

# RESULTS 1Q15 ROADSHOW PRESENTATION

Nursing Home Orchidée – Ittre (BE)

**Cofinimmo**  
*together in real estate*

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# \* COMPANY PROFILE

Office building Loi/Wet 57 – Brussels (BE)



Nursing home Damiaan – Tremelo (BE)



# \* ABOUT COFINIMMO

- **Leading Belgian listed REIT equally exposed to Offices (41%) and Healthcare Real Estate (41%)**
- **1<sup>st</sup> healthcare property investor in Belgium**
- **Total portfolio fair value of > €3 billion**
- **SIR status in Belgium, SIIC status in France and FBI status in the Netherlands**
- **Internal real estate management platform > 110 employees**
- **Total market capitalisation > €2 billion**
- **Included in major indexes: Bel20, EPRA Europe, GPR 250**

# \* OVER 30 YEARS OF EXPERIENCE



**1994**

Listing on the Brussels Stock Exchange

**1999**

Internalisation of property management for offices

**2007**

Sale and leaseback of 1,068 pubs with AB InBev



**2011**

Sale and leaseback of 283 insurance agencies with MAAF

**2013**

Reconversion of 2 office buildings into apartments



**1996**

Adoption of B-REIT status

**1983**

Establishment of the company (€6M capital)



**2005**

First acquisition of healthcare property in Belgium

**2008**

First acquisition of healthcare property in France

**2012**

First acquisition of healthcare property in the Netherlands



**2014**

First acquisition of healthcare property in Germany

# \* STRATEGY

## Strategic focus

### Healthcare properties

- Acquisitions in new markets (namely the Netherlands & Germany)
- Greenfield projects in more mature markets (Belgium and France)
- Further diversification per country, per medical specialty and per operator

driven by demography

### Office properties in Belgium

- Maintain a critical size
  - Focus on premium quality
  - Pro-active asset management
  - Renovation and reconversion program
  - Arbitrage
- (Disposals if high concentration of risk or if possible realisation of gains)

driven by economic factors



## Opportunistic investments

Property of distribution networks

Public-private partnerships

# \* RISK PROFILE

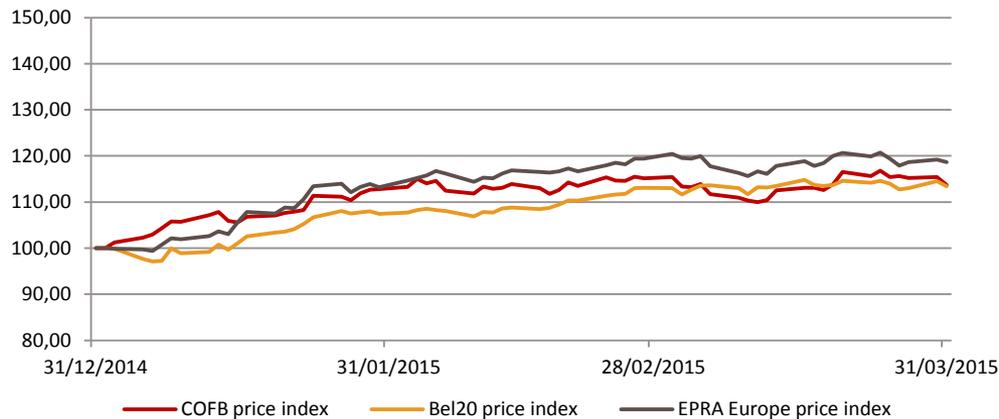
**Moderate risk profile > sustainability of earnings**



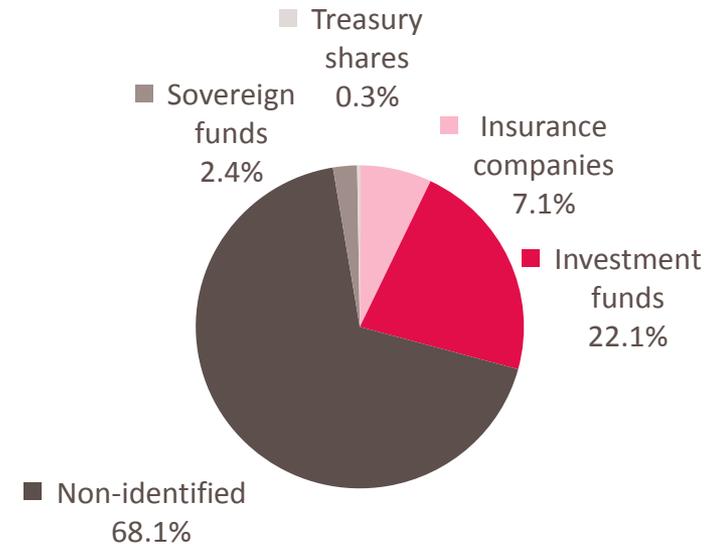
# \* THE COFINIMMO SHARE

## High visibility among institutional investors & sound daily liquidity

Stock performance YTD: 13.7%



Shareholders at 31.03.2015



- Market cap: €1.9 billion at 31.03.2015
- Number of shares: 18,025,908 – 100% free float
- Major indexes: Bel20, EPRA Europe, GPR 250
- M€3 traded daily on average - Velocity: 49%

# \* PORTFOLIO

Park Lane office park – Brussels (BE)

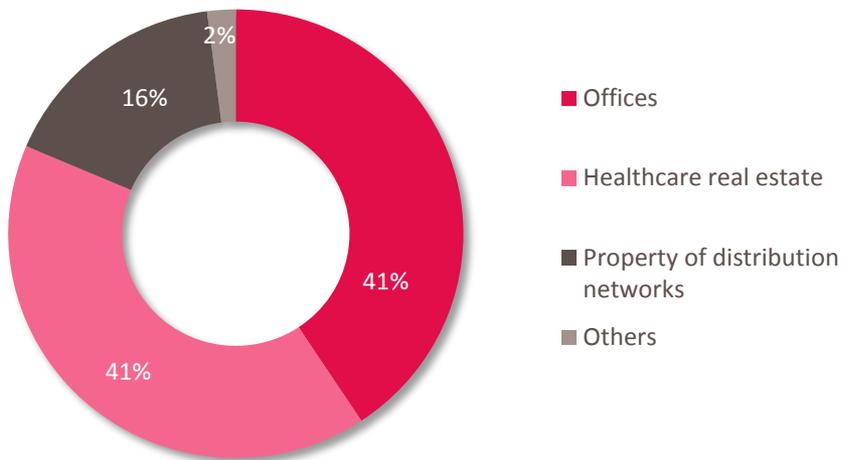


Nursing home 7 Voyes – Vedrin (BE)

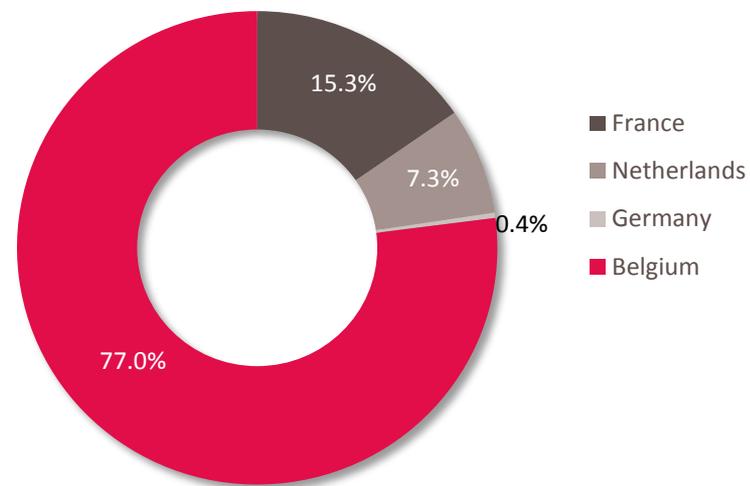
# \* PORTFOLIO AT 31.03.2015

**Fair value of total portfolio: €3,203.8 million**

Portfolio breakdown by segment:

