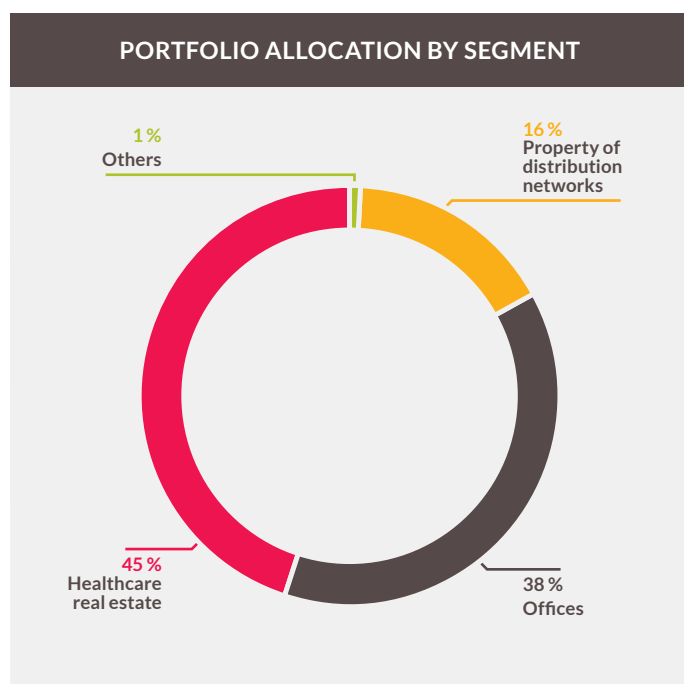
	31.12.2016	31.12.2015
Average level of debt (in millions of EUR)	1,528.8	1,459.0
Debt ratio	43.7%	38.6%
Average cost of debt	2.4%	2.9%
Average debt maturity (in years)	4.8	5.3



Office building Belliard 40 - Brussels (BE) : Projected situation after works.

PERFORMANCE

OPERATIONAL INDICATORS AT 31.12.2016



"The weighted average residual length of the Cofinimmo Group leases until the first possible termination option by the tenant is among the longest in Europe: 10.2 years at 31.12.2016."

ACHIEVEMENTS

HEALTHCARE REAL ESTATE: A GROWTH MARKET

The Cofinimmo Group's strategy in the healthcare real estate sector:

Acquisitions and development projects in "new" markets (Germany and the Netherlands)

(Re)development projects and asset arbitrage in more mature markets (Belgium and France)

Pursuit of diversification by country, by operator and by medical speciality.

At 31.12.2016, the Group's healthcare real estate portfolio consisted of 135 assets, for a total surface area of 715,500 m² above-ground and a total of 12,378 beds in four countries (Belgium, France, Germany and the Netherlands). The occupancy rate was over 99 %.

CONTINUED INVESTMENT IN HEALTHCARE REAL ESTATE IN GERMANY

Cofinimmo made its first investment in the healthcare sector in Germany in 2014 when it acquired a rehabilitation clinic located in the spa city of Baden-Baden in the south-west of the country.

The appeal of the German market is explained by several factors, notably the long length of the leases agreed with operators (25 years on average) as well as future needs resulting from demographic changes in the country. At 31.12.2016, the German real estate portfolio consisted of six assets with a total value 117 million EUR. The investments made in 2016 amounted to 47 million EUR for the following assets:



MARCH 2016

KAISER KARL CLINIC

Bonn

Transaction:

Acquisition of a rehabilitation clinic specialised in orthopaedics

Surface area:

15,500 m²

Investment:

30.0 million EUR

Operator:

Eifelhöhen-Klinik AG

Lease:

25 years – double net



DECEMBER 2016

CALAU NURSING HOME

Calau

Transaction:

Acquisition of a newly-built nursing and care home

Surface area:

4,600 m²

Investment:

9.1 million EUR

Operator:

M.E.D. Gesellschaft für Altenpflege mbH

Lease:

25 years – double net



DECEMBER 2016

BRÜHL NURSING HOME

Chemnitz

Transaction:

Acquisition of an operational nursing and care home

Surface area:

6,700 m²

Investment:

8.8 million EUR

Operator:

Azurit Rohr GmbH – Natürlich Leben im Alter

Lease:

25 years – double net

ACHIEVEMENTS

MEDICAL OFFICE BUILDINGS: A NEW TYPE OF ASSET IN THE COFINIMMO HEALTHCARE REAL ESTATE PORTFOLIO

Cofinimmo acquired its first medical office building, the Oranjeplein Centre in Goirle, the Netherlands, in August 2016. The Group acquired a total of four of these assets in the Netherlands during 2016.

