



# LONG-TERM LEASEHOLD ON EGMONT I & II BUILDINGS

**Cofinimmo**  
*together in real estate*

# \* Buildings description

**Location :** Brussels Centre

**Purpose-built** for the Belgian Ministry of Foreign Affairs, Foreign Trade and Development Cooperation

	<b>Egmont I</b> Built in 1997	<b>Egmont II</b> Built in 2006	<b>Total</b>
Aboveground surface area	36,616 m <sup>2</sup>	16,262 m <sup>2</sup>	52,878 m <sup>2</sup>
Underground archives & technical spaces	10,968 m <sup>2</sup>	6,354 m <sup>2</sup>	17,322 m <sup>2</sup>
Indoor parking spaces	439	0	439



# \* Timeline

## 2004

Cofinimmo acquires Egmont I for **153.4 MEUR** and lets it to the Buildings Agency (Belgian Federal State) until 2031.

## 2005-2006

Cofinimmo builds Egmont II for **72.4 MEUR** and lets it to the Buildings Agency until 2031.

## 2009

Cofinimmo sells 96 % of the future receivables from the lease with the Buildings agency for **199.6 MEUR**.

## 13.02.2018

Cofinimmo buys back for **232.4 MEUR** the future receivables from the lease with the Buildings Agency that it sold in 2009.

## 28.03.2018

Cofinimmo signs a deed relating to a 99-year long-term leasehold on the buildings and receives a first fee of **369.5 MEUR**.

## 2019 - 2117

Cofinimmo annually receives an acknowledgment fee of **20,000 EUR**.

# \* Net realised gain

**Net realized gain: 26.9 MEUR (Result on portfolio)**

**Reversal of maintenance provision: 3.3 MEUR (Financial result)**

(x 1,000,000 EUR)

<b>First fee (A)</b>	<b>369.5</b>	
Investment value at 31.12.2017	120.7	
Writeback of lease receivables from 01.01.2018 until 13.02.2018	0.6	
Rents from 13.02.2018 until 28.03.2018	2.2	
Price paid to buy back the future receivables of the lease with the Buildings		
Agency	232.4	
<b>Reconstructed investment value at 28.03.2018 (full)</b>	<b>355.9</b>	
<b>Reconstructed investment value at 28.03.2018 (leasehold) (B)</b>	<b>341.7</b>	
<b>Gross realised gain vs. book value at 31.12.2017 (A – B)</b>	<b>27.8</b>	
Other revenues & expenses (incl. fees)	0.9	
<b>Net realised gain vs. book value at 31.12.2017</b>	<b>26.9</b>	→ Result on portfolio
<b>Net realised gain vs. book value at 31.12.2016</b>	<b>44.9</b>	
<b>Reversal of maintenance provision</b>	<b>3.3</b>	→ Financial result

# \* Cash movements

## Cash income: 135.3 MEUR

(x 1,000,000 EUR)

First fee	369.5
<b>Cash income (A)</b>	<b>369.5</b>
Price paid to buy back the future receivables of the lease with the Buildings Agency	-232.4
Other expenses (incl. fees)	-1.8
<b>Cash expenses (B)</b>	<b>-234.2</b>
<b>Net cash income (A – B)</b>	<b>135.3</b>

# \* IRR & exit yield

## Levered Internal Rate of Return: 10.4 %

Over the period Cofinimmo owned the buildings

Unlevered IRR: 9.1 %.

## Exit rental yield: 4.52 % based on actual rent & 3.30 % based on ERV

	(x 1,000,000 EUR)		(x 1,000,000 EUR)
Last indexed rent	16.7	Estimated Rental Value	12.2
First fee	369.5	First fee	369.5
Exit rental yield	4.52 %	Exit rental yield	3.30 %

# \* Real estate impact of the transaction

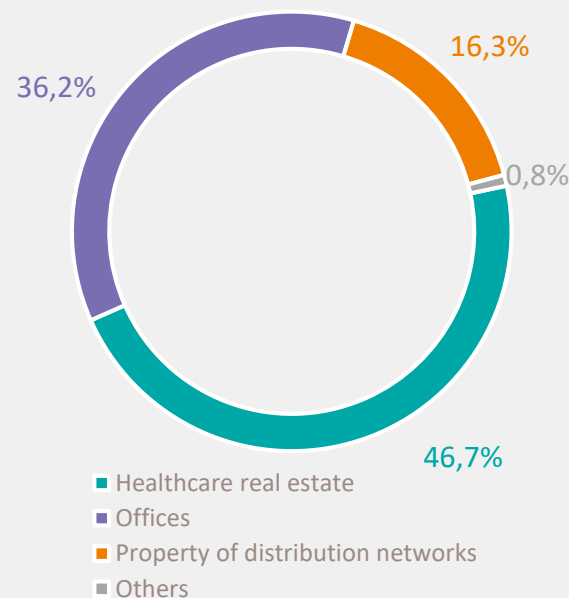
## Improved portfolio granularity

Top 10 assets in fair value after the transaction  
(in % of global portfolio)

