

# Cofinimmo: investing in diversified real estate

Generali Life Days, May 2017

Bergman Clinic – Naarden (NL)

**Cofinimmo**  
together in real estate

A photograph of a modern glass office building at dusk. The building's windows are illuminated from within, reflecting the sky. A large red circle is overlaid on the left side of the image, containing the text 'Why invest in real estate?'.

# Why invest in real estate ?

Loi/Wet 57 office building – Brussels (BE)

# \* Relative performance to equities & bonds (1)

## Global:

% Total Returns	Dec - 16	YTD	1 year	3 years	5 years	10 years	20 years
Global Real Estate	3,6	8,1	8,1	16,7	15	4,5	8,4
Global Equities (FTSE)	2,7	9,9	9,9	7,2	12,6	5	6,7
Global Bonds (JP Morgan)	0,1	2,9	2,9	4,2	3,2	4	4,6
Europe Real Estate	5,1	-4,50	-4,5	12,6	15,3	0,3	8,5
Asia Real Estate	-0,4	9,3	9,3	8,8	13	3,3	5,8
North America Real Estate	5,2	11,4	11,4	22,6	15,8	7	10,9

## Real Estate Europe:

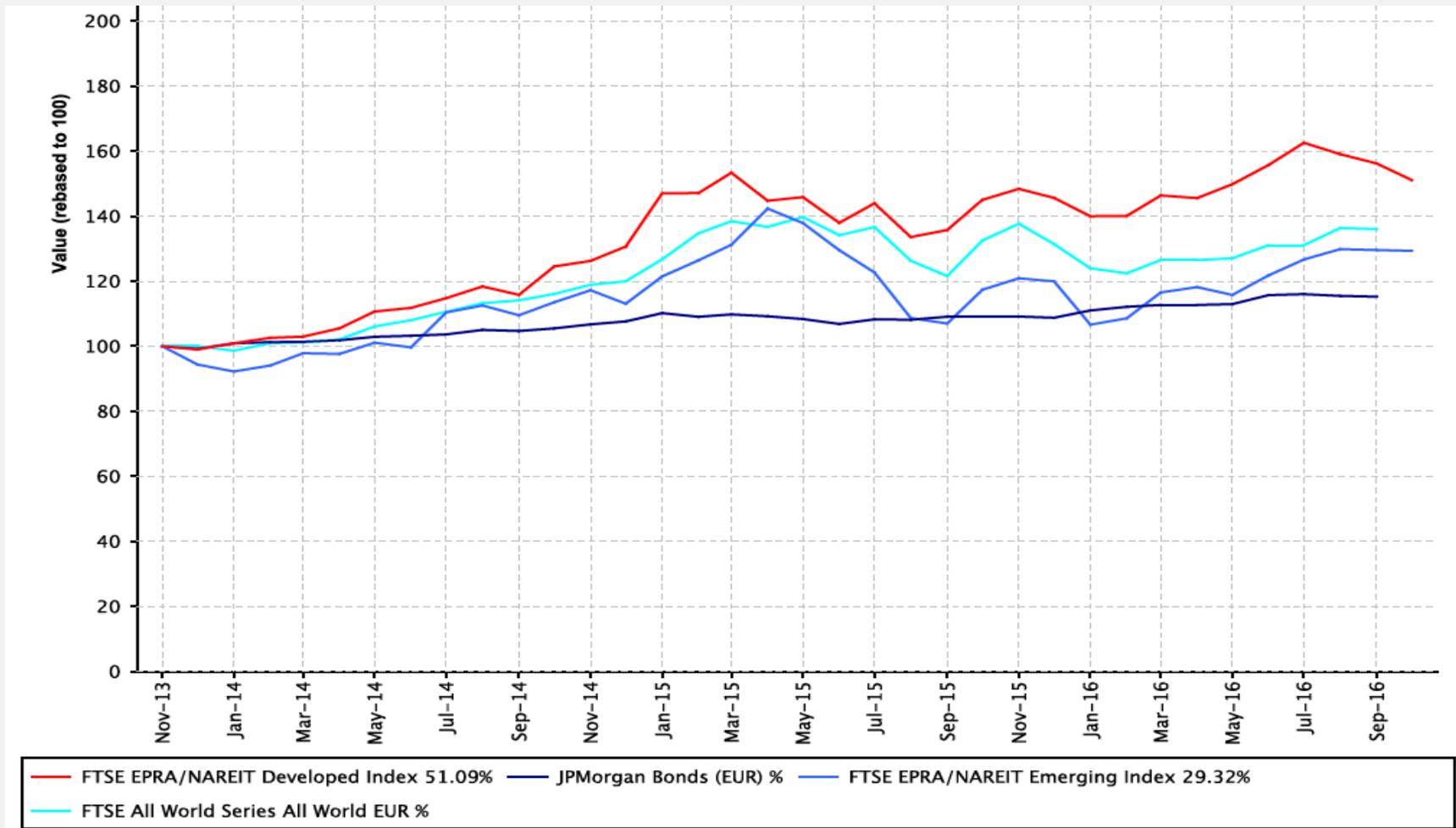
### FTSE EPRA/NAREIT Developed Europe - Selected Country Indices

% Total Returns	Dec - 16	YTD	1 year	3 years	5 years	10 years	20 years
Europe (EUR)	5,1	-4,5	-4,5	12,6	15,3	0,3	8,5
Europe ex UK (EUR)	4,7	5,1	5,1	15,4	15,3	3,4	11
UK (GBP)	6,5	-8,5	-8,5	7,5	14,9	-2,7	5,5
France (EUR)	6,6	5,9	5,9	10,4	14,4	5,2	14
Netherlands (EUR)	8,6	-0,7	-0,7	10,6	9,6	0,7	8,2