This type of asset is particularly common in the Netherlands. The medium-sized buildings look similar to office buildings and are occupied by complementary medical and paramedical professionals such as physicians, pharmacists, physiotherapists, dentists, etc. who receive their patients or clients there. They are tenants of the Cofinimmo Group. As a result, medical office buildings have introduced a new concept in the Group's healthcare real estate portfolio management: for the first time, Cofinimmo rents its healthcare assets directly to several healthcare professionals rather than leasing an entire asset to a hospital or a single operator. ●



AUGUST 2016

ORANJEPLEIN

Goirle

Surface area:
1,844 m²

Investment:
4.5 million EUR

Weighted average residual lease length at acquisition:
7 years



AUGUST 2016

DE WATERLINIE

Uithoorn

Surface area:
3,900 m²

Investment:
9.4 million EUR

Weighted average residual lease length at acquisition:
9 years



OCTOBER 2016

PIUSHAVEN

Tilburg

Surface area:
2,257 m²

Investment:
6 million EUR

Weighted average residual lease length at acquisition:
7.5 years



DECEMBER 2016

LEIDEN

Leiden

Surface area:
2,000 m²

Investment:
3.3 million EUR

Weighted average residual lease length at acquisition:
5.5 years

The Cofinimmo Group signed a collaboration agreement with Maron Healthcare for the commercial management of the medical office buildings located in Goirle, Tilburg, Uithoorn and Leiden. The role of Maron Healthcare, a specialised manager in the Netherlands, is to maintain an optimal occupancy rate over the long term and ensure that the practitioners and medical services in the four facilities are complementary.

ACHIEVEMENTS

2017-2019 COMMITTED INVESTMENT PIPELINE

Cofinimmo believes that the healthcare real estate sector has strong growth potential due to a framework of public healthcare policies in transition, future demographic changes in the markets in which it operates and the long-term leases it has signed with operators.

By 2019, the Cofinimmo Group intends to invest the following amounts in healthcare real estate:

- 112 million EUR for refurbishment and construction projects of identified assets;
- an additional 400 million EUR for the acquisition and construction of assets not yet identified.

Together with renovation and reconversion expenses on office buildings, as well as with asset arbitrage in both healthcare and office buildings, the Group's objective is to raise the share of healthcare real estate in its total portfolio to 50 % by the end of 2019 at the latest. ●

	Portfolio breakdown at 31.12.2016	2017-2019 Committed pipeline (x 1,000,000 EUR)	2017-2019 Potential scenario: Uncommitted acquisitions: (x 1,000,000 EUR)	2017-2019 Potential scenario: Uncommitted disposals (x 1,000,000 EUR)	Portfolio breakdown at 31.12.2019
Healthcare real estate	45 %	112.0	400	- 50	50 %
Offices	38 %	131.0		- 100	34 %
- Acquisitions					
- Refurbishments		78.6			
- Reconversions		52.4		- 100	
Property of distribution networks	17 %	11.7			16 %
TOTAL	100 %	255.0	400	- 150	100 %
		255 millions EUR committed	250 millions EUR uncommitted		

The committed pipeline in healthcare real estate for the period from 01.01.2017 to 31.12.2019 is as follows:

Building	Operator	Type of works	(Addit.) Number of beds	(Addit.) Surface area	(Expected) end of works
BELGIUM					
De Nootelaer Keerbergen	Senior Living Group (Korian Group)	Renovation and extension	+ 2	+ 500 m ²	T4 2018
Woluwe 106-108 Brussels	Vivalto	Reconversion of an office building into a nursing and care home	151	8,422 m ²	T4 2017
Zonnewende Aartselaar	Senior Living Group (Korian Group)	Renovation and extension	+ 13 service flats	+ 3,500 m ²	T4 2018
FRANCE					
Domaine de Vontes Esvres sur Indre	Inicéa	Renovation and extension	+ 60	+ 2,214 m ²	T2 2019
NETHERLANDS					
Bavel	Martha Flora	New construction	22	2,198 m ²	T1 2017
Plataan Heerlen	Sevagram	Renovation	133	14,700 m ²	T4 2017
GERMANY					
Brühl Chemnitz	Azurit	Renovation and extension	+ 14	+ 222 m ²	T2 2018

All healthcare facilities shown above to be built, extended or renovated are pre-let.

