H1 2015 RESULTS ANALYSTS CALL

Cofinimmo
together in real estate

Aspria Uhlenhorst– Hamburg (DE)

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- Company Strategy
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H1 2015 HIGHLIGHTS

Pursuing growth in healthcare in line with strategy:

- €82 million of new investments in Healthcare segment in H1 2015
- Healthcare segment represents now 43.4% of the total portfolio vs. 39.5% for offices

Office segment is resilient :

- Total lettings/renegotiations of 24,000m² of offices representing €16.3 million of guaranteed revenues
- Reconversions of offices in residential are completed and 100% of the units sold

Timely access to capital markets:

- Private Placement of bonds for €190 million
- Successful capital increase with preferential rights for €285.4 million

Optimizing financial structure:

- Debt ratio down to 43%
- Cost of debt reduced to 2.8% and average debt maturity increased to 4.5yr
- S&P rating upgrade from BBB- to BBB (stable outlook)

Solid financial results:

- Net current result (excl. IAS 39) of €3.35 (vs. €3.39 at 30.06.2014)
- Current cash flow per share: €3.06 (+12% compared to 2014)

COMPANY STRATEGY

Nursing Home Orchidée – Ittre (BE)

STRATEGIC FOCUS

Driven by demography

Healthcare real estate in Europe

- 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 economics

Offices in Brussels

- Comprehensive & pro-active local operating platform
- Renovation programs to upgrade the quality
- Reconversion to alternative usages
- Arbitrage within a portfolio kept above critical size

Managed by a 115 people strong team with a deep knowledge of markets and a constant commitment to efficiency

RISK PROFILE

11 YEARS
Average lease duration

43%
Healthcare real estate

43%
Debt ratio

95.5%
Occupancy rate

24%
Office space let to public sector

Moderate Risk Profile & Sustainability of earnings

Livingstone I building - Brussels (BE)

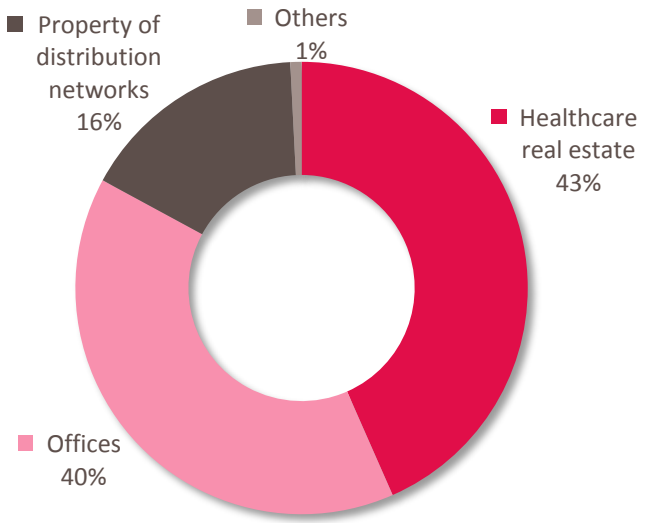
PORTFOLIO

Nursing home Damiaan – Tremelo (BE)

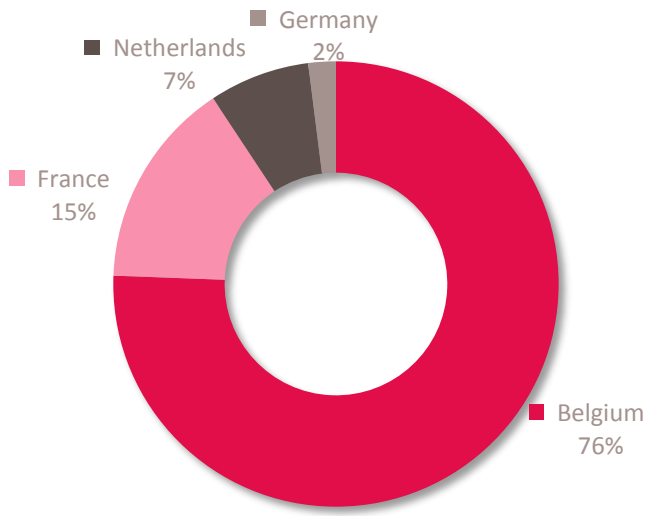
PORTFOLIO AT 30.06.2015

Fair value of total portfolio: €3,274 million

Portfolio breakdown by segment:

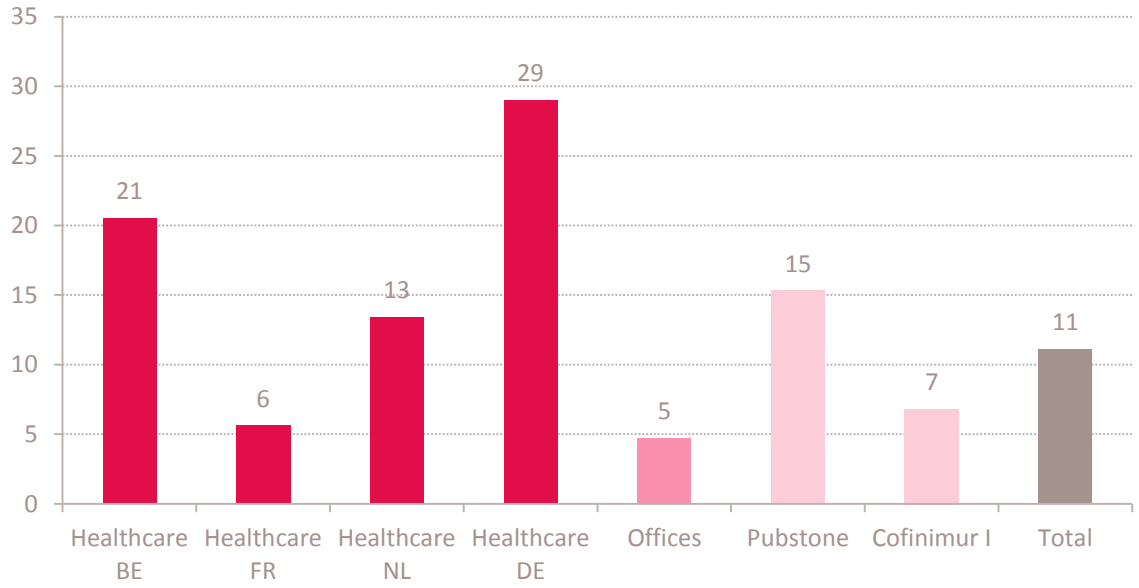


Portfolio breakdown by location:



