

**Cofinimmo** 



**Cofinimmo  
Investor Day  
roadbook**

**16.01.2013**

*together  
in real estate*



together  
in real estate

Cofinimmo

## INVESTOR DAY 2013 PROGRAM

### **Date**

Wednesday, January 16<sup>th</sup> 2013

### **Venue**

Woluwe 34 – Woluwedal, 34 – 1200 Brussels - Belgium  
Underground parking facilities

### **Program**

08:30 Coffee, refreshments and registration

#### 09:00 **Welcome word**

Speakers: Jean Edouard Carbonnelle, Chief Executive Officer  
Marc Hellemans, Chief Financial Officer

#### 09:30 **Presentation on office building reconversions in Brussels**

Speaker: Kim Verdonck, Head of Research and Marketing, CBRE

#### 10:00 **Presentation on the Brussels residential market**

Speaker: Suze de Callataÿ, Latour & Petit Real Estate Agency

#### 10:15 **Update on Cofinimmo's office reconversion projects**

Speaker: Laurence Gacoin, Head of Development

10:45 *Transport (45 minutes)*

#### 11:45 **Drive-by Dendermonde Police Station**

12:00 *Transport (35 minutes)*

12:45 Lunch in Pubstone pub 't Genieterke in Ghent

14:00 *Transport (15 minutes)*

#### 14:15 **Visit of nursing home Weverbos (Gentbrugge)**

#### 14:45 **Presentation on Calidus, network of independent nursing home operators**

Speaker: Ronald De Buck, President, Calidus

#### 15:00 **Presentation on Cofinimmo's main nursing homes/clinics projects**

Speaker: Sébastien Berden, Head of Healthcare

#### 15:30 **Presentation on Cofinimmo's green policy**

Speaker: Xavier Denis, Chief Operating Officer

16:00 *Transport (45 min)*

17:30 Drop-off at Brussels Midi Station

18:15 Return to the initial venue

## **INVESTOR DAY** **16.01.2013**

Presentation by  
Jean Edouard Carbonnelle, CEO  
and Marc Hellemans, CFO

*together  
in real estate*



# Cofinimmo Investor Day

- **Introduction**

- **Executive Committee**
- **Strategy**







# Executive Committee

**In 2012, Cofinimmo appointed a new CEO and CFO.**



Jean Edouard Carbonnelle  
Chief Executive Officer

Joined Cofinimmo in 1998



Françoise Roels  
Secretary General & Group  
Counsel

Joined Cofinimmo in 2004



Marc Hellemans  
Chief Financial Officer

Joined Cofinimmo in 2000



Xavier Denis  
Chief Operating Officer

Joined Cofinimmo in 2002

# Strategy

## Cofinimmo's strategic focus:

- Maintain stable cash flows and a defensive risk profile
- Balance property market risks
- Enhance in-house management capabilities
- Secure financial resources
- Grow profitability
- Distribute steady dividends and protect shareholders' value over the long term





# Cofinimmo Investor Day

- **Investment Profile**

- **Portfolio evolution**
- **What's next?**
- **Value proposition**



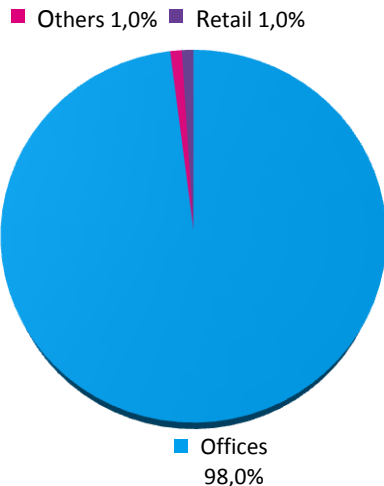


# Portfolio evolution

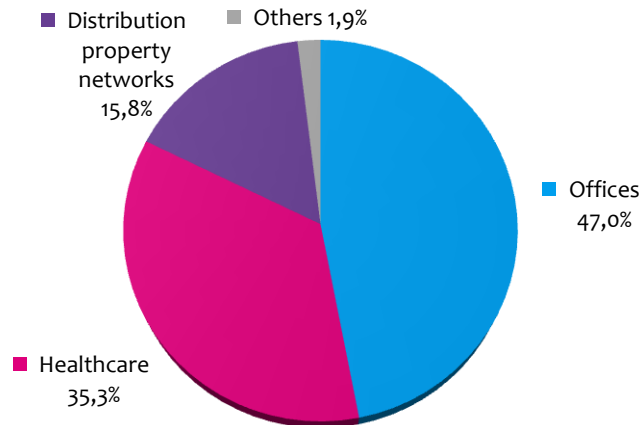
## Evolution of Cofinimmo's property portfolio:

- Pure player in office segment until 2004
- Diversification in niche segments as from 2005
- Today, concentration of investment efforts in healthcare segment and distribution property networks

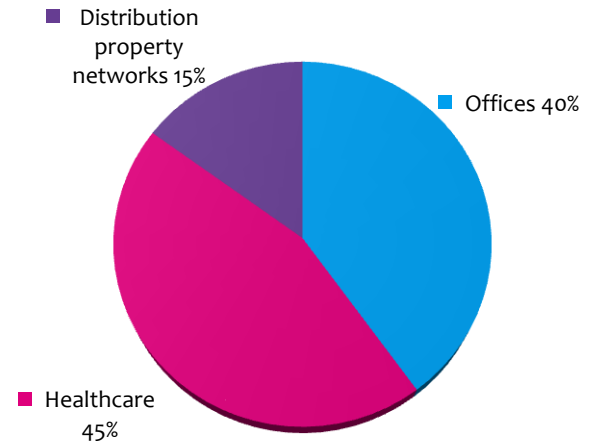
**Portfolio at 31.12.2004**



**Portfolio at 30.09.2012**



**2-3 year target portfolio**





# What's next? (1)

## • Offices:

### ➤ 5 challenges in the office portfolio, representing 117,000m<sup>2</sup> or 15% of the office portfolio in fair value:

- Woluwe 34: Reconversion of building from offices to residential
- Livingstone I: Reconversion of building from offices to residential
- Livingstone II: Renovation of office building
- Science 15: Renovation of office building (occupied by the European Commission until sept. 2013)
- Souverain 23-25: Several options under discussion (building occupied by Axa until 2017 )

### ➤ For the remaining 85% of the office portfolio, day-to-day management

- Stable occupancy rate (91.49% at 30.09.2012)
- Long residual lease length (7.9 years at 30.09.2012)
- 12% to 15% of total office rent roll at risk every year – high tenant retention rate (71% in 2011)

### ➤ Reduction of office segment by active asset rotation, aiming at a dilution to less than 40% of the total portfolio

- Reconversions
- Disposals
- Total portfolio growth

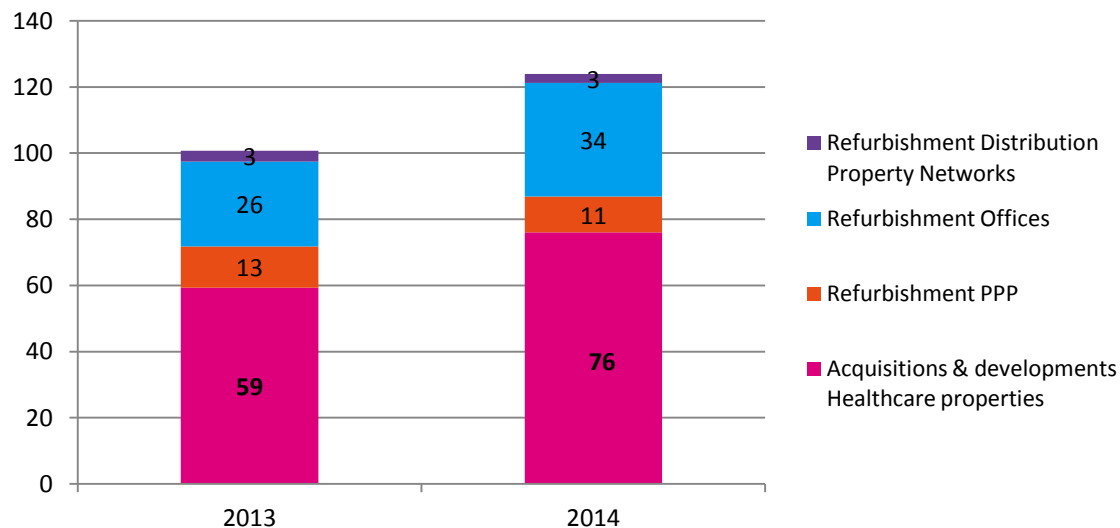
**For the period 1996-2011, Cofinimmo obtained an average IRR of 8.68% on its office portfolio.**



# What's next? (2)

## • Strategic development of the healthcare portfolio:

- Become a unique North European player in the healthcare segment, with a presence in Belgium and the neighboring countries (France, The Netherlands or Germany)
- Target to increase healthcare real estate segment up to 40% in a 2-3 years horizon ('Greenfield' projects in Belgium and geographical expansion)
- €135 million investment in healthcare segment for 2013-2014 for a total investment pipeline of €225 million





# What's next? (3)

## • Opportunistic investment in the Distribution Properties Networks:

### ➤ Investment should qualify with Cofinimmo requirements:

- Sale & lease back operations;
- Strategic distribution networks for the tenant activities;
- Long term leases;
- Low rental levels and attractive acquisition prices per m<sup>2</sup>;
- Attractive location with large possibilities of alternative uses (local retail).







# Value proposition

**Cofinimmo's unique value proposition is to answer the specific needs in the real estate market**

- Corporate and public demand for flexible offices
- Elderly and medical care operators demand for nursing homes and clinics
- Corporate demand for sale and lease backs of distribution networks
- Public authorities' need for purpose-built facilities







# Cofinimmo Investor Day

- **Financing**

- **Funding**
- **LTV ratio**



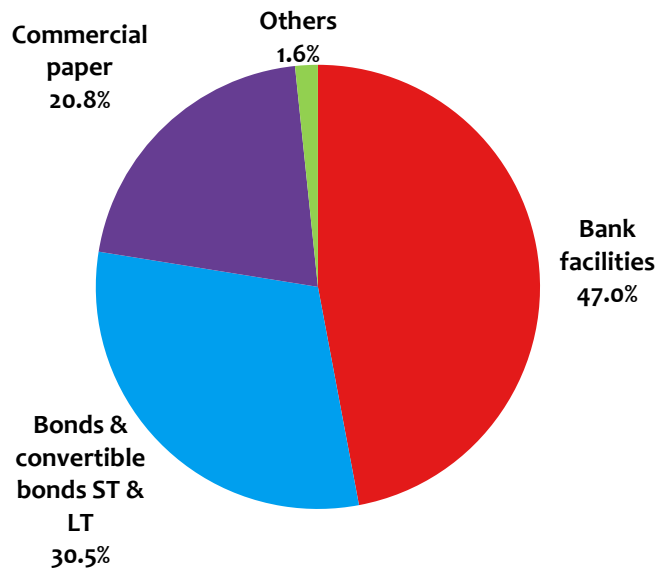


# Funding (1)

- **Diversified sources of funding:**

- Debt and equity respectively 50% of funding
- Debt capital markets and banks respectively 50% of gross financial debt
- Bank pool: 10 high-quality lenders

Breakdown of €1.764,1M gross financial debt  
(30.09.2012)



x € 1,000,000	Financial debt	Total LT commitments
<b>Capital market facilities</b>		
Bond	362,6 (1)	350,0 (2)
Convertible bond	175,4 (1)	173,3 (2)
Long term CP	15,0	15,0
Short term CP	352,2	
Others	4,2	4,2
<b>Bank facilities</b>		
Roll over loans	648,0	1.398,6 (3)
Term loans	181,8	181,8
Others	24,9	11,8
<b>Total</b>	<b>1.764,1</b>	<b>2.134,7</b>

(1) At fair value

(2) At redemption value

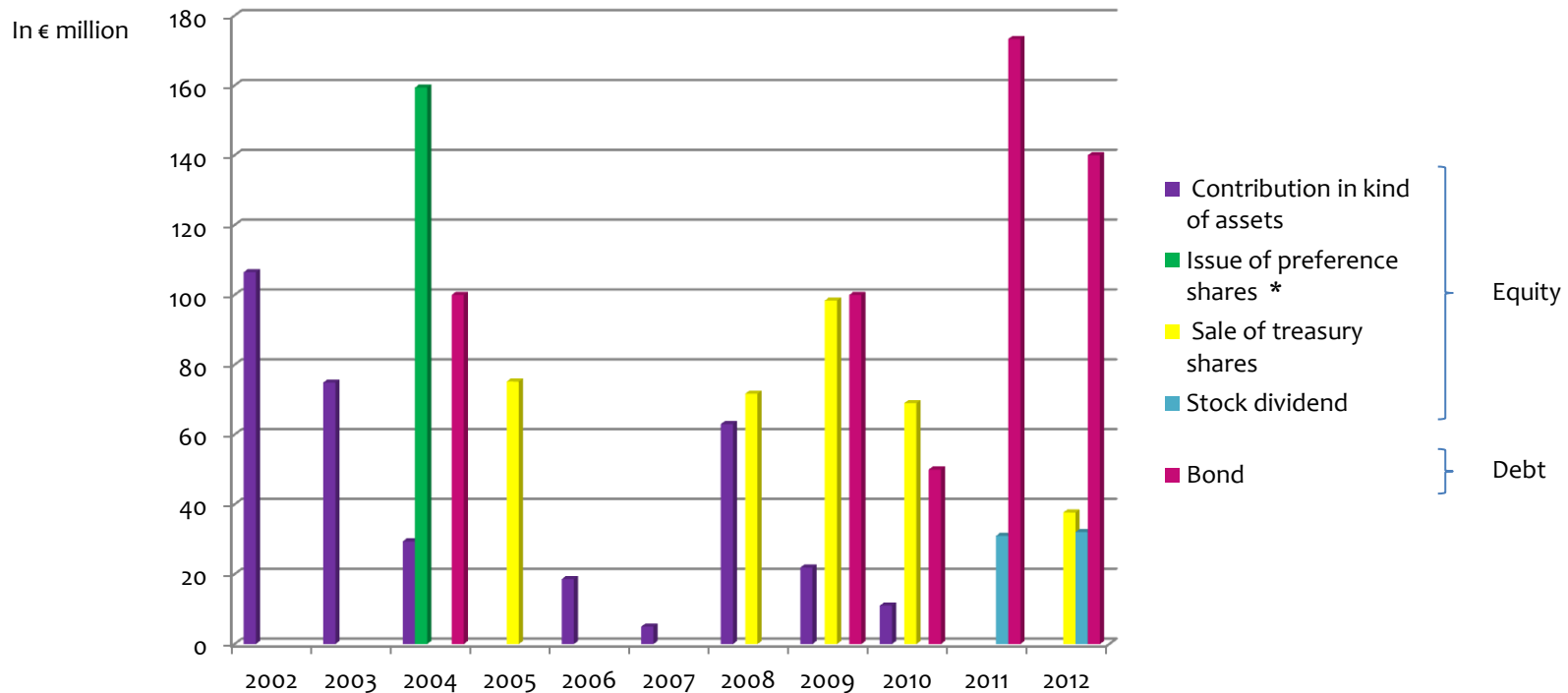
(3) Uncommitted line of €60.0M not included

(4) Bonds and convertible bond at redemption value



# Funding (2)

- Regular access to Capital Markets
- Since 2002, Cofinimmo has been able to raise € 133 million on average to finance investments or strengthen balance sheet.



