



Cofinimmo: Investing in diversified listed real estate

by Marc Hellemans, CFO

Tour & Taxis, June 1st, 2013





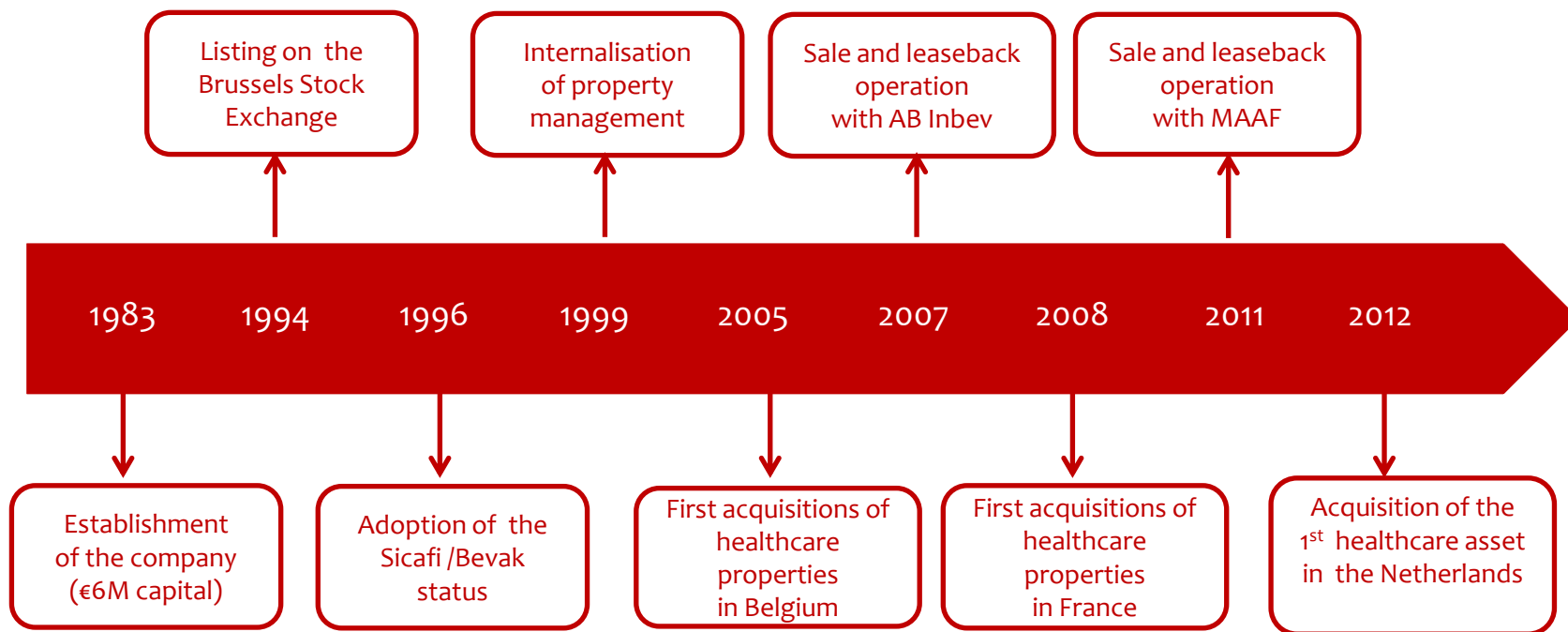
Cofinimmo in a nutshell

- **Leading Belgian listed real estate company**, exposed to:
 - The **office property** market in Brussels,
 - **Healthcare real estate** in Belgium, France and the Netherlands,
 - **Property of distribution networks** in Belgium, France and the Netherlands,
 - **Public-Private Partnerships** in Belgium.
- **Fair value of the total portfolio** at 31.12.2012: €3.3 billion
- **Internal real estate management**: 110 employees
- **SICAFI/BEVAK** status in Belgium, **SIIC** status in France and **FBI** status in the Netherlands
- Included in **BEL20**, **Euronext 150** and **EPRA Europe indexes**
- **Total market capitalisation** at 31.12.2012: €1.47 billion





Track record





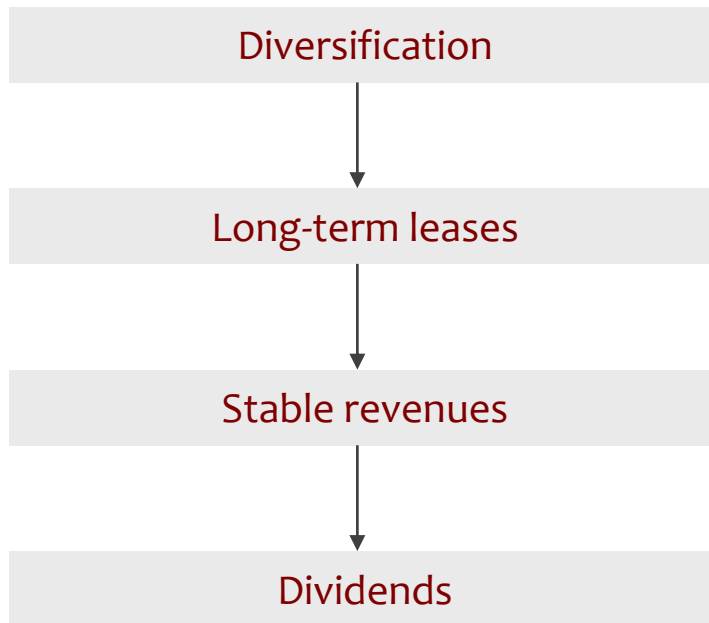
What is a SICAFI/BEVAK?