AVERAGE RESIDUAL LEASE LENGTH

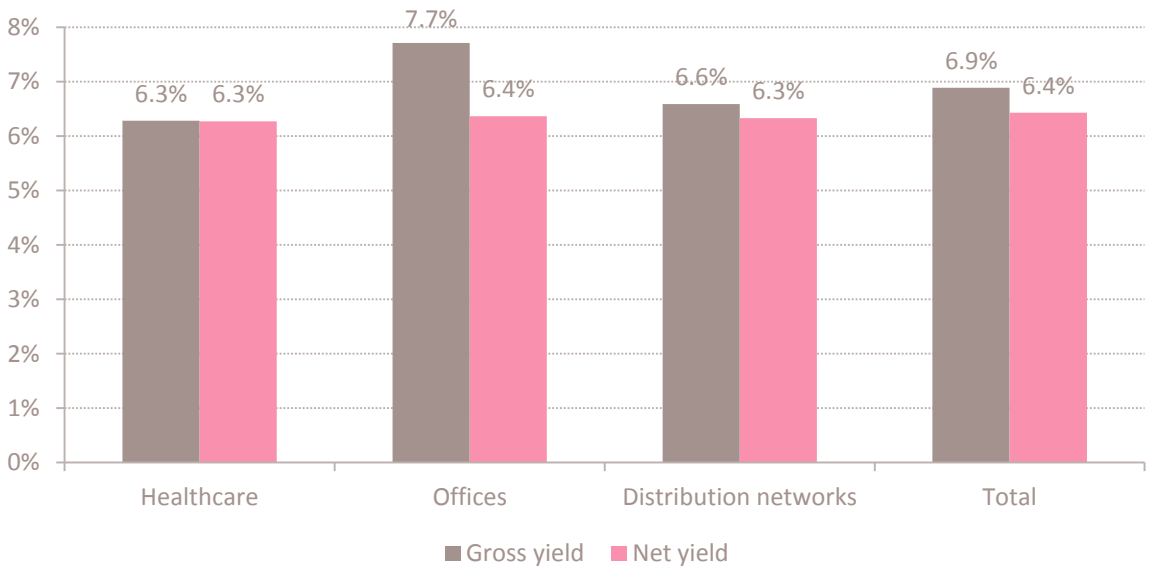
Average residual lease length of 11 years, well above European peers



PORTFOLIO YIELDS AT 30.06.2015

Stable yields across segments in H1 2015

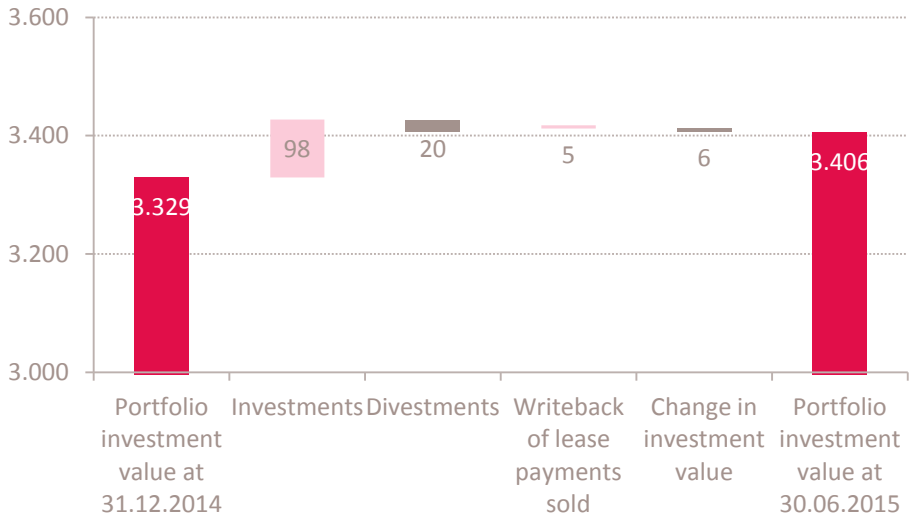
Gross yield: 6.9%/Net yield: 6.4%



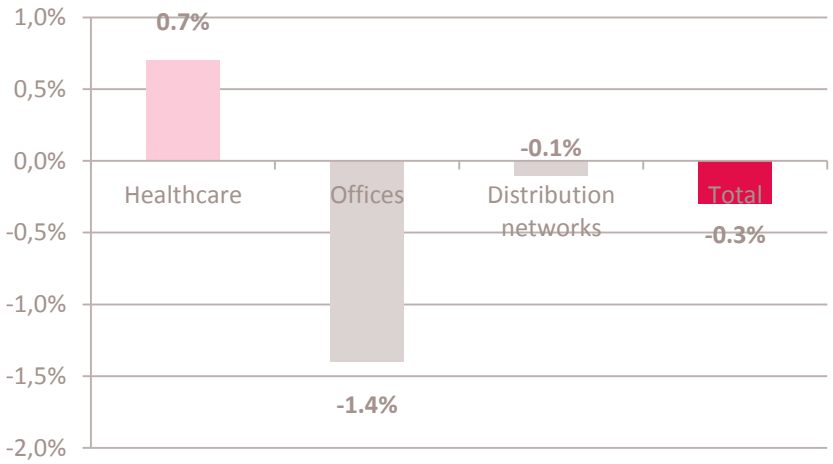
PORTFOLIO GROWTH & VALUATION

Portfolio investment value:+2.3%
Portfolio valuation on a LFL basis:-0.3%

Evolution of portfolio investment value (in M€):

