

# Letter to the Shareholders

MARCH 2018



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## Dear Shareholders,

During 2017 Cofinimmo continued to implement its strategic objectives, specifically:

### Increased investments in healthcare real estate

Cofinimmo pursued its investments in healthcare real estate in Germany and the Netherlands with 83 million EUR in acquisitions and commitments in these two countries. The main transactions in Germany involved the acquisition of three nursing and care homes and the signing of an agreement to acquire a fourth asset under construction. In the Netherlands, the Group invested in five medical office buildings and a care centre for people suffering from mental disorders. Moreover, renovation works on a revalidation clinic were also delivered.

In Belgium, Cofinimmo Group signed an agreement for major renovation and extension works on a nursing and care home and delivered the reconversion works on an office building into a nursing and care home.

### Management of redevelopment projects and robust marketing activity in our office portfolio

Cofinimmo is redeveloping the Quartz (formerly Arts/Kunst 19H) and Belliard 40 office buildings, located in the heart of the European district in Brussels. Two 15-year leases and one 9-year lease for a total of nearly 66%

of the surface area in the Belliard 40 office building have been signed, even before completion of the works. At the same time, marketing of all five office buildings acquired in 2016 was particularly successful: the average occupancy rate rose from 85% on acquisition to 92% by the end of 2017. To meet the growing demand from tenants for flexible office space, the Group expanded its offer of innovative solutions in both the Brussels decentralised area and the Brussels periphery by opening four new Flex Corners® and a Lounge®.

### Leasehold on the Egmont I and II buildings

At the start of 2018, Cofinimmo entered into an agreement with a South Korean financial institution for a leasehold on the Egmont I and II office buildings located in the centre of Brussels. The signing of the official leasehold deed and the first lease payment (canon) should take place by the end of March 2018.

### 2017 dividend confirmed

The net result from core activities - Group share amounted to 6.53 EUR for the 2017 financial year. The Group confirmed payment of a gross dividend

of 5.50 EUR per ordinary share for the 2017 financial year when it announced its results for 2017. The proposal will be put to a vote of the Ordinary General Meeting to be held on 09.05.2018. ●

Taking into account an investment programme for 2018 amounting to 68 million EUR and the signing of the leasehold on Egmont I and II in March 2018, Cofinimmo expects a net result from core activities - Group share of 6.56 EUR per share and a gross dividend of 5.50 EUR per ordinary share, barring any unforeseen events.



**Jean-Edouard CARBONNELLE**  
Chief Executive Officer

# PERFORMANCE

## RESULTS

(X 1,000,000 EUR)	31.12.2017	31.12.2016
Portfolio of investment properties (in fair value)	3,507.8	3,366.3
(X 1,000 EUR)	31.12.2017	31.12.2016
Gross rental revenues	208,524	207,079
Property result	209,943	210,659
Operating result before result on the portfolio	172,047	172,079
Net result from core activities - Group share	139,090	134,260
Result on financial instruments - Group share	1,063	-38,850
Result on the portfolio - Group share	-2,791	1,983
Net result - Group share	137,362	97,393

**The net result from core activities - Group share was 139.1 million EUR in 2017, up 3.6% compared to 2016.**

Gross rental revenues rose 0.7% between 2016 and 2017: investments in healthcare real estate in Germany and the Netherlands, as well as new lettings of office space, significantly offset the loss of revenue resulting from IBM, which partially vacated the Bourget 42 building at the end of 2016, and AXA Belgium, which vacated the Souverain/Vorst 23-25 site in August 2017.

Average debt increased from 1,341 million EUR in 2016 to 1,535 million EUR in 2017. However, the average cost of debt fell from 2.4% in 2016 to 1.9% in 2017 further to the refinancing of credit lines and the issue of a new convertible bond on more advantageous terms.

The net result from core activities - Group share was 139.1 million EUR at 31.12.2017, compared to 134.3 million EUR at 31.12.2016 (+3.6%). Per share, this amounts to 6.53 EUR at 31.12.2017 and 6.40 EUR at 31.12.2016.

The net result - Group share amounts to 137.4 million EUR at 31.12.2017, compared to 97.4 million EUR at 31.12.2016 (+41.1%). Per share, this amounts to 6.45 EUR at 31.12.2017 and 4.64 EUR at 31.12.2016. Note that restructuring of Interest Rate Swaps adversely affected the net result in 2016.

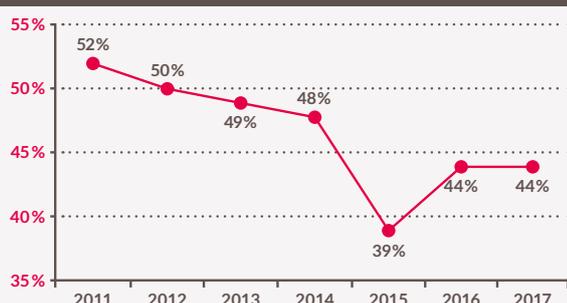
The group's debt ratio remained stable at 43.8% at 31.12.2017, compared to 43.7% at 31.12.2016. Not only does the Group have the financial flexibility needed to continue its growth strategy in the healthcare real estate segment, but also to finance its office building redevelopment programme. ●

**Taking into account an investment programme for 2018 amounting to 68 million EUR and the signing of the leasehold on Egmont I and II in March 2018, Cofinimmo expects a net result from core activities - Group share of 6.56 EUR per share and a gross dividend of 5.50 EUR per ordinary share, barring any unforeseen events.**