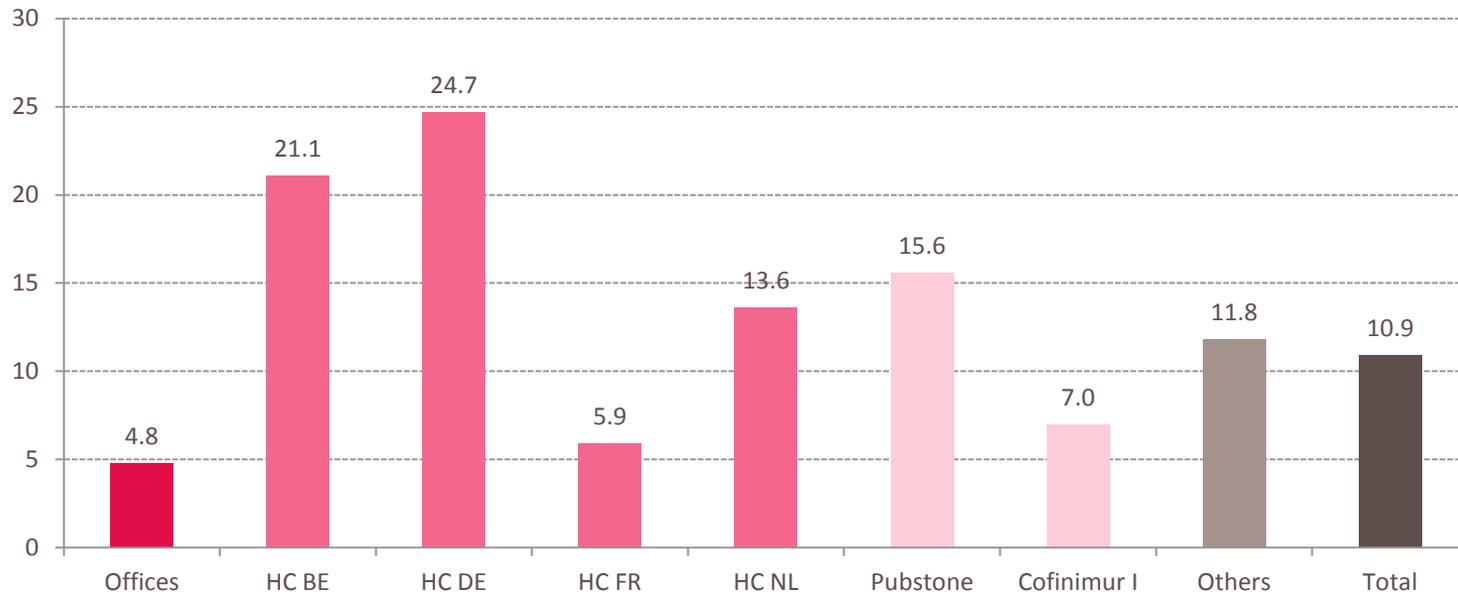


Portfolio breakdown by location:



# \* AVERAGE RESIDUAL LEASE LENGTH

**Average residual lease length of 10.9 years,  
well above European peers**



HC = Healthcare

# \* PORTFOLIO YIELDS & VALUATION

**Changes in the Q1 2015 fair value of portfolio at -0.2% on a like-for-like basis**

Portfolio diversification offers stable valuation:

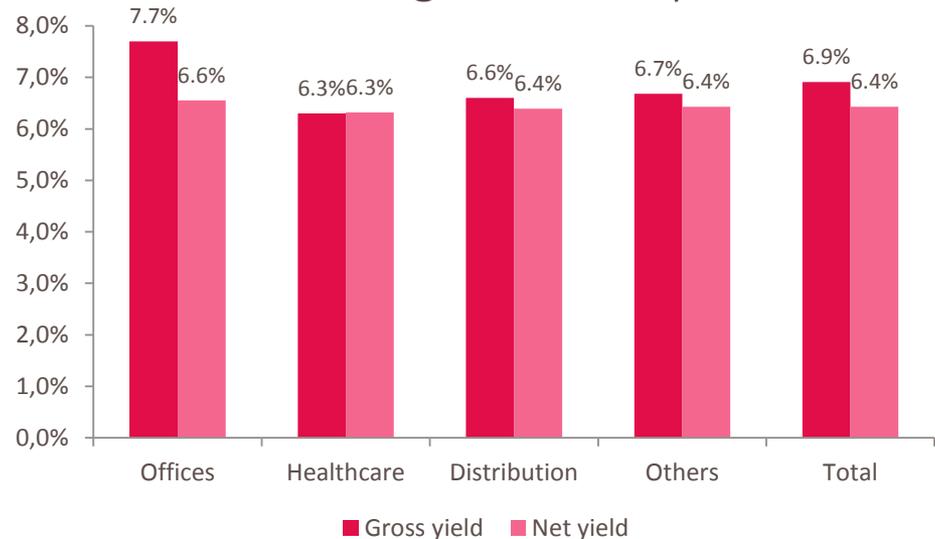
|                       | Unrealised gain/loss 2015 (Q1 2015) on a like-for-like basis (in %) |
|-----------------------|---|
| Offices               | -0.6%   |
| Healthcare            | 0.2%  |
| Distribution networks | -0.1%   |
| Others*               | 0.0%  |
| <b>Total</b>          | <b>-0.2%</b>  |

\*Mainly a police station and a leisure & wellness center

**Gross yield: 6.9%**

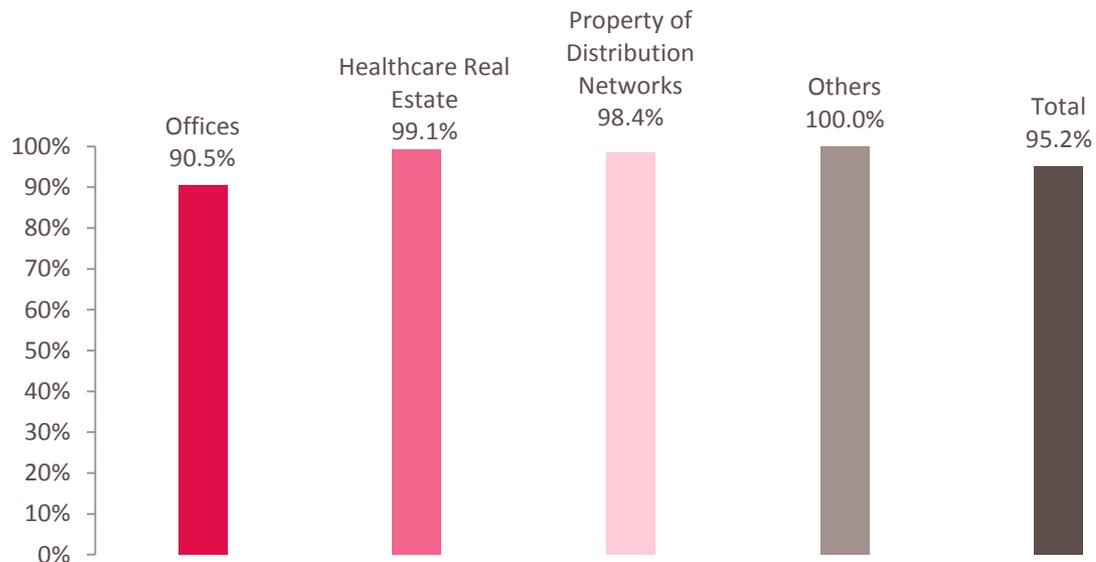
**Net yield: 6.4%**

Investments in specialized segments with lower spread between gross & net yield:



# \* OCCUPANCY RATE

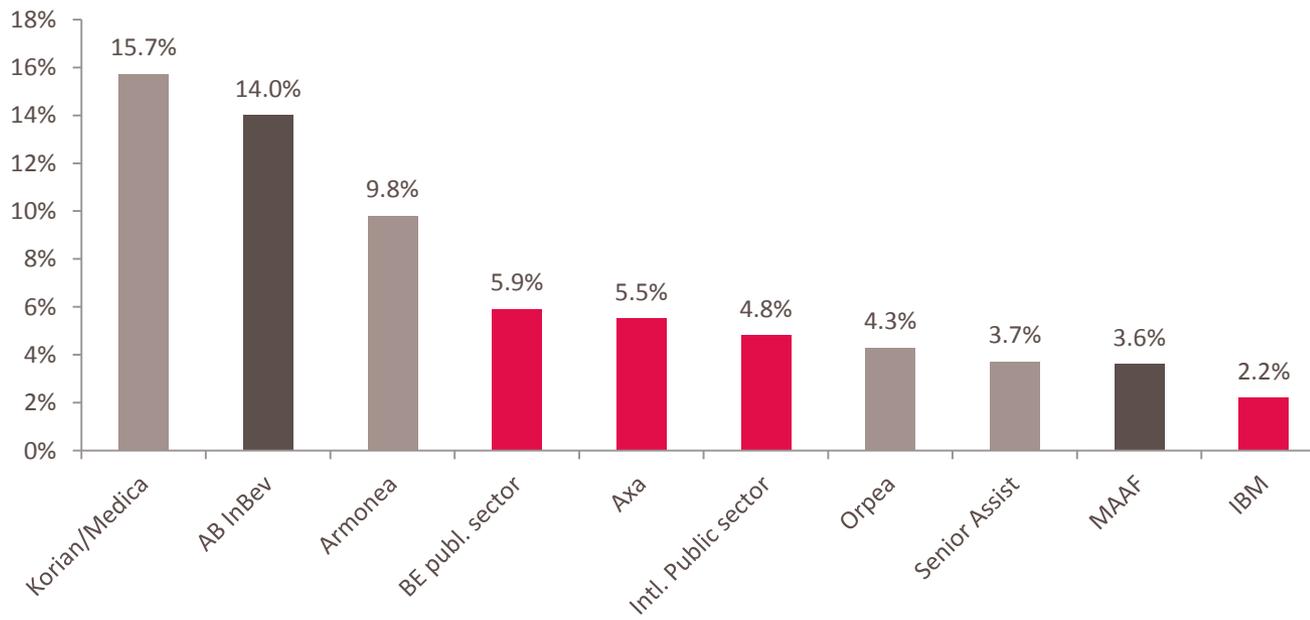
**Resilient occupancy rate: 95.2%**



# \* MAIN TENANTS



## Top 10 tenants



# \* THE HEALTHCARE SEGMENT

Nursing home De Mouterij - Aalst (BE)



Nursing home Damiaan – Tremelo (BE)



# \* THE HEALTHCARE MARKET (1)

## Simplified fundamentals per country

|                      | Belgium & France  | Germany & the Netherlands   |
|----------------------|---|---|
| Financing            | Care/cure component financed by <b>subsidies</b> to operator      | Care/cure component financed by <b>compulsory insurance</b> contracted by patient |
| Barriers to entry    | <b>Quota</b> of licences for nursing home beds per area           | <b>No quota</b> of licences for nursing home beds per area                        |
| Market consolidation | <b>High</b> – Private market dominated by a few important players | <b>Low</b> – Private market segmented amongst a large number of small operators   |

# \* THE HEALTHCARE MARKET (2)

**Cofinimmo intends to reinforce its position as major player in Continental Europe in healthcare real estate**

|   | Belgium                   | France                    | Netherlands           | Germany               |
|---|---------------------------|---------------------------|-----------------------|-----------------------|
| Care market<br>(care of elderly or disabled people, revalidation, psychiatry,...) | MODERATE growth potential | MODERATE growth potential | HIGH growth potential | HIGH growth potential |
| Cure market<br>(hospitals, acute care clinics, medical office buildings,...)      | LOW growth potential      | LOW growth potential      | HIGH growth potential | LOW growth potential  |

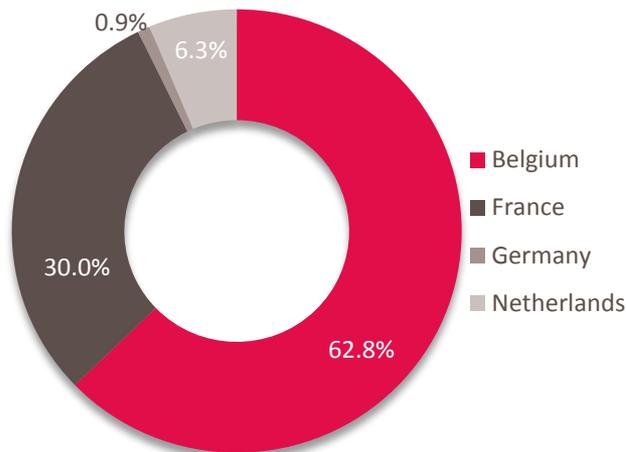
**Targeted initial yield > 5.5%**

# \* HEALTHCARE PORTFOLIO AT 31.03.2015 (1)

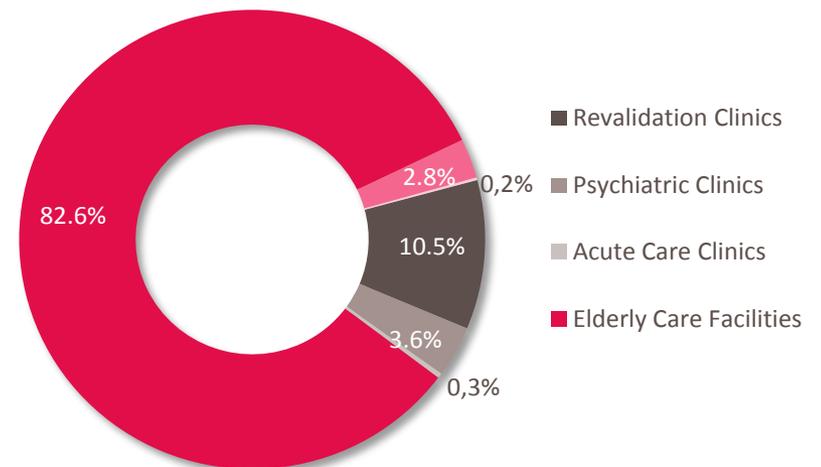
Fair value of healthcare portfolio: M€1,352

Strategic diversification by country and medical specialty:  
no dependency on one single social security system

Healthcare portfolio breakdown  
by location:

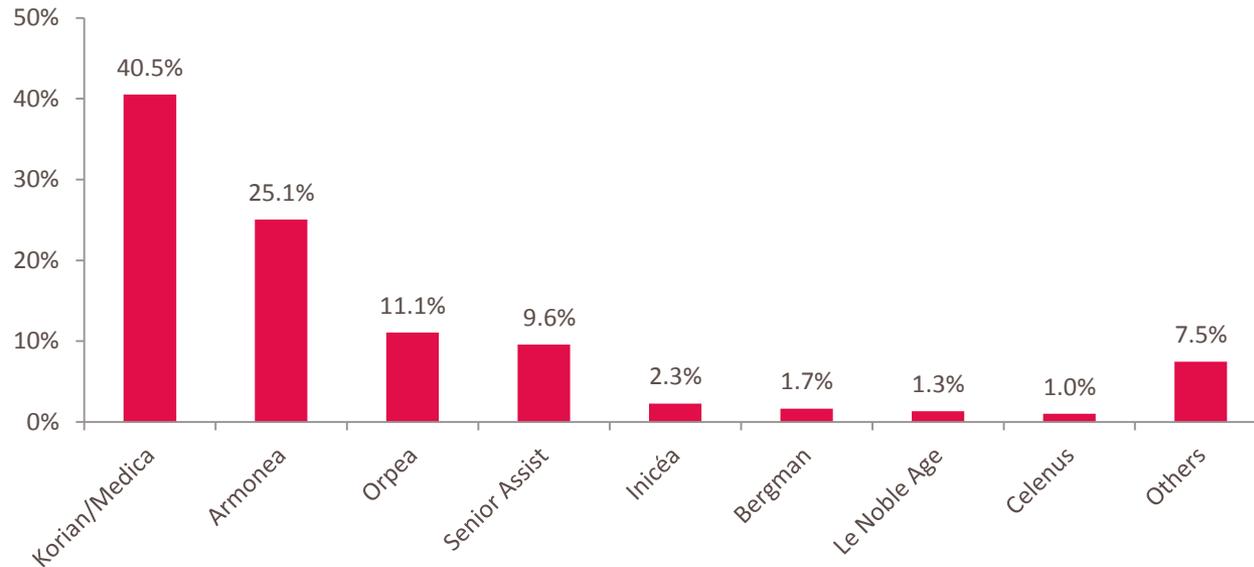


Healthcare portfolio breakdown  
by medical specialty:



# \* HEALTHCARE PORTFOLIO AT 31.03.2015 (2)

**A portfolio rented to first-rate operators**



**Average lease length of healthcare portfolio: 16 years**

# \* INVESTMENTS IN 1Q2015

## Pursuing growth in The Healthcare Real Estate market

### Acquisition of two medical office centers in The Netherlands

- Assets located in Almere (2,380m<sup>2</sup>) and Voorschoten (1,320m<sup>2</sup>)
- Investment: M€5.7
- Operator: DC Groep
- 15 year “triple net” lease

### Development project: Medical office building (Eindhoven)

- New construction
- Surface: 2,237m<sup>2</sup>
- Expected end of works: Q4 2015
- Investment: M€4.0
- Operator: Stichting Gezondheidscentra Eindhoven

### Future development projects:

- 5 construction projects to be delivered in 2015 and 2016
- Facilities for care of elderly or disabled people or psychiatric care
- Investment: M€15.7
- Operators: Philadelphia, Martha Flora and Sozorg



# \* THE OFFICE SEGMENT

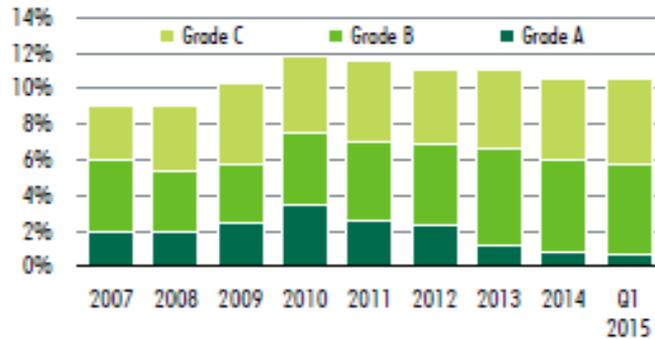
Office building Loi/Wet 57 – Brussels (BE)



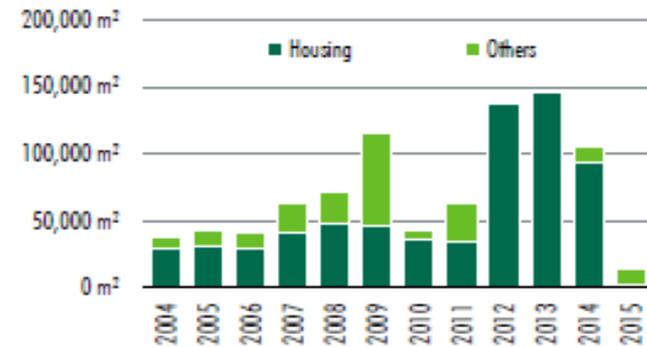
Office building Garden Square – Antwerp (BE)

# \* BRUSSELS OFFICE MARKET UPDATE

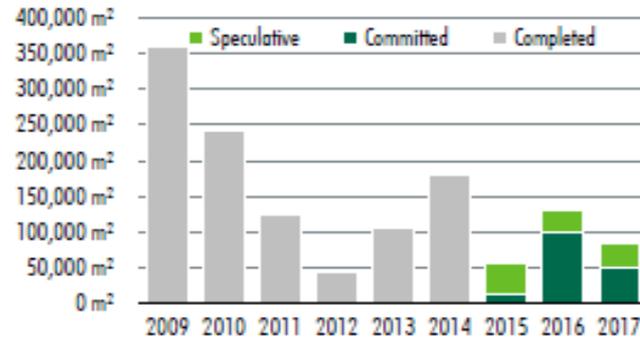
### Vacancy evolution (2004-2014)



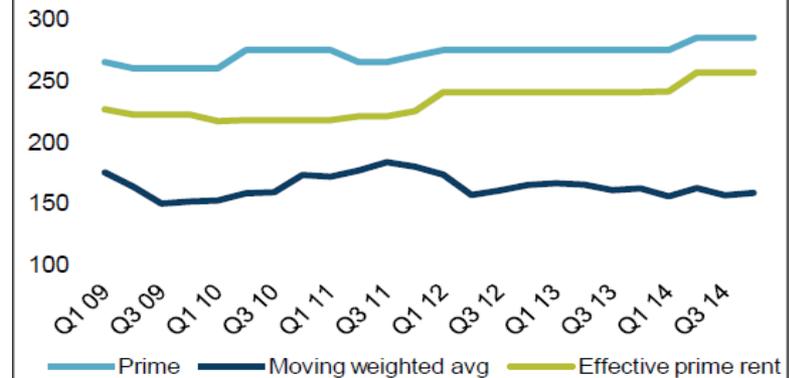
### Reconversion (2004-2014)



### Development (2004-2017)



### Prime and weighted average rents (EUR / sq m / year)



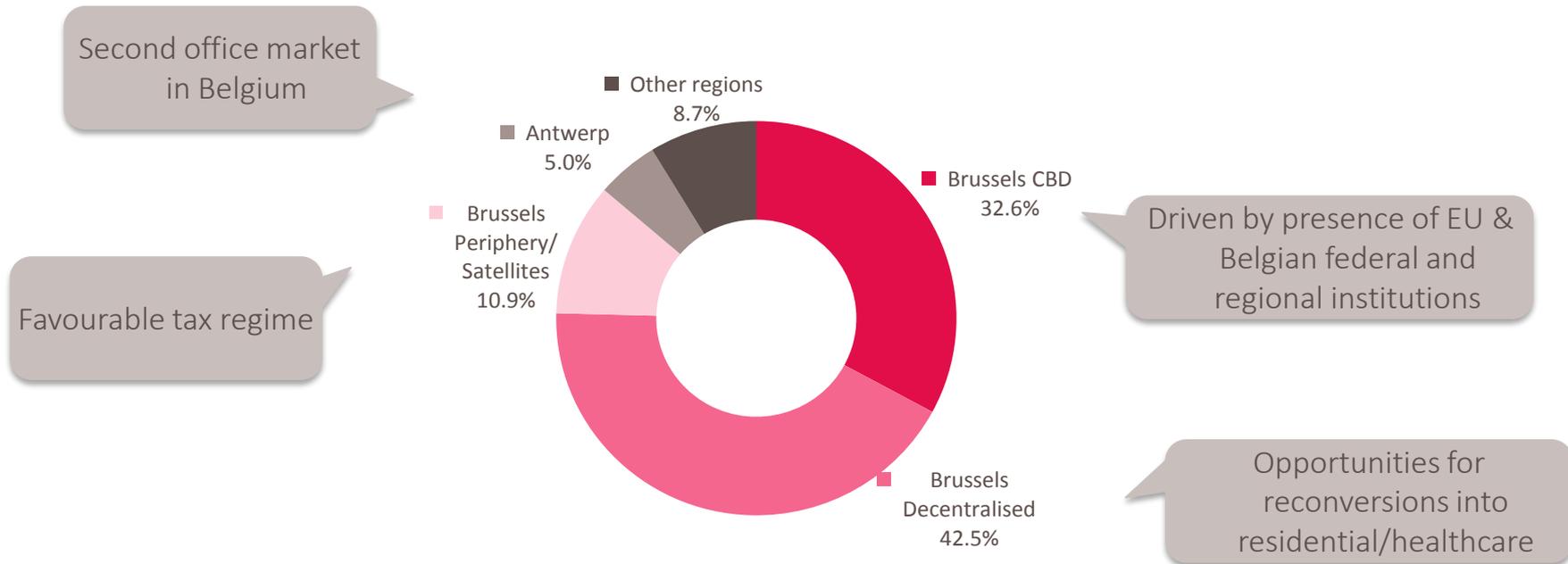
Source: DTZ Research

SOURCES: CBRE & DTZ

# \* OFFICE PORTFOLIO AT 31.03.2015

**Fair value of office portfolio: M€1,336**  
**Mainly Brussels CBD and decentralised area**  
**24% let to public tenants**