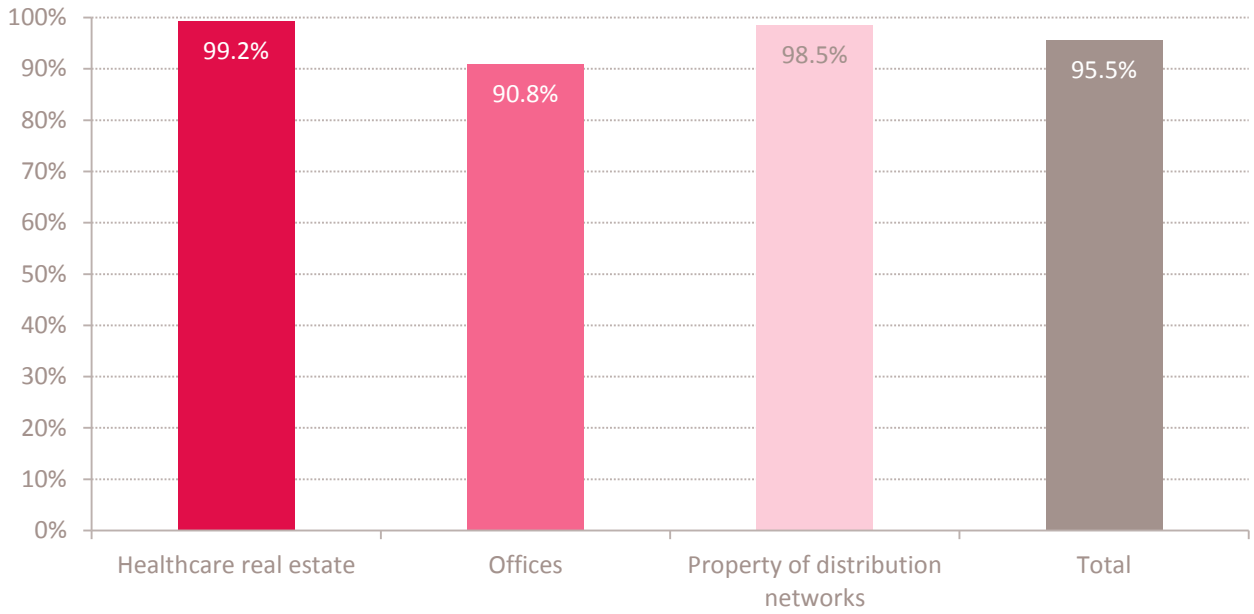


Unrealized gain/loss on a LFL basis



OCCUPANCY RATE

Stable occupancy rate: 95.5% (vs. 95.2% at 31.12.2014)
Occupancy rate for Brussels office market at 30.06.2015*: 89.9%



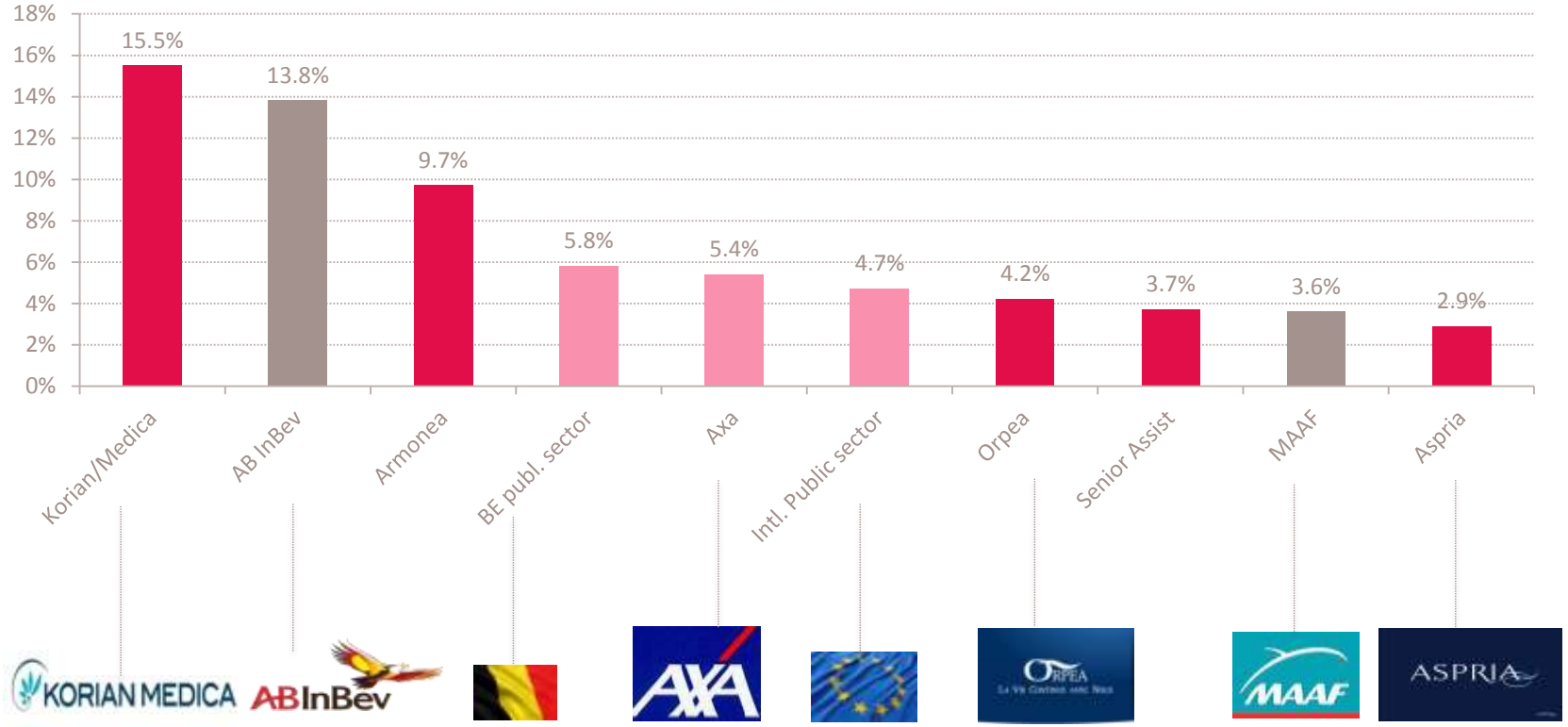
* Source: DTZ

MAIN TENANTS

Top 10 tenants: 69% of rental income

1st tenant: KORIAN-MEDICA Group

Public sector > 10% of rental income



HEALTHCARE SEGMENT

CONTINUOUS GROWTH IN LINE WITH STRATEGY

Revalidation clinic – Baden Baden (DE)