- **Société d'Investissement à Capital Fixe Immobilière**
Vastgoed Beleggingsvennootschap met Vast Kapitaal
- **Goal:** to promote collective placement in real estate
- Under surveillance of the **FSMA** (Financial Services & Markets Authority)
- **Specific legislation:**
 - Quoted on the stock exchange;
 - Debts limited to 65% of total assets at market value;
 - Portfolio accounted for at market value, without depreciation: quarterly valuation of the portfolio by independent real estate experts;
 - Risk diversification: max. 20% of the portfolio invested in one single site;
 - Exemption from corporate tax if min. 80% of results are distributed;
 - 25% withholding tax on dividends paid.
- **Equivalent regimes abroad:**
 - SIIC (Société Investissement en Immobilier Cotée) in France;
 - FBI (Fiscale Beleggingsinstelling) in the Netherlands.



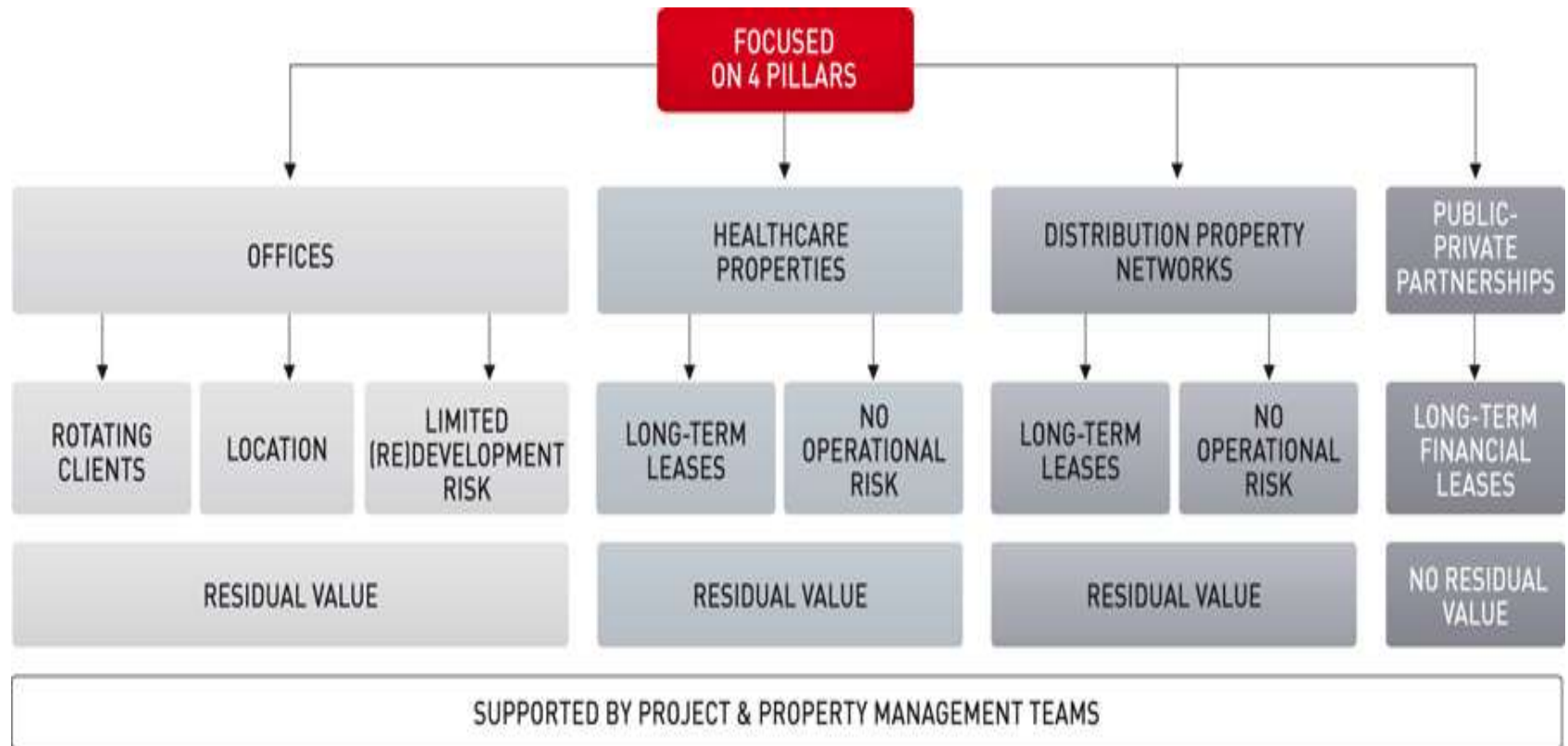
Our mission

To transform rents into dividends





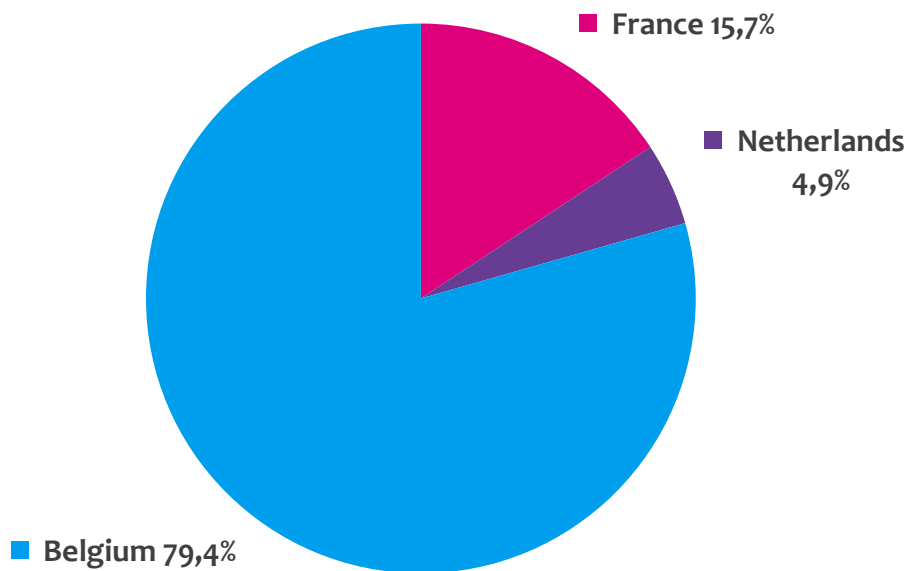
Investment strategy



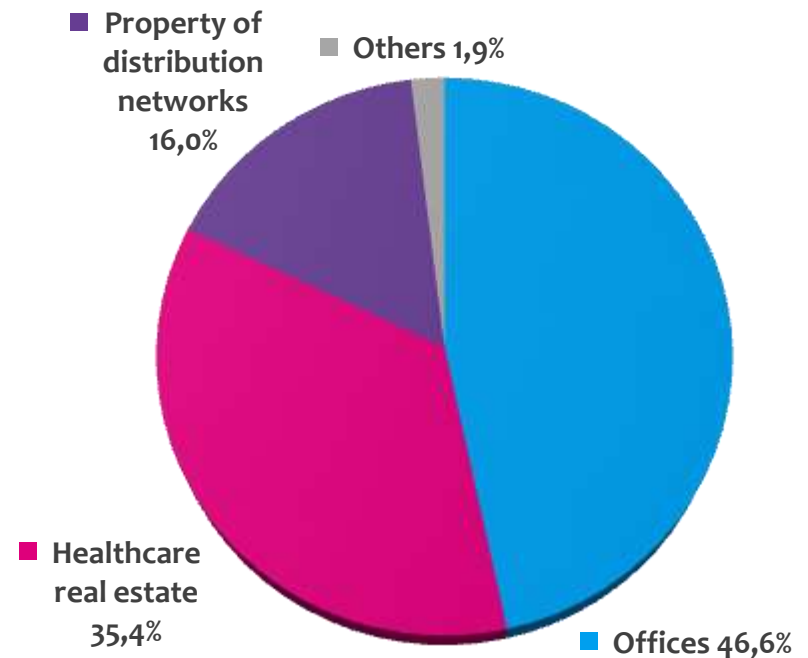


Breakdown of assets by country and by segment

Breakdown of portfolio by country
at 31.12.2012 (in fair value)



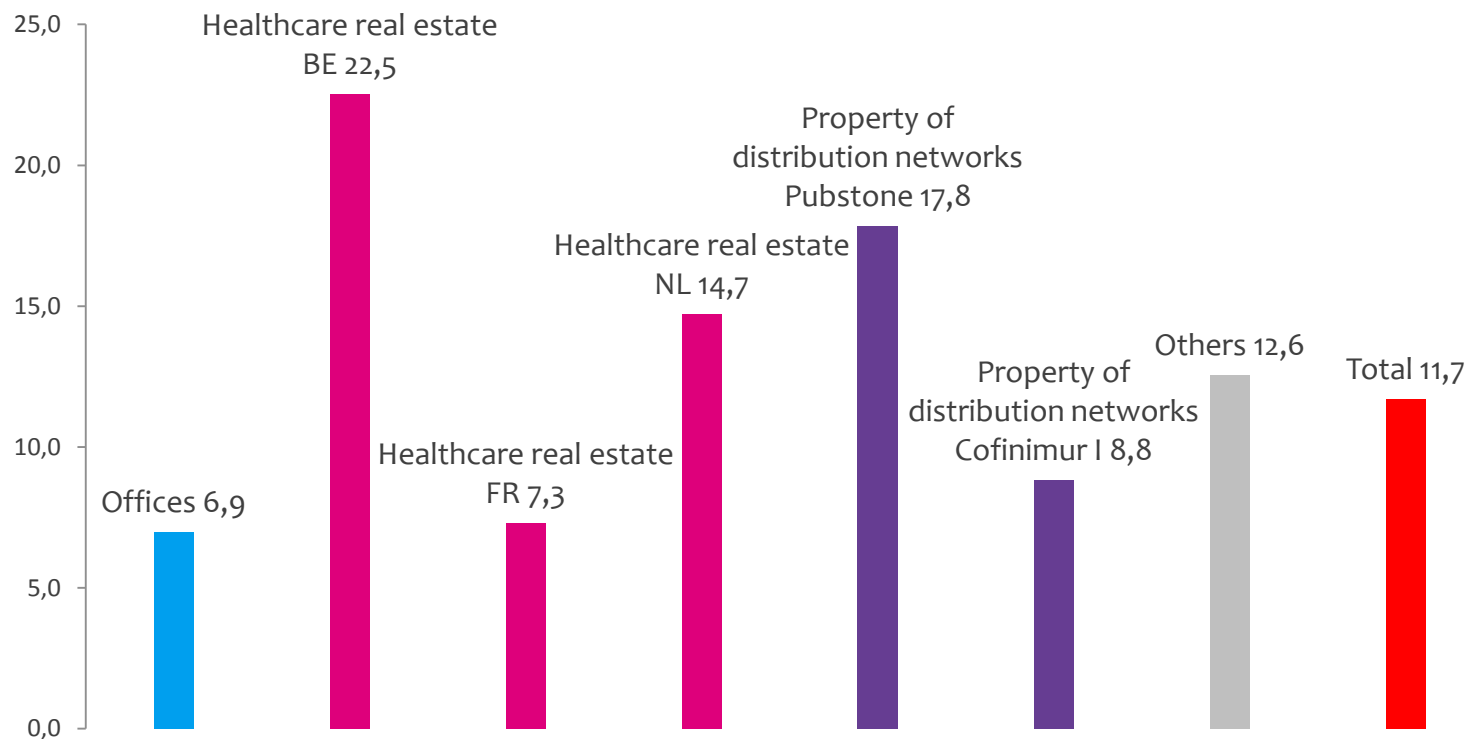
Breakdown of portfolio by segment
at 31.12.2012 (in fair value)