ACHIEVEMENTS

OFFICES: DYNAMIC WORKSPACE MANAGEMENT

The Cofinimmo Group's strategy in the office sector:



At 31.12.2016, the Group's office building portfolio consisted of 85 assets for a total surface area of 663,300 m² above-ground, located primarily in Brussels. The occupancy rate was 89 %.

OFFICE SPACE OFFERING WHICH MEETS THE CURRENT NEEDS OF WORKERS

Over the past few years, companies have had to deal with changing working methods to meet an increased need for employee flexibility.

In addition, homeworking is becoming increasingly popular within many companies, indirectly impacting office space

implementation. Small and medium companies and temporary structures working on projects often look for small office areas to rent for a limited period of time. Cofinimmo has thought about the needs of its clients and, since 2016, has been able to meet these needs with the implementation of two innovative concepts: the **Lounge®** and the **Flex Corner®** by Cofinimmo. ●



LOUNGE® BY COFINIMMO - Park Lane business park Diegem

The **Lounge®** by Cofinimmo is an innovative concept developed in-house by a think tank. The objective is to provide an innovative solution which meets the growing need for a range of different spaces at work which respond to the requirements of our office building clients-tenants. The Cofinimmo Group provides tenants and their visitors with modern, inspiring and comfortable shared spaces that include catering, meeting, networking and relaxation areas. The Lounges are managed by an on-site Community Manager employed by Cofinimmo. The first lounge opened in November 2016 at Park Lane, a business park in Diegem. ●

FLEX CORNER® BY COFINIMMO - The Gradient Brussels

Flex Corner® is a solution that enables clients looking for smaller office spaces to lease a private space on an office floor equipped with shared facilities (kitchenette, lounges, meeting rooms). Tenants get the benefit of flexibility in terms of the space leased, with a minimum 50 m². A "Custom Your Lease" lease type is also available, making it possible for the tenant to establish its own lease period (of minimum one year) based on contractual terms suited to their needs. Cofinimmo installed four Flex Corner® in 2016 in buildings located at strategic locations in Brussels: The Gradient building in Woluwé-Saint-Pierre/Sint-Pieters-Woluwe, the Paepsem business park in Anderlecht, the Waterloo Office Park in Waterloo and the Park Lane business park in Diegem. ●



ACHIEVEMENTS

REDEVELOPMENT OF THE ARTS/KUNST 19H OFFICE BUILDING

The Arts/Kunst 19H office building, located in the Leopold District in Brussels, built in 1973 and unoccupied since the end of January 2017, will be redeveloped.

The new project, which was decided by an architectural competition, involves the demolition of the current building. The new construction will have full-length glass walls and a view on the interior garden from Rue Joseph II-Straat. The building will offer 8,600 m² of modern, modular office space on eight floors with particularly high ceilings (nearly three metres). Tenants will have access to a landscaped roof terrace. Cofinimmo's objective is to obtain a BREEAM 'Excellent' environmental certification for the new building. The required permits were obtained at the end of 2016. The budget for the works will come between 22 and 25 million EUR and the delivery should occur in the second quarter of 2019. ●



BELLIARD 40: ANOTHER OFFICE BUILDING REBUILT BY COFINIMMO

The redevelopment of the Belliard 40 building, located at the corner of Rue Belliardstraat and Rue de la Science/Wetenschapsstraat in the centre of Brussels, is part of the active management strategy Cofinimmo is implementing for its office portfolio.

As a reminder, the demolition of the existing building began in March 2015 and delivery of the new building is expected for the first quarter of 2018. Project plans include a green space adjacent to the pavement and the construction of a luminous, five-story atrium with a view on an inner garden which will also be visible from Rue Belliardstraat. The building will offer 20,000 m² of modular and sustainable office space. ●

WHAT IS BREEAM ?

The BREEAM certification (Building Research Establishment Environmental Assessment Method) is an assessment of the environmental performance of buildings developed by the Building Research Establishment, a private British construction research organisation (www.bre.co.uk).

The certification is related to sustainability. The areas analysed include energy performance as well as energy, water, materials, transport, pollution, health and well-being. Following the certification process, the building and its property management are rated as follows: Acceptable, Pass, Good, Very Good, Excellent or Outstanding. Cofinimmo has set an objective of obtaining a Very Good certification at least for buildings renovated in-depth or rebuilt. ●

ORGANISATION

NEW OPERATIONAL PLATFORM IN PARIS

Since September 2016, the Cofinimmo Group has an operational team in France, consisting of four people. The office is located in the 8th district of Paris.