Office portfolio breakdown by location:



# \* OFFICE PORTFOLIO ACTIVITY

**Good resilience of the office portfolio**  
**90.5 % occupancy rate (above Brussels office market)**  
**Arbitrage opportunities**

## - **Year-to-date letting activity**

- During the first 3 months of 2015, Cofinimmo signed leases for 14,000m<sup>2</sup> of office space, i.e. €8 .1 million of guaranteed revenues, net of rent-free periods.

## - **Divestment**

- Sale of the Parabole building– Brussels CBD
- Price agreed of M€5.5, above investment value

# \* OFFICE DEVELOPMENT PROJECTS

## Several offices renovations in Brussels' CBD

### **Belliard 40 (20,000m<sup>2</sup>)**

Construction of new building with offices, residential units and retail - M€46  
Expected end of works: 2Q2017  
Marketing underway

### **Guimard 10-12 (10,800m<sup>2</sup>)**

Renovation - M€11  
Expected end of works: 3Q2015  
Lease signed for 70% of space after works  
Marketing of remaining 30% underway

### **Arts/Kunsten 19H (9,000m<sup>2</sup>)**

Building to be vacated at end Jan. 2016  
Construction of new building - M€23  
Expected timing of works: 2Q2016 – 4Q2017



# \* OFFICE RECONVERSIONS PROJECTS

**Office reconversions into other uses, offering better capital returns than renovations as offices**

## **Woluwe 34 – Decentralised Brussels (6,700m<sup>2</sup>)**

Reconversion of offices to 69 apartments - M€13  
Apartments are put up for sale – Price: €3,300/m<sup>2</sup>  
Recovered value (sales price – cost of works): €1,300/m<sup>2</sup>  
Expected end of works: 1Q2015 – 97% already sold or reserved

## **Woluwe 106-108 – Decentralised Brussels (8,500m<sup>2</sup>)**

Reconversion of offices to nursing home – M€13  
Signature of a 27 years long lease with the healthcare operator Vivalto  
Planning permission under progress



Woluwe 34 – Brussels (BE) - projected situation after works



Woluwe 106-108 – Brussels (BE)  
Projected situation after works

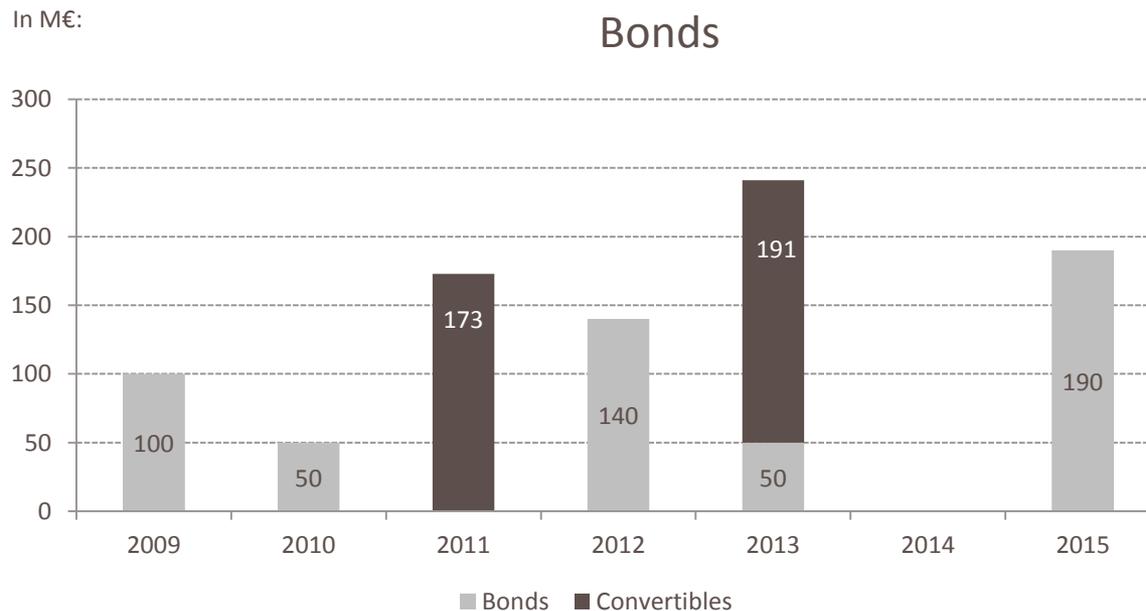
# \* FINANCIAL RESOURCES



Office building Belliard 40 – Brussels (BE)

# \* REGULAR ACCESS TO CAPITAL MARKETS (1)

- **March 2015: Private Placement of 7Y bond for €190 million with a fixed coupon of 1.93%**



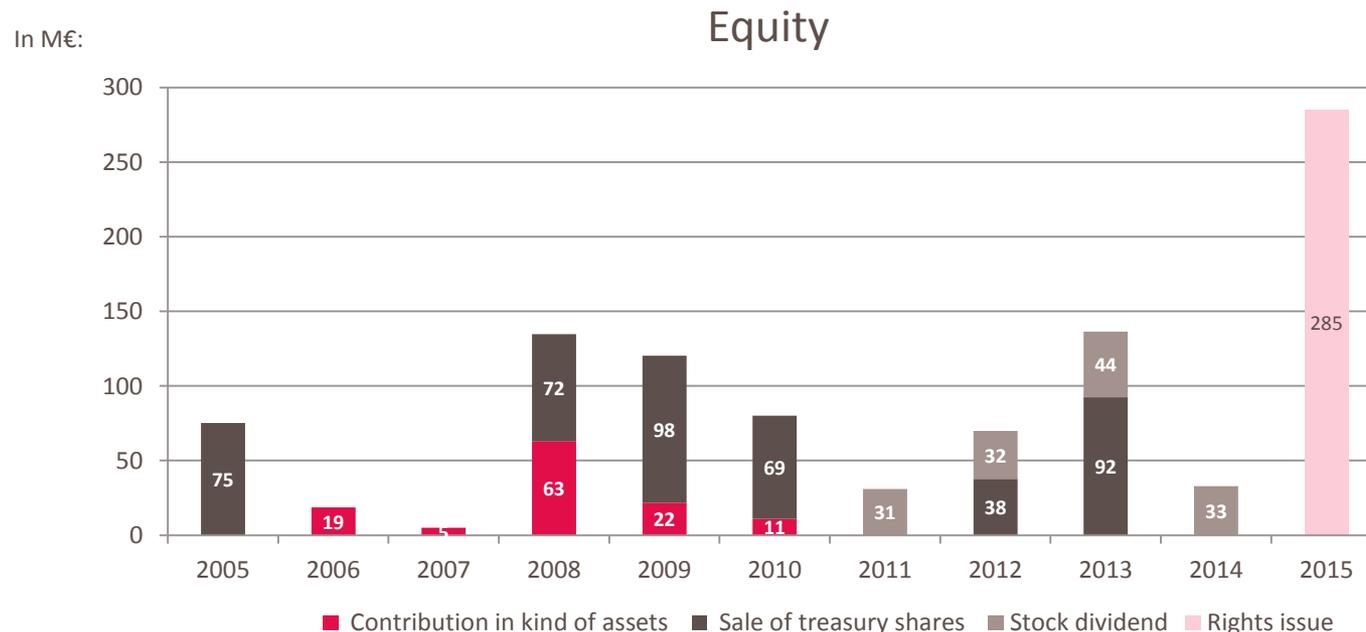
# \* REGULAR ACCESS TO CAPITAL MARKETS (2)