Asset name	Asset type	Share of total portfolio
BELLIARD 40	Office	2.6 %
SOUVERAIN 23-25	Office	1.6 %
THE GRADIENT	Office	1.6 %
BOURGET 42	Office	1.5 %
GUIMARD 10-12	Office	1.4 %
<b>TOP 5 assets</b>		<b>8.7%</b>
ALBERT Ier 4 -		
CHARLEROI	Office	1.4 %
SOMBRE 56 - BRUXELLES	Healthcare	1.3 %
DAMIAAN - TREMELO	Healthcare	1.3 %
GEORGIN 2	Office	1.2 %
MEEUS 23	Office	1.1 %
<b>TOP 10 assets</b>		<b>15.0%</b>

## Closer to end 2019 target of 50 % healthcare real estate

Portfolio breakdown after the transaction  
(in fair value)



# \* Financial impact of the transaction

## 2018 Forecast restatement

Net result from core activities (EPRA Earnings): **6.56 EUR/share**

Net cash flow from core activities : **5.97 EUR/ordinary share**

## 2018 Dividend confirmation

Gross dividend: **5.50 EUR/ordinary share**

	2017 Actual	2018 Initial forecast	2018 Restated forecast
Net result from core activities per share (EUR)	6.53	6.54	6.56
Net cash flow from core activities per share (EUR)	5.92	5.88	5.97
Gross dividend per ordinary share (EUR)	5.50	5.50	5.50
Pay-out ratio on net result from core activities	84.2 %	84.1 %	83.8 %
Pay-out ratio on net cash flow from core activities	92.9 %	93.5 %	92.1 %
Debt ratio	43.8 %	44.4 %	42.5 %



# \* Appendix: Income statement

	2018 Updated forecast	2018 Previous forecast <sup>1</sup>	2017 Realised
Rental income, net of rental-related expenses	204,643	203,210	203,862
Writeback of lease payments sold and discounted (non-cash item)	8,815	13,731	12,473
Rental-related expenses and taxes on rented properties not recovered	-1,650	-1,650	-1,432
Taxes on refurbishment not recovered	-4,655	-4,655	-2,113
Redecoration costs, net of tenant compensation for damages	-2,459	-2,459	-2,847
<b>Property result</b>	<b>204,694</b>	<b>208,177</b>	<b>209,943</b>
Technical costs	-7,011	-7,269	-5,396
Commercial costs	-1,515	-1,515	-1,593
Taxes and charges on unlet properties	-4,499	-4,499	-5,128
<b>Property result after direct property costs</b>	<b>191,670</b>	<b>194,895</b>	<b>197,836</b>
Corporate management costs	-24,736	-24,736	-25,789
<b>Operating result (before result on the portfolio)</b>	<b>166,933</b>	<b>170,159</b>	<b>172,047</b>
Financial income	8,740	5,398	5,594
Net interest charges	-30,592	-30,872	-29,926
Other financial charges	-438	-438	-626
Share in the net result from core activities of associated companies and joint ventures	470	470	466
Taxes	-452	-452	-3,865
<b>Net result from core activities</b>	<b>144,662</b>	<b>144,265</b>	<b>143,690</b>
Minority interests related to the net result from core activities	-4,858	-4,858	-4,600
<b>Net result from core activities - Group share</b>	<b>139,804</b>	<b>139,407</b>	<b>139,090</b>
Number of shares entitled to share in the results of the period	21,308,702	21,308,702	21,308,702
<b>Net result from core activities – Group share per share</b>	<b>6.56</b>	<b>6.54</b>	<b>6.53</b>
<b>Net cash flow from core activities per share</b>	<b>5.97</b>	<b>5.88</b>	<b>5.92</b>

# \* Disclaimer

This presentation is directed to financial analysts and institutional investors and is not to be considered as an incentive to invest or as an offer to acquire Cofinimmo shares.

The information herein is extracted from Cofinimmo annual and half-yearly reports and press releases but does not reproduce the whole content of these documents. Only the French annual and half-yearly reports and press releases form legal evidence.

Please consult our press release dd. 09.11.2017 for an identification of the Alternative Performances Measures (as defined in the ESMA guidelines) used by Cofinimmo.

## **FOR MORE INFORMATION CONTACT:**

### **Ellen Grauls**

Head of External Communication & Investor Relations

T +32 (0)2 373 94 21

[egrauls@cofinimmo.be](mailto:egrauls@cofinimmo.be)

### **Benoît Mathieu**

Investor Relations Officer

T +32 (0)2 373 60 42

[bmathieu@cofinimmo.be](mailto:bmathieu@cofinimmo.be)

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