The team primarily takes care of the technical, commercial and administrative management of the portfolio of insurance agencies leased to MAAF. A third party previously managed these agencies. The new team perfectly meets Cofinimmo's real estate strategy which is to ensure proximity with its clients in order to develop close, long-term relationships with them.

As a reminder, Cofinimmo has an operational team of three people in Breda in the Netherlands since 2007. The team is responsible for managing the Pubstone portfolio (240 cafés/restaurants) and the healthcare real estate portfolio (22 assets) in the Netherlands. ●

PROPERTY ASSET MANAGEMENT IN GERMANY

Property management for the German portfolio of healthcare assets is currently the only area not yet handled by internal teams and is outsourced to a third party. The current size of the portfolio does not yet warrant setting up a local team.

SUSTAINABLE DEVELOPMENT AND MANAGEMENT POLICY

THE COFINIMMO GROUP'S SUSTAINABLE DEVELOPMENT STRATEGY:

Improve the environmental footprint of the company and its portfolio



Ensure the safety and well-being of occupants



Select socially responsible projects



Cofinimmo has aligned its sustainable development strategy on the United Nations' Sustainable Development Goals – SDG for 2030. Its mission as a real estate company is to provide its clients-tenants with buildings which are both highly functional for their business activities and their well-being and environmentally sustainable.

Cofinimmo, first European real estate company to issue Green and Social Bonds.

In December, the Group successfully closed a private placement with institutional investors for its first issue of Green and Social Bonds for an amount of 55 million EUR with a 2.00 % fixed coupon and a maturity of eight years. Cofinimmo became the first European real estate company to issue Green and Social Bonds. The funds raised will finance:

- projects with an environmental objective for office buildings with a Very Good BREEAM environmental and sustainable certification at least; and
- projects with a social purpose for healthcare assets dedicated to housing of vulnerable or dependent people with specific care needs. ●

COFINIMMO REWARDED FOR ITS COMMUNICATION

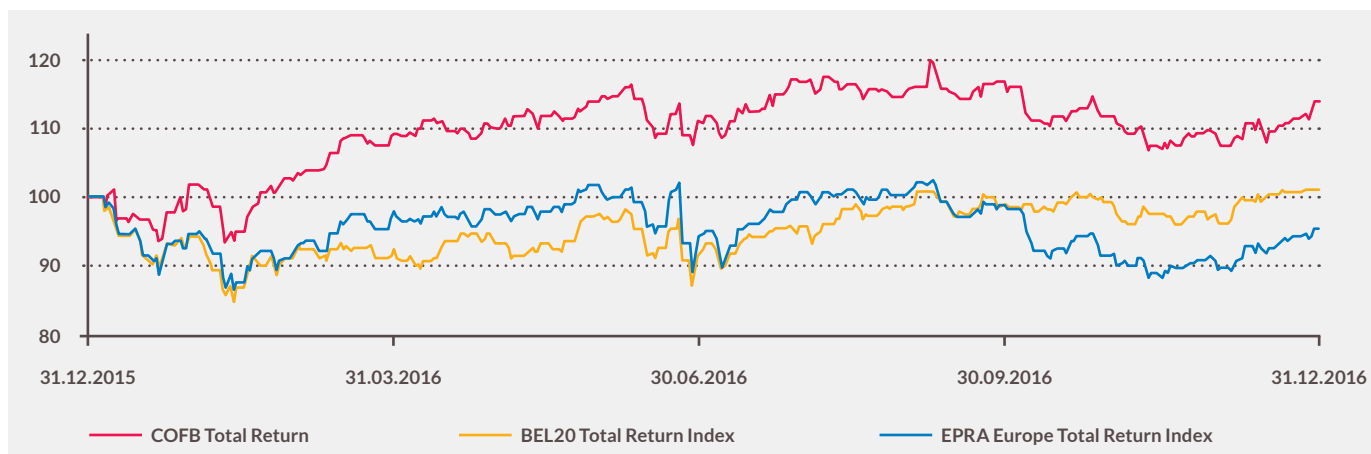
Cofinimmo was awarded the gold medal in the "Best Financial Information – Large Companies" category at the 56th awards ceremony of the Belgian Association of Financial Analysts held on 11.10.2016. In September 2016, the Group was also recognised by EPRA (European Public Real Estate Association) for its 2015 Annual Financial Report and its 2015 Sustainable Development Report. Both received the Gold Award for the second year in a row. In addition, the Belgian Institute of Company Auditors awarded its prize for "Best Sustainable Development Report - Large Companies" to Cofinimmo.