\* 45% already converted to ordinary shares



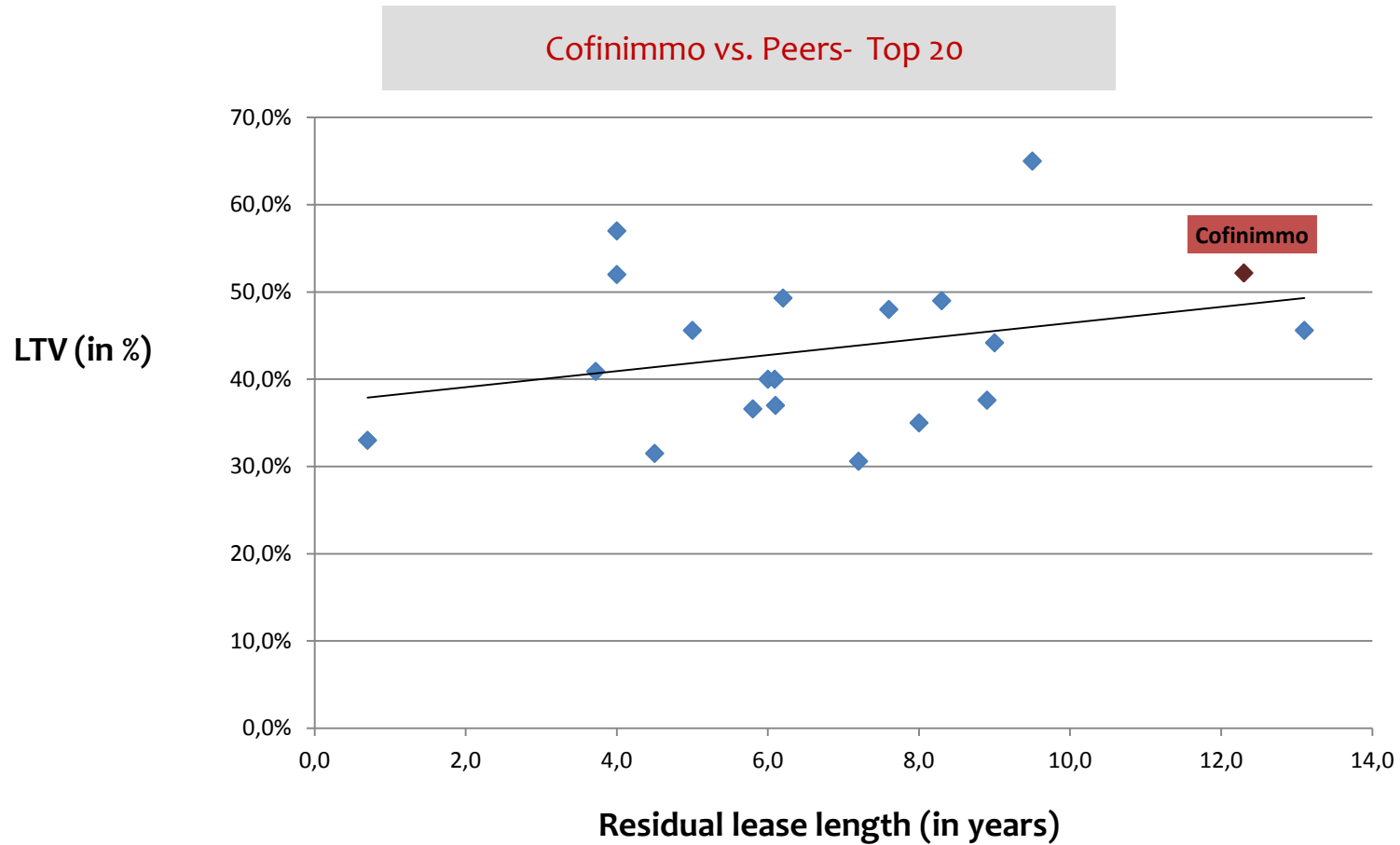
# LTV ratio (1)

- **Balance between funding and LTV monitoring**
- **Target at +/- 50%**
- **Adequate headroom under financial covenants (30.09.2012):**
  - **Debt ratio: 50.93% (max.65%)**
  - **LTV: 52.16% (max. 60%)**
  - **ICR: 2.54x (min. 2.0x)**
  - **LTV covenant : applies to facilities representing 32% of LT financial commitments**