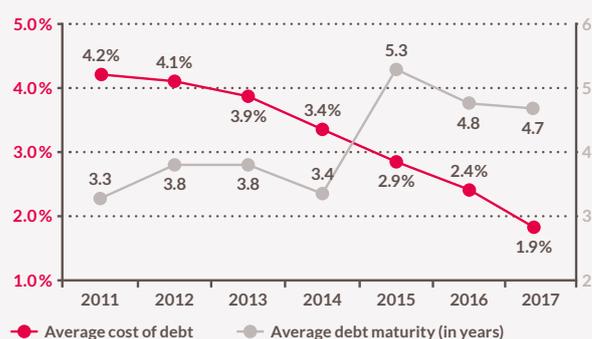
## DEBT

	31.12.2017	31.12.2016
Average debt (in million EUR)	1,535.1	1,341.3
Debt ratio	43.8%	43.7%
Average cost of debt	1.9%	2.4%
Average debt maturity (in years)	4.7	4.8

EVOLUTION OF THE DEBT RATIO

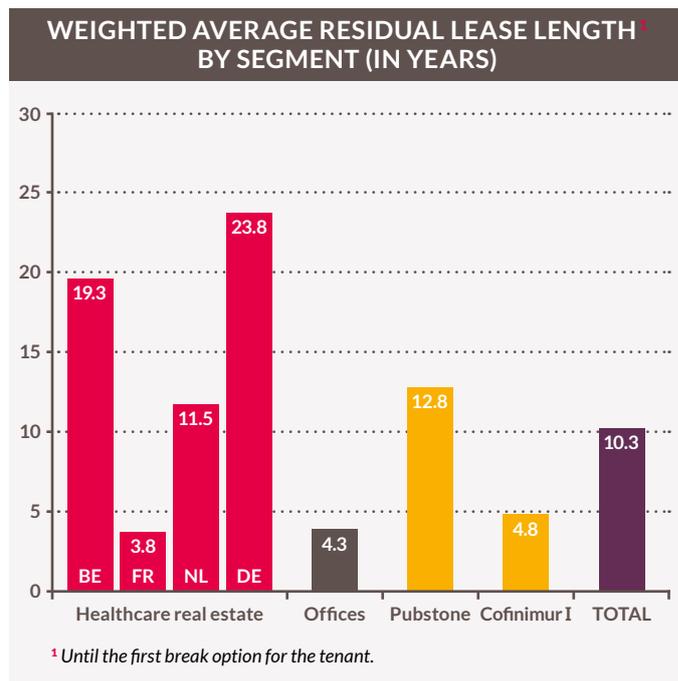
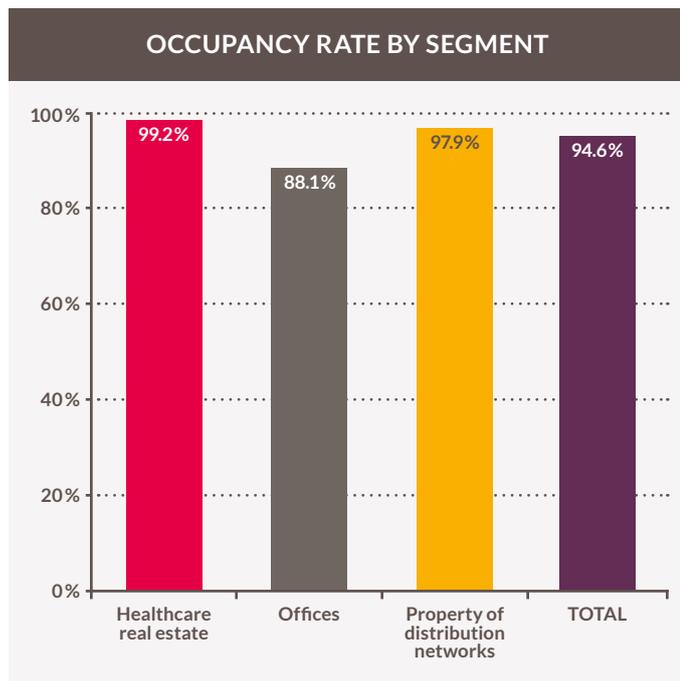
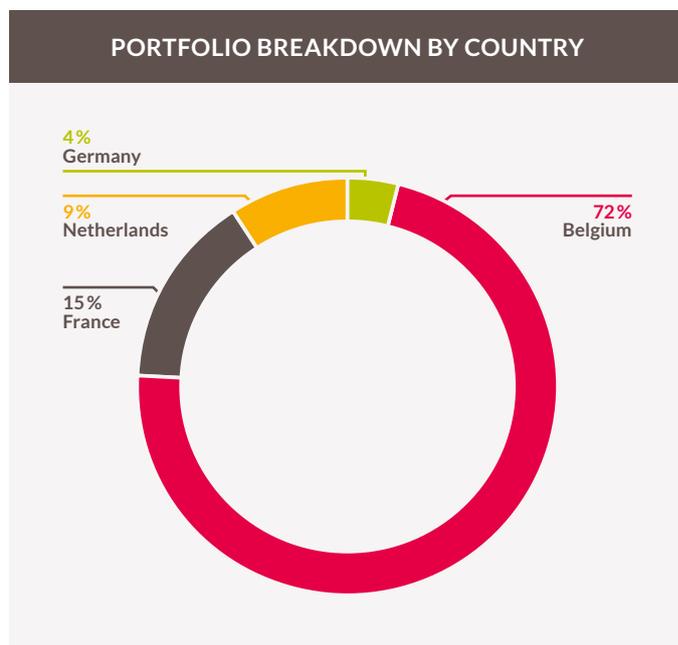
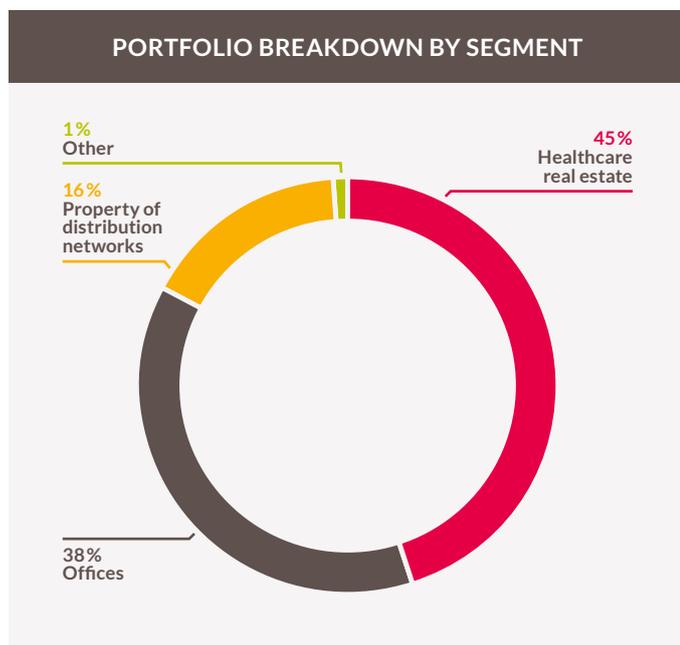