THE NETHERLANDS

Acquisition of two medical office centers

- Assets located in Almere (2,380m²) and Voorschoten (1,320m²)
- Investment: €5.7 million
- Operator: DC Groep
- 15 year "triple net" lease
- Initial yield: 7.45%

Acquisition of a facility for disabled people(Lopik)

- New construction (2,883m²)
- Investment: €3.3 million
- Operator: Philadelphia Zorg
- 15 year "double net" lease
- Initial yield: 6.85%

Medical office center - Almere (NL)

GERMANY

- **Acquisition of two high-end sport and wellness centres**
  - Assets located in Hamburg (7,800m²) and Hanover (10,000m²)
  - Investment: €53.6 million
  - Operator: Aspria Group
  - 30 year "double net" lease
  - Initial yield: 7.6%

Aspria Maschsee- Hanover (DE)

- **Sport and wellness facilities located in prestigious locations**

- **Extension of healthcare operations in Germany with high quality partner**

Aspria Uhlenhorst- Hamburg (DE)

PROJECTS DELIVERIES IN BELGIUM

Den Brem:

- Nursing home located in Rijkevoorsel
- Extension: +36 beds
- Operator: Armonea
- 27year “triple net” lease
- Delivered in Q1 2015
- Investment: €3 million
- Initial yield: 6.30%

Maison Saint Ignace:

- Nursing home located in Brussels
- Renovation
- Operator: Senior Assist
- 27year “triple net” lease
- Delivered in Q2 2015
- Investment: €0.8 million
- Initial yield: 6.28%

Den Brem- Rijkevoorsel (BE)

OFFICE SEGMENT

RESILIENT OFFICE ACTIVITY IN H1 2015

Office building Garden Square– Anvers (BE)

OFFICE PORTFOLIO ACTIVITY

Good resilience of the office portfolio
90.8% occupancy rate (vs. 90.4% at 31.12.2014)
Arbitrage opportunities

Letting activity

- During the first 6 months of 2015, Cofinimmo signed leases for 24,000m² of office space, i.e. €16.4 million of guaranteed revenues, net of rent-free periods.
- Occupancy rate at 90.8% (above Brussels office market)

Divestment

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

OFFICE RECONVERSIONS PROJECTS

Reconversion of obsolescent offices into other uses, offering better capital recovery than renovations as offices

Reconversion in residential (24,000 sqm)

- Reconversion works for Woluwe 34 and Livingstone I buildings have been delivered in H1 2015
- 100% of the residential units sold
- Proceeds received in H1 2015: €14 million

Reconversion in healthcare property (7,000 sqm)

- Reconversion of Woluwe 106-108 office building into a nursing home
- Investment: €13 million
- Signature of a 27 years long lease with the healthcare operator Vivalto
- Planning permission under progress
- Yield on cost (book value + works): 5.88%
- Expected delivery date: Q3 2017

Woluwe 34 – Brussels (BE)

FINANCIAL RESOURCES

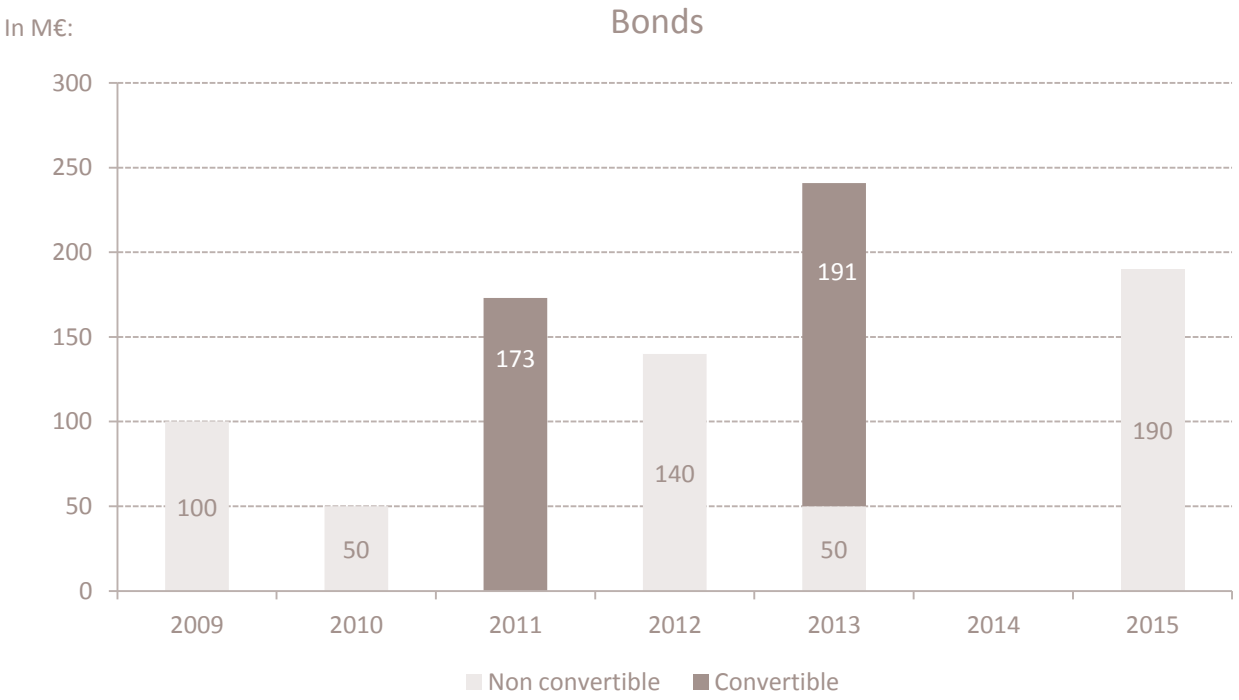
CONTINUOUS BALANCE SHEET OPTIMISATION

Woluwe 34 – Brussels (BE)

TIMELY ACCESS TO CAPITAL MARKETS (1)

Private Placement for €190 million:

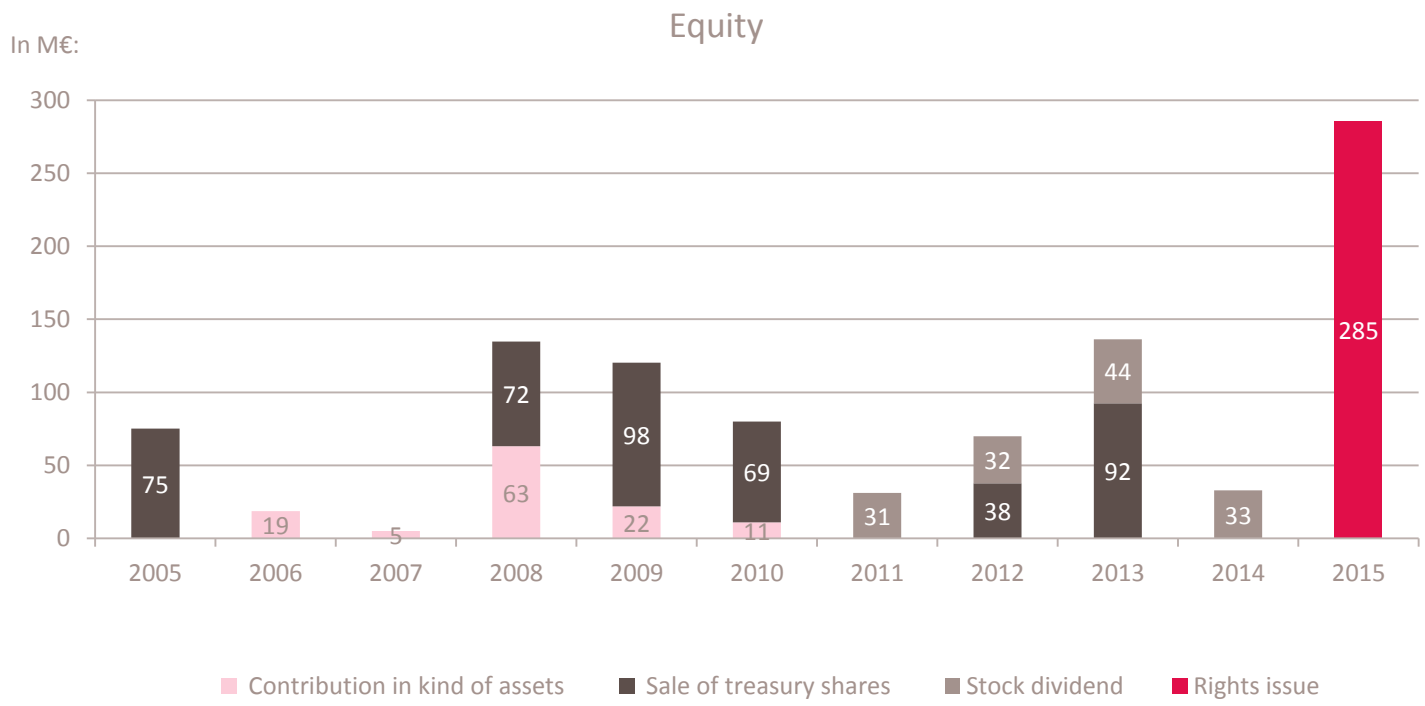
- 7yr bond
- Fixed coupon of 1.93%



TIMELY ACCESS TO CAPITAL MARKETS (2)

Successful capital increase with preferential rights for €285.4 million:

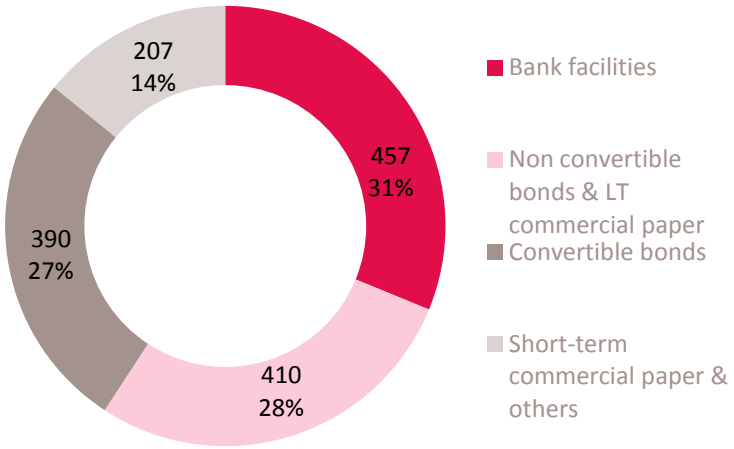
- Issue price : €95 per share
- Dividend entitlement from 13.05.2015
- 1 new share for 6 existing shares
- 84.3% taken by existing shareholders
- Market capitalisation after the rights issue: > €2 billion



FINANCIAL DEBT

- **Diversified sources of funding with debt capital market (69%) and credit facilities (31%)**
- **Proactive management of credit lines:**
  - Extension of several credit lines for a total amount of €297 million
  - €959.9 million available under committed credit lines
- **Rating upgrade by S&P from BBB- to BBB for the long term and from A3 to A2 for the short term (stable outlook)**

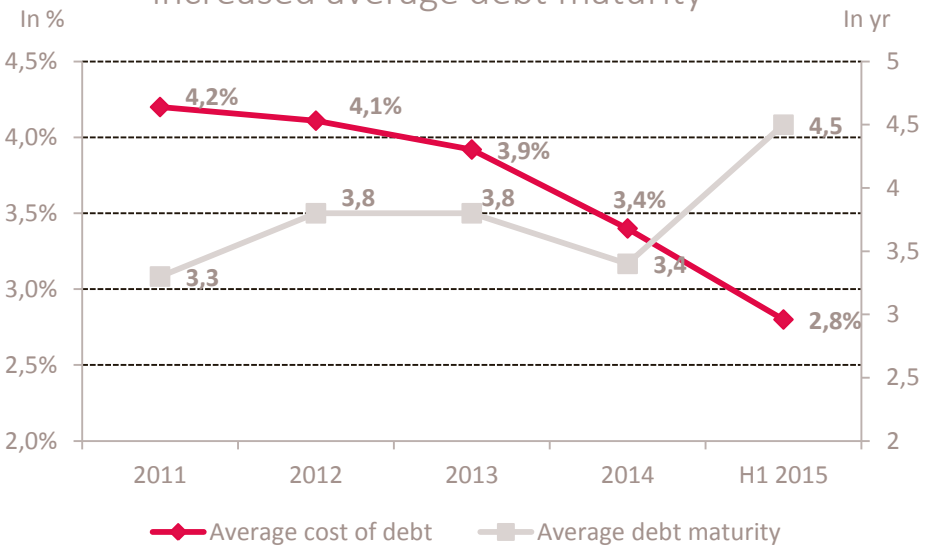
Debt breakdown (€1,464 million):