Occupancy rate and residual lease length

- **Occupancy rate of total portfolio** at 31.12.2012: 95.71%
- **Average residual lease length** (until the first break option by the tenant) at 31.12.2012: 11.7 years





Offices



Omega Court - Brussels



Loi 56 - Brussels



Serenitas - Brussels



Meeus 23 - Brussels



Souverain 23-25 - Brussels

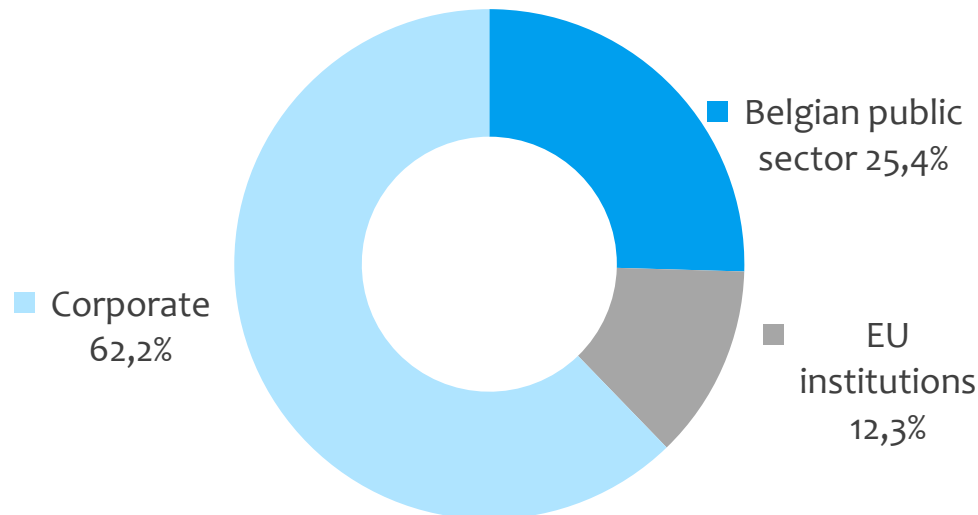


North Galaxy - Brussels



Office Portfolio

- **Fair value of office portfolio at 31.12.2012: € 1,543 billion**
- **89% of offices located in Brussels**
- **Occupation rate of the office portfolio at 31.12.2012: 91.65%**
> vs. 88.90% for the Brussels office market (source: CB Richard Ellis)
- **Main clients/tenants (in contractual rents) at 31.12.2012:**



> 37% of the contractual rents of the office portfolio come from tenants belonging to the Belgian or EU institutions



Offices reconversion projects

Reconversion of 2 office buildings into apartment buildings.



Livingstone 1 (17,000m²)

- Reconversion into 122 apartments;
- Permit delivery: July 2012;
- Start of commercialisation: July 2012;
- Start of works: January 2013;
- End of works: beginning of 2014;
- Sale price of the apartments: +/- €3,500/m².



Woluwe 34 (7,000m²)

- Reconversion into 69 apartments;
- Start of commercialisation: October 2012 - 45% of surfaces already reserved;
- Start of works: at permit delivery;
- End of works: 2014;
- Sale price of the apartments: +/- €3,350/m².



Healthcare real estate



La Goélette – Equeurdreville Haïneville (FR)



Hélio Marin – Hyères (FR)



La Cambre – Brussels (B)



Prinsenpark – Ghent (B)



Healthcare real estate portfolio (1)