EVOLUTION OF THE AVERAGE COST OF DEBT AND AVERAGE DEBT MATURITY



# PERFORMANCE

## OPERATIONAL INDICATORS AT 31.12.2017



# ACCOMPLISHMENTS

## HEALTHCARE REAL ESTATE: A GROWTH MARKET

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

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

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

Continued diversification by country, operator and healthcare speciality.



**OISTERWIJK KLINIEK MEDICAL OFFICE BUILDING**  
Tilburg (NL)

**April-July 2017:**  
Acquisition of five medical office buildings

The Group's healthcare real estate portfolio consists of 145 assets at 31.12.2017, encompassing a total above-ground surface area of 750,000 m<sup>2</sup> and 12,800 beds in four countries: Germany, Belgium, France and the Netherlands. The occupancy rate is 99.2%.

## REINFORCEMENT OF THE HEALTHCARE REAL ESTATE PORTFOLIO IN THE NETHERLANDS

Cofinimmo's Dutch healthcare real estate portfolio amounts to 182 million EUR at 31.12.2017, accounting for 11% of its healthcare portfolio. In 2017 Cofinimmo's investments in healthcare real estate in the Netherlands totalled 37 million EUR.

Acquisitions included five medical office buildings and a care centre for people suffering from mental disorders. In addition, the Group finalised renovation works on a revalidation clinic, as well as construction work on a care facility for people suffering from dementia. ●



**CARE CENTRE FOR PEOPLE SUFFERING FROM DEMENTIA**  
Bavel (NL)

**March 2017:**  
Delivery of the construction works

**Above-ground surface area:**  
2,142 m<sup>2</sup>

**Number of beds:**  
22

**Investment:**  
4.3 million EUR

**Operator:**  
Martha Flora

**Lease:**  
20 years - double net



**CARE CENTRE FOR PEOPLE SUFFERING FROM MENTAL DISORDERS**  
Alphen aan den Rijn (NL)

**April 2017:**  
Acquisition of the newly-built centre

**Above-ground surface area:**  
3,967 m<sup>2</sup>

**Number of beds:**  
45

**Investment:**  
9.3 million EUR

**Operator:**  
Gemiva

**Lease:**  
20 years - double net

Name of the facility	Oisterwijk Kliniek	De Voorste Stroom	Oosterstraat	De Driesten	ECT
Location	Oisterwijk (Tilburg)	Oisterwijk (Tilburg)	Baarn (Utrecht)	Eemnes (Utrecht)	Tiel (Gelderland)
Surface area	1,768 m <sup>2</sup>	1,571 m <sup>2</sup>	1,423 m <sup>2</sup>	1,055 m <sup>2</sup>	3,951 m <sup>2</sup>
Construction/renovation year	2007	2008	2005/2011	2011	2007/2009
Occupancy rate	100%	100%	100%	93%	100%
Weighted average residual lease length at the time of acquisition	8.0 years	5.2 years	4.3 years	3.4 years	5.2 years
Acquisition price	4.1 million EUR	3.3 million EUR	2.7 million EUR	2.4 million EUR	7.6 million EUR

# ACCOMPLISHMENTS

## 'PLATAAN' REVALIDATION CLINIC IN HEERLEN

Renovation works on the 'Plataan' revalidation clinic on a hospital site in Heerlen, a town with a population of 90,000 near Maastricht, were delivered by Cofinimmo in early September 2017. Cofinimmo acquired the asset for 3.7 million EUR in December 2015. Since then it has been subject to a large-scale renovation for a total amount of 11.1 million EUR. The refurbished clinic has 127 beds in a total above-ground surface area of 14,700 m<sup>2</sup>. The facility is operated by the Dutch group Sevagram, with which Cofinimmo signed a 15-year triple net lease contract with an option for an additional ten-year extension.



## FBI REGIME IN THE NETHERLANDS

In the Netherlands Cofinimmo falls under the transparent 'Fiscale Beleggingsinstelling' (FBI) tax regime through its subsidiary Superstone. The eligibility conditions for this regime relate to business activities and the shareholder structure, among others. The Dutch tax authorities have informed Cofinimmo that, as a Superstone shareholder, it must undergo a new shareholder test after which it could itself qualify as an FBI as well. Cofinimmo believes it can pass the shareholder test and reach a reasonable agreement with the Dutch tax authorities in order for Superstone to keep its FBI regime.

In early October 2017, the Dutch government indicated that it intends to abolish the FBI regime in 2020 as part of the overall abolition of dividend taxes. Cofinimmo is evaluating the impact of this decision on its activities with the help of tax advisers and associations in the sector. It will keep the market informed of all relevant information in due time.

# ACCOMPLISHMENTS

## CONTINUED INVESTMENT IN HEALTHCARE REAL ESTATE IN GERMANY

The German healthcare real estate portfolio amounted to 149 million EUR at 31.12.2017, accounting for 9% of the Group's healthcare portfolio.