# LTV ratio (2)

Robust financial structure combined with a long lease maturity of 12.3 years





# Q&A





**RECONVERSION IN BRUSSELS**  
**TURNING OFFICES INTO HOUSING**

16 JANUARY 2013

Prepared for Cofinimmo 

**CBRE**





1

# Brussels housing problem



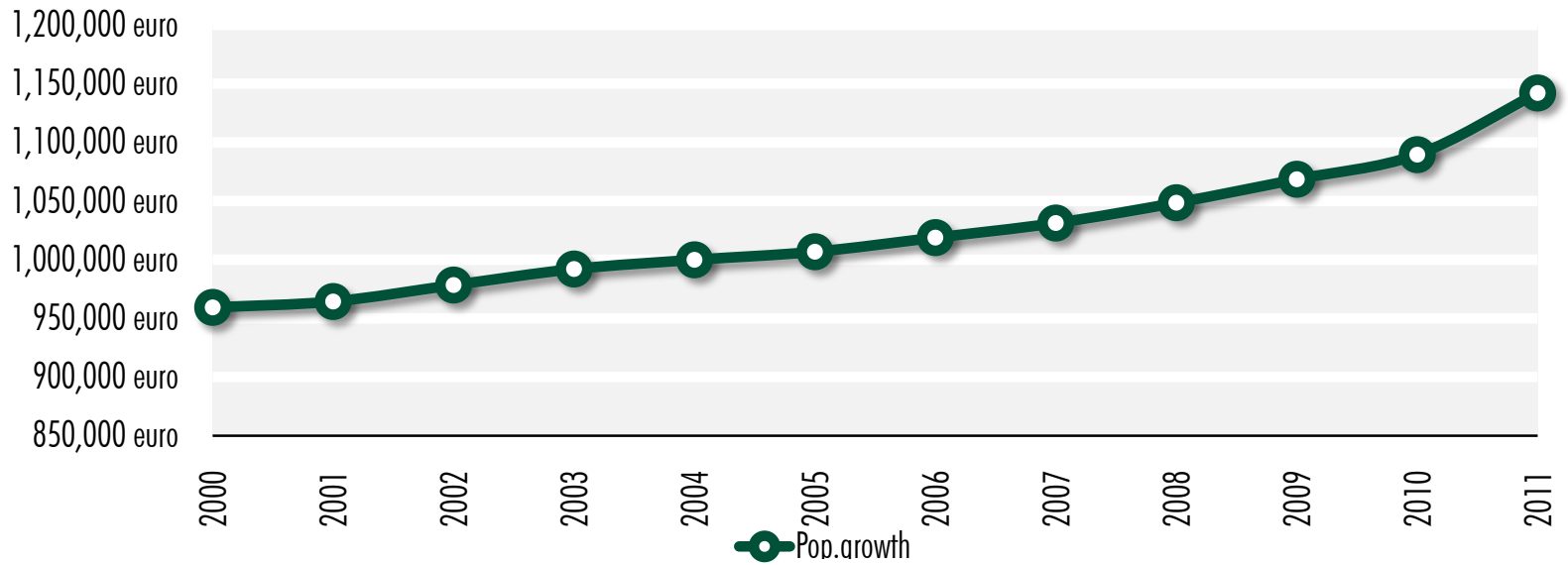


# Brussels population increase is huge!

Increase since 2000

# 19%

## Brussels population



# But what about 2020!

## BRUSSELS POPULATION IN 2020

**+/- 1.230.000 people**

**So we need:**

**4.890 residential units/year**

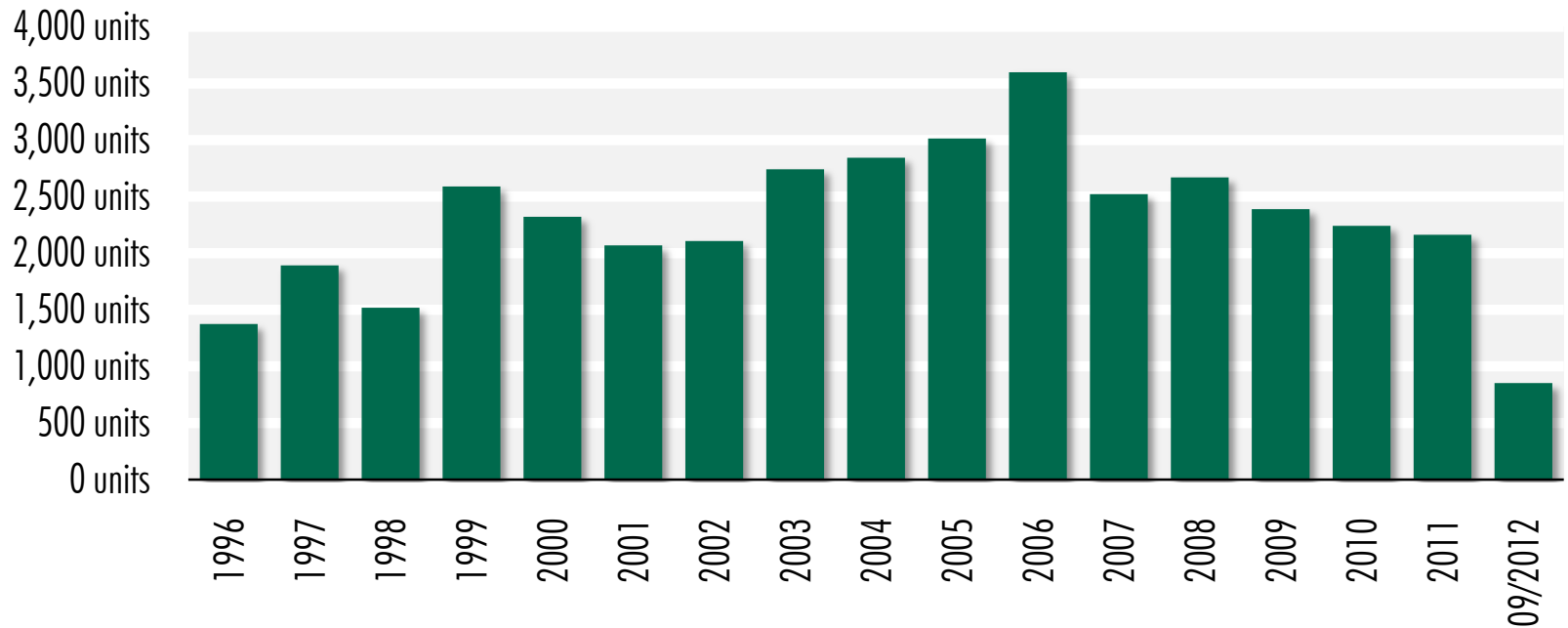
**(Based on 2 habitants per unit)**

# ... but we are building less and less!

Since 2007

## Only 2.400 units per year

Obtained building permits for housing



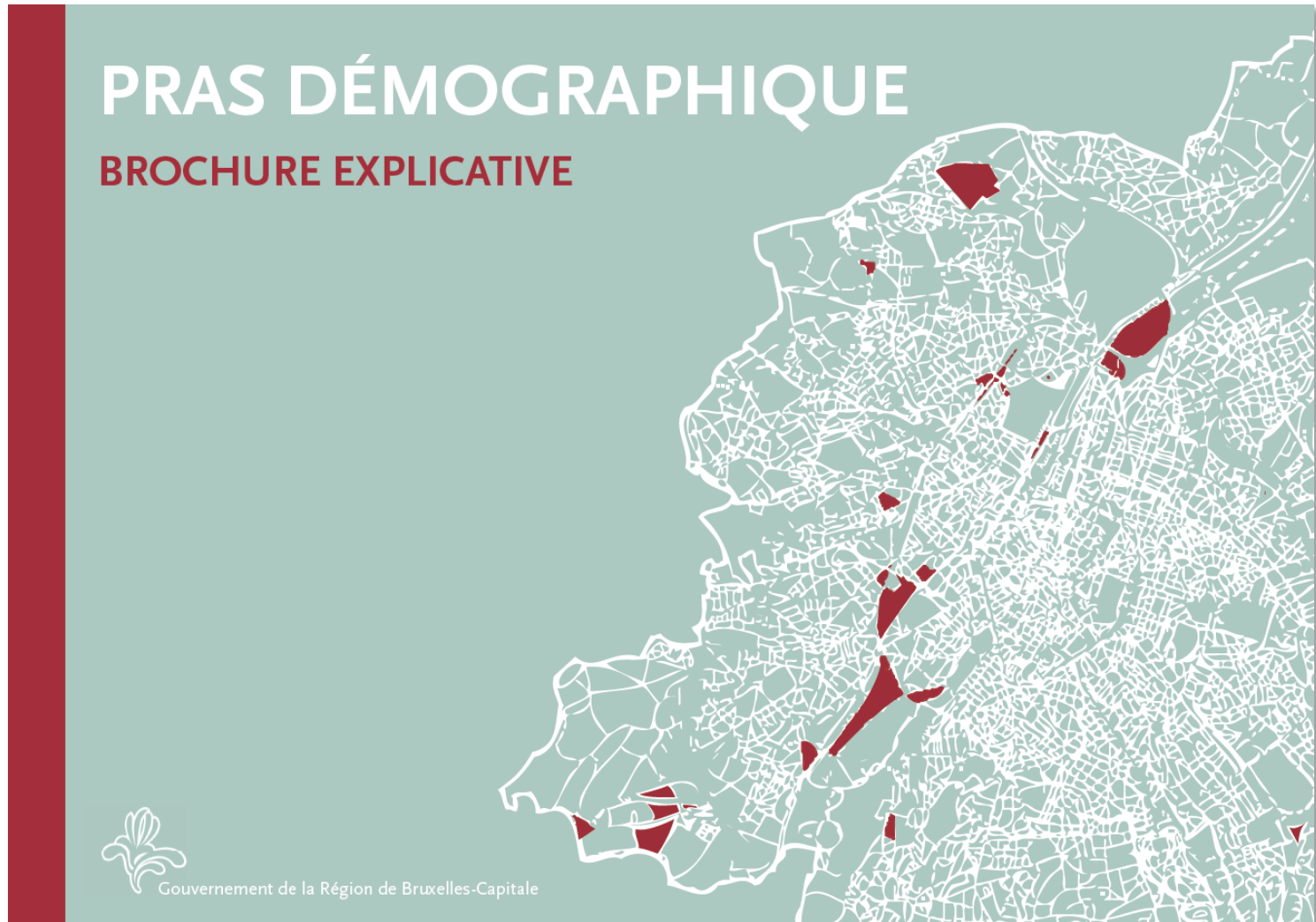
**CBRE**

# So what is the problem?

- Not enough land available?
- Land too expensive?
- Prices have risen too much
- Social housing is not profitable?
- Occupant/Investor?
- What do we need?



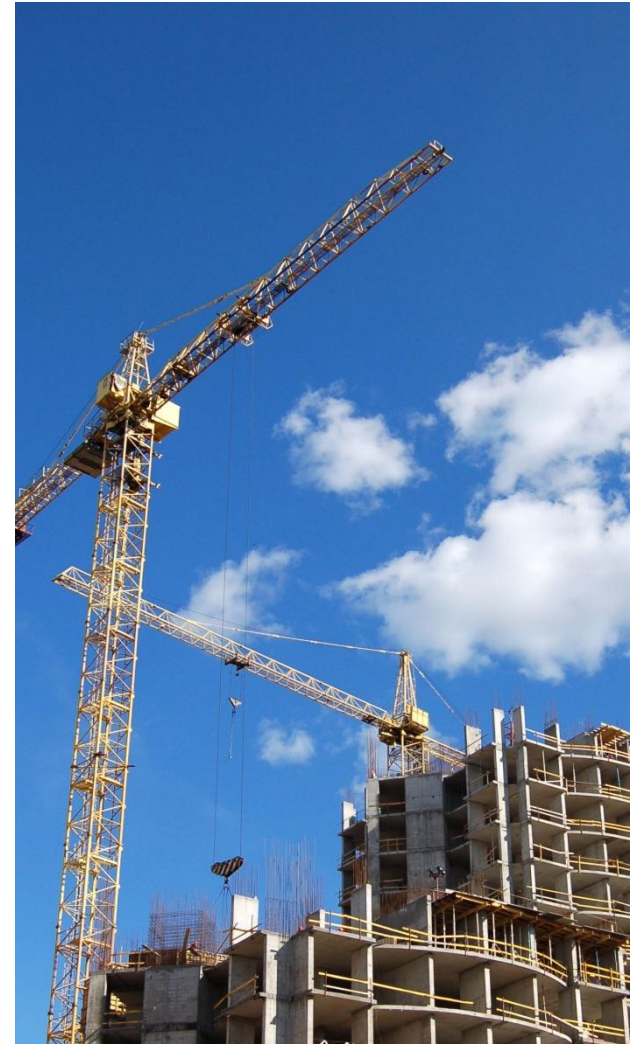
# Urban planning in favour of housing



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## A profitability study for residential development

- Land value: 500 euro/m<sup>2</sup>
  - Construction cost: 1.100 euro/m<sup>2</sup>
  - Other costs: 300 euro/m<sup>2</sup>
  - Profit margin: 400 euro/m<sup>2</sup>
- 
- Total price per m<sup>2</sup>: 2.300 euro/m<sup>2</sup>





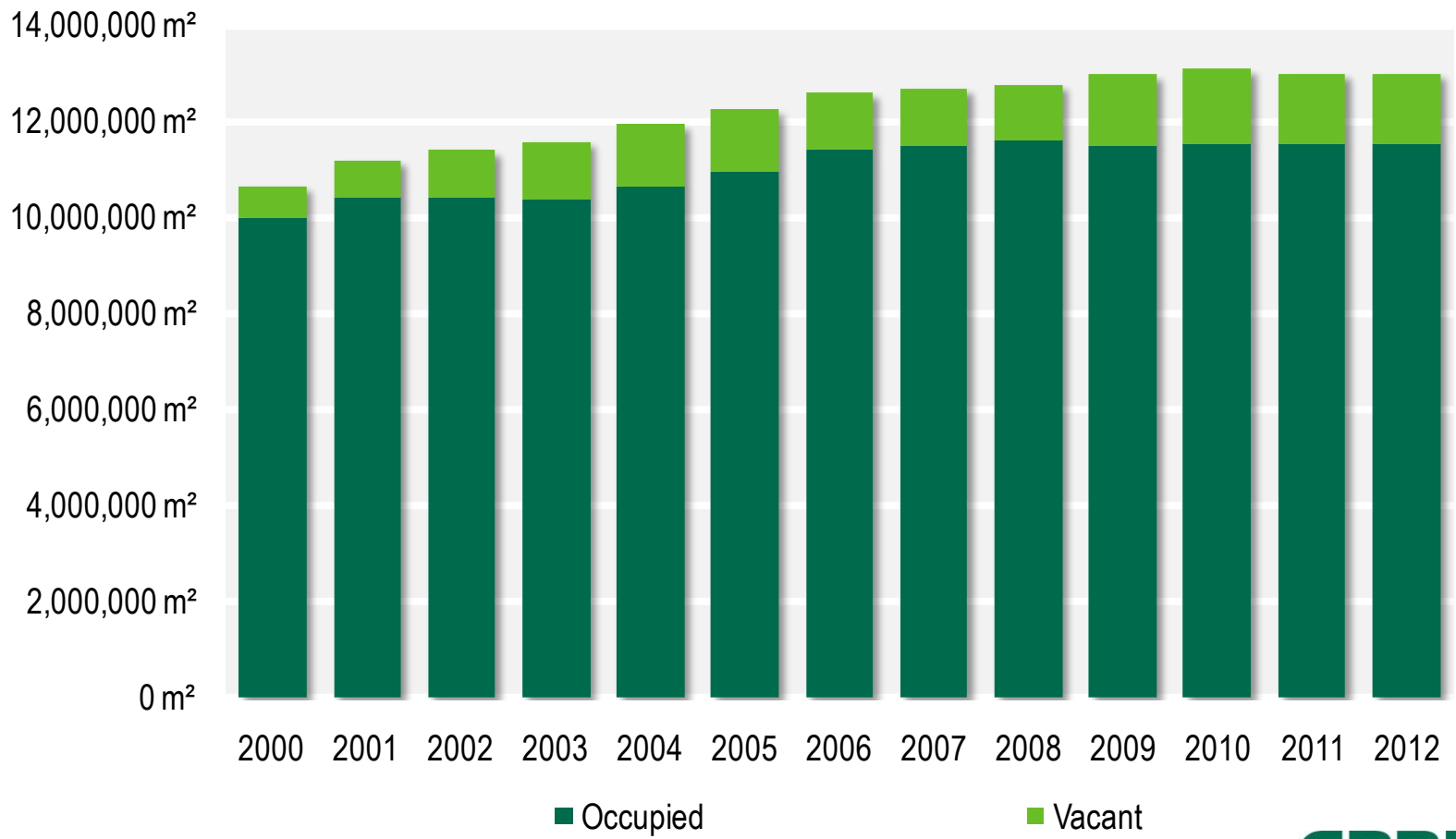


# 2 Brussels Office dynamics



# Offices in Brussels

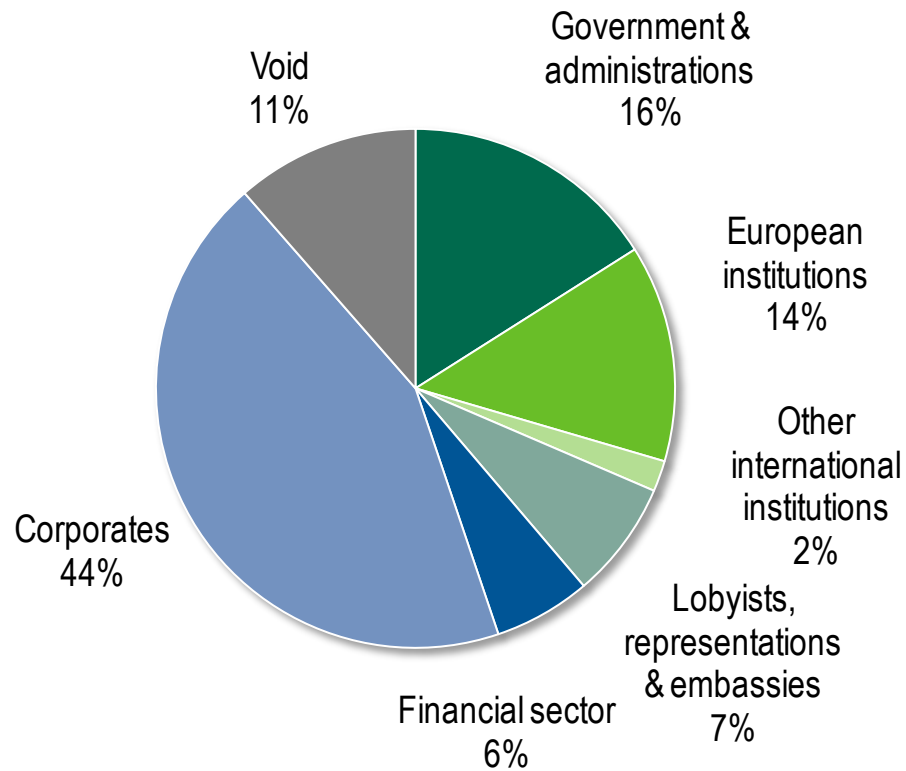
## Evolution of Brussels office stock and voids





# Occupants in Brussels

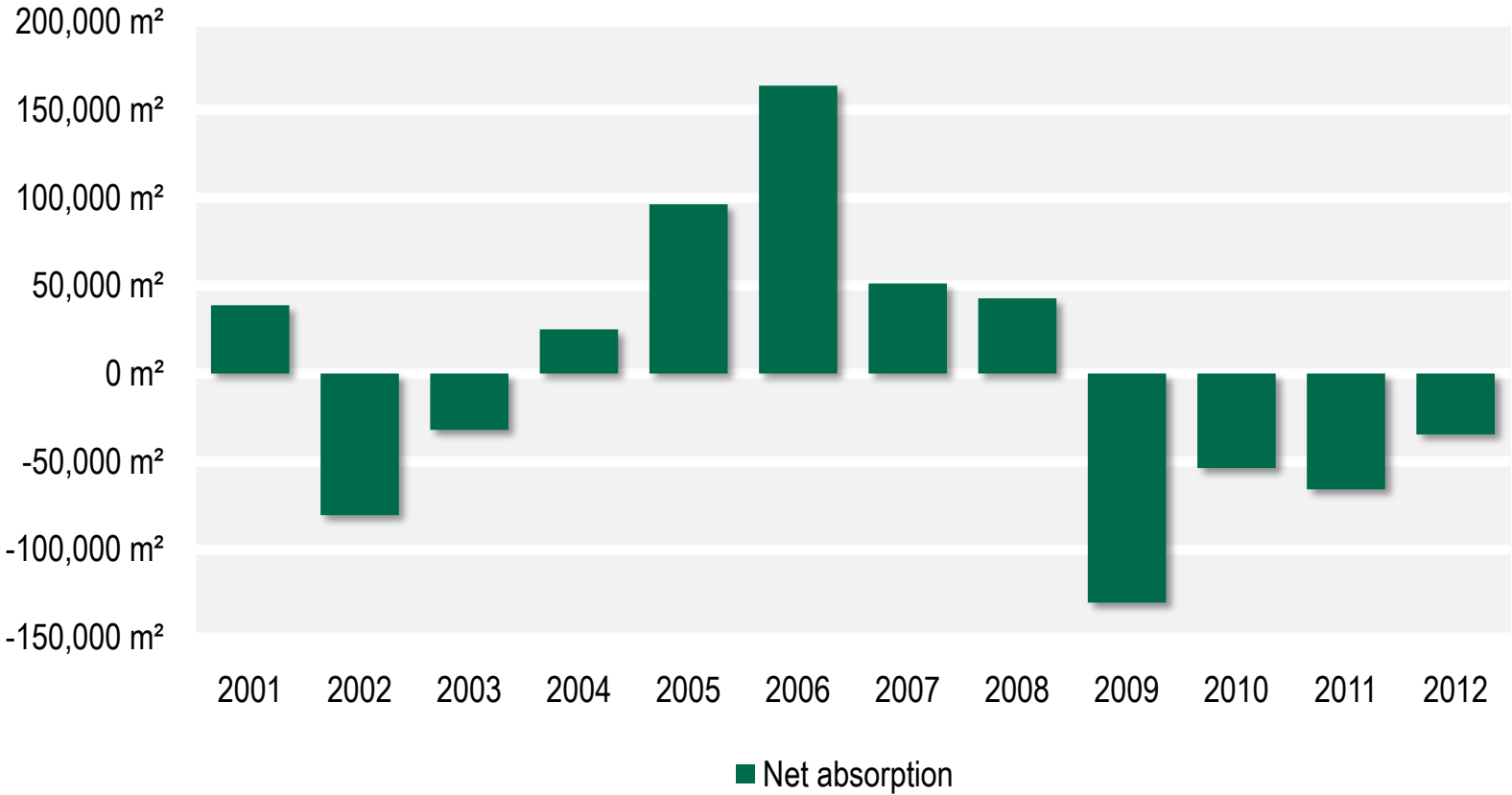
## Distribution of office space among occupants