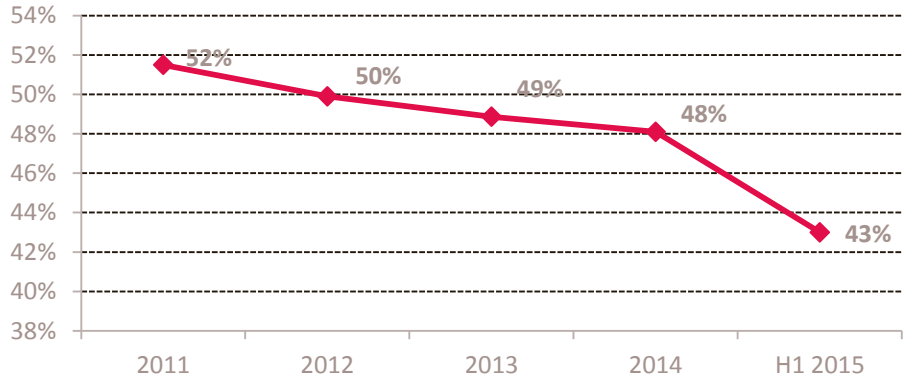
SOLID FINANCIAL RATIOS

	30.06.2015	31.12.2014
Debt ratio	43%	48%
Average debt (in MEUR)	1,463.8	1,593.4
Average cost of debt	2.8%	3.4%
Average debt maturity (in years)	4.5	3.4
ICR (excl. hedging restructuration)	3.81	3.26

Decreasing average cost of debt & increased average debt maturity



Debt ratio < 50%



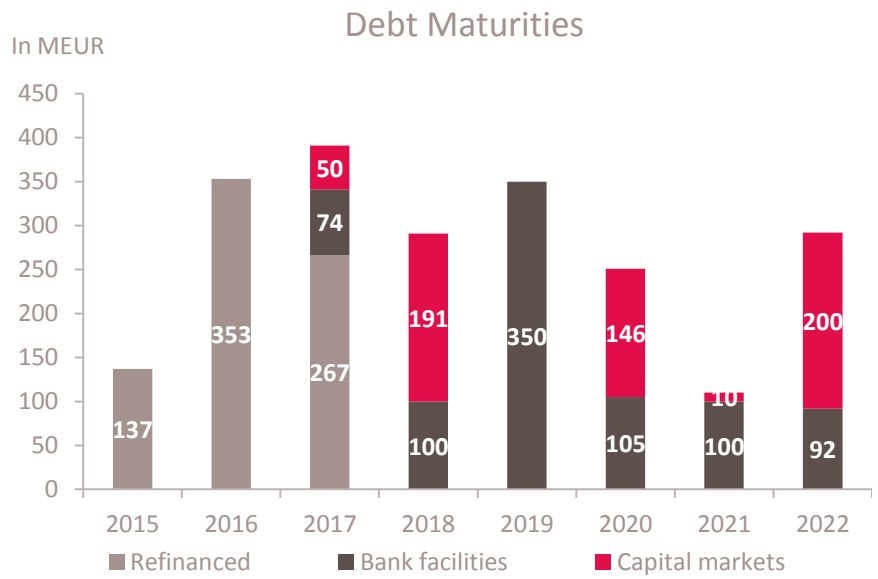
DEBT MATURITY & HEDGING STRUCTURE

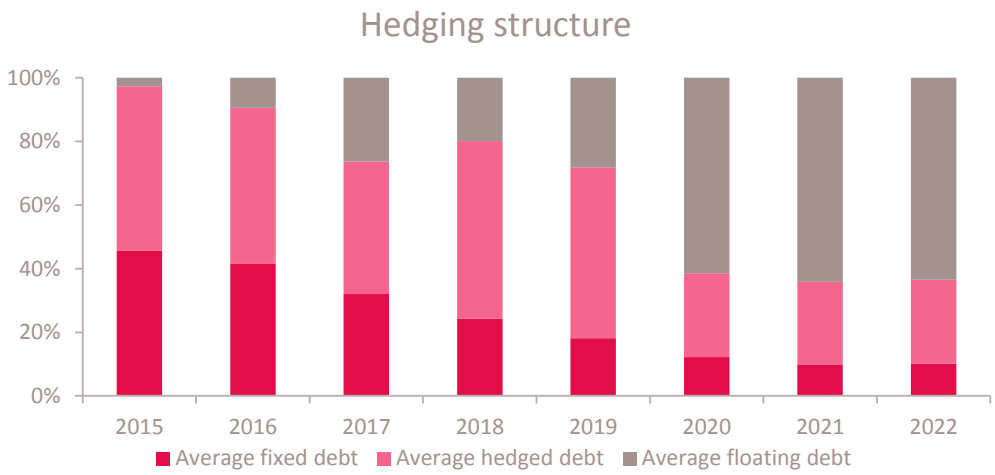
Active management of debt maturities:

- 2015 and 2016 debt maturities are 100% refinanced and 68% of 2017 have already been refinanced
- Average debt maturity increased to 4.5yr (vs. 3.4yr at 31.12.2014)

Optimization of hedging structure:

- Cancellation of floors options for €200 million (strike: 3%)
- Over 70% of debt is hedged or fixed until 2019