In 2017, Cofinimmo acquired three nursing and care homes and entered into an agreement for the acquisition of a fourth asset of this type, currently under construction, for a total amount of 46 million EUR. ●

### AZURIT SENIORENZENTRUM NURSING AND CARE HOME Riesa (DE)

#### December 2017:

Agreement for the acquisition of the asset under construction

#### Above-ground surface area:

6,450 m<sup>2</sup>

#### Number of beds:

138

#### Investment:

15.1 million EUR

#### Operator:

Azurit Rohr

#### Lease:

25 years - double net



### CHRISTINENHOF NURSING AND CARE HOME Lüneburg (DE)

#### June 2017:

Acquisition

#### Above-ground surface area:

6,100 m<sup>2</sup>

#### Number of beds:

140

#### Investment:

12.6 million EUR

#### Operator:

Casa Reha (Korian Group)

#### Lease:

17 years - double net



### BISMARCKPARK NURSING AND CARE HOME Gelsenkirchen (DE)

#### December 2017:

Acquisition

#### Above-ground surface area:

6,466 m<sup>2</sup>

#### Number of beds:

109

#### Investment:

11.4 million EUR

#### Operator:

Curanum AG München (Korian Group)

#### Lease:

17 years - double net

### 'VILLA SONNENMOND' NURSING AND CARE HOME - NEUSTADT (DE)

The 'Villa Sonnenmond' nursing and care home, acquired by Cofinimmo in September 2017 for 6.1 million EUR, is located in Neustadt im Westerwald in Rhineland-Palatinate. Focusing on the concept of memory, the facility is based on a 'village in a building' concept, in particular appropriate to the needs of disoriented elderly persons. The 71-resident facility is laid out as a bright and colourful interior village with lighted streets with names like 'Forest trail' or 'Westerwald trail', small squares with trees and benches, a town hall, a post office and a hairdresser. Before it was converted into a nursing home in 2012, the 2,940 m<sup>2</sup> site had been a hotel.



# ACCOMPLISHMENTS

## HEALTHCARE REAL ESTATE IN BELGIUM AND IN FRANCE: RENOVATION AND EXTENSION OF EXISTING SITES

*Healthcare real estate has been considered a mature market in Belgium and France for a few years now. The stiffer competition in these countries is evident in the type of leases signed (long-term, triple-net<sup>1</sup>). As regards operators, a wave of consolidation in the sector has left the market dominated by large groups, some of which are listed companies. This in turn has reduced investor yields in comparison with countries like Germany or the Netherlands. In this environment, Cofinimmo's strategy in Belgium and France is to support tenant operators in the (re)development of existing assets.*

### **Belgium:**

In 2017 Cofinimmo signed an agreement with its tenant-operator Senior Living Group (SLG) for the reorganisation of the Zonneweelde nursing and care home in Rijmenam, near Mechelen. There are two phases to the project: phase one is the construction of an extension on a plot of land adjacent to the existing site, while phase two entails the renovation of the existing building. In the intervening period between both phases, the residents of the old building will move to the newly built extension.

The 14.5 million EUR investment to acquire the new plot of land and cover the estimated works budget will add 5,427 m<sup>2</sup> to the nursing and care home, bringing the total area to 15,071 m<sup>2</sup>. The capacity will increase from 32 beds and 21 service flats to 160 beds and 35 service flats. On completion of the works, expected in early 2020, Cofinimmo will sign a 20-year lease with SLG.

This redevelopment project is the third partnership between Cofinimmo and SLG. To recap, in 2016 Cofinimmo entered into an agreement for the renovation of two SLG-managed nursing and care homes in Aartselaar (Antwerp area) and Keerbergen (Mechelen area). The redevelopment budget for these three projects is estimated at 23.3 million EUR.

### **France:**

Cofinimmo is carrying out renovation and extension works on the Domaine de Vontes aftercare and rehabilitation clinic (Soins de Suite et de Réadaptation – SSR) in Esvres-sur-Indre. The works for a total of 8.5 million EUR will expand capacity at the facility by an additional 60 residents, bringing the total to 165. On delivery of the works, planned for the third quarter of 2018, Cofinimmo will sign a new 12-year lease with operator Inicéa. ●

## REGULATION OF THE NURSING AND CARE HOME MARKET IN BELGIUM AND FRANCE

Healthcare in Belgium and France is tightly regulated given the role of the public sector in funding health expenditure. In particular, to open or expand a nursing and care home operators must obtain prior authorisation from the state authorities for a given number of beds. The granting of this authorisation to nursing and care home operators is in turn linked to a government subsidy. These subsidies account for up to 50% of revenue for facility operators in Belgium, and up to 30% in France. There are a limited number of authorisations granted per geographical area. Accordingly, new site developments or extensions to existing sites in Belgium or France only proceed after the signing of an agreement with a healthcare operator holding the requisite authorisations to open and operate beds in the area in question.

## VIVALYS NURSING AND CARE HOME IN BRUSSELS

Extensive renovation work was necessary at this former Woluwe 106-108 office building in Woluwe-Saint-Lambert / Sint-Lambrechts-Woluwe after it was vacated by the tenant in 2014. The Cofinimmo development teams' decision to convert the building into a nursing and care home was based on the challenging office market in the Brussels decentralised area and the location's proximity to university hospital Cliniques Universitaires Saint-Luc. Works started in November 2016 and were delivered at the end of 2017 for a budget of 12.4 million EUR. Cofinimmo signed a 27-year lease with Vivalto Home, which will operate the nursing and care home under the new name, Vivalys, starting in March 2018. The facility has 151 beds on a total above-ground surface area of 8,033 m<sup>2</sup>.



<sup>1</sup> A triple-net lease contract implies that maintenance and insurance expenses and taxes are paid by the tenant.

# ACCOMPLISHMENTS

## OFFICES: CREATING VALUE

Group's strategy in the office segment:

Local and proactive operational and commercial management

Sustainable and socially responsible development

In central locations: acquisitions, renovations or reconstructions to maintain a high-quality portfolio

In decentralised locations: conversions to alternative uses (nursing homes, apartment buildings)

Arbitrage within a portfolio kept at a critical size

The Group's office portfolio consists of 85 assets at 31.12.2017, covering a total above-ground surface area of 663,000 m<sup>2</sup>, mainly located in Brussels. The occupancy rate stands at 88.1%.