## May 2015: Capital increase with preferential rights for €285.4 million

Issue price : €95

3,004,318 new shares issued

Market capitalisation after the rights issue: > €2 billion

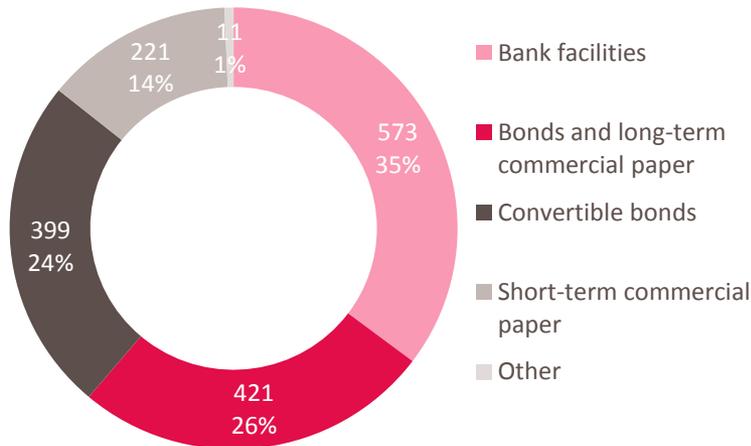


# \* FINANCIAL DEBT

**Diversified sources of funding  
& cost of debt reduced to 2.7%**

**Increase of average debt maturity from 3.4y to 4.7y**

Debt breakdown  
(M€1,625):

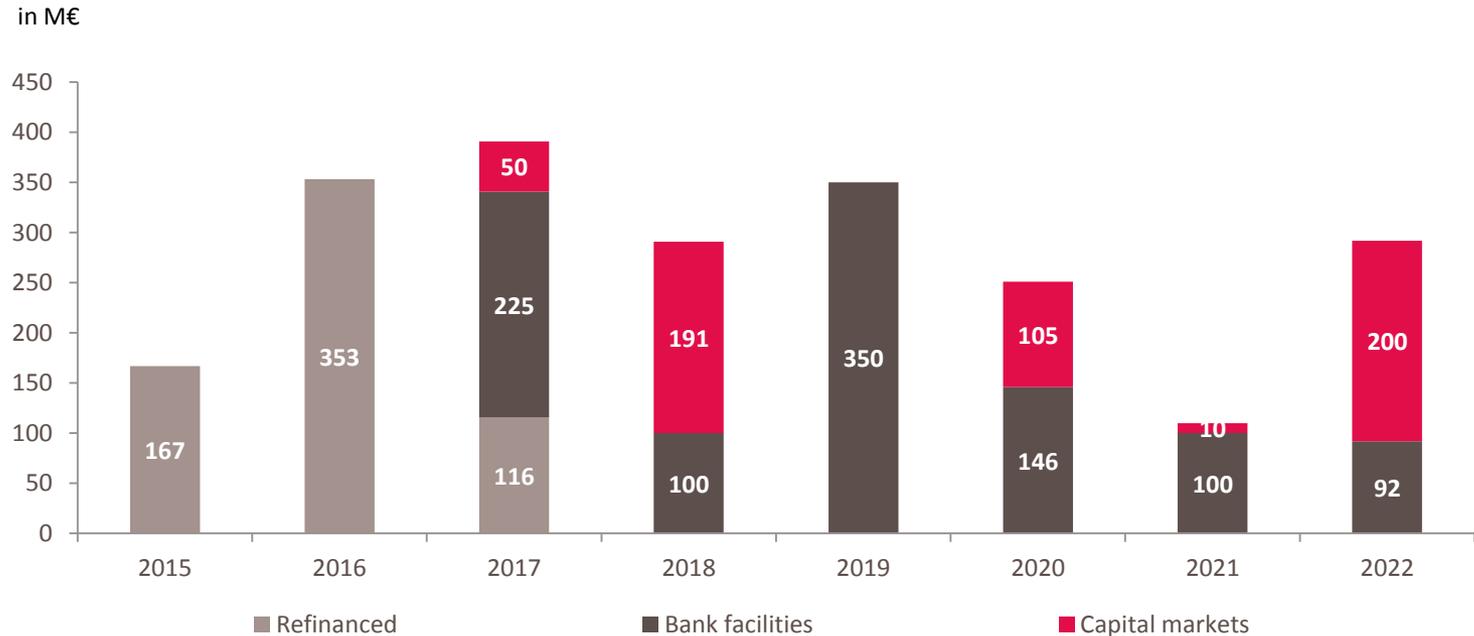


|                                   | 31.03.2015 | 31.12.2014 |
|-----------------------------------|------------|------------|
| Debt ratio                        | 48%        | 48%        |
| Average debt (in M€)              | 1,624.9    | 1,593.4    |
| Average cost of debt              | 2.7%       | 3.4%       |
| Average debt maturity (in years)  | 4.7        | 3.4        |
| ICR (excl. hedging restructuring) | 3.56       | 3.26       |

**Long-term debt ratio goal < 50%**

# \* DEBT MATURITIES

**100% of 2015 maturities & 2016 maturities refinanced**

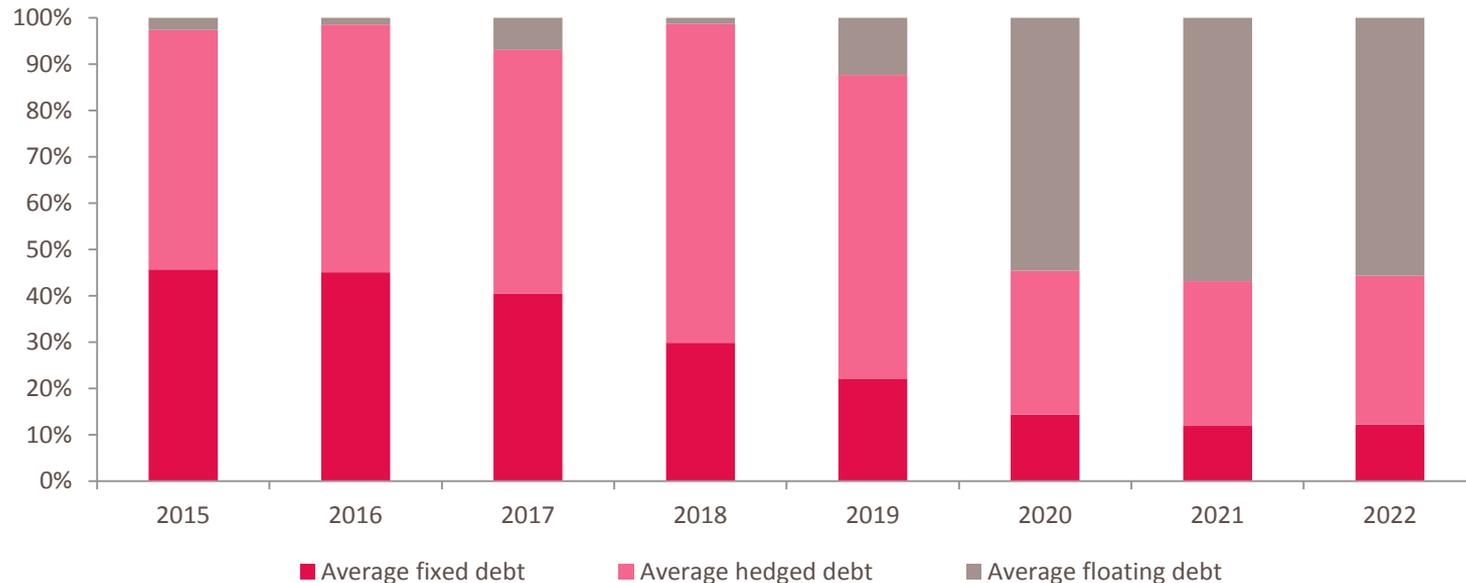


In Q1 2015: Extension of several credit lines with favourable conditions for a total amount of €297 million