Source: EPRA, December 2016

# \* Relative performance to equities & bonds (2)

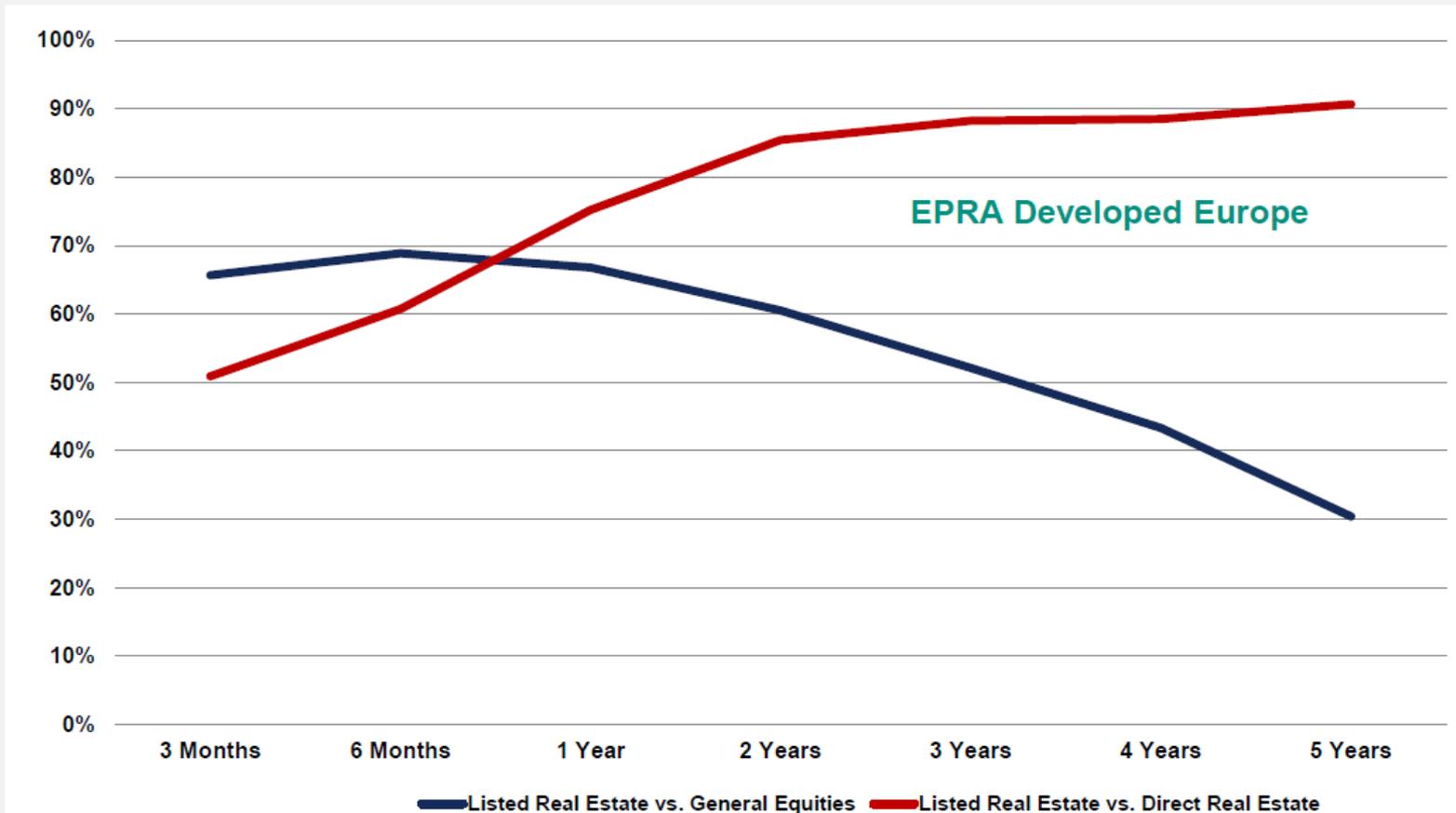
Global Real Estate vs. Global Equities & Bonds – Total Return Rolling 36-Months Performance



Source: EPRA, October 2016

# \* Correlation with equities & direct real estate

Listed real estate is increasingly uncorrelated to equity markets over time.  
Listed real estate = real estate long term.



Source: EPRA, 2014

# \* Real estate market structure

Less than 10% is investable

The real estate market is dominated by privately owned residential properties that are either occupied by their owners or rented

The commercial market, in which property companies principally invest, only accounts for 14% of the total real estate market

Less than 10% of the total real estate market is investable



Source: Lombard Odier, IPF Research.

# \* Direct vs. indirect real estate

	Direct real estate	Indirect real estate
Invested amount	High	Flexible
Transaction costs	High	Low
Liquidity	Low/Very low	High
Risk	Concentrated	Spread over a large portfolio
Management	Owner responsibility + time consuming	Professionals
Yield	Net rent	Dividend + share price evolution

# \* The Belgian REIT regime

## **DIVERSIFICATION**

- Maximum 20 % of assets in one “real estate unit”, to mitigate the risk of concentration

## **LIQUIDITY**

- Mandatory listing on the stock market
- Minimum free float of 30 %

## **LEVERAGE**

- Debt to assets ratio of maximum 65 %

## **DISTRIBUTION**

- Minimum 80 % of the current result (~cash flows) has to be distributed as dividend

## **TRANSPARENCY**

- Quarterly valuation of portfolio by an external appraiser
- Specific supervision by the Financial Services and Markets Authority (Belgian regulator)

## **FISCAL ADVANTAGES**

- Virtually no taxation on current profits; exemption from capital gain taxes
- Taxation on investor level (but non-profit non-resident investors exempt from dividend withholding tax)

# \* Belgian SIR/GVV overview

Offices	Logistics	Residential	Healthcare	Retail	Developers
	 			   	  
     	   	 	 	   	



# Company profile



Woluwe 58 office building – Brussels (BE): Cofinimmo headquarters

# \* About Cofinimmo

Leading Belgian listed REIT exposed to **healthcare real estate** (45 %) and **offices** (38 %)



1<sup>st</sup> listed **healthcare property** investor, with pan-European combined presence in Belgium, France, the Netherlands and Germany



**Office property** investor in Belgium only



Total **portfolio** fair value: **3.4 billion EUR**



Average weighted **residual lease term** of the current leases: **10.2 years**



**REIT** status in Belgium (SIR/GVV), France (SIIC) and the Netherlands (FBI)



Internal real estate **management platform** > 130 employees

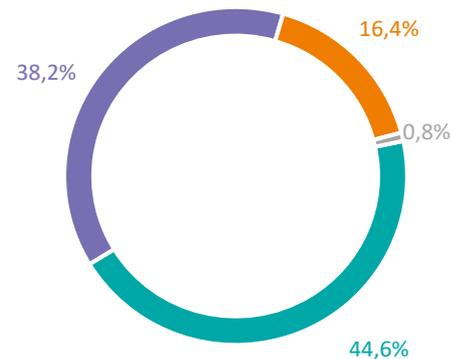


Total **market capitalisation**: **2.3 billion EUR**



## Portfolio breakdown by segment

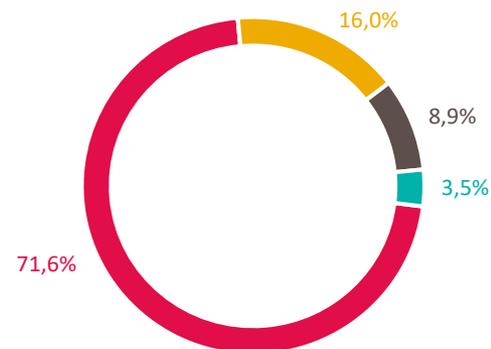
(31.12.2016 - in fair value)



- Healthcare real estate
- Offices
- Property of distribution networks
- Others

## Portfolio breakdown by country

(31.12.2016 - in fair value)



- Belgium
- France
- Netherlands
- Germany

# \* On the stock market

## High visibility & sound daily liquidity

Market cap at 31.12.2016:

**2.3 billion EUR**

Number of shares:

**21,031,190**

Free float:

**95 %**

Major indices:

**BEL20, EPRA Europe,**

**GPR 250**

Average volume traded daily:

**5 million EUR**

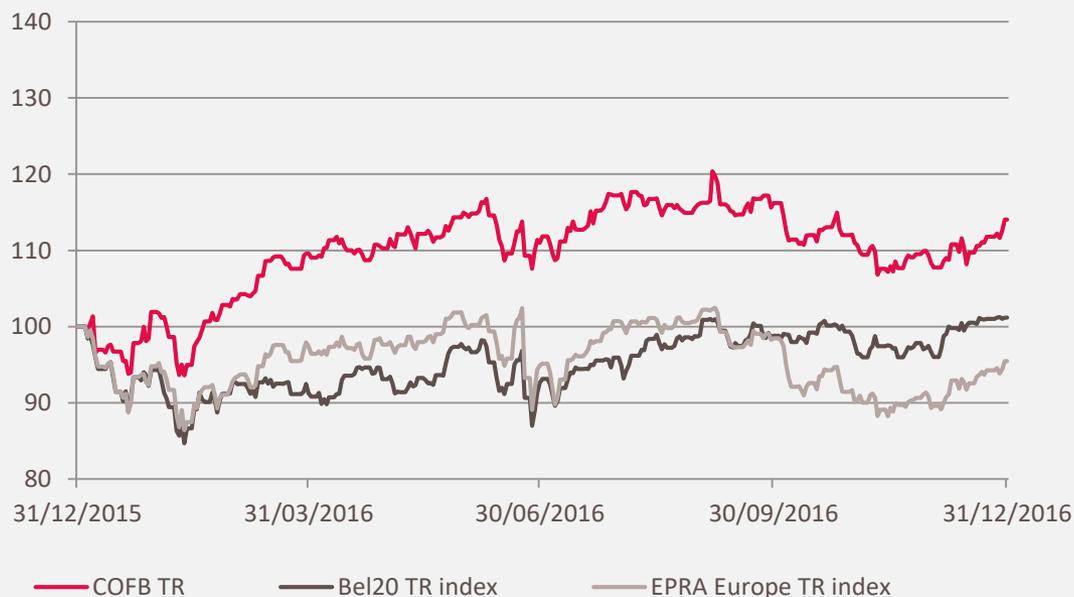
Velocity:

**59 %**

2016 Cofinimmo Total return: +14.1%

2016 BEL20 Total return: +1.2%

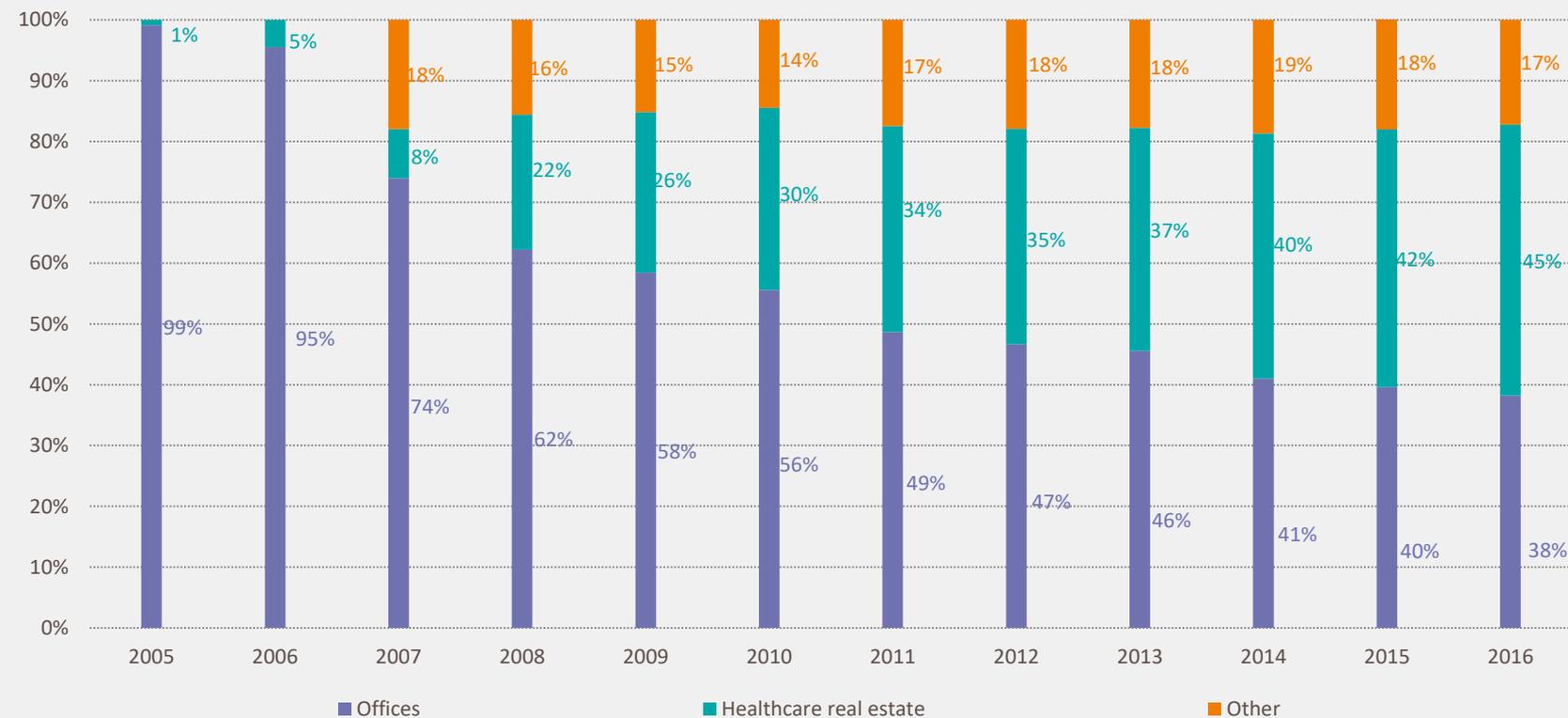
2016 EPRA Europe Total return: -4.7%



# \* From pure office player to major healthcare real estate investor

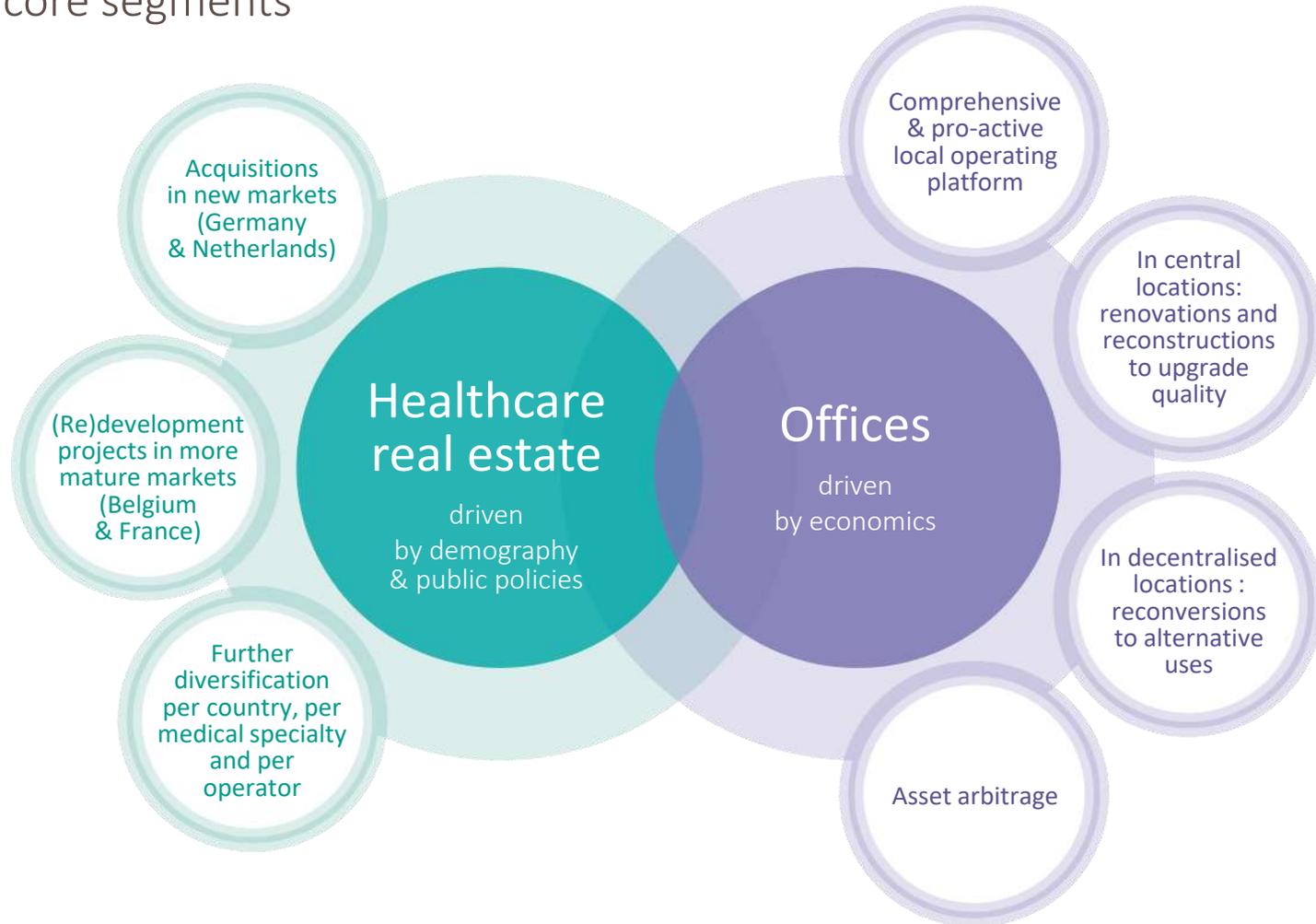
## Portfolio breakdown by segment

(in fair value)



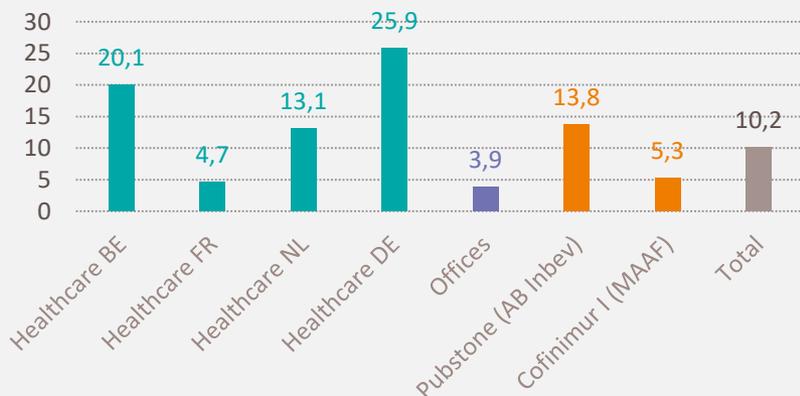
# \* Two complementary core segments

Long-term presence & strong internal expertise  
in both core segments

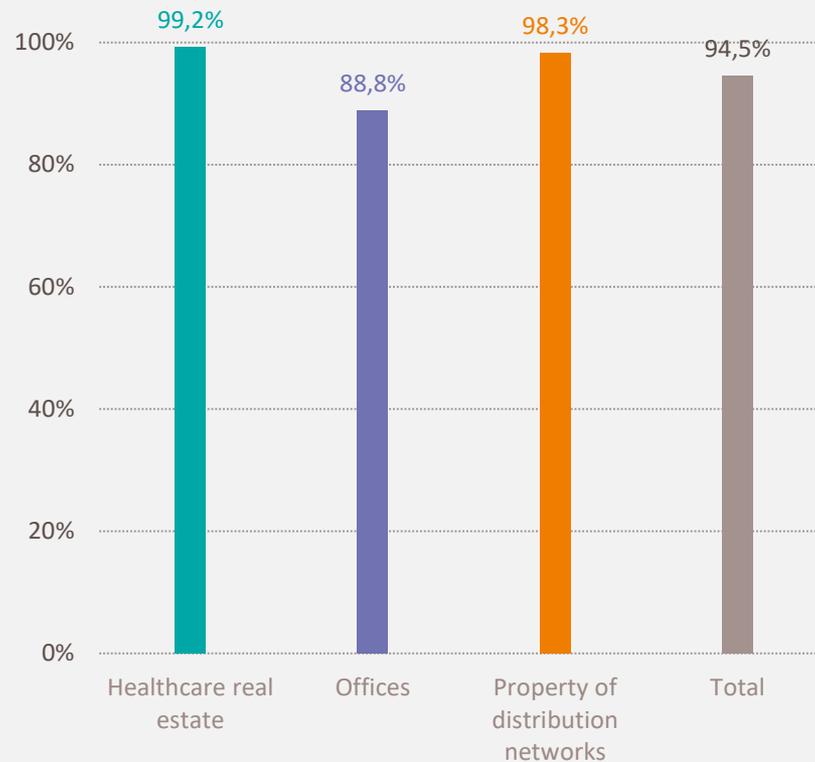


# \* Strong operational indicators

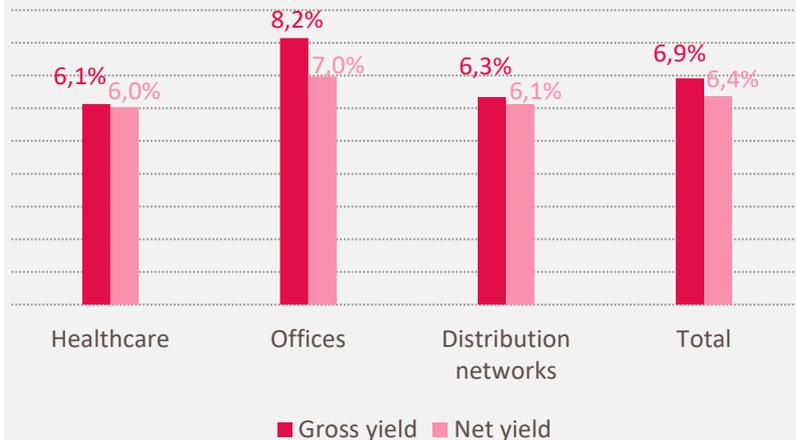
Weighted average residual lease term (in years)



Occupancy rate



Gross/net yields





# Healthcare segment

De Nieuwe Seigneurie nursing and care home – Rumbeke (BE)

# \* Healthcare submarkets

		Addressable explored market	Cofinimmo portfolio
C U R E	General hospitals		
	Specialised acute care clinics <small>Typically focused on 'non-critical' specialties (ex.: orthopaedics, ophthalmology, dermatology, etc.)</small>	 	
	Medical office buildings <small>First-line consultations by general practitioners, dentists, psychotherapists, etc. (+ pharmacy)</small>	 	
	Laboratories		
C A R E	Revalidation clinics <small>Post-acute care (ex.: orthopaedics, cardiology, drug addictions, etc.)</small>	 	
	Psychiatric clinics	 	
	Skilled nursing facilities <small>Housing and care of elderly dependent people with continuous medical assistance</small>	   	
	Assisted living <small>Housing of elderly autonomous people with a degree of assistance</small>	  	
	Disabled care facilities		
	Sport & wellness centres	 	