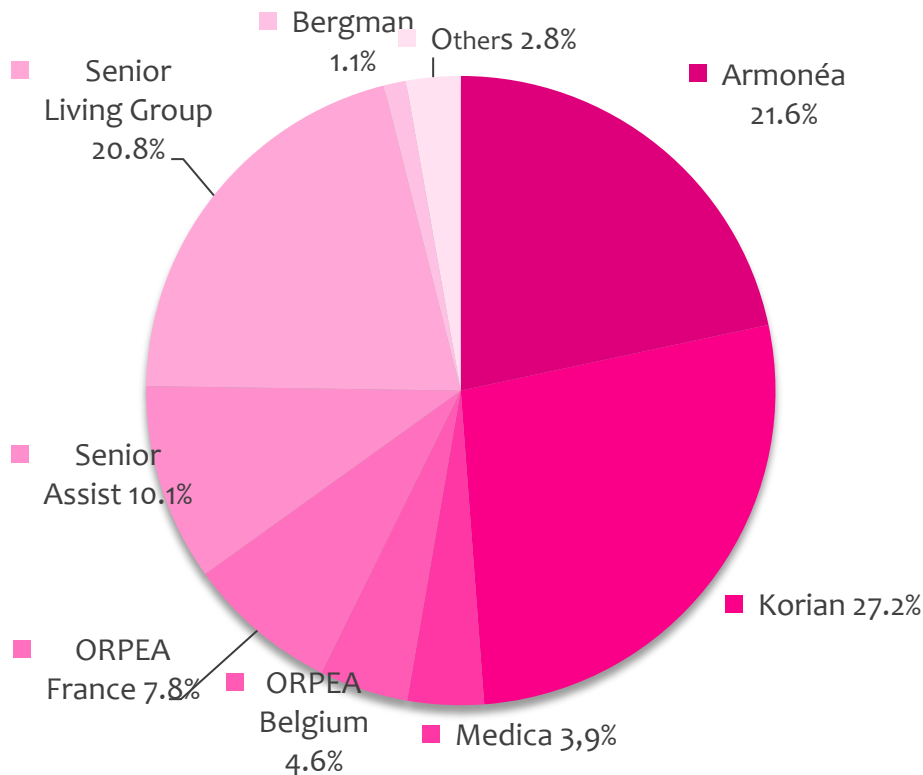
- At 31.12.2012:
 - **Number of healthcare assets in portfolio:** 69 in Belgium, 57 in France and 1 in the Netherlands
 - **Number of beds in portfolio:** 8,363 in Belgium, 4,745 in France and 40 in the Netherlands
 - **Fair value of the healthcare real estate portfolio:** €1,172 million
- **High barriers at entry** for competitors due to the quotas on the number of authorised beds per geographical location





Healthcare real estate portfolio (2)

Breakdown of healthcare real estate assets by operator at 31.12.2012 (in contractual rents)



- Long-term leases:
 - 27 years in Belgium,
 - 12 years in France,
 - 15 years in the Netherlands.
- Fixed rents indexed annually
- Leases signed with group operator
- Solvency of tenants supported by the intervention of Social Security in their revenues: 50% in Belgium and up to 30% in France
- Limited maintenance obligation

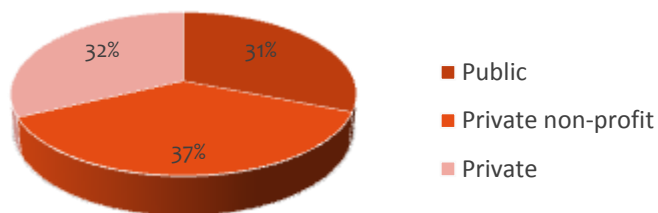


Healthcare Market

Significant demand potential for nursing homes beds due to demographic trends

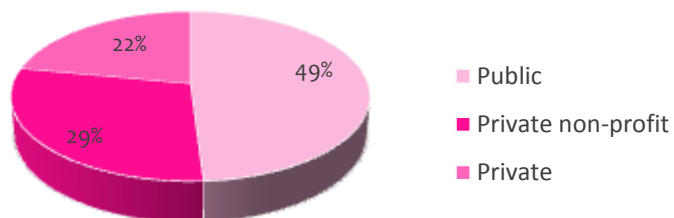
Actual capacity in Belgium: 131 000 beds

Distribution of beds in Belgium

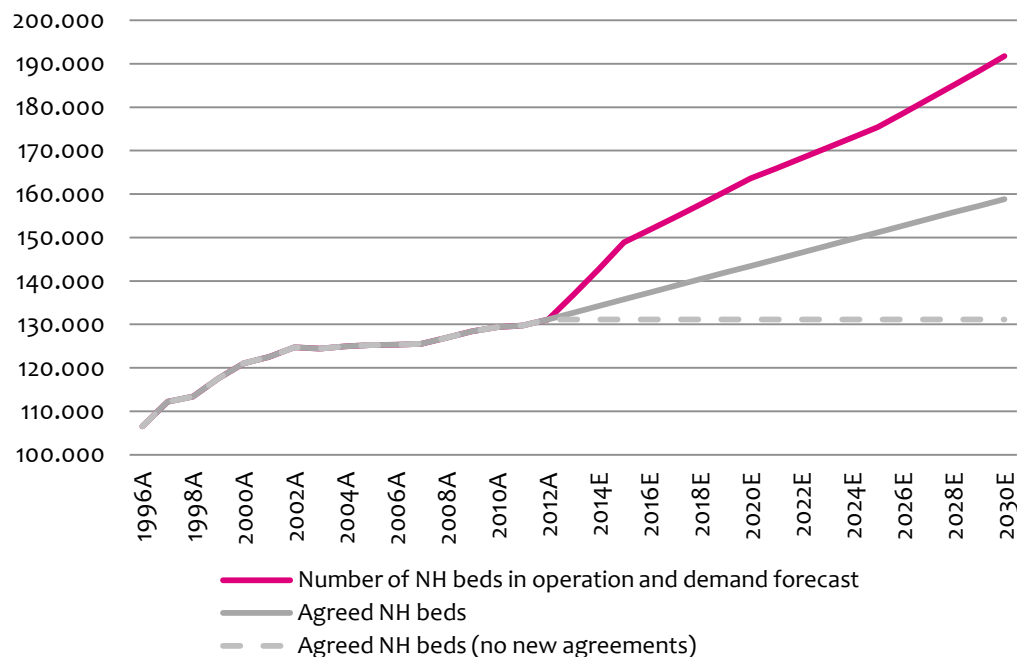


Actual capacity in France: 560 000 beds

Distribution of beds in France



Demand and capacity forecast in Belgium



For Belgium, at the current beds allocation rate the average yearly deficit of 1830 beds cumulates to a total gap of over 36 000 beds by 2030

Sources: DTZ, INAMI/RIZIV, Medica - 2012

Property of distribution networks





Property of distribution networks (1)

- At 31.12.2012:
 - **Surface of the portfolio of distribution network properties:** 425,175m²
 - **Fair value of the portfolio of distribution network properties:** €529 million
- **Characteristics** of the distribution network properties:
 - Sale and leaseback transactions;
 - Strategic distribution networks for the activity of the tenant;
 - Long-term leases;
 - Low rental levels and attractive acquisition prices per m²;
 - High visibility locations;
 - If vacated, large range of alternative uses (residential, retail,...);
 - If vacated, these assets are attractive for local private investors (affordable amounts to be invested);
 - Granularity (small individual units): the risk of having incorrectly estimated the value on divestment is low.