## RECONSTRUCTION AND MARKETING OF THE BELLIARD 40 OFFICE BUILDING

Demolition and reconstruction of the Belliard 40 office building (Brussels Leopold district), commenced in 2015 and was finalised in March 2018. The building now has 18,700 m<sup>2</sup> of offices and 1,370 m<sup>2</sup> of housing divided into 17 residential units for rent. The budget for the works totalled 44 million EUR.

This project is a major contributor to the far-reaching transformation of rue Belliard in Brussels. Its bold architecture is the work of architect Pierre Lallemand and the firm Art & Build: its structure is built around a volume that rests on two others, and a transparent, five-storey atrium which unveils an interior garden at the back of the building, visible from Rue Belliard. Part of the building is pulled back from Rue Belliard to make room for a green and open space along the pavement, reshaping significantly the face of this much-travelled urban artery in Brussels. Moreover, the quality of the materials used and the technical equipment in the building ensure it meets the highest environment quality standards.

In view of the low vacancy rate in premium buildings in central Brussels, take-up of office space in Belliard 40 is strong, with more than 66% of the offices let:

Tenant	Surface area	Lease contract start date	Lease length
Aedifica	1,357 m <sup>2</sup>	01.06.2018	9 years
Workplace Group	4,355 m <sup>2</sup>	01.10.2018	15 years
CEFIC/Plastics Europe	6,737 m <sup>2</sup>	01.01.2019	15 years



# ACCOMPLISHMENTS

## FLEX CORNER® & THE LOUNGE® BY COFINIMMO

Companies have a need for flexibility and so in response Cofinimmo has added two innovative concepts to its office portfolio since 2016, with eight **Flex Corners**® and two **Lounges**®. These new approaches have not only increased the occupancy rate of Cofinimmo's offices in the Brussels decentralised area, but also attracted a new type of client.



**FLEX CORNER® BY COFINIMMO**

**Flex Corner**® gives tenants looking for smaller offices the opportunity to rent private space in an office block with shared infrastructure (such as catering facilities and meeting rooms), with flexible lease contract terms with a minimum one-year period. To date, **Flex Corners**® account for a total surface area of 6,601 m<sup>2</sup>, 60% of which are already let. The concept has drawn in 22 new tenants.



**THE LOUNGE® BY COFINIMMO**

**The Lounge**® provides tenants of Cofinimmo Group, as well as their clients, with modern shared spaces that include catering, meeting, networking and relaxation areas. The spaces are managed on-site by a Cofinimmo 'Community Manager'. The concept has been set up in two of Cofinimmo's office buildings.

### ACTIVE MARKETING OF OFFICE BUILDINGS ACQUIRED IN 2016

The potential for value creation identified in the 2016 acquisition of five office buildings, four of which in the Brussels Leopold district, is already coming through. At the time of acquisition in 2016, these assets had an average occupancy rate of 85%. Lease contracts secured in 2017 by Cofinimmo's marketing teams for new tenancies or larger surface areas boosted this rate to 92% at year-end 2017. The internal return rate of these assets reached 7.8% since their acquisition.

## REDEVELOPMENT OF THE SOUVERAIN / VORST 23-25 AND TENREUKEN SITES

*At the end of an 18-year lease, the office buildings at Souverain / Vorst 23-25 (Decentralised Brussels) were vacated in early August 2017 by the tenant, AXA Belgium.*

Cofinimmo Group and the US State Department have been looking into the possibility of relocating the United States Embassies to Belgium and the European Union to this site since April 2016. However, the Government of the Brussels-Capital Region started a procedure in 2017 to put the Souverain/Vorst 25 building and the site on a conservation list. Cofinimmo lodged an appeal for cancellation of this procedure with the Council of State in September 2017. This appeal, which only concerns the listing of the existing building (Souverain/Vorst 25) as a 'monument', is based on several important technical, environmental and economic factors that

the Government of the Brussels-Capital Region does not seem to have taken into account when it started the procedure. The site conservation procedure, which involves the conservation of the park and ponds and protecting the flora and fauna, is not being challenged and is fully aligned with the redevelopment plan under consideration by the US State Department.

The Souverain / Vorst 23 building is not covered by the abovementioned conservation procedure. In October 2016 Cofinimmo Group filed an application for a permit to redevelop the building as a new residential project,

which includes the construction of 220 apartments. The works should start in 2019, with delivery planned for 2022.

The Tenreuken site is also earmarked for a new luxury residential project but the permit application was rejected as the initial project was deemed overly dense by the Watermael-Boitsfort local authority. Cofinimmo Group is therefore considering the options available to ensure the buildings integrate seamlessly on this exceptional site.

The apartments developed on both the Souverain / Vorst 23 and Tenreuken sites are intended for sale. ●

# ACCOMPLISHMENTS

## SIGNATURE OF A LEASEHOLD FOR THE EGMONT I AND II OFFICE BUILDINGS

On 13.02.2018 Cofinimmo and Egmont Luxembourg SARL, a company incorporated under Luxembourg law, entered into a private agreement granting Egmont Luxembourg SARL a 99-year leasehold on the Egmont I and II office buildings in return for a lease payment (canon) of 369.25 million EUR to Cofinimmo upon signing of the lease. Egmont Luxembourg SARL is an investment vehicle established by a South Korean financial institution.

As a reminder, the Egmont I (36,616 m<sup>2</sup>) and Egmont II (16,262 m<sup>2</sup>) office buildings located in the Brussels Central Business District were built in 1997 and 2006, respectively, to house the Belgian Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation. Cofinimmo acquired the Egmont I building in 2004 and built Egmont II in 2005-2006 for a total amount of 225.8 million EUR. It signed a lease contract that runs until 31.05.2031 for the entire office complex with the Belgian Federal Buildings Agency (Régie des Bâtiments/ Regie der Gebouwen). In 2009 it transferred 96% of the future lease contract payments to BNP Paribas Fortis (Fortis Banque at the time).