STOCK MARKET

SHARE PERFORMANCE

Given the high proportion of the profit distributed annually in the form of dividends, i.e. 85.9% for 2016, the performance of the Cofinimmo share should be assessed in total return terms, i.e. on the assumption that the gross dividends paid out are reinvested, and should be compared with indices that also reflect the "total return" of their component shares.

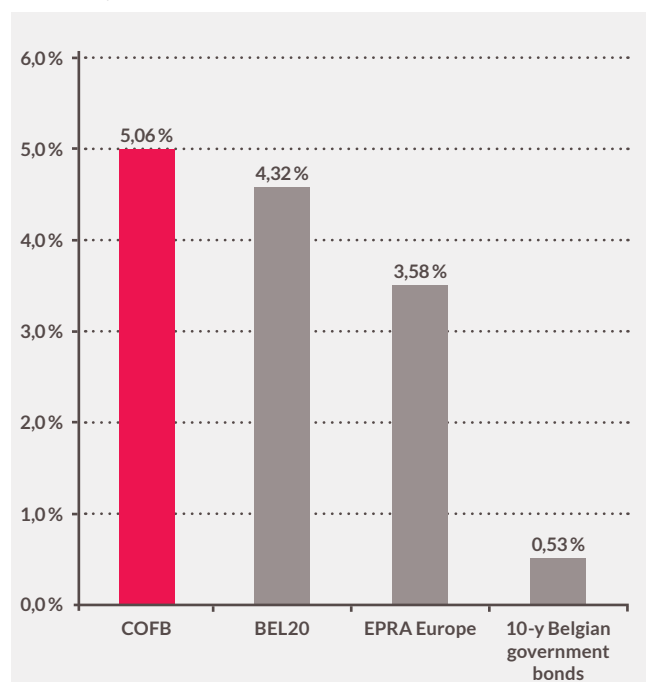
The Cofinimmo share provided a total return above 10% for the second consecutive year: it offered a yield of 14.1% for 2016 compared to 11.2% for 2015. The BEL20 and EPRA Europe indices recorded a yield of +1.2% and -4.7%, respectively in 2016. ●



DIVIDEND YIELD

The dividend yield is calculated here by dividing the gross dividend per share by the market price per share as of 31.12.2016.

The Cofinimmo share offered a dividend yield of 5.06% at 31.12.2016, compared to 4.32% and 3.58% for the BEL20 and EPRA Europe indices. Belgian 10-year government bonds offered a yield of 0.53%. ●



FACT SHEET

Market capitalisation as at 31.12.2016:

2.3 billion EUR

Number of shares outstanding as at 31.12.2016:

21,031,190

Listing market:

Euronext Brussels

ISIN code of the ordinary share:

BE0003593044

Euronext ticker of the ordinary share:

COFB

Bloomberg ticker of the ordinary share:

COFB BB

Main indices:

BEL20, Euronext 150, EPRA Europe, GPR250

STANDARD & POOR'S RATING

Liquidity rating: strong

Long-term credit rating: BBB

Short-term credit rating: A-2

Outlook: stable

STOCK MARKET

SHAREHOLDER STRUCTURE

On 14.02.2017, Cofinimmo was notified by the Crédit Agricole Group of its holding of more than 5 % of the company's capital. The asset manager BlackRock, Inc. did the same on 02.03.2017.

The Cofinimmo shareholder structure is as follows:

Company	Number of shares (voting rights)	%
Crédit Agricole Group	1,068,286	5.08 %
BlackRock, Inc.	1,051,816	5.00 %
Cofinimmo Group	44,864	0.21 %
Free float	18,866,224	89.71 %
Total number of shares issued	21,031,190	100 %

CONTACT

Please contact the Cofinimmo investor relations team for information:

- about your registered shares:
shareholders@cofinimmo.be;

- about the company:
egrauls@cofinimmo.be or bmathieu@cofinimmo.be

Please also visit our website:
www.cofinimmo.com



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FINANCIAL CALENDAR



07.04.2017

Publication of the 2016 Annual Financial Report

07.04.2017

Publication of the 2016 Sustainability Report

27.04.2017

Interim report: results at 31.03.2017

10.05.2017

2016 Ordinary General Meeting

12.05.2017

Ex date¹

15.05.2017

Record date²

As from 16.05.2017

Dividend payment date

27.07.2017

Half-year financial report: results at 30.06.2017

09.11.2017

Interim report: results at 30.09.2017

08.02.2018

Annual press release: results at 31.12.2017

¹ Date on which stock market trading begins without rights to the future dividend.

² Date on which positions are closed to identify the shareholders entitled to a dividend