Property of distribution networks (2)



Pubstone:

- At the end of 2007, acquisition of a portfolio of pubs from AB InBev
- 819 pubs in Belgium and 245 pubs in the Netherlands
- 1 tenant: AB InBev – no direct relationship with the pub operators
- Residual lease length: 17.8 years
- Fixed rent, indexed annually

Cofinimur I:

- At the end of 2011, acquisition of a portfolio of insurance agencies from MAAF
- 263 insurance agencies, 15 office buildings and 3 mixed-use buildings, all located in France
- 1 tenant: MAAF
- Residual lease length: 8.8 years
- Fixed rent, indexed annually





Public-Private Partnerships (1)

In a context of demographic growth, increasing need for **purpose-built facilities for public authorities:**

- Police stations, prisons,
- Schools, student housing,
- Public nursing homes,...

One of the options tailored to these needs is the **Public-Private Partnership:**

- Long-term leases with public authorities – no residual value;
- Long-term maintenance obligation;
- Public tenders;
- Financing: banks and insurance companies.

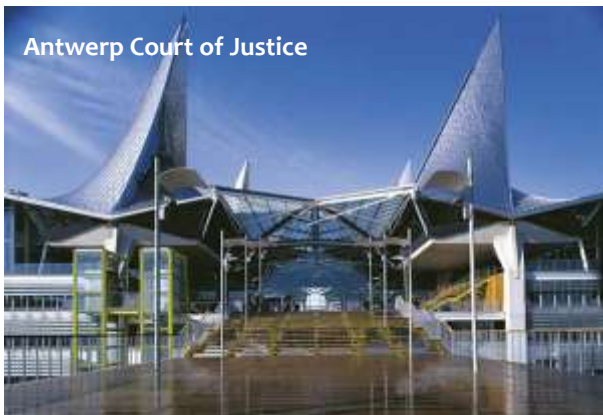




Public-Private Partnerships (2)

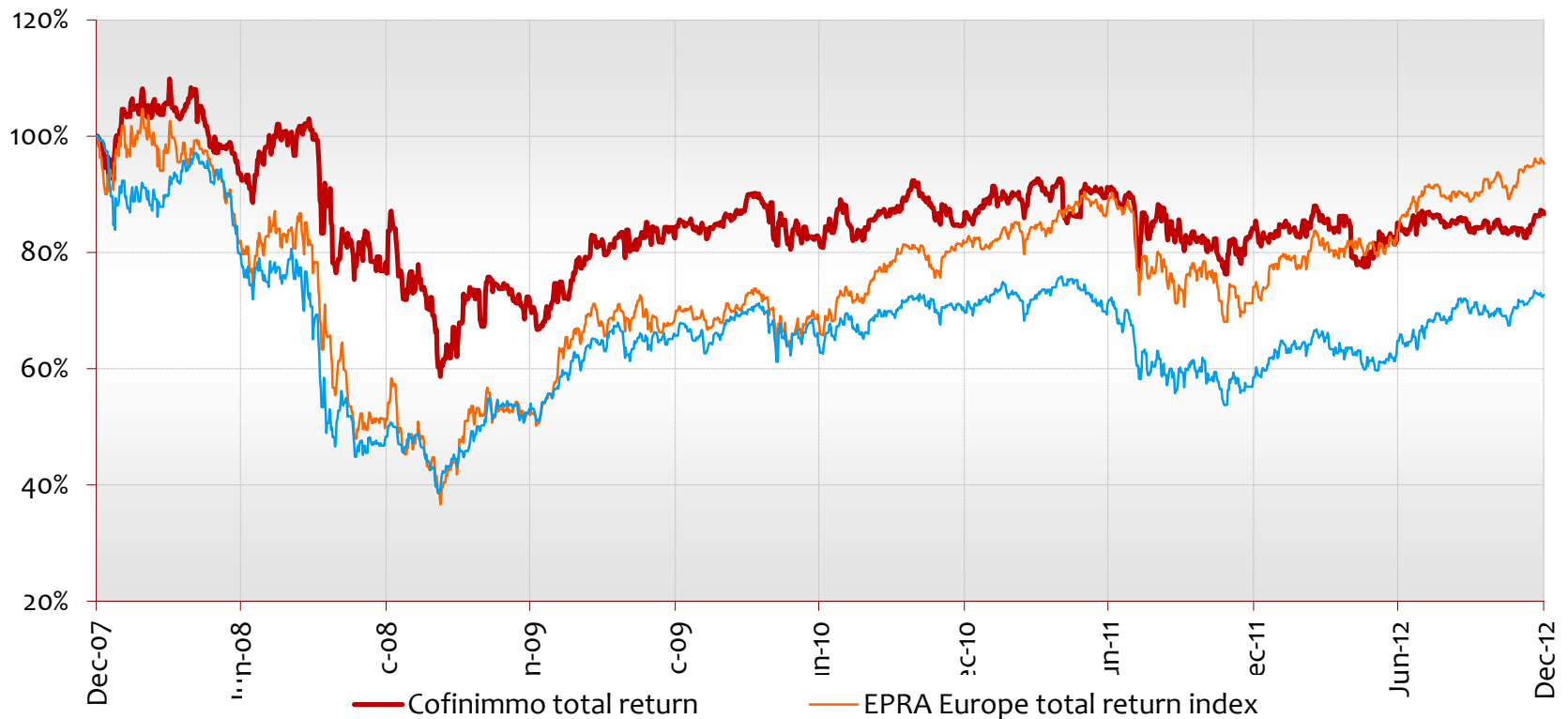
Cofinimmo's public-private partnerships:

- **4 up and running:**
 - Antwerp Court House;
 - Antwerp Fire Station;
 - HEKLA Police Station;
 - Dendermonde Police Station.
- **2 under construction:**
 - Student housing in Brussels;
 - Prison in Leuze-en-Hainaut.





Share performance



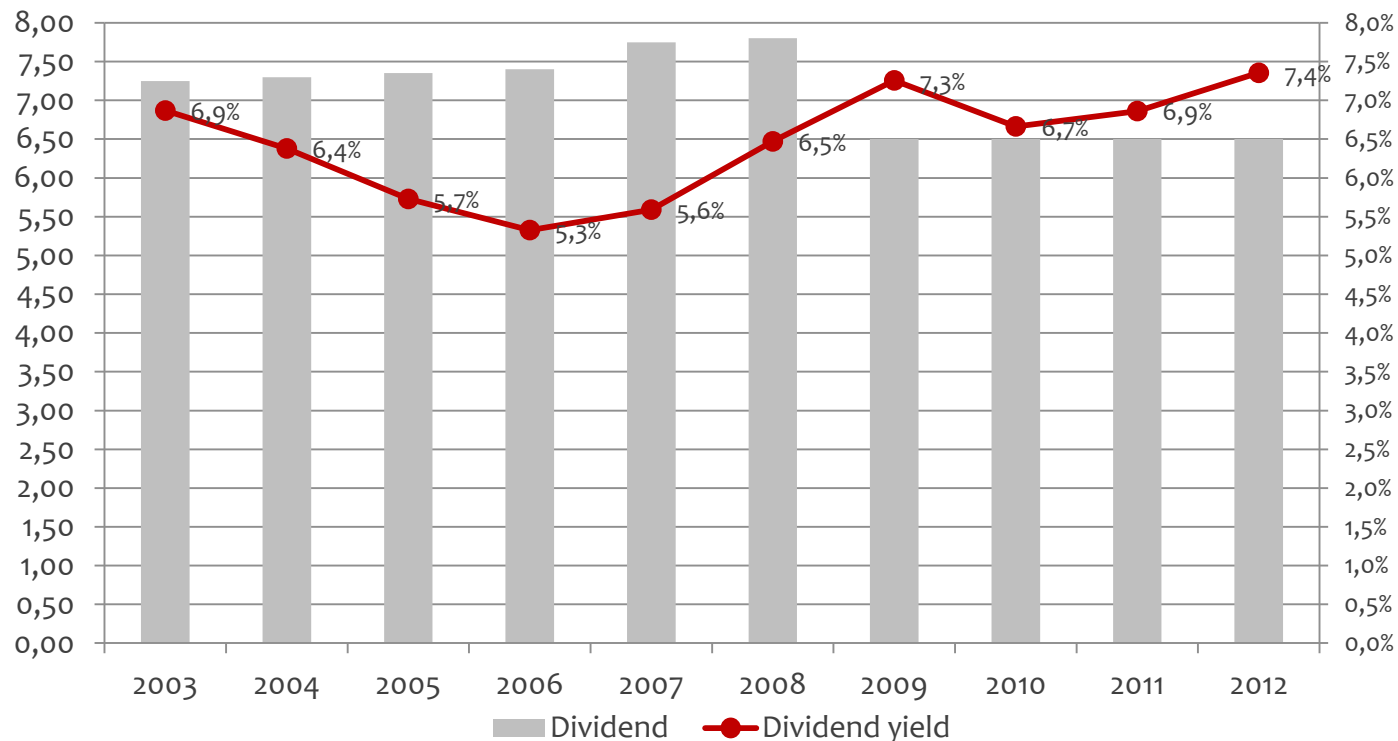
5Y Total Return of -13.4% compared to BEL 20 and EPRA Europe indices with respectively -27.3% and -4.7%



Dividend

- 2012 dividend, payable in June 2013: €6.50 gross (€4.875 net) per ordinary share;
- 2013 dividend, payable in June 2014: €6.00 gross (€4.50 net) per ordinary share.

Dividend and dividend yield 2003 - 2012:





Why invest in listed real estate? (1)