These future lease contract payments under the lease with the Buildings Agency transferred to BNP Paribas Fortis in 2009 were subsequently bought back by Cofinimmo on 13.02.2018.

It then signed an agreement with Egmont Luxembourg SARL establishing a 99-year leasehold on Egmont I and II. The leasehold was granted in return for payment to Cofinimmo of an initial 369.25 million EUR lease payment (canon), before taxes and duties, upon signing of the lease. The amount is greater than the fair value of both assets on Cofinimmo's balance sheet at 31.12.2017, plus the cost of redeeming the rent receivables. The agreement also includes an annual payment of 20,000 EUR to Cofinimmo throughout the term of the leasehold. Cofinimmo retains a residual interest on the buildings on its balance sheet.

Subject to the authorisation of the funds transfer by the South Korean authorities, we expect signature of the official leasehold agreement and payment of the lease amount (canon) to take place at the end of March 2018. If not, Cofinimmo will be entitled to a significant sum in compensation. ●

***This transaction not only reduces Cofinimmo's vacancy risk if the lease contract is terminated, it also brings it closer to the target of increasing the share of healthcare real estate in the portfolio as a whole to 50% by year-end 2019. Taking this transaction into account and barring any other major events, Cofinimmo expects a net result from core activities - Group share of 6.56 EUR per share, current cash flow of 5.97 EUR per share and a gross dividend per ordinary share of 5.50 EUR.***



### EXPLAINER: LEASEHOLD

Governed by the Law of 10.01.1824, a leasehold is defined as a real right giving the lessee the full use and benefit of a property that belongs to another person, on condition that the lessee pays an annual lease payment (canon), in cash or in kind, in recognition of the lessor's right of ownership. The ownership right is shared between the leasehold lessee, who has extensive rights to the use and enjoyment of the property, and the owner of the soil and subsoil. The minimum term of a leasehold is 27 years and the maximum is 99 years.

# ACCOMPLISHMENTS

## 2018-2020 INVESTMENT PIPELINE

On the basis of commitments at 31.12.2017, investments planned for the period 2018 to 2020 total 193.1 million EUR, including:

- 74.9 million EUR in healthcare real estate;
- 105.5 million EUR in offices, of which:
  - > 47.6 million EUR for reconstructions / major renovations;
  - > 57.9 million EUR for reconversions to residential (apartments intended for sale);
- 12.7 million EUR in property of distribution networks.

In healthcare real estate, the investment programme for the period from 01.01.2018 to 31.12.2020 comprises the following projects:

*“All healthcare facilities to be built, extended or renovated by Cofinimmo Group are pre-let.”*

Building	Operator	Type of works	Number of beds	Surface area	(Expected) end of works
<b>Belgium</b>					
De Nootelaer <i>Keerbergen</i>	Senior Living Group (Korian Group)	Renovation and extension	+5	+500m <sup>2</sup>	Q1 2019
Zonnewende <i>Aartselaar</i>	Senior Living Group (Korian Group)	Renovation and extension	+13 service flats	+3,500m <sup>2</sup>	Q1 2018
Zonneweelde <i>Rijmenam</i>	Senior Living Group (Korian Group)	Renovation and extension	+32 beds +21 service flats	+5,430m <sup>2</sup>	Q1 2021
<b>France</b>					
Domaine de Vontes <i>Esvres-sur-Indre</i>	Inicéa	Renovation and extension	+60	+2,214m <sup>2</sup>	Q3 2018
<b>The Netherlands</b>					
<i>Gorinchem</i>	Philadelphia Zorg	Construction of a care centre for people suffering from mental disorders	36	2,365 m <sup>2</sup>	Q1 2019
<b>Germany</b>					
Bismarckpark <i>Gelsenkirchen</i>	Curanum (Korian Group)	Renovation	109	6,466 m <sup>2</sup>	Q4 2018

In the office segment, the investment programme for the period from 01.01.2018 to 31.12.2020 is as follows:

*“The sale of apartments from office building reconversions should generate 48.6 million EUR over the 2018-2020 period.”*

Building	Reconstruction / renovation	Surface area	(Expected) end of works
Belliard 40	Demolition and reconstruction of offices	20,320 m <sup>2</sup>	Q1 2018
Bourget 40	Renovation	14,250 m <sup>2</sup>	Q3 2020
Quartz (formerly Arts/ Kunst 19H)	Demolition and reconstruction of offices	9,052 m <sup>2</sup>	Q4 2019
Serenitas	Complete renovation of building B and partial renovation of building C	14,905 m <sup>2</sup>	Q2 2020
The Gradient	Renovation of floor +6 and specialised technical rooms	1,546 m <sup>2</sup>	Q2 2018
Building	Reconversion into residential	Surface area	(Expected) end of works
Souverain/Vorst 23	Reconversion into residential	22,800 m <sup>2</sup>	Q1 2022
Tenreuken	Construction of apartments	To be determined	Q2 2021

# ACCOMPLISHMENTS

## DISTRIBUTION NETWORKS: STABLE LONG-TERM REVENUES

### ***Cofinimmo and AB InBev celebrate the tenth anniversary of their partnership.***

At the end of 2007, within the framework of a sale & lease back transaction, Cofinimmo acquired the entire portfolio of pubs/restaurants belonging to Pubstone SA, a subsidiary of the AB InBev brewery group. The portfolio, which consisted of 984 pubs/restaurants at 31.12.2017, with 752 located in Belgium and 232 in the Netherlands, is leased back in full to AB InBev by Cofinimmo Group. At the end of 2017, the fair value of the Pubstone portfolio amounts to 428.0 million EUR, the occupancy rate is 98.4% and the remaining term of the lease contract - originally 23.0 years - was 12.8 years.