# \* Healthcare portfolio at 31.12.2016

FAIR VALUE

**1.5** billion EUR

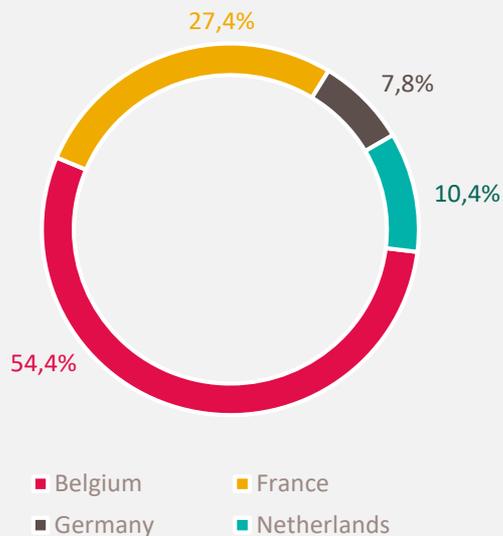
NUMBER OF SITES

**135**

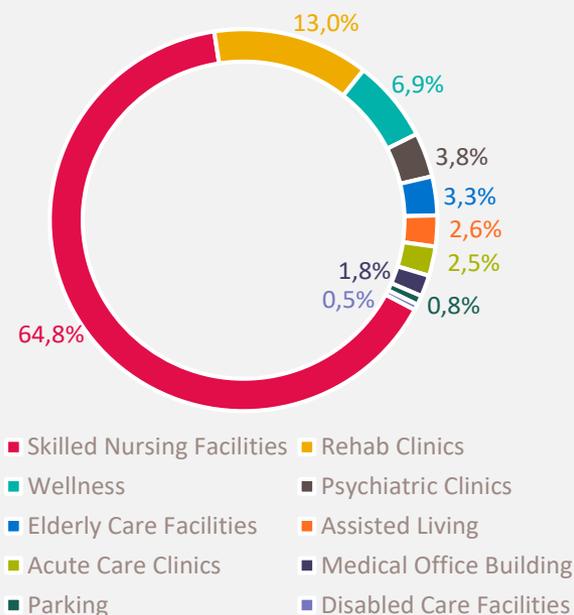
SURFACE AREA

**715,500** m<sup>2</sup>  
(5,300 m<sup>2</sup> per site on average)

Portfolio breakdown by country  
(31.12.2016 - in fair value)



Portfolio breakdown by care speciality  
(31.12.2016 - in fair value)



# \* Market potential offering strong growth opportunities

Amounts invested at 31.12.2016:

**BELGIUM** 

Care market  
(skilled nursing homes)

**27** yrs  
Lease length

**5.0-6.0** %  
Initial yields

**NETHERLANDS** 

Care & cure market  
(care of elderly or disabled people,  
acute care, medical office buildings)

**15-20** yrs  
Lease length

**6.5-7.5** %  
Initial yields

**FRANCE** 

Care market  
(skilled nursing homes, revalidation  
& psychiatric clinics)

**12** yrs  
Lease length

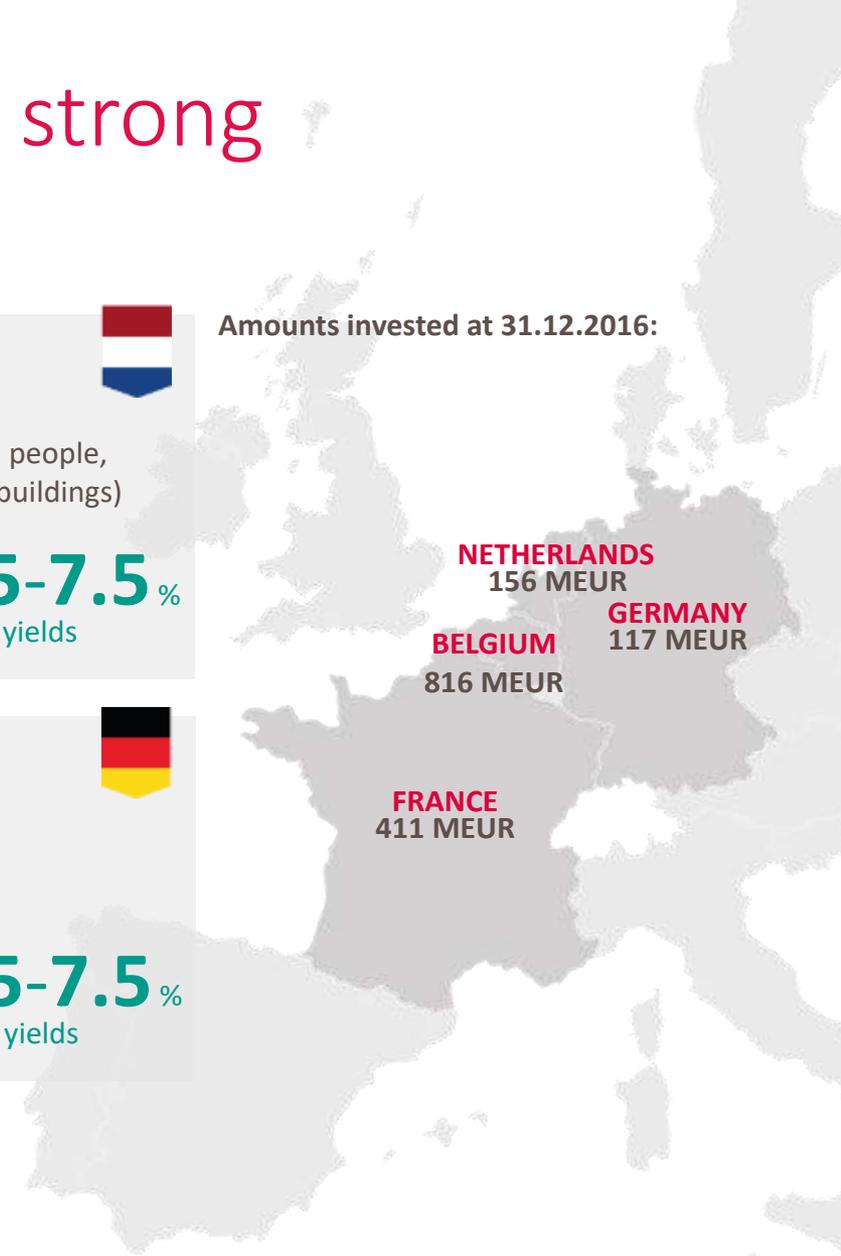
**5.0-6.0** %  
Initial yields

**GERMANY** 

Care & cure market  
(skilled nursing homes,  
revalidation clinics)

**20-30** yrs  
Lease length

**5.5-7.5** %  
Initial yields



All leases provide for fixed rent + indexation to inflation

# \* Examples of achievements

## MEDICAL OFFICE BUILDING STRIJP-Z – Eindhoven



### Construction of a new medical office building (2015)

Surface area	<b>2,200 m<sup>2</sup></b>
Investment	<b>4.5 million EUR</b>
Operator	<b>SGE</b>
Lease	<b>25 years - NN</b>
Initial yield	<b>7.5 %</b>