**> Average debt maturity: 4.7yr at 31.03.2015, vs. 3.4yr at 31.12.2014**

# \* INTEREST RATE HEDGING

Over 80% of debt is hedged or fixed until end 2019



January 2015: Cancellation of FLOOR options for M€200

> Reduction of future cost of debt

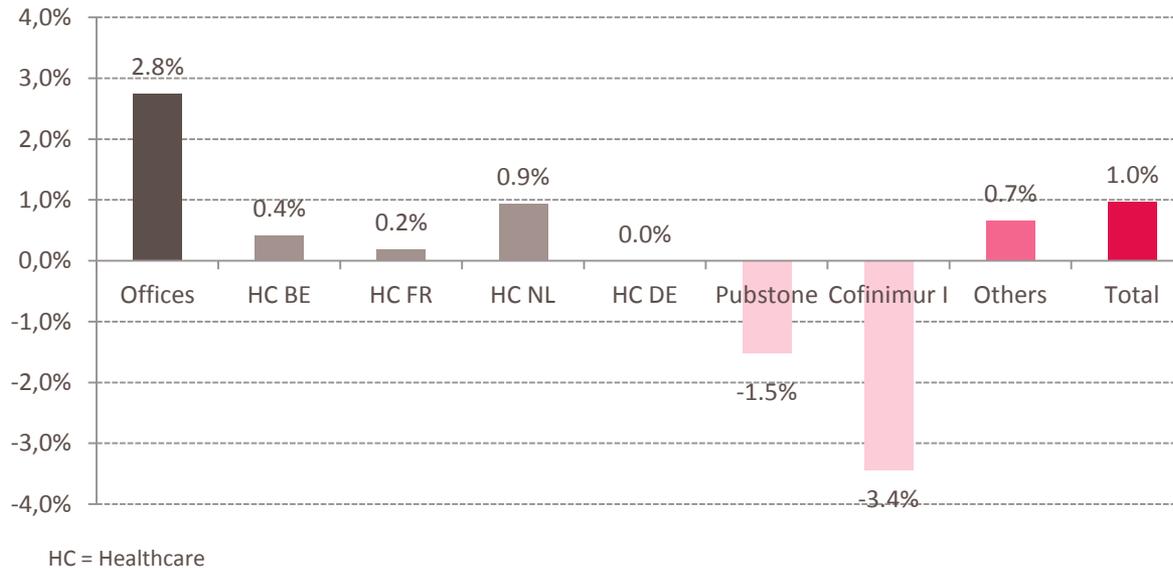
# \* 1Q2015 EARNINGS



# \* RENTAL GROWTH

**1.0% like-for-like rental growth,  
driven by indexation and new lettings**

Like-for-like rental growth per segment:



# \* RESULTS ON 31.03.2015

**Net current result (excl. IAS 39 impact) – Group share: €1.71 per share, in line with the forecast of €6.85 for the year 2015**

**Net current cash flow: €1.55 per share: +16% compared to 2014**

|   | (in M€)    |            | Per share (in €) |            |
|---|------------|------------|------------------|------------|
|   | 31.03.2015 | 31.03.2014 | 31.03.2015       | 31.03.2014 |
| Operating result                                | 47,3       | 52,2       | 2.32             | 2.64       |
| Net current result (excl. IAS 39) - Group share | 30,7       | 30,6       | 1.71             | 1.74       |
| IAS 39 impact                                   | -29,6      | -24,4      | -1.65            | -1.39      |
| Net current result - Group share                | 1,0        | 6,2        | 0.06             | 0,35       |
| Result on portfolio                             | -6,3       | -5,5       | -0,35            | -0.31      |
| Net result - Group share                        | -5,3       | 0,8        | -0.29            | 0.04       |

**NAV in fair value: €85.94 per share (vs. €85.80 on 31.12.2014)**

# \* EPRA FINANCIAL KPI'S ON 31.03.2015

|  | 31.03.2015 | 31.12.2014 |
|--|------------|------------|
| EPRA Earnings                              | 1.71       | 6.70       |
| EPRA Net Asset Value (NAV)                 | 96.49      | 96.08      |
| EPRA Adjusted Net Asset Value (NNAV)       | 93.05      | 92.01      |
| EPRA Net Initial Yield (NIY)               | 5.89%      | 6.06%      |
| EPRA Vacancy Rate                          | 4.87%      | 4.93%      |
| EPRA Cost ratio (cost of vacancy excluded) | 15.07%     | 15.93%     |



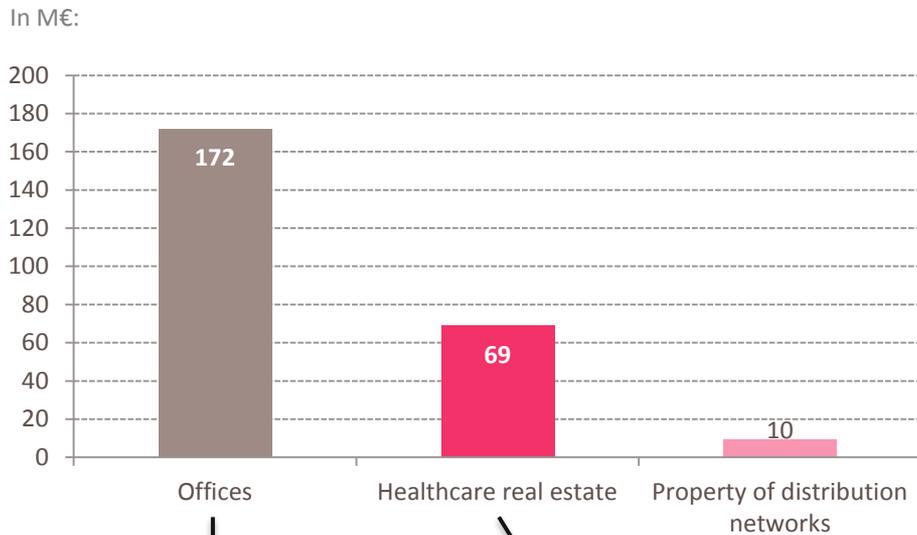
|  | (in M€) | Per share |
|--|---------|-----------|
| NAV per the financial statements                                       | 1544,5  | 85.9      |
| Effect of exercise of options, convertibles and other equity interests | 484,4   | 7.11      |
| EPRA NNAV  | 2028,9  | 93.0      |
| Fair value of financial instruments                                    | 111,4   | 5.1       |
| Deferred tax   | -36,3   | -1.7      |
| EPRA NAV   | 2103,9  | 96.5      |

# \* OUTLOOK & GUIDANCE

Courthouse – Antwerp (BE)



# \* M€250 INVESTMENT PIPELINE



## Mainly:

- Guimard 10-12: M€11
- Belliard 40: M€46
- Arts/Kunsten 19H: M€23
- Sovereign 23-25: M€29
- Woluwe 34: M€4 (for sale)
- Ten Reuken: M€33 (for sale)
- Woluwe 106-108: M€13