# Net absorption in Brussels

Absorption of office space has been negative since the start of the crisis

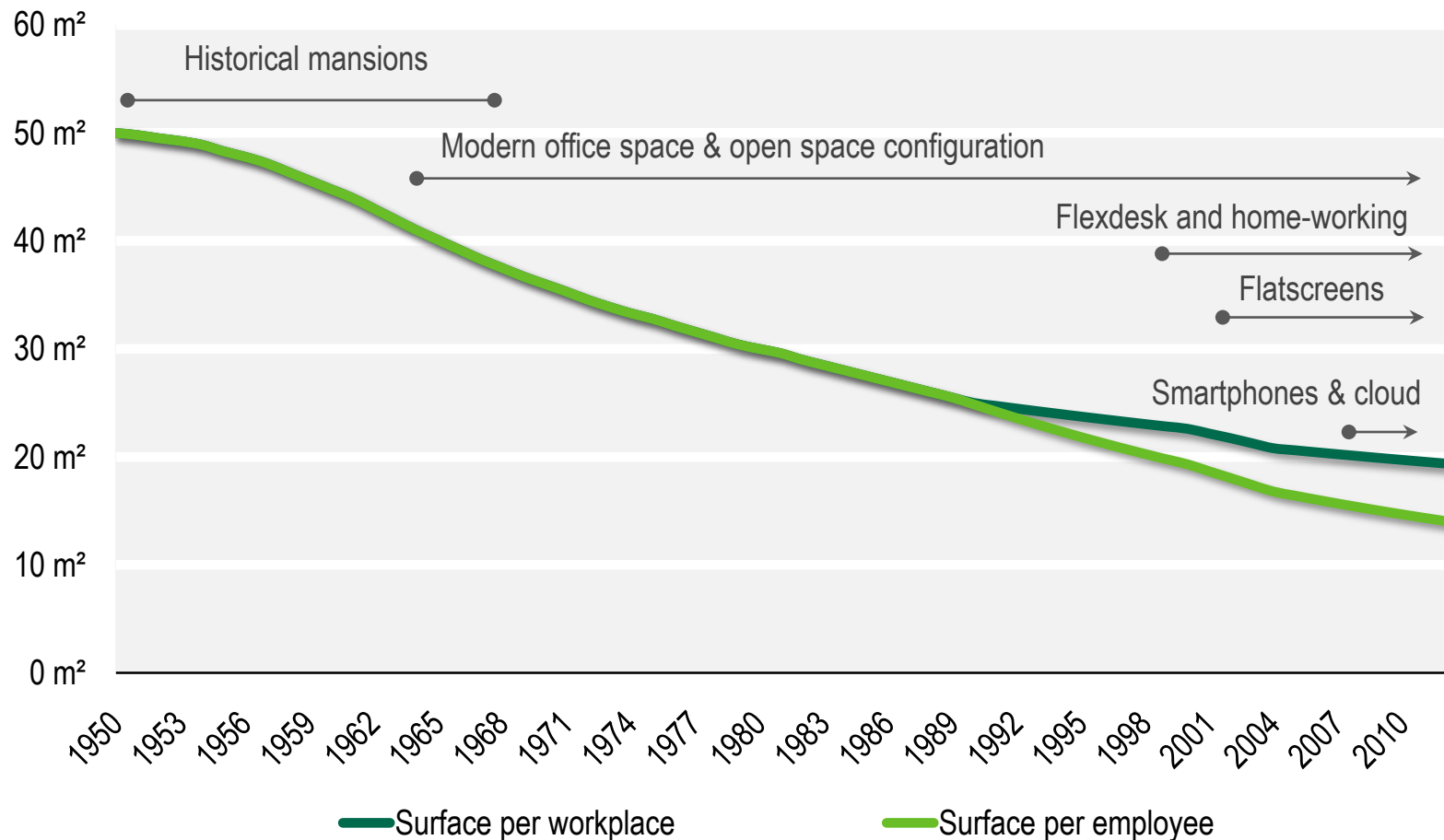
## Net Absorption of office space



# Office space per employee is decreasing

Using GLA

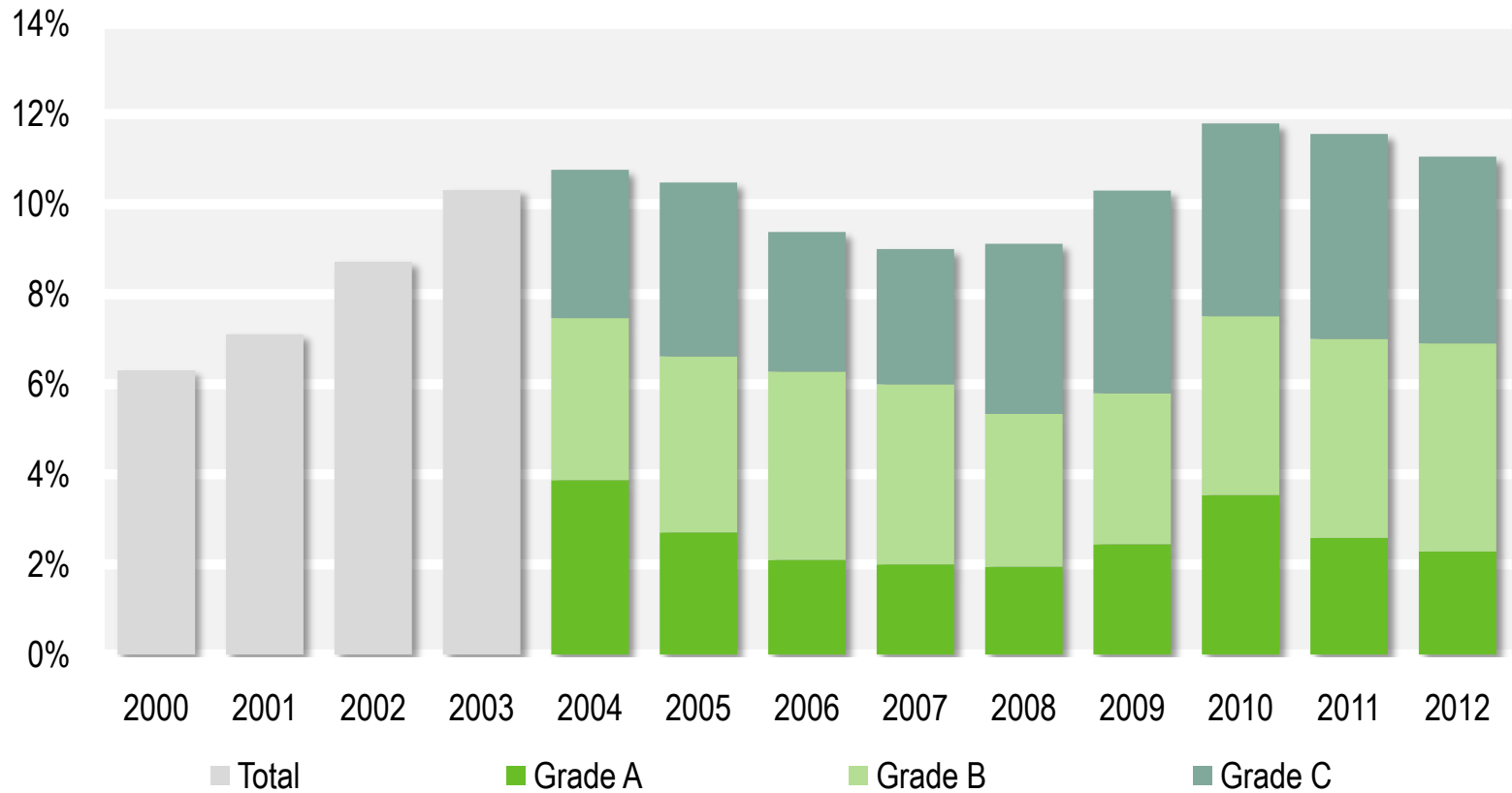
## Evolution of m<sup>2</sup> per employee