## NURSING AND CARE HOME NOORDDUIN – Koksijde



### Construction of a new nursing and care home (2015)

Surface area	<b>6,440 m<sup>2</sup></b>
No. of beds	<b>87</b>
Investment	<b>13.2 million EUR</b>
Operator	<b>Armonea</b>
Lease	<b>27 years - NNN</b>
Initial yield	<b>6.1 %</b>

## REVALIDATION CLINIC KAISER KARL – Bonn



### Acquisition of an operational revalidation clinic (2016)

Surface area	<b>15,500 m<sup>2</sup></b>
No. of beds	<b>150</b>
Investment	<b>30.0 million EUR</b>
Operator	<b>Eifelhöhen-Klinik AG</b>
Lease	<b>25 years - NN</b>
Initial yield	<b>7.3 %</b>

A large, abstract sculpture made of curved, rusted metal bands is the central focus of the image. The sculpture consists of several thick, curved bands that form a complex, organic shape. It is situated in a modern office lobby with large windows and a high ceiling. The ceiling features a grid of recessed lighting. The windows provide a view of a city street with buildings and a tree. A purple circular graphic is overlaid on the left side of the image, containing the text 'Office segment'.

# Office segment

Guimard 10-12 office building – Brussels (BE)

# \* Office portfolio

FAIR VALUE

**1.3** billion EUR

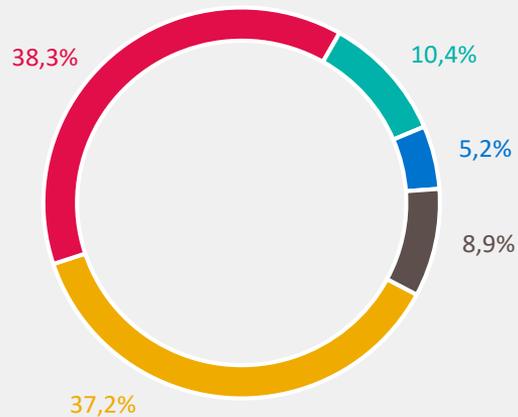
NUMBER OF SITES

**85**

SURFACE AREA

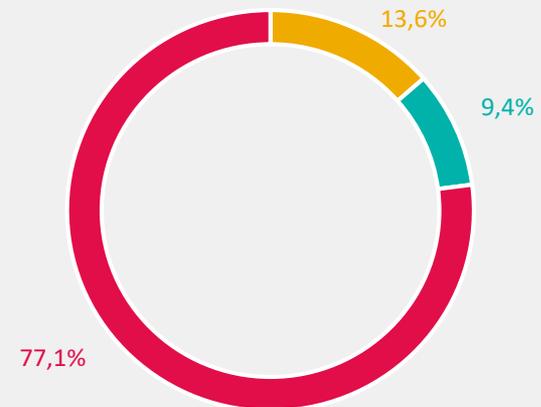
**663,000** m<sup>2</sup>

Portfolio breakdown by district  
(31.12.2016 - in fair value)



- Brussels CBD
- Brussels Decentralised
- Brussels Periphery/Satellites
- Antwerp
- Other regions

Portfolio breakdown by tenant type  
(31.12.2016 - in fair value)



- Belgian public sector
- International public sector
- Others

# \* Acquisitions with potential for value creation

## ARTS/KUNST 46

Brussels CBD (May 2016)



Surface area	<b>11,500 m<sup>2</sup></b>
Investment	<b>31 MEUR</b>
Avg occupancy	<b>83 %</b>
Avg residual lease term	<b>5.5 years</b>
Rental yield	<b>6.2 %</b>
Rental yield at 100 % occupancy	<b>7.5 %</b>

## QUATRO PORTFOLIO

Brussels CBD & Decentralised (Aug. 2016)



Surface area	<b>23,000 m<sup>2</sup></b>	Avg residual lease term	<b>3.3 years</b>
Investment	<b>57.9 MEUR</b>	Rental yield	<b>6.4 %</b>
Avg occupancy	<b>88 %</b>	Rental yield at 100 % occupancy	<b>7.4 %</b>

# \* Renovations in strategic locations

**BELLIARD 40**  
Brussels CBD



**Demolition of current property and construction of new building**  
**BREEAM certificate 'Excellent' aimed**  
**Marketing underway**

Surface area	20,000 m <sup>2</sup>
Expected end of works	1Q2018
Budget of works	<b>44 million EUR</b>

**ARTS 19H**  
Brussels CBD



**Demolition of current property and construction of new building**  
**BREEAM certificate 'Excellent' aimed**  
**Vacated end Jan. 2017**

Surface area	8,600 m <sup>2</sup>
Expected end of works	2Q2019
Budget of works	<b>&gt; 20 million EUR</b>

# \* Reconversions to maximise capital recovery

**WOLUWE 106-108**  
Brussels Decentralised



**Reconversion into nursing home**

**Signature of 27-year lease with  
healthcare operator Vivalto**

Surface area	7,000 m <sup>2</sup>
No. of beds	151
Timing of works	4Q2017
Budget of works	<b>13 million EUR</b>
Yield on cost	<b>5.9 %</b>





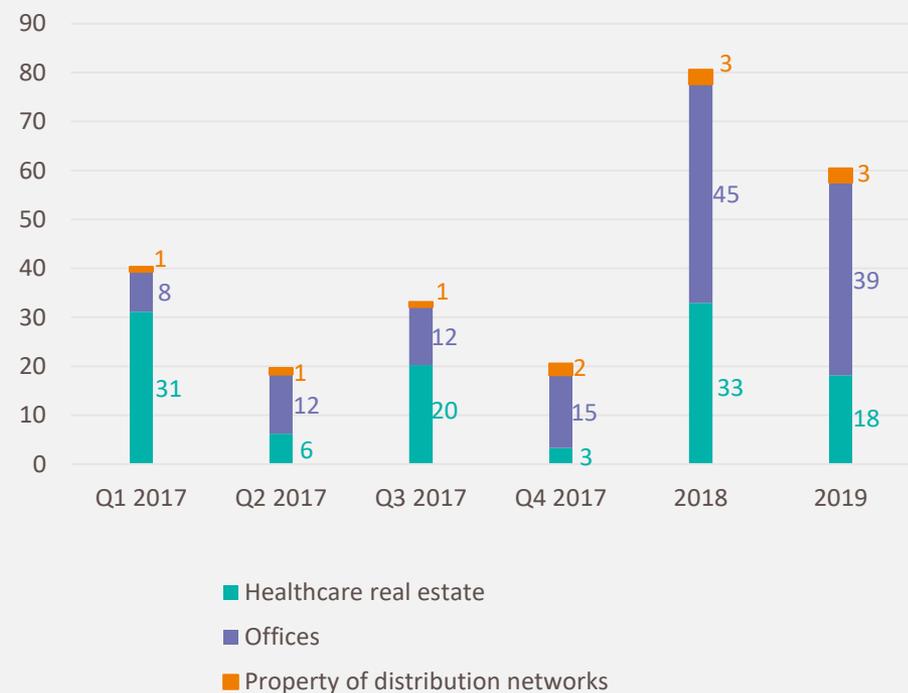
# Investment pipeline & target

Souverain/Vorst 25 office building – Brussels (BE)

# \* 2017-2019 committed investment pipeline

## 255 million EUR of committed investments for the period 01.01.2017 – 31.12.2019

2017-2019 Committed investment pipeline (x 1,000,000 EUR)