In the course of this decade-long partnership, Cofinimmo has completed 5,465 technical operations and undertaken 2,917 renovation projects across the entire portfolio. Since 2014 AB InBev has had the option each year to renounce pubs/restaurants representing up to 1.75% of the annual rental income from the portfolio. In this context AB InBev has already taken up the option to vacate 98 cafés. Six of these are re-let and 65 sold, generating an average capital gain for Cofinimmo of close to 20%.

The Pubstone portfolio gives AB InBev a distribution channel for its beverages through a network of established outlets, as well as the opportunity to launch and test new products, such as craft beers or more exclusive beers. The property of the Pubstone distribution network fits perfectly into Cofinimmo's strategy: generation of stable long-term revenues, granular risk and reconversion potential when the lease contract expires. ●

# SUSTAINABLE DEVELOPMENT AND MANAGEMENT POLICY

## VALUE CHAIN

### ***In 2017, Cofinimmo set up a Life Cycle Analysis (LCA) procedure.***

The LCA model considers all aspects of the asset right from the design or redevelopment phase to enable the Group to make sustainable choices as regards the work programme (reuse of interior elements), construction principles (demolition of renovation) and the use of materials. This procedure also takes into account the building's potential to evolve, as well as the intrinsic need to build or renovate sustainable and flexible buildings. This method is backed by the BREEAM certification and the ISO 14001 standard.

Demonstrating its commitment to sound environmental policies, Cofinimmo uses an ISO 14001-certified environmental management system for all activities during its portfolio's entire life cycle.

Cofinimmo has also introduced a programme to implement BREEAM certification for renovations and BREEAM In-Use for the operation of its office buildings. Cofinimmo Group's certification system has two main objectives: to continuously improve the environmental performance of its buildings and to increase their commercial competitiveness. In 2017, Cofinimmo received the BREEAM 'Very Good' certification for the Guimard 10-12 building, located in the heart of the Brussels Leopold district. ●

## GREEN AND SOCIAL BONDS

All the funds raised through the issue of green and social bonds in December 2016, a total of 55 million EUR, were allocated during 2017 to sustainable development projects. Funding was broken down as 50% to offices with BREEAM or BREEAM In-Use certification ('Very Good' level minimum) and 50% to healthcare facilities for vulnerable or dependent people with specific care needs. ●

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# CORPORATE GOVERNANCE

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## CHANGES IN THE COFINIMMO GROUP EXECUTIVE COMMITTEE

### ***New Cofinimmo Chief Executive Officer to take office in May 2018***

Mr Jean-Edouard Carbonnelle, Cofinimmo's current Chief Executive Officer, has decided not to seek renewal of his term as Managing Director when it expires during the Ordinary General Meeting at 09.05.2018. Mr Jean-Edouard Carbonnelle joined Cofinimmo Group in November 1998 as Chief Financial Officer. He held this position for close to 14 years and was then appointed Chief Executive Officer of the Group in 2012. Cofinimmo's Board of Directors and all its staff already wish to take this opportunity to thank him for his major contribution in developing the Group and achieving its strategic objectives, among which the diversification of the real estate portfolio.

Cofinimmo's Board of Directors will propose the appointment of Mr Jean-Pierre Hanin as Director of Cofinimmo Group to the General Meeting of 09.05.2018. Subject to this appointment and approval by the FSMA, the Board of Directors will appoint him as Chief Executive Officer and Chairman of the Executive Committee. As from 01.03.2018 and until the Ordinary General Meeting of 09.05.2018, Mr Jean-Pierre Hanin will act as Special Advisor to the Chairman of the Board of Directors.

Mr Jean-Pierre Hanin has a licentiate degree in Law from KU Leuven, holds a Master in Tax Management from Solvay Business School and an LL.M from Georgetown University. He started his career as business lawyer. He then moved on to hold a range of financial and management positions, including Chief Financial Officer and Chief Executive Officer of Lhoist Group, the global leader in lime and dolime. More recently, he was Chief Financial Officer and then head of the Building Performance division of Etex, a construction materials group. Mr Jean-Pierre Hanin has 20 years of international experience encompassing consolidation and development work. ●



**Jean-Pierre HANIN**

### ***Resignation of Mr Jérôme Descamps, Chief Financial Officer***

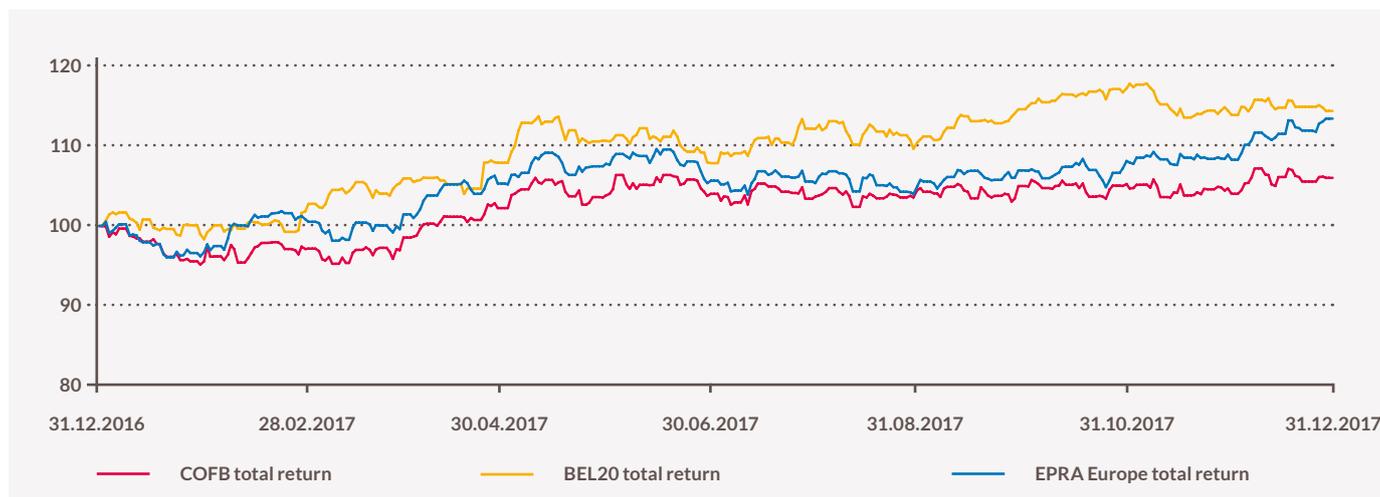
During the meeting of the Board of Directors on 09.11.2017, Mr Jérôme Descamps, Chief Financial Officer of Cofinimmo, tendered his resignation as Director of the Group for personal reasons. His resignation is effective as of 08.02.2018. Pending the appointment of a new Chief Financial Officer, Mr Jean-Edouard Carbonnelle will be responsible for oversight of operations and of the finance teams. ●