# Office voids are down

Despite negative net absorption, office voids are down

## Vacancy rate in Brussels







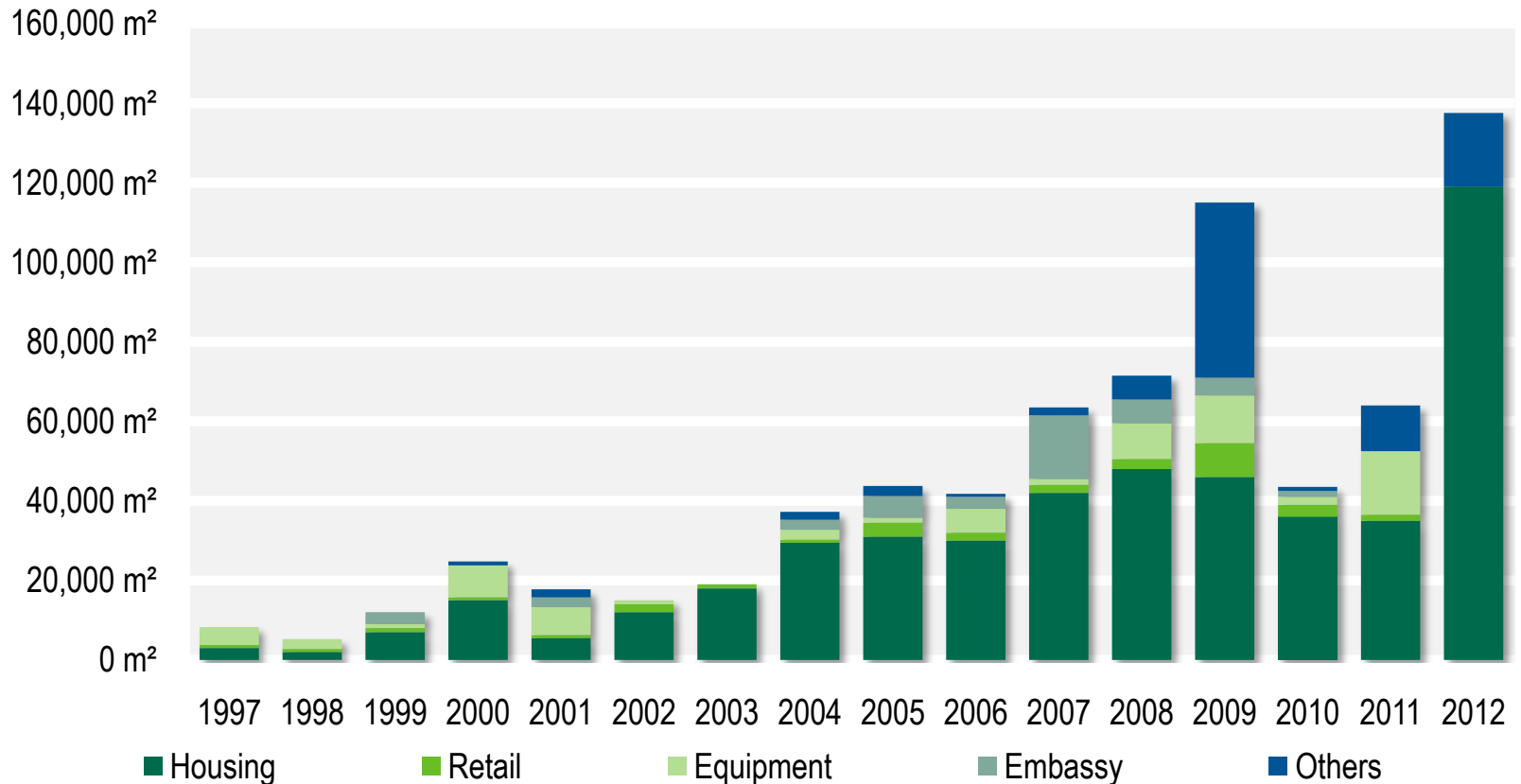
**3** Reconversion



# Reconversion is growing

Office space is being reconverted

## Office reconversion into alternative use



Source: Observatoire des Bureaux/CBRE

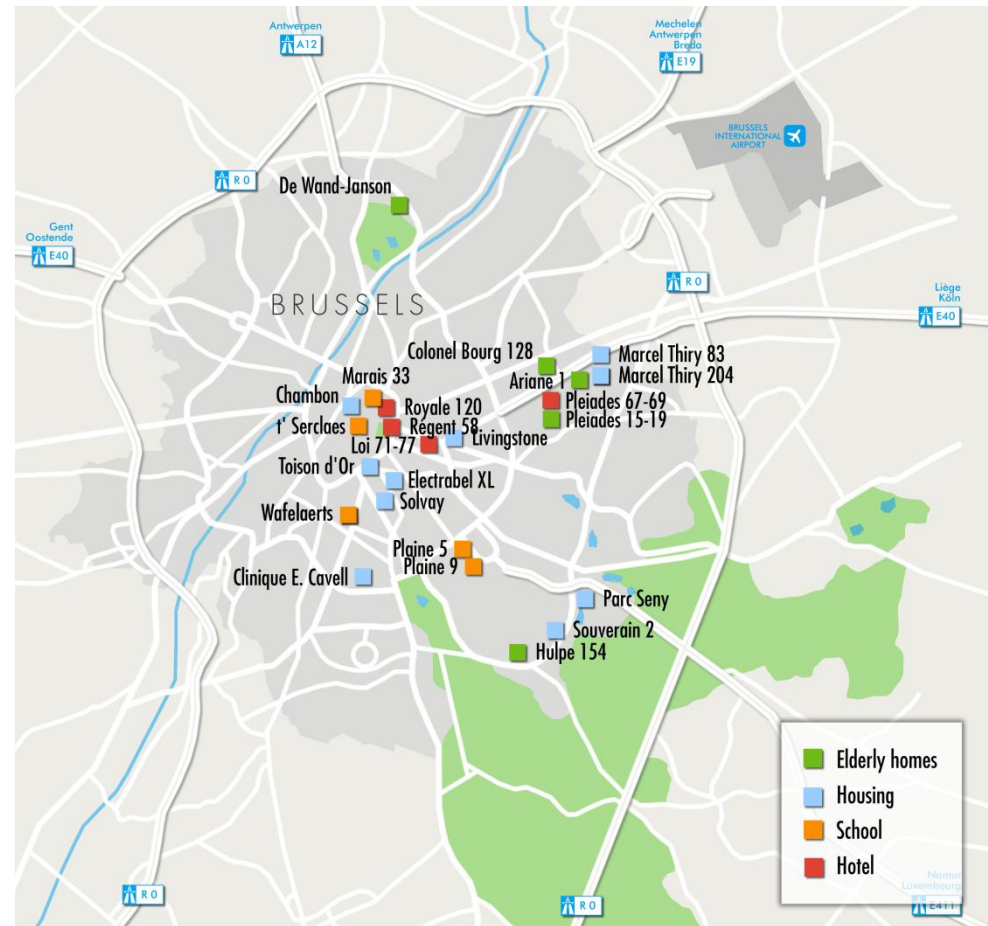
**CBRE**



# Increasingly concerns modern buildings

Over 350.000 m<sup>2</sup> of office space has been converted over the last 5 years

- Used to be old industrial or isolated office space.
- Now also concerns modern office buildings & traditional office districts
- Reconversion is often the last resort for a landlord.
- Recent acquisitions of offices for later reconversion have happened at prices in between 500 and 1.000 euro/m<sup>2</sup>, but strongly depend on the location, renovation or reconstruction costs and the estimated value of the finished alternative product.



# Huge boost in 2012

Close to 140.000 m<sup>2</sup> of office space will have received a permit for conversion in 2012





# Market reality has changed ...

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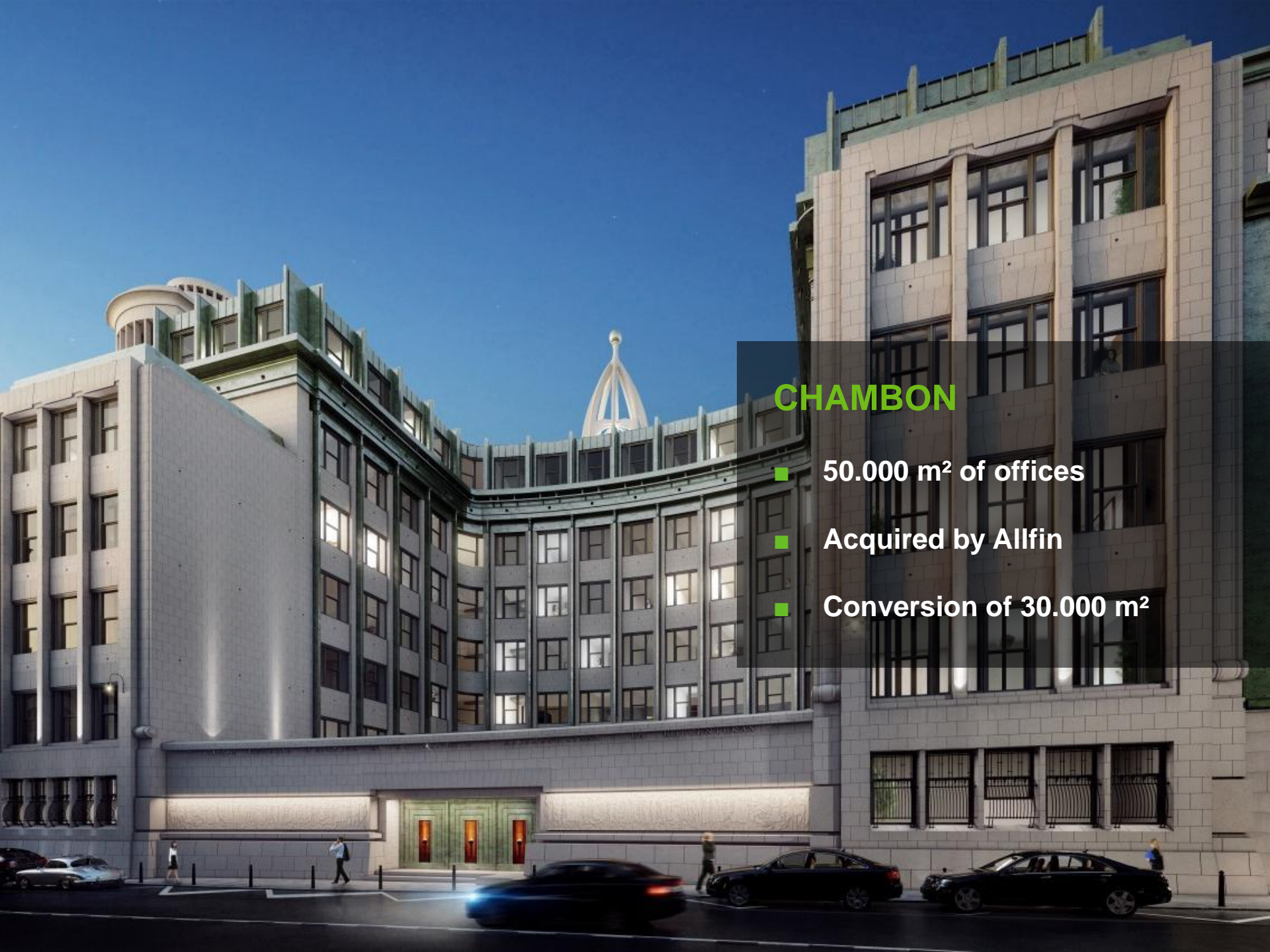
## OFFICES

- Economic uncertainty
- Tough leasing market
- Vacancy rate
- Rents under pressure
- Yields up
- Difficult exit
- Financing
- ...

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## RESIDENTIAL

- Population growing
- Prices rising
- Increasing demand
- Alternatives in elderly homes, hotels, student rooms, ...
- Multiple investors/occupants



## CHAMBON

- 50.000 m<sup>2</sup> of offices
- Acquired by Allfin
- Conversion of 30.000 m<sup>2</sup>





## SOLVAY

- 45.000 m<sup>2</sup> of offices
- Acquired by Allfin
- Conversion to apartments





## PARC SENY

- 13.000 m<sup>2</sup> of offices
- Acquired by Immobel
- Conversion to apartments



## MARCEL THIRY 83

- 11.000 m<sup>2</sup> of offices
- Acquired by Immogra
- Conversion to apartments

# Reconversion not always feasible

A typical office building differs strongly from a typical residential building

## Factors to consider before reconversion:

- Location,
- Neighbourhood,
- Accessibility,
- Visibility,
- Orientation of the building,
- Depth & layout of the building
- Interior daylight
- Parking space
- Renovation or reconstruction costs
- Estimated value of the finished alternative product

## Redevelopment considerations:

- In a lot of cases, only the concrete structure of the building, the stairways and the lifts can be maintained.
- Interior walls, floors, electricity and plumbing typically have to be completely renewed.
- Even without changing the structure and shell of the building, redevelopment costs quickly add up to 1.000 euro/m<sup>2</sup>.
- Lost space is another issue. In general, net useable space is 10 to 15% lower for residential buildings as when compared to office space.





- Residential Real Estate agency created in 2001
- 3 offices
- 5 departments
- 30 experienced professionals
- Multi-skilled staff
- Multi-lingual people
- > 600 transactions/year
- Middle and high end properties in Brussels



Care Homes

House Hunting

Rental

Sales

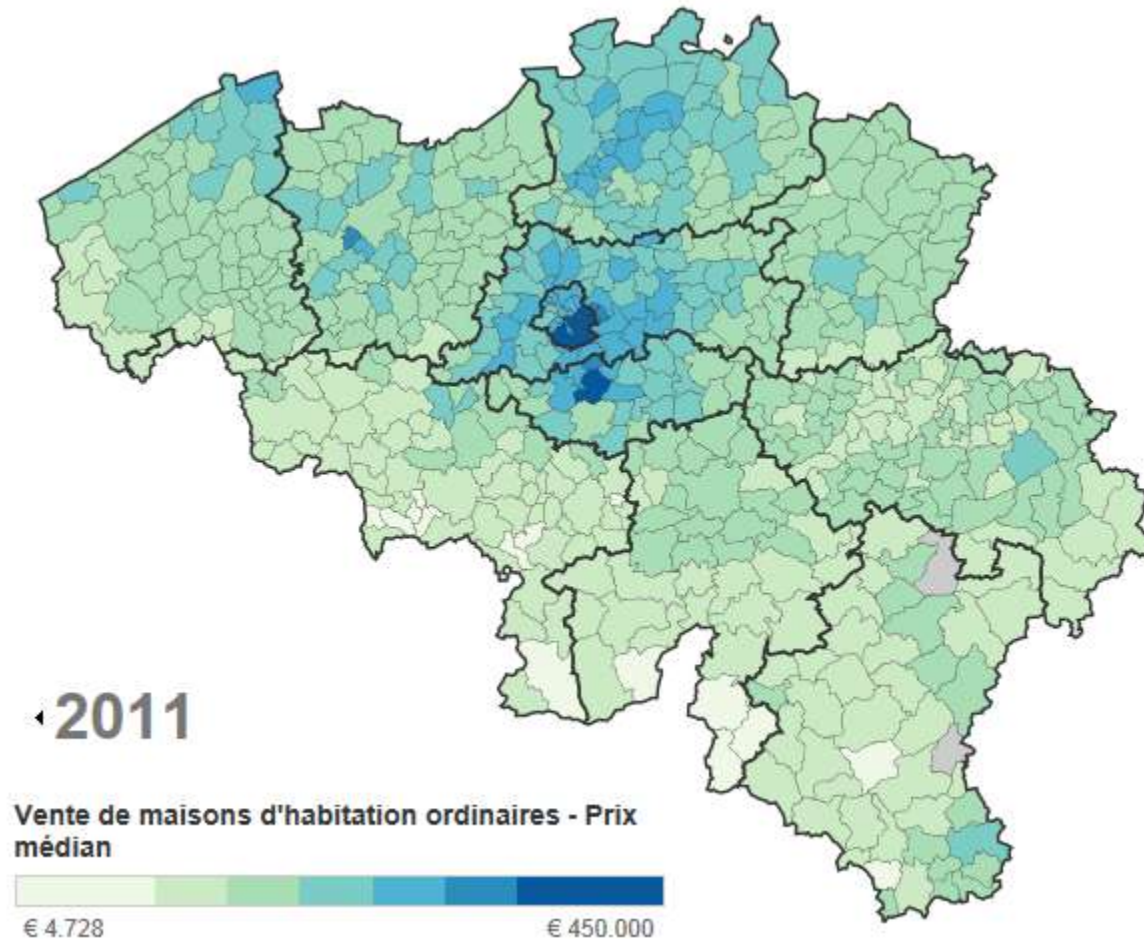
New Projects

- Price valuation
- Advice on property enhancement
- Advertising
- Reporting and feedback
- Sales / Rental
- Administrative assistance
- A to Z service to owner
- Post transaction follow-up

- Site Search
- Feasibility study
- At early stage assistance on map design and advice on technics
- Market study on prices and client needs
- Price valuation
- Marketing
- Sales