### Healthcare real estate: 112 million EUR

- Belgium: 45 million EUR (incl. reconversion of Woluwe 106-108)
- France: 7 million EUR
- Netherlands: 30 million EUR
- Germany: 30 million EUR

### Offices: 131 million EUR, of which:

- Arts/Kunst 19H: 23 million EUR
- Belliard 40: 33 million EUR
- Tenreuken: 26 million EUR (for disposal)
- Souverain/Vorst 23: 26 million EUR (for disposal)

# \* 2017-2019 investment target

Target by end 2019

**+255** MEUR  
of committed  
investments (pipeline)

**+400** MEUR  
of acquisitions

**-150** MEUR  
of divestments

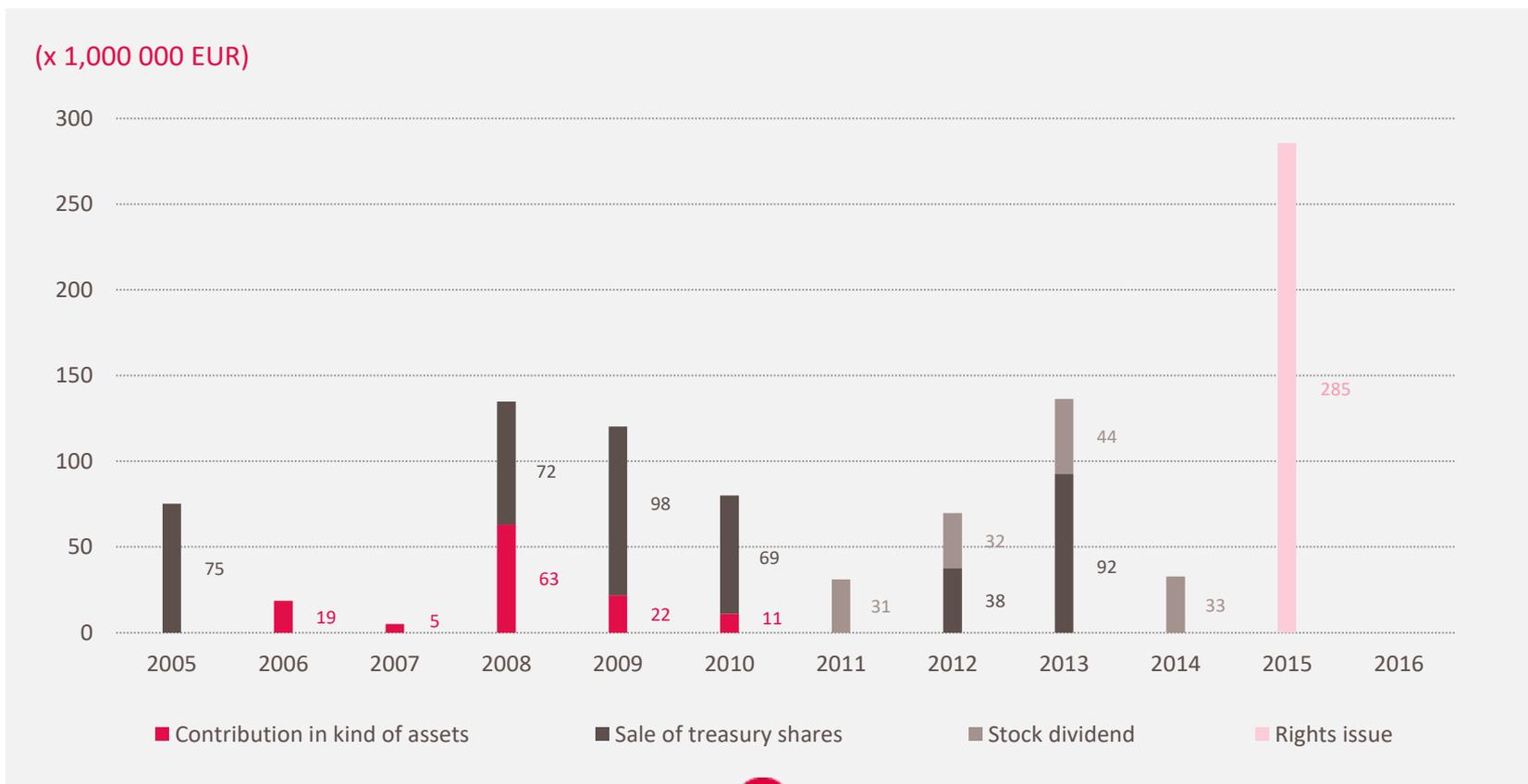
	Portfolio breakdown at 31.12.2016	2017-2019 Committed pipeline (x 1,000,000 EUR)	2017-2019 potential scenario: Uncommitted acquisitions (x 1,000,000 EUR)	2017-2019 potential scenario: Uncommitted disposals (x 1,000,000 EUR)	Portfolio breakdown at 31.12.2019
Healthcare real estate	45 %	112.0	400	-50	50 %
Offices	38 %	131.0		-100	34 %
<i>Acquisitions</i>					
<i>Refurbishment</i>		78.6			
<i>Reconversion</i>		52.4		-100	
Others	17 %	11.7			16 %
<b>Total</b>	<b>100 %</b>	<b>255</b>	<b>400</b>	<b>-150</b>	<b>100 %</b>
		<b>255 million EUR committed</b>	<b>250 million EUR uncommitted</b>		

A modern office interior featuring a large red circular graphic on the left. The office has red walls, a wooden slat wall on the left, and a blue carpet. There are white and red chairs, a white coffee table, and a wooden conference table in the background. A large window on the right shows a city view.