# STOCK MARKET

## SHARE PERFORMANCE

In light of the high proportion of profits distributed as annual dividends (84.2% for 2017), the Cofinimmo share's performance must be seen in terms of total return, in other words assuming reinvestment of the gross dividends paid out, and it must be compared to indices that also reflect the total return on the shares of which they are comprised.

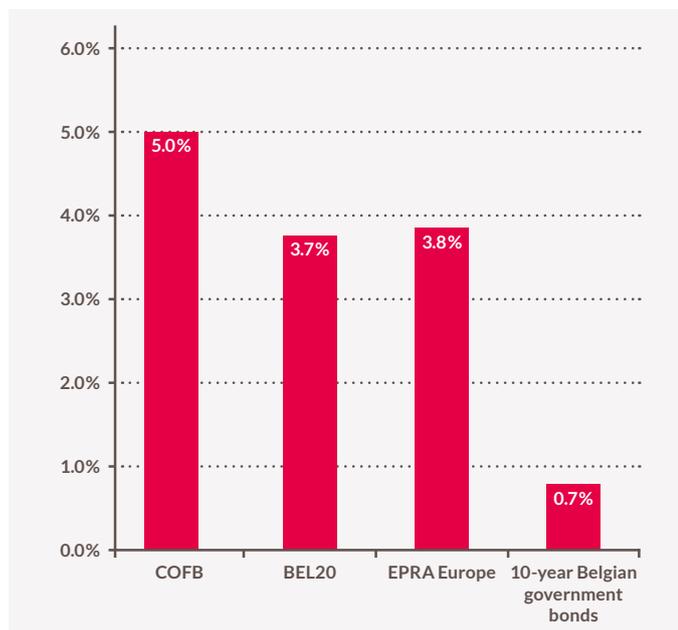
The total return on the Cofinimmo share was +6.1% for the 2017 financial year. The return for the BEL20 and EPRA Europe indices was +14.4% and +13.4%, respectively, for the same period. ●



## DIVIDEND YIELD

The dividend yield is calculated here by dividing the gross dividend per share by the share price at 31.12.2017.

The dividend yield on the Cofinimmo share was 5.01% at 31.12.2017, versus 3.68% and 3.82%, respectively, for the BEL20 and EPRA Europe indices. The yield on 10-year Belgian government bonds was 0.65%. ●



## SHAREHOLDER STRUCTURE

On 08.11.2017 and 24.11.2017, respectively, BlackRock Inc. and Crédit Agricole Group notified Cofinimmo that their share in the Group's capital exceeded the 5% threshold.

The group's shareholders' structure is as follows:

Company	Number of shares (voting rights)	%
BlackRock, Inc.	1,182,102	5.5%
Crédit Agricole Group	1,068,707	5.0%
Cofinimmo Group	42,172	0.20%
Free float	19,057,893	89.3%
<b>Total number of issued shares</b>	<b>21,350,874</b>	<b>100%</b>

# STOCK MARKET

## DATA SHEET

**Market capitalisation at 31.12.2017:**

2.3 billion EUR

**Number of outstanding shares at 31.12.2017:**

21,350,874

**Listing market:**

Euronext Brussels

**ISIN code - ordinary share:**

BE0003593044

**Euronext code - ordinary share:**

COFB

**Bloomberg code - ordinary share:**

COFB BB

**Main indices:**

BEL20, Euronext 150, EPRA Europe, GPR250



## FINANCIAL CALENDAR

**06.04.2018**

Publication of 2017 Annual Financial Report  
Publication of 2017 Sustainability Report

**26.04.2018**

Interim report: results at 31.03.2018

**09.05.2018**

2017 Ordinary General Meeting

**11.05.2018**

Ex date<sup>1</sup>

**14.05.2018**

Record date<sup>2</sup>

**As of 15.05.2018**

Dividend payment date

**26.07.2018**

Interim report: results at 30.06.2018

**08.11.2018**

Interim report: results at 30.09.2018

**07.02.2019**

Annual press release: results at 31.12.2018

## STANDARD & POOR'S RATING

The rating agency Standard & Poor's confirmed Cofinimmo's various ratings in March 2017:

**Liquidity rating:** strong

**Long-term credit rating:** BBB

**Short-term credit rating:** A-2

**Outlook:** stable

## CONTACT

The Cofinimmo investor relations team is at your disposal for any information:

- regarding your registered shares: [shareholders@cofinimmo.be](mailto:shareholders@cofinimmo.be);
- regarding the company: [egraults@cofinimmo.be](mailto:egraults@cofinimmo.be) or [bmathieu@cofinimmo.be](mailto:bmathieu@cofinimmo.be).

You can also visit our website: [www.cofinimmo.com](http://www.cofinimmo.com)

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<sup>1</sup> Date from which trading takes place without any entitlement to future dividend payment.

<sup>2</sup> Date on which positions are recorded in order to identify shareholders entitled to the dividend.