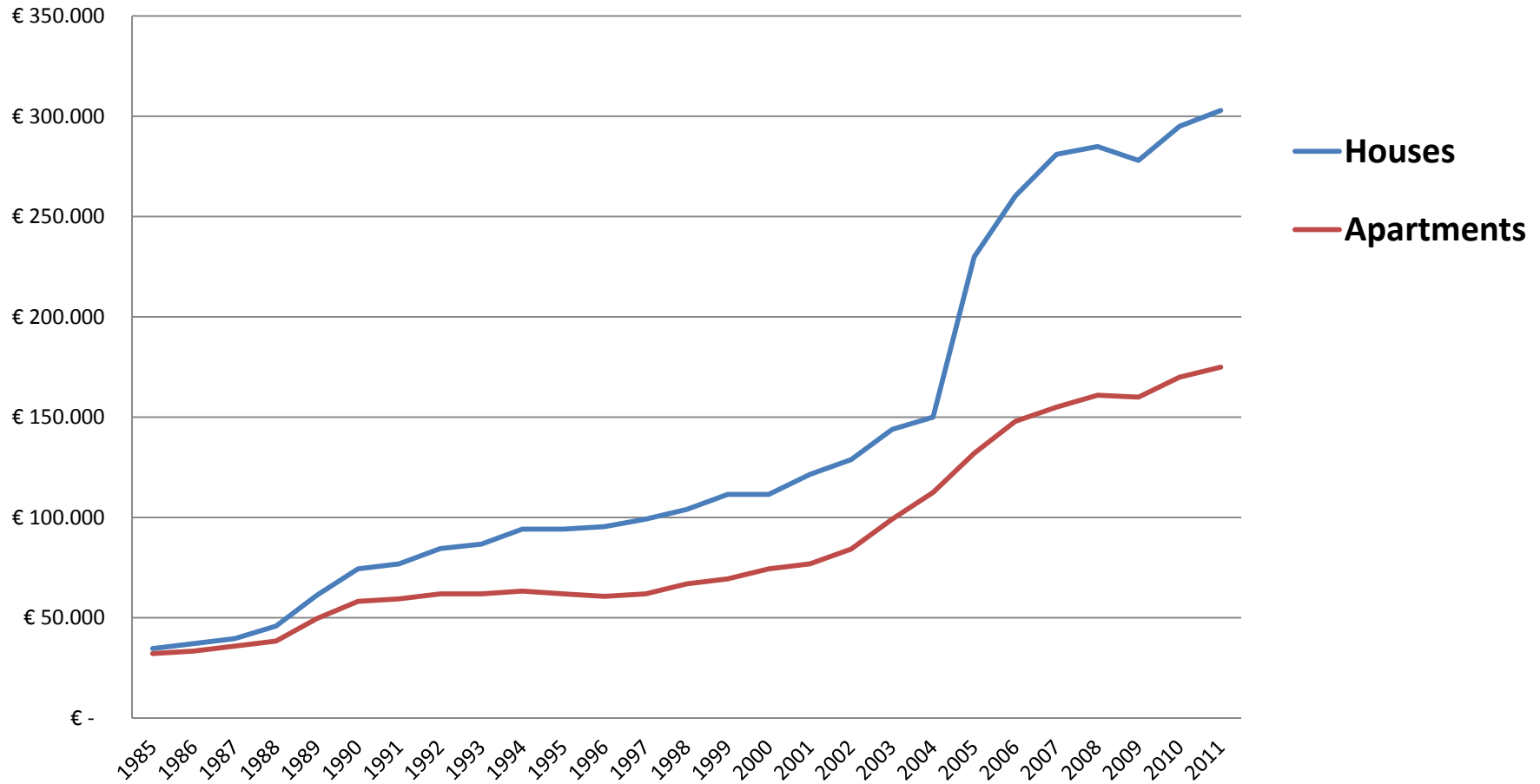


# Median prices of houses sold in Belgium



(Source : beSTAT SPF Economie : Belgian State statistics)

# Real estate price evolution in Brussels (sale prices, 1985 -2011)



(Source : beSTAT SPF Economie : Belgian State statistics)

# Real estate characteristics in Brussels

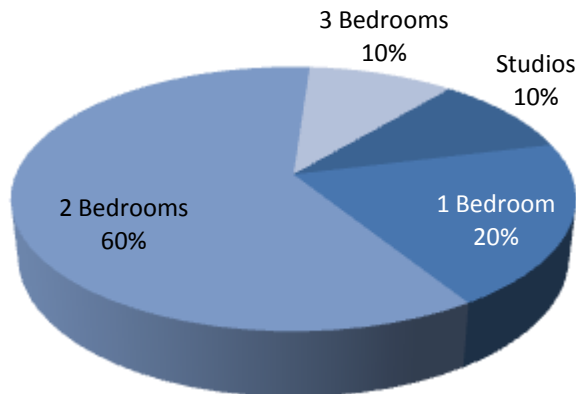
## Average surface (new projects)

45 m<sup>2</sup> for Studios  
70 m<sup>2</sup> for 1 Bedroom apartments  
95 m<sup>2</sup> for 2 Bedrooms apartments  
120 m<sup>2</sup> for 3 Bedrooms apartments

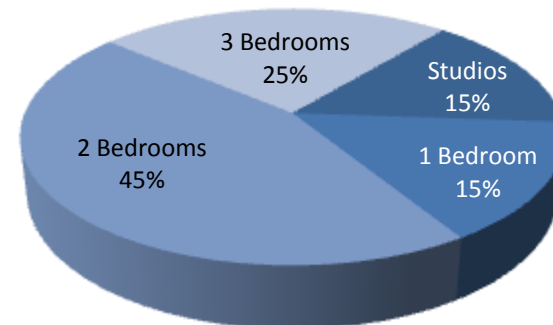
## Average price per m<sup>2</sup> (new projects)

Brussels North 2,750 €  
Brussels East 3,400 €  
Brussels South 3,225 €  
Brussels West 2,200 €

## # of bedrooms bought by investors



## # of bedrooms supply in new projects

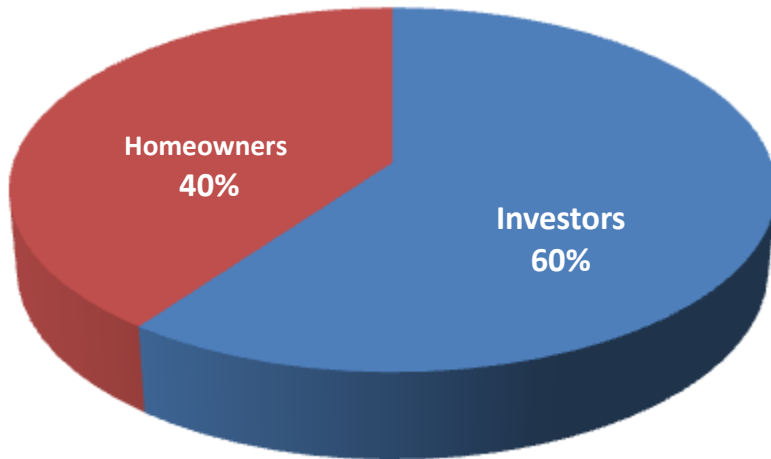


Source : Square info – LP research – ING research

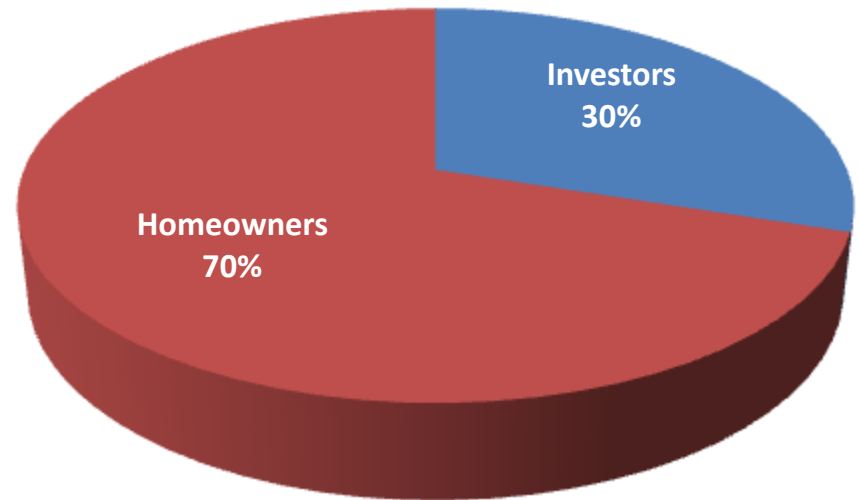
# Property ownership

(houses & apartments)

## In Brussels

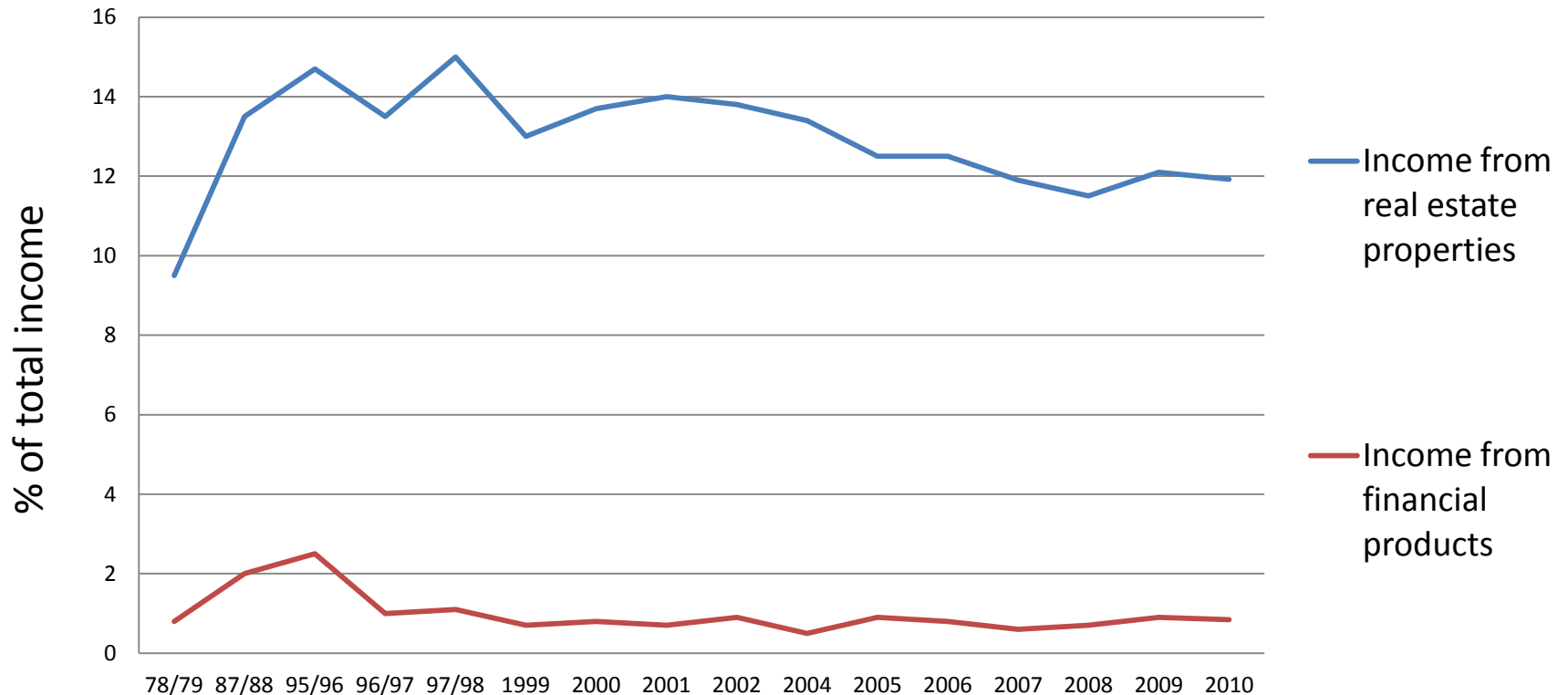


## In Belgium





# Belgians brick and mortar passion



Source : 2012 Belgian Federal Government data

# Expected real estate evolution

- Type of dwellings
- Surfaces
- Regulations
- Prices



## **Cofinimmo office reconversion projects**

Presentation by  
Laurence Gacoin

*together  
in real estate*



# Rationale for office reversion

Options for a building at its technical / economical **life end** :

Redevelopment		Sale
<b>Office</b>		What price can be obtained?  <b>€900 - €1,100/m<sup>2</sup></b> (aboveground m <sup>2</sup> )
Risks	Questions to be asked	
Investments	How important are the investments to be made?	
Rent	Can rent levels cover investments @ Cofinimmo's WACC?	
Vacancy	How long would it be, and how important is the impact on the total return?	
<b>Other</b>		
➤ Residential		
➤ Nursing home		
➤ School		



# Rationale for office reconversion (cont'd)

Main investment criteria:

1. Expected **IRR / NPV** of the projected options,
2. Strategic considerations.

**Timing** is an important cash flow factor, and will determine levels of return on the project:

- Contractual lease break options
- Lease durations
- Vacancy periods
- Possible permit delays
- Duration of works





# Cofinimmo development projects

- Woluwe 34
- Livingstone I





# Woluwe 34

- Built in 1974, as part of a construction project of 4 office buildings on a common underground parking lot
- Bought by Cofinimmo in 1996
- Has always been a multi-tenant building
- Has never undergone an important renovation

Location: Brussels Decentralised  
Surface: 7,500 m<sup>2</sup>





## Woluwe 34 (cont'd)

### Considered options:

- Office redevelopment:
  - Multi tenant
  - Single tenant
- Nursing home redevelopment:
  - Redevelopment of existing structure
  - Demolition & reconstruction
- Disposal:
  - Promotor
- Residential redevelopment
  - With partner
  - Without partner:
    - Demolition & reconstruction
    - Redevelopment of existing structure

Looking for best value,  
within Cofinimmo's  
investment criteria





# Woluwe 34 (cont'd)

Pro's and con's of an office redevelopment	
+	-
Flexible building	Important investments
Good location	Risk on rent
It's the existing function	Risk on vacancy

2 possibilities	Single Tenant	
	Can we find a single tenant?	Not easy, but possible.
	If so, what is his timing?	Not always in line with our project calendar.
	What is he willing to pay?	Maybe - but not certainly - enough to cover investments @ Cofinimmo's WACC.
	Multi tenant	
	Can we fill-up the building?	Must be possible.
	In what time span can this be done?	1 to 1,5 years?
At what rent levels?	€180 to €140 -> high risk	



## Woluwe 34 (cont'd)

Reconversion into residential units:

- 69 residential units (66 appts + 2 penthouses + 1 duplex)
- 2 commercial zones (ground floor)
- Parking spaces & cellars

Surface: 6,800m<sup>2</sup>

Budget: €11 mio (VAT & hon. excl.)