# Financial resources

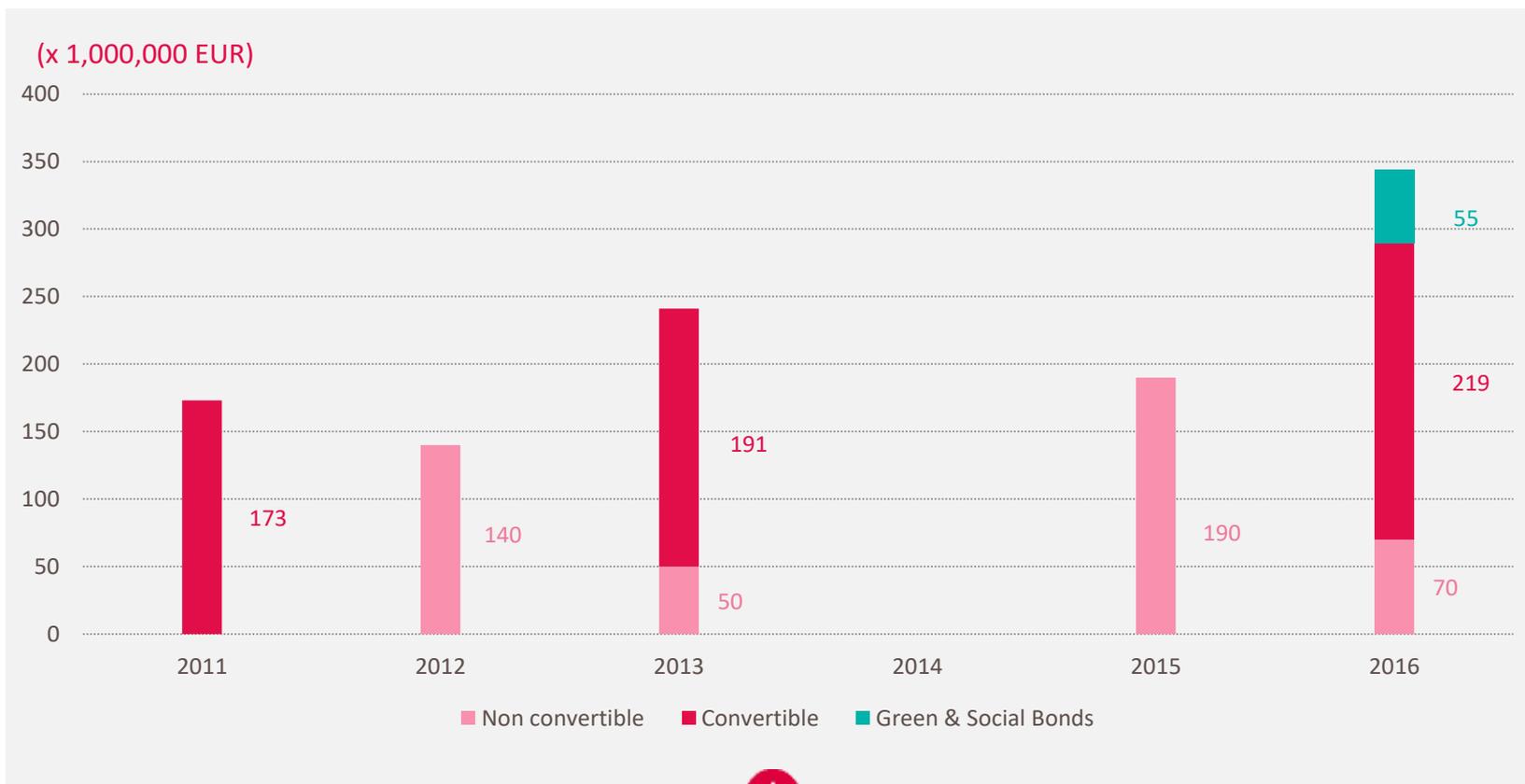
Woluwe 58 office building - Brussels (BE): Cofinimmo headquarters

# \* Regular access to capital markets: equity



**284.5 million EUR capital increase in May 2015**  
 > significant investment capacity to deploy over 2015-2017  
**301 million EUR invested since**

# \* Regular access to capital markets: bonds



## S&P credit rating

Long term: BBB

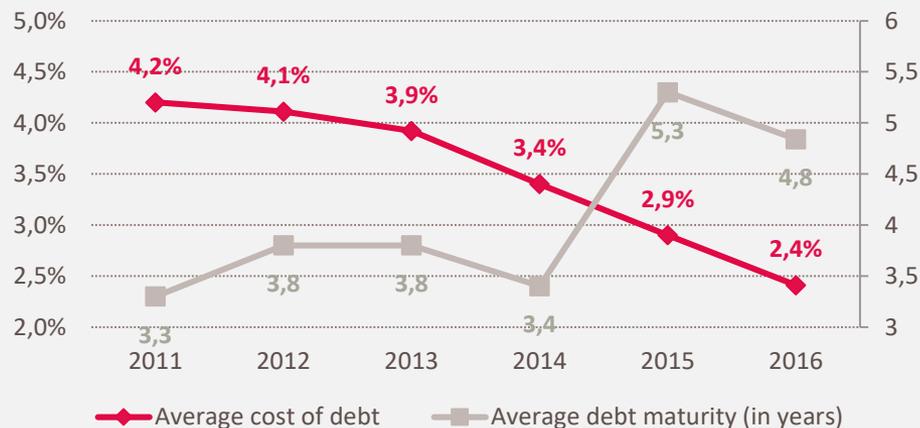
Short term: A-2

Strong liquidity

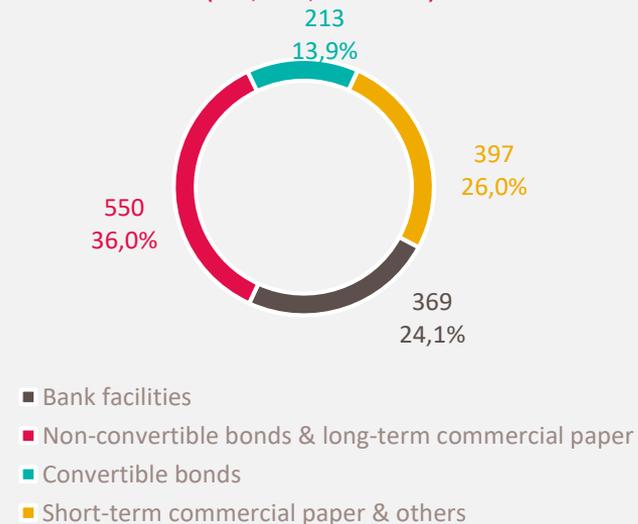
# \* Solid debt metrics

	31.12.2016	31.12.2015
Debt ratio	43.7 %	38.6 %
Loan-to-value ratio	43.4 %	39.1 %
Average debt (x 1,000,000 EUR)	1,528.8	1,459.0
Average cost of debt	2.4%	2.9 %
Average debt maturity (in years)	4.8	5.3

Average cost of debt and debt maturity



Debt breakdown (x 1,000,000 EUR)



# \* Capital & board composition

## CAPITAL STRUCTURE

Retail shareholders represent ca. 50 % of the capital

Main institutional shareholders:

- Crédit Agricole Group (5.0 %)
- Blackrock Inc. (5.0 %)
- Belfius Insurance (3.4 %)
- Allianz Insurance (3.2 %)
- Delta Lloyd Insurance (1.4 %)
- Government of Norway (1.2 %)

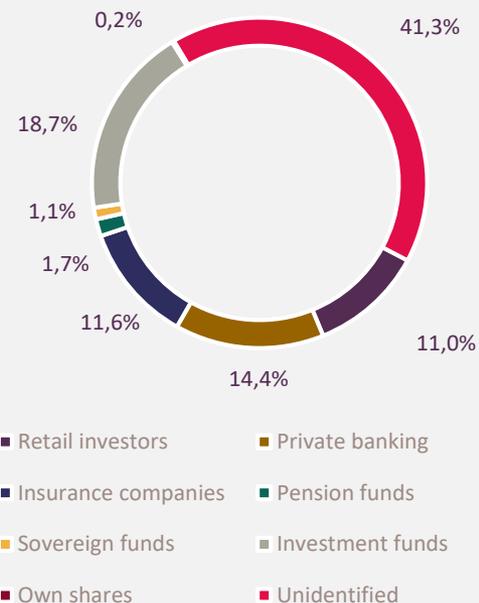
## BOARD OF DIRECTORS

13 directors:

- 4 executive directors
- 1 directors representing shareholders
- 8 independent directors

Chairman: independent director

Shareholders (estimate at 30.06.2016)



A modern office lounge area with several green armchairs arranged around a white coffee table. In the background, a whiteboard displays the Cofinimmo logo. The room has large windows on the right side, offering a view of trees and a building. A large red circle is overlaid on the left side of the image, containing the text 'Q & A'.

Q & A

Woluwe 58 office building - Brussels (BE): Cofinimmo headquarters

# \* 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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