## New constructions, extensions and renovations, which are 100% prelet:

- Belgium: M€44
- Netherlands: M€19
- France: M€6

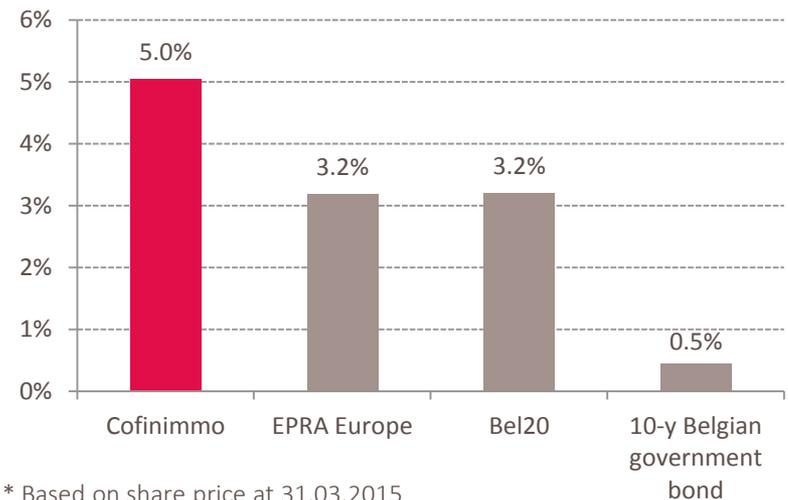
- **Breakdown of M€250 investment pipeline (2015-2017):**
- Renovation of offices buildings: M€122
- Reconversion of office buildings in other usage: M€50
- Healthcare real estate: M€69
- Property of distribution networks: M€10
- **Contribution of these investments to rental income:**
- 2015: M€1.8
- 2016: M€5.6
- 2017: M€10.5
- **Contribution to passing rental income at end 2017: M€16.2/year**
- **Yield on cost: 6.8%** (excl.offices reconversions in residential & Sovereign 23-25)

# \* OUTLOOK

- Sustainable earnings and high dividend yield
- 65% of 2015 operating result from alternative assets, 35% from offices
- 2015 cost of debt significantly < 3%
- Long-term debt ratio goal < 50%

|               | Actual 2014 | 2015 Forecast published in February 2015 | 2015 Forecast after rights issue |
|---------------|-------------|--|----------------------------------|
| EPS           | €6.70       | €6.85                                    | €5.93                            |
| DPS           | €5.50       | €5.50                                    | €5.50                            |
| Pay-out ratio | 82.1%       | 80.3%                                    | 92.7%                            |
| Debt ratio    | 48.1%       | 48.6%                                    | 41.7%                            |

Gross dividend yield\*



# \* APPENDIX: INCOME STATEMENT

| <b>A. NET CURRENT RESULT</b>   | <b>31.03.2015</b> | <b>31.03.2014</b> |
|--|-------------------|-------------------|
| Rental income, net of rental-related expenses  | 49,590            | 48,412            |
| Writeback of lease payments sold and discounted (non-cash)                           | 2,554             | 6,907             |
| Taxes and charges on rented properties not recovered                                 | -1,847            | -704              |
| Redecoration costs, net of tenant compensation for damages                           | -246              | -169              |
| <b>Property result</b>   | <b>50,051</b>     | <b>54,446</b>     |
| Technical costs  | -655              | -803              |
| Commercial costs   | -181              | -225              |
| Taxes and charges on unlet properties  | -1,875            | -1,245            |
| <b>Property result after direct property costs</b>                                   | <b>47,340</b>     | <b>52,173</b>     |
| Property management costs  | -3,699            | -3,879            |
| <b>Property operating result</b>   | <b>43,641</b>     | <b>48,294</b>     |
| Corporate management costs   | -1,974            | -1,868            |
| <b>Operating result before result on the portfolio</b>                               | <b>41,667</b>     | <b>46,426</b>     |
| Financial income (IAS 39 excluded) <sup>1</sup>                                      | 1,557             | 1,395             |
| Financial charges (IAS 39 excluded) <sup>2</sup>                                     | -10,542           | -16,423           |
| Revaluation of derivative financial instruments (IAS 39)                             | -29,580           | -24,399           |
| Share in the result of associated companies and joint ventures                       | 118               | 286               |
| Taxes  | -967              | 30                |
| <b>Net current result</b>  | <b>2,253</b>      | <b>7,315</b>      |
| Minority interests   | -1,215            | -1,102            |
| <b>Net current result – Group share</b>  | <b>1,038</b>      | <b>6,213</b>      |
| <b>B. RESULT ON THE PORTFOLIO</b>  | <b>31.03.2015</b> | <b>31.03.2014</b> |
| Gains or losses on disposals of investment properties and other non-financial assets | 1,159             | 384               |
| Changes in the fair value of investment properties                                   | -6,975            | -6,576            |
| Share in the result of associated companies and joint ventures                       |                   | 56                |
| Other result on the portfolio  | -550              | 784               |
| <b>Result on the portfolio</b>   | <b>-6,366</b>     | <b>-5,352</b>     |
| Minority interests   | 56                | -108              |
| <b>Result on the portfolio – Group share</b>   | <b>-6,310</b>     | <b>-5,460</b>     |
| <b>C. NET RESULT</b>   | <b>31.03.2015</b> | <b>31.03.2014</b> |
| <b>Net result</b>  | <b>-4,113</b>     | <b>1,963</b>      |
| Minority interests   | -1,159            | -1,210            |
| <b>Net result – Group share</b>  | <b>-5,272</b>     | <b>753</b>        |

# \* APPENDIX: BALANCE SHEET

|   | 31.03.2015       | 31.12.2014       |
|---|------------------|------------------|
| <b>Non-current assets</b>                                       | <b>3,415,036</b> | <b>3,410,050</b> |
| Goodwill  | 118,356          | 118,356          |
| Intangible assets   | 614              | 659              |
| Investment properties   | 3,200,499        | 3,195,773        |
| Other tangible assets   | 441              | 411              |
| Non-current financial assets                                    | 11,626           | 10,933           |
| Finance lease receivables                                       | 77,483           | 78,018           |
| Trade receivables and other non-current assets                  | 38               | 38               |
| Participations in associated companies and joint ventures       | 5,979            | 5,862            |
| <b>Current assets</b>   | <b>97,606</b>    | <b>88,962</b>    |
| Assets held for sale  | 3,305            | 3,410            |
| Current financial assets  | 434              | 498              |
| Finance lease receivables                                       | 1,654            | 1,618            |
| Trade receivables   | 23,907           | 24,781           |
| Tax receivables and other current assets                        | 17,259           | 17,505           |
| Cash and cash equivalents                                       | 22,345           | 17,117           |
| Accrued charges and deferred income                             | 28,702           | 24,033           |
| <b>TOTAL ASSETS</b>   | <b>3,512,642</b> | <b>3,499,012</b> |
|   |                  |                  |
|   | 31.03.2015       | 31.12.2014       |
| <b>Shareholders' equity</b>                                     | <b>1,612,593</b> | <b>1,608,965</b> |
| Shareholders' equity attributable to shareholders of the parent | 1,544,492        | 1,541,971        |
| Capital   | 963,067          | 963,067          |
| Share premium account   | 384,013          | 384,013          |
| Reserves  | 202,684          | 247,562          |
| Net result of the financial year                                | -5,272           | -52,671          |
| <b>Minority interests</b>                                       | <b>68,101</b>    | <b>66,994</b>    |
| <b>Liabilities</b>  | <b>1,900,049</b> | <b>1,890,047</b> |
| <b>Non-current liabilities</b>                                  | <b>1,434,212</b> | <b>1,303,250</b> |
| Provisions  | 18,370           | 17,658           |
| Non-current financial debts                                     | 1,296,376        | 1,148,023        |
| Other non-current financial liabilities                         | 83,754           | 102,041          |
| Deferred taxes  | 35,712           | 35,528           |
| <b>Current liabilities</b>                                      | <b>465,837</b>   | <b>586,797</b>   |
| Current financial debts   | 328,501          | 473,499          |
| Other current financial liabilities                             | 28,873           | 24,698           |
| Trade debts and other current debts                             | 76,253           | 59,850           |
| Accrued charges and deferred income                             | 32,210           | 28,750           |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>               | <b>3,512,642</b> | <b>3,499,012</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.

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