Exit value: €24 mio

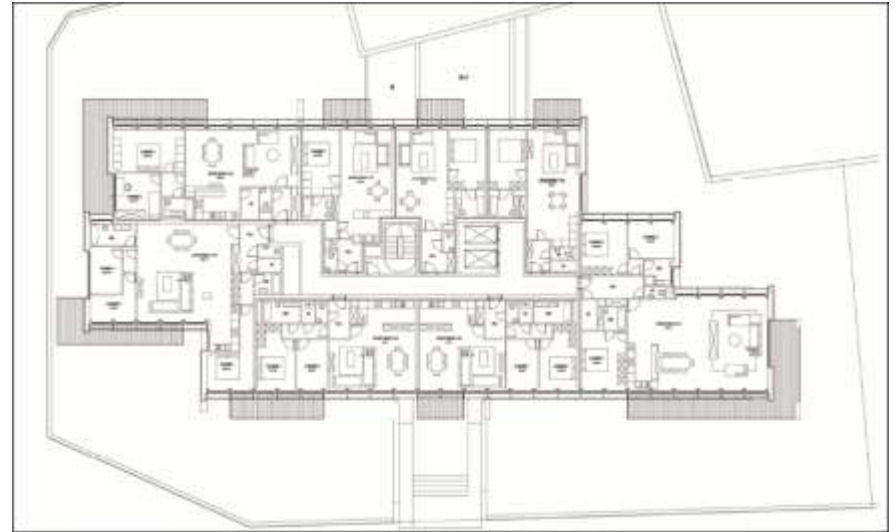
Average net selling price: €3,350/m<sup>2</sup>

Timing: works 2013-2014

Permit application submitted.

Commercialization started in October 2012:  
already 16% reserved.

Brussels Region prize: 'prime à la reconversion'



### **Construction Team:**

Architect:	Assar
Stability:	Pirnay
Technics:	Erbeko
General contractor:	not yet designated
Commercialisation:	Latour & Petit





# Woluwe 34 (cont'd)

[www.w34.be](http://www.w34.be)

Before works:



After works (projected situation):

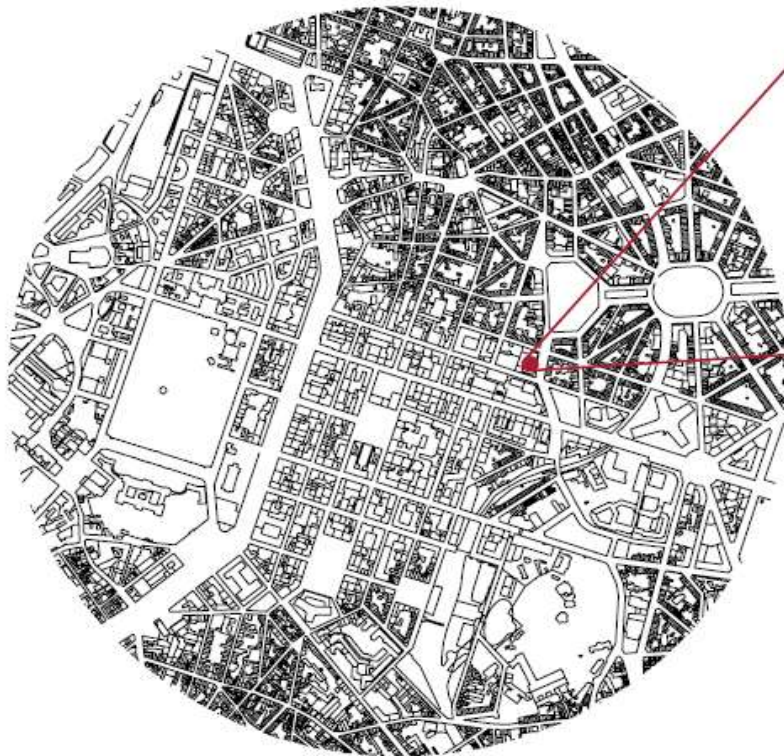






# Livingstone I

- Built in 1996 by Belfius (formerly Dexia) for its own account
- Bought by Cofinimmo in 2002 and let to Dexia until end 2011



Location: Leopold district (next to Pentagon)  
Surface: 17,000 m<sup>2</sup>  
100% offices



# Livingstone I (cont'd)



Chaussee d'Etterbeek



Avenue Livingstone



Rue Joseph II



Rue Stevin





# Livingstone I

Project analysis:

City planning

Accessibility  
Orientation  
Mobility  
Environment  
Green Area

Architecture

Depth  
Modulation  
Height  
Core columns  
Stability

Structure & techniques

Structure (type, capacity)  
Façade  
Fire Resistance  
Acoustics

Feasibility of the project:  
Should the building be put in use again,  
stripped, or demolished and rebuild?



# Livingstone I (cont'd)

Project analysis:

**Residential**



**Offices**





# Livingstone I (cont'd)

Project analysis:

Green zones





# Livingstone I (cont'd)

Reconversion into residential units:

- 122 residential units, 4 entities (A/B/C/D)
- interior access
- penthouse replacing technical rooms on rooftop
- 2 retail areas (ground floor)
- underground : parking, cellars, and technical equipment
- façades redone, replaced by a contemporary design

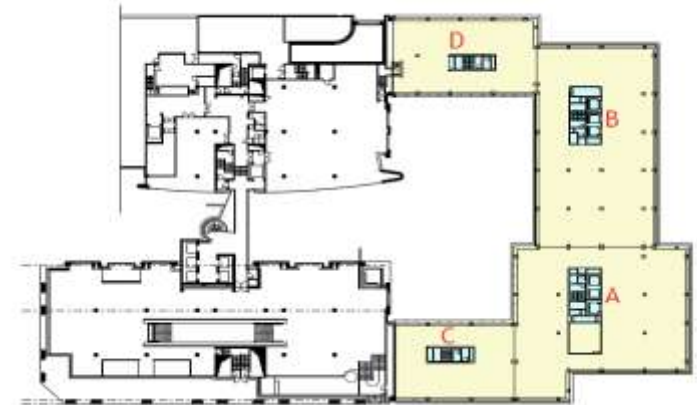
Surface: 17,000m<sup>2</sup>

Price paid by Cordeel for existing building: €24mio

Permit granted in H1 2012

Commercialization started in July 2012: 26% already reserved.

Brussels region prize: 'prime à la reconversion'



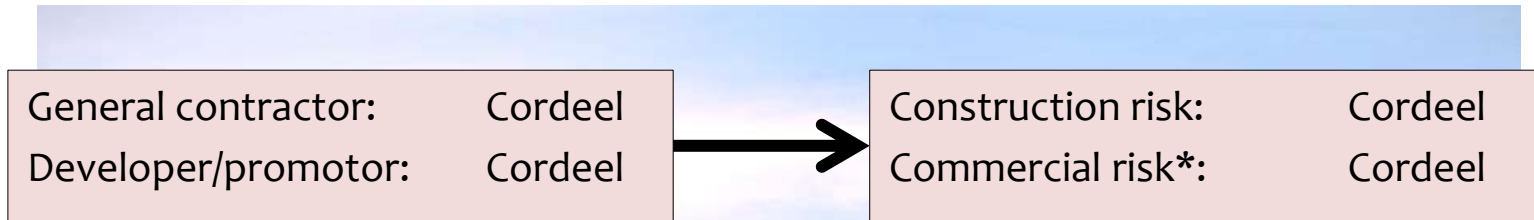
## **Construction Team:**

Architect:	Archi 2000
Stability:	Pirnay
Acoustics:	Daidalos
Techniques :	Boydens
General contractor:	Cordeel
Developer:	Cordeel





# Livingstone I (cont'd)



\* Condition precedent achieved





# Livingstone I (cont'd)

[www.livingstone-brussels.com](http://www.livingstone-brussels.com)

After works (projected situation):



Before works:





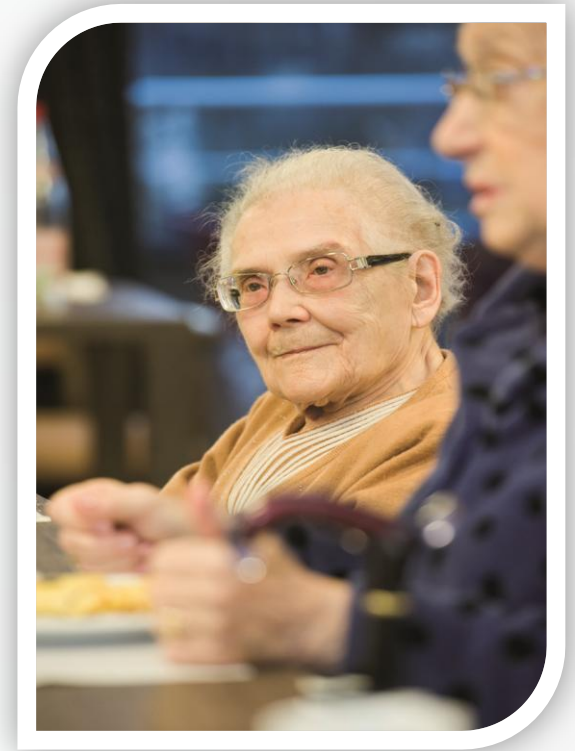
# Q&A



January 16, 2012  
Investor Day Cofinimmo

# Welcome to Weverbos

Ronald De Buck, mba  
President Calidus vzw  
CEO Woon- en Zorgcentra De Foyer  
[ronald.debuck@wzcdefoyer.be](mailto:ronald.debuck@wzcdefoyer.be)





# Calidus

- © 5 independant nursing home operators working together
- © 2 non-profit operators
- © 2 profit operators
- © 1 public operator