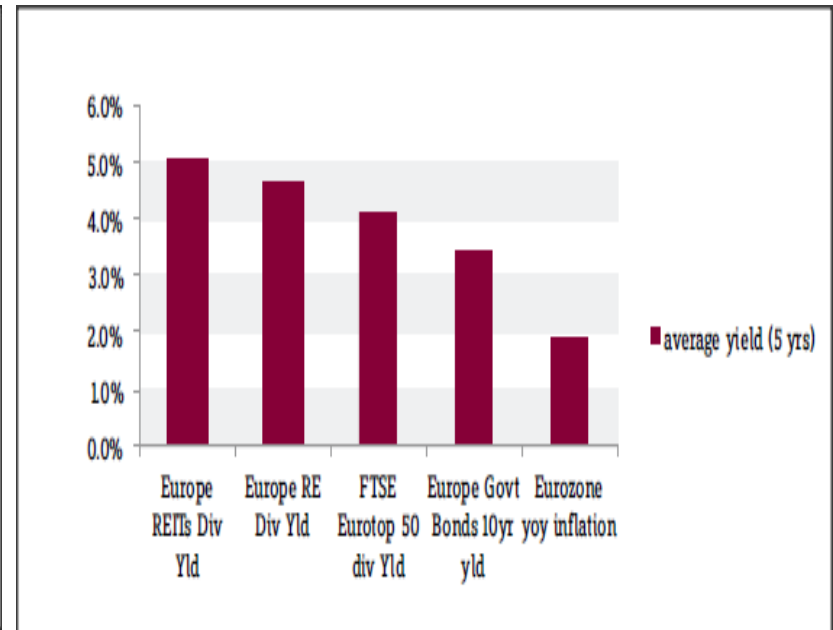
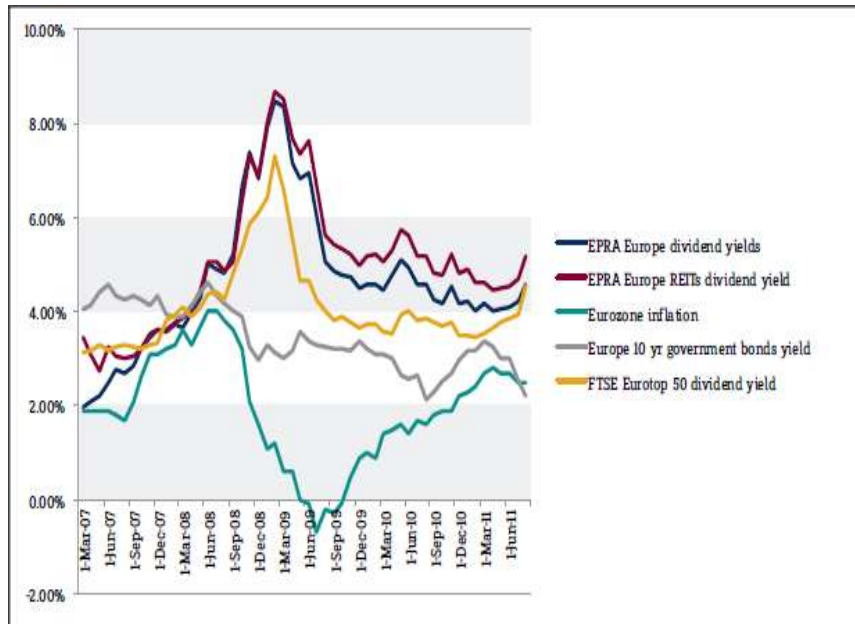
- Possibility to invest in real estate even with limited capital
- Limited transaction costs
- Access to an entire portfolio vs. only 1 or a few assets
- More liquid investment than a direct investment in real estate
- Better spreading of risk
- Professional real estate management





Why invest in listed real estate? (2)

- Between 2007 and 2011, EU REITs generated an average dividend of 5.1%, vs. :
 - General equities: 4.1%;
 - Government bonds: 3.3%;
 - Average annual inflation in the EU zone: 2.0%.
- REITs have a tendency to distribute more important dividends than non-REITs because of their legal obligation to distribute an important part of their result to their shareholders.



Source: EPRA



Why invest in Cofinimmo?

1. High dividend yield
2. Defensive profile
3. Long-term cash flows
4. Indexed leases
5. High occupancy rate
6. Experienced management team
7. Internal property management
8. Portfolio of diversified assets (offices, healthcare real estate, property of distribution networks and Public-Private Partnerships)
9. Diversified geographical presence (Belgium, France and the Netherlands)
10. Advantageous tax regime (Sicafi/Bevak in Belgium, SIIC in France and FBI in the Netherlands)



Q & A





Annex 1 - Brussels Office Market

Market indicators Q4 2012

	2012
Office Stock	13.128.753 m ²
Take-up	427.414 m ²
Vacancy rate	11,10%
Project completions	44.077 m ²
Prime rent	285 euro/m ²
Prime yield (3/6/9 year leases)	6,25%
Interest rate (OLO-10years)	2,04%

Source: CBRE

Type of occupants



Source: CBRE

- **Brussels office market is supported by public institutions**
- **Stable rental level**
- **Vacancy rate at 11%**
- **Limited speculative pipeline**
- **More office reconversions into residential**



Annex 2 - Green Policy

- Cofinimmo pursues a “**BREEAM In-Use**” certification policy, prioritising buildings currently up for sale or lease. The certification is valid for 3 years:
 - “BREEAM In-Use” includes 3 aspects (assets, building management and tenants)
 - Necessary to review the certification every 3 years
 - +/-12% of the offices certified “BREEAM in use”
- The Environmental Management System of Cofinimmo’s entire office portfolio was certified according to the **ISO 14001:2004** criteria. Both the company’s Property Management and its Project Management were certified.
- Energy Performance Certificates
 - 31 offices buildings have received the energy performance certificate, representing 19% of office portfolio
 - 97% of Cofinimmo offices with energy performance certificates have an energy performance above the current average for buildings in Brussels, which lies between D and E
- Cofinimmo’s “**Green charter**”:
 - Launched on 01.01.2012/Goal: to reduce energy consumption and to seek environmental performance in partnership with tenants
 - In 2012, 13 offices tenants have signed the charter, representing 10.1% of the tenants of the office portfolio (79,604m²). Objective for 2013: +5% new signatures (+/- 40,000m²)

breeam



together in sustainability.



Disclaimer

together in real estate

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