H1 2015 EARNINGS

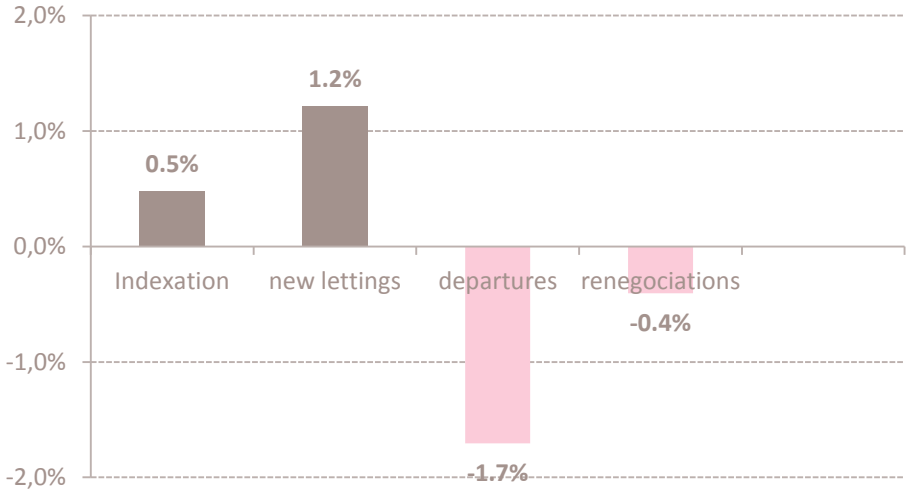
Livingstone I – Brussels (BE)

RENTAL GROWTH

Gross Rental Revenues growth: +3%
Like-for-like Rental growth*: -0.4%

	GRR in MEUR H1 2014	GRR in MEUR H1 2015	Growth	LFL Growth
Offices	38.7	38.7	0.0%	-0.8%
Healthcare	39.7	42.9	8.1%	0.3%
Pubstone	15.1	15.0	-0.9%	-0.5%
Cofinimur I	4.0	3.9	-3.2%	-3.6%
Others	1.0	1.0	0.8%	0.8%
TOTAL	98.6	101.5	3.0%	-0.4%

Like-for-like rental growth breakdown:



*The negative like-for-like rental growth for Pubstone (pubs/restaurants) and Cofinimur I (insurance branches) is mainly due to the fact that some assets have been vacated and are currently in the process of being sold.

GRR= Gross Rental Revenues

RESULTS ON 30.06.2015[1]

Net current result (excl. IAS 39 impact) – Group share: €3.35 per share
Net current cash flow: €3.06 per share: +11.7% compared to 2014

NAV in fair value: €85.39 per share (vs. €80.24 on 31.12.2014)[2]

	(in MEUR)		Per share (in EUR)	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Operating result	86.3	90.3	4.59	5.02
Net current result (excl. IAS 39) - Group share	63.0	61.0	3.35	3.39
IAS 39 impact*	1.2	-100.8	0.07	-5.60
Net current result - Group share	64.1	-39.7	3.42	-2.21
Result on portfolio	-7.1	-21.7	-0.38	-1.21
Net result - Group share	57.1	-61.5	3.04	-3.42

* The IAS 39 impact includes the costs related to the restructuration of the hedging instruments and the revaluation of the financial instruments.

[1] Average number of shares as of 30.06.2015: 18,783,949 (vs. 17,978,603 at 30.06.2014)
[2] after distribution of the dividend for the year 2014

EPRA FINANCIAL KPI'S ON 30.06.2015[1]

EPRA NAV: €93.1 (vs. €96.1 at 31.12.2014)

	30.06.2015	31.12.2014
EPRA Earnings	3.35	6.70
EPRA Net Asset Value (NAV)	93.08	96.08
EPRA Adjusted Net Asset Value (NNNAV)	91.06	92.01
EPRA Net Initial Yield (NIY)	5.99%	6.06%
EPRA Vacancy Rate	4.59%	4.93%
EPRA Cost ratio (cost of vacancy excluded)	15.57%	15.93%

	(in MEUR)	Per share
NAV per the financial statements	1,791.3	85.4
Effect of exercise of options, convertibles and other equity interests	467.7	5.7
EPRA NNNAV	2,259.1	91.1
Fair value of financial instruments	86.6	3.5
Deferred tax	-36.5	-1.5
EPRA NAV	2,309.2	93.1

[1] Average number of shares as of 30.06.2015: 18,783,949 (vs. 17,978,603 at 30.06.2014)

OUTLOOK & GUIDANCE

INVESTMENT PIPELINE IN LINE WITH STRATEGY

Belliard 40 – Brussels (BE)

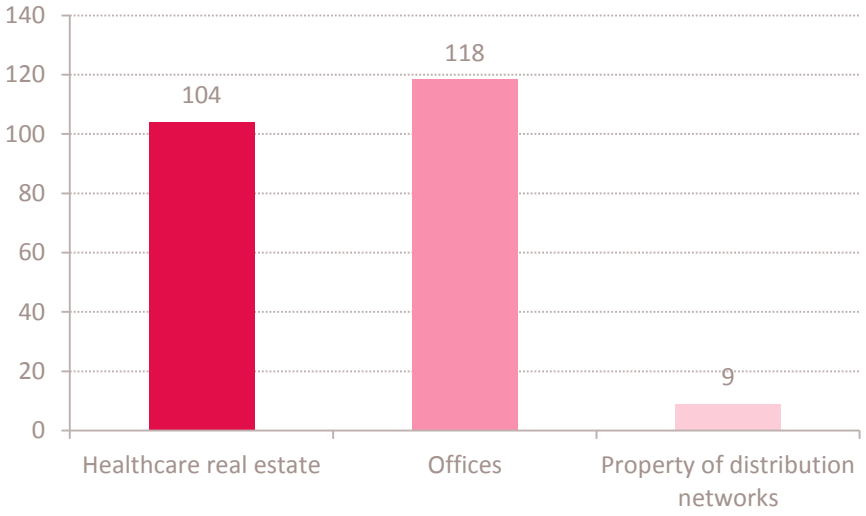
UPDATE ON INVESTMENT PIPELINE

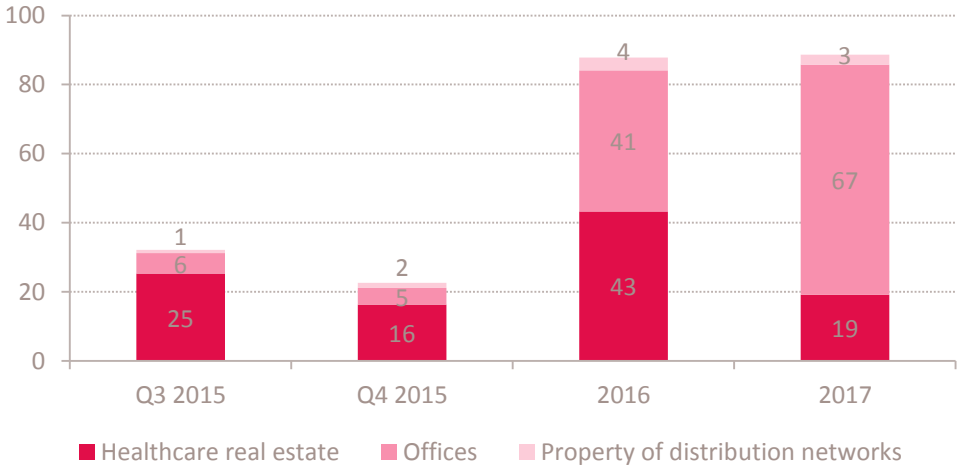
- **€ 118 million office refurbishments for 2H2015 – 2017, mainly:**
  - Guimard 10-12: €4 million
  - Belliard 40: €44 million
  - Arts 19H: €21 million

  In CBD

  - Sovereign 23-25: €11 million
  - Ten Reuken: €24 million (for sale)
- **€104 million new construction, extensions & renovations of healthcare properties, mainly:**
  - Belgium: €47 million (including reconversion of Woluwe 106-108)
  - France: €6 million
  - Netherlands: €42 million
- **> 50% of pipeline prelet**

€231 million Investment Pipeline for 2H2015-2017





OUTLOOK

Solid financial & operational results
Balance sheet strengthened
Investment capacity : > €500 million over 2015-2017

- **Forecast:**
  - 2015 EPS forecast (excluding IAS39): €6.26
  - 2015 Dividend forecast: €5.5 (gross)
- **Guidance:**
  - Pursuing growth in Healthcare real estate with combined presence in Belgium, France, the Netherlands and Germany
  - 65% of 2015 operating result from alternative assets, 35% from offices
  - 2015 cost of debt < 3%
  - Target debt ratio < 50%

	Actual 2014	2015 Forecast published in February 2015	2015 Forecast after rights issue[1]
EPS	€6.70	€6.85	€6.26
DPS	€5.50	€5.50	€5.50
Pay-out ratio	82.1%	80.3%	87.9%
Debt ratio	48.1%	48.6%	41.7%

[1] Forecast after rights issue calculated on the basis of 3,004,318 new shares entitled to share in the result of the period as from 12.05.2015 (vs.€5.93 as from 01.01.2015).

APPENDIX: INCOME STATEMENT

A. NET CURRENT RESULT (in KEUR)	30.06.2015	30.06.2014
Rental income, net of rental-related expenses	99,592	97,355
Writeback of lease payments sold and discounted (non-cash)	5,107	11,333
Taxes and charges on rented properties not recovered	-3,071	-1,839
Redecoration costs, net of tenant compensation for damages	-430	-482
Property result	**101,198**	**106,367**
Technical costs	-1,518	-2,644
Commercial costs	-399	-462
Taxes and charges on unlet properties	-2,300	-2,126
Property result after direct property costs	**96,981**	**101,135**
Property management costs	-6,921	-7,230
Property operating result	**90,060**	**93,905**
Corporate management costs	-3,787	-3,589
Operating result before result on the portfolio	**86,273**	**90,316**
Financial income (IAS 39 excluded)	2,909	2,844
Financial charges (IAS 39 excluded)	-21,431	-30,533
Revaluation of derivative financial instruments (IAS 39)	1,418	-100,892
Share in the result of associated companies and joint ventures	230	699
Taxes	-2,628	-162
Net current result	**66,771**	**-37 728**
Minority interests	-2,622	-2 012
Net current result – Group share	**64,149**	**-39 740**

B. RESULT ON THE PORTFOLIO (in KEUR)	30.06.2015	30.06.2014
Gains or losses on disposals of investment properties and other non-financial assets	1,956	-22,236
Changes in the fair value of investment properties	-8,740	-572
Share in the result of associated companies and joint ventures		128
Other result on the portfolio	-210	1,137
Result on the portfolio	**-6,994**	**-21,543**
Minority interests	-89	-192
Result on the portfolio – Group share	**-7,083**	**-21,735**

C. NET RESULT (in KEUR)	30.06.2015	30.06.2014
Net result	**59,777**	**-59,271**
Minority interests	-2,711	-2,204
Net result – Group share	**57,066**	**-61,475**

APPENDIX: BALANCE SHEET

ASSETS (in KEUR)	30.06.2015	31.12.2014
Non-current assets	**3,476,610**	**3,410,050**
Goodwill	118,356	118,356
Intangible assets	605	659
Investment properties	3,270,791	3,195,773
Other tangible assets	394	411
Non-current financial assets	2,785	10,933
Finance lease receivables	77,516	78,018
Trade receivables and other non-current assets	38	38
Participations in associated companies and joint ventures	6,125	5,862
Current assets	**93,426**	**88,962**
Assets held for sale	3,305	3,410
Current financial assets	284	498
Finance lease receivables	1,912	1,618
Trade receivables	23,271	24,781
Tax receivables and other current assets	14,697	17,505
Cash and cash equivalents	24,843	17,117
Accrued charges and deferred income	25,114	24,033
TOTAL ASSETS	**3,570,036**	**3,499,012**

SHAREHOLDERS' EQUITY AND LIABILITIES (in KEUR)	30.06.2015	31.12.2014
Shareholders' equity	**1,858,598**	**1,608,965**
Shareholders' equity attributable to shareholders of the parent company	***1,791,343***	***1,541,971***
Capital	1,124,258	963,067
Share premium account	504,210	384,013
Reserves	105,809	247,562
Net result of the financial year	57,066	-52,671
Minority interests	***67,225***	***66,994***
Liabilities	**1,711,438**	**1,890,047**
Non-current liabilities	***1,153,113***	***1,303,250***
Provisions	17,162	17,658
Non-current financial debts	1,037,577	1,148,023
Other non-current financial liabilities	62,893	102,041
Deferred taxes	35,481	35,528
Current liabilities	***558,325***	***586,797***
Current financial debts	426,245	473,499
Other current financial liabilities	24,542	24,698
Trade debts and other current debts	88,092	59,850
Accrued charges and deferred income	19,446	28,750
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,570,036**	**3,499,012**

DISCLAIMER

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