# Calidus

© 600 residents

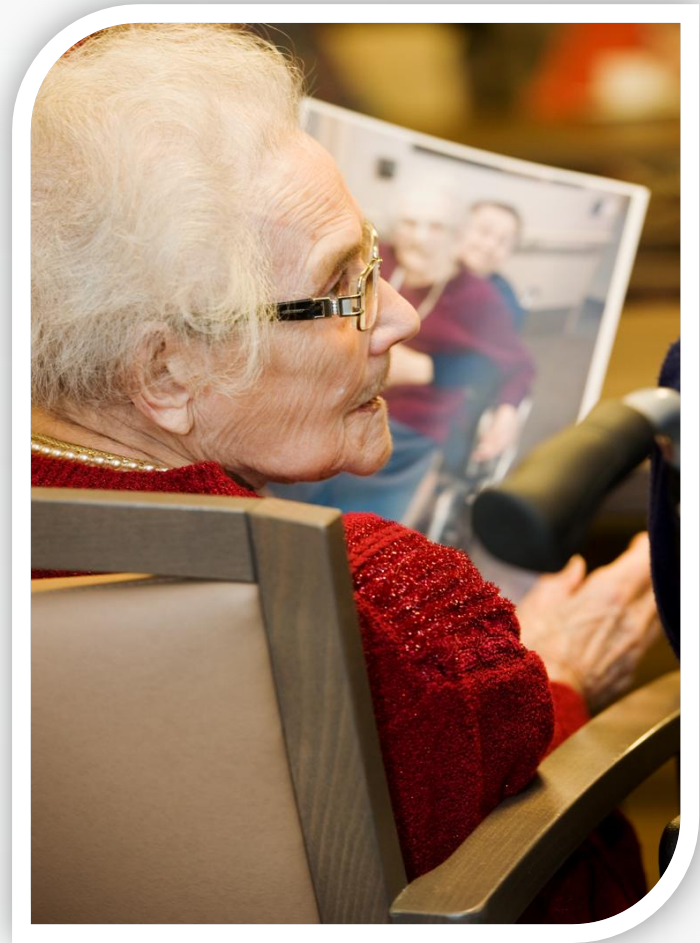
© 7 campuses

© 6 nursing homes

© 1 day-care centre

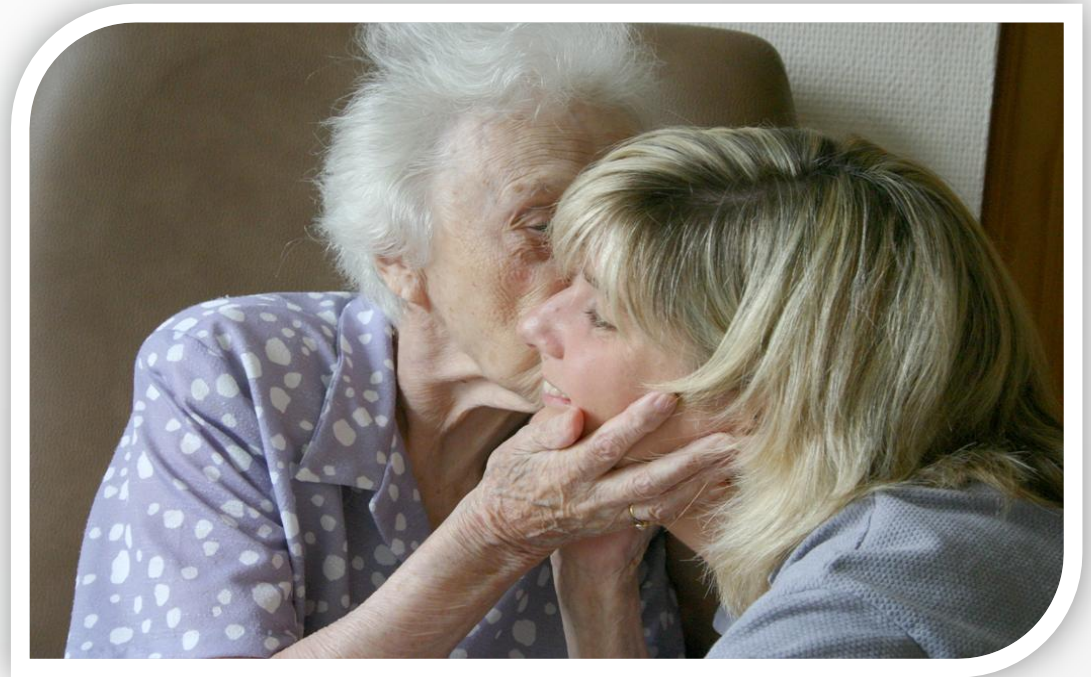
© 3 short-stay facilities

© 3 assisted living facilities



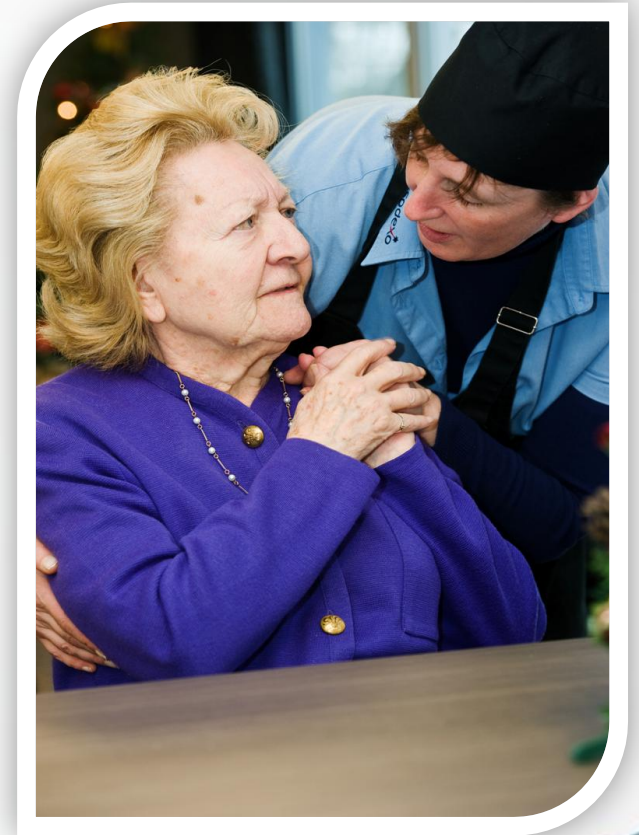
# What keeps us together

our work towards  
quality elderly care  
and our will to  
remain independant



# Why work together?

- © complex legislation
- © economies of scale
- © sharing knowledge
- © an alternative to becoming a group member:  
maintain independence



# Collaboration - 1

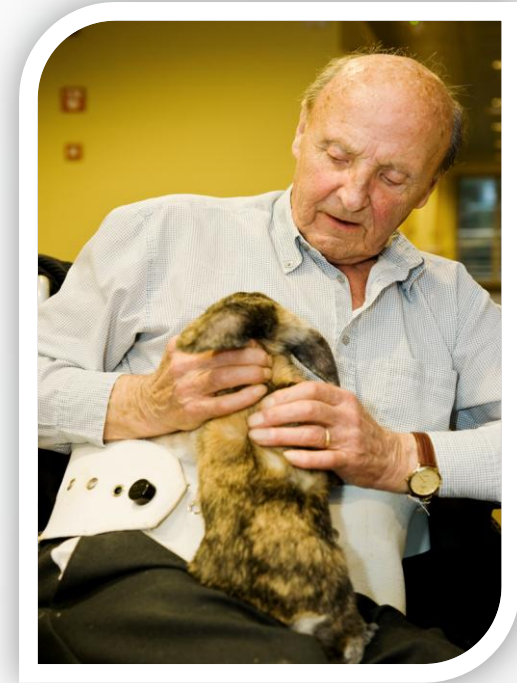
- © ICT: sharing datacenter and software
- © Staff training
- © Quality assurance programs
- © Joint purchases (insurance, food, energy, ...)
- © Knowledge sharing (monthly meetings, informative e-mails, problem solving, ...)





# Collaboration - 2

- © Staff sharing (e.g. De Foyer's psychologist gives regular training sessions to staff of other houses and assists in case management)
- © Benchmarking: financial and quality



# Collaboration - 3

- © When writing down its strategy, De Foyer was assisted by its other members, afterwards presenting them the results.
- © The other members are helping Militza to build its first nursing home, assisting with financial and staff planning, interior design, choosing equipment, ...

# WZC Weverbos



# WZC Weverbos

- © construction started January 6, 2010
- © first residents: August 1, 2011
- © fully occupied 2,5 months later
- © waiting list today:  $\pm$  300 persons
- © 69 places in nursing home
- © 3 places for short stay
- © 28 places for assisted living





# WZC Weverbos

© project management  
and financing by  
Cofinimmo  
in excellent collaboration



- © during construction: strict budget control
- © 78 m<sup>2</sup> / resident: spacious
- © special attention to garden design: well-being
- © lease for 27 years, 2 x 9 years renewable

# Several innovations

Total data integration built in  
Microsoft Dynamics:

- © access control
- © nursing call
- © Digital care file
- © communication (ip-tv, ip-telephone, internet)
- © invoicing, ERP, accounting



# More innovations

© healing garden for people suffering from dementia

© healing environment:

- use of colours
- use of dynamic light

© Automated distribution of medication

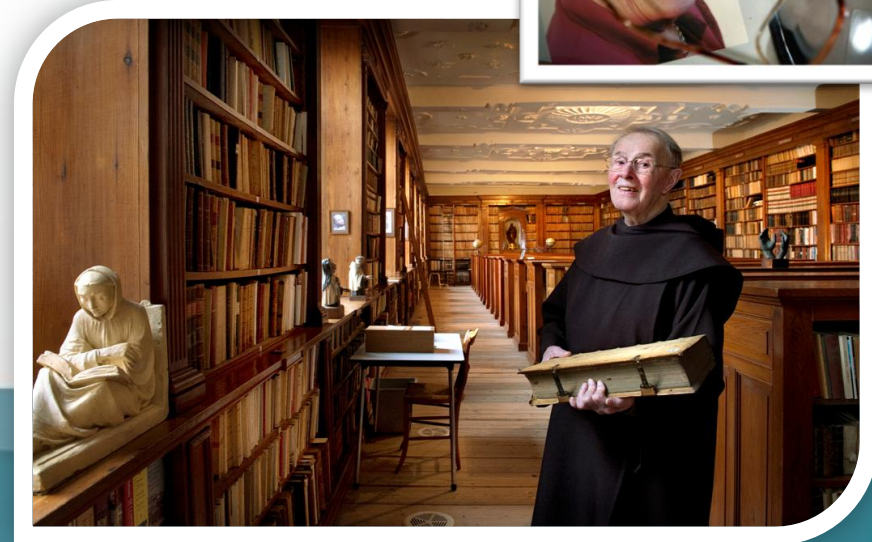




# Our bottom line: Proud of 80!



Trots op  
**80!**

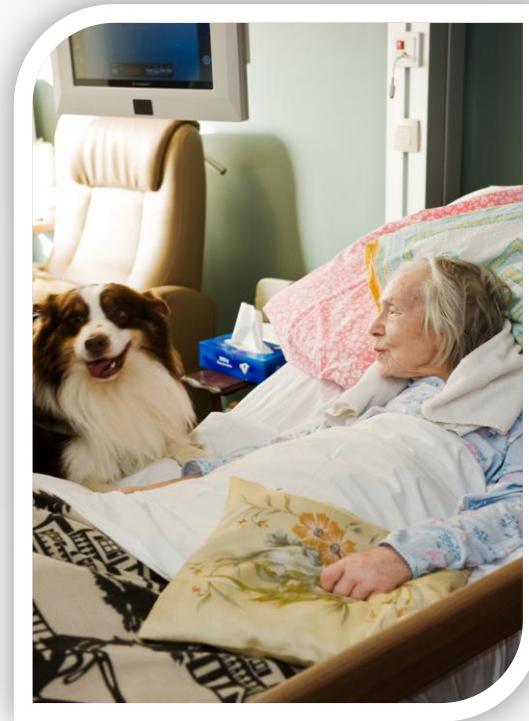




# Efficiency

- © Ceiling lifts
- © Limited walking distances
- © Attention to logistic optimization
- © new cleaning methods
- © catering: 1 central kitchen for 3 facilities

**Result:** severe savings on staff, and increased quality and contentment





## Cofinimmo in the healthcare segment

Presentation by  
Sébastien Berden

*together  
in real estate*



# Table of content:



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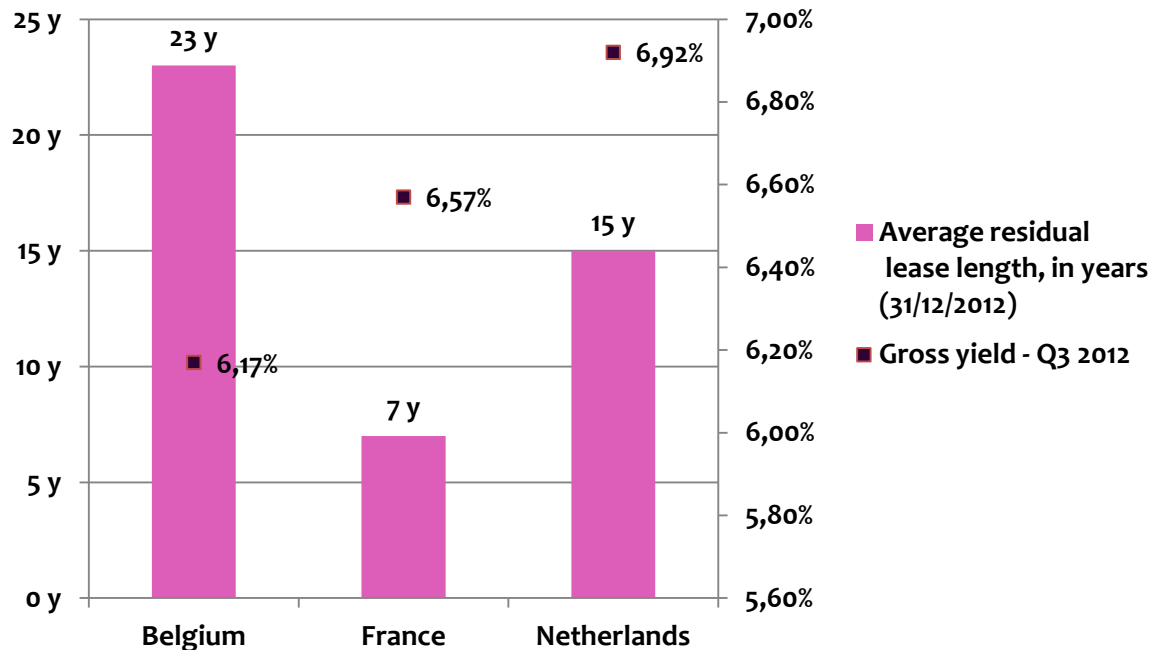




# Investment strategy

## Pursuit of coherent investment criteria...

- ☞ Carefully selected rental partners
- ☞ Defensive valuations
- ☞ Rental terms > 12 years
- ☞ Prudent real estate risk



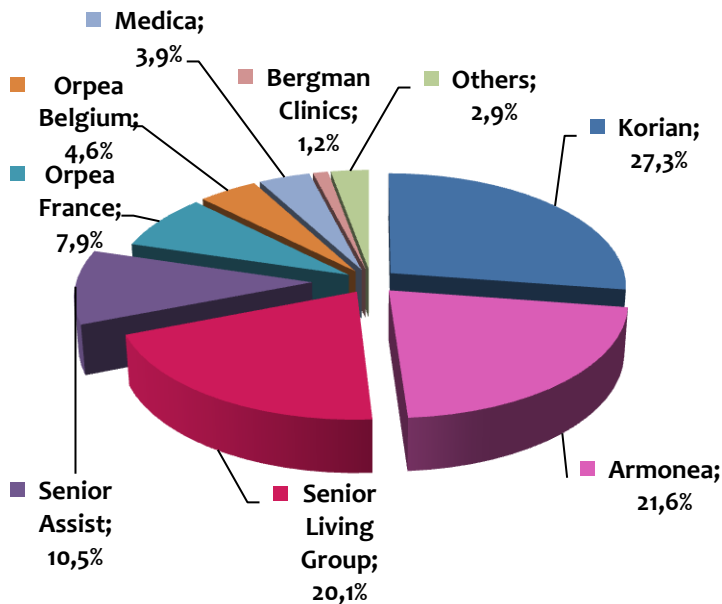




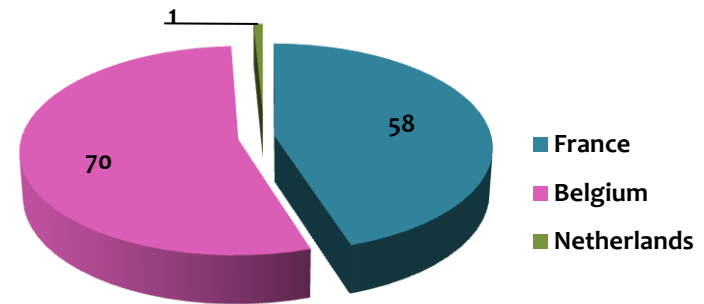
# Investment strategy (cont'd)

... while applying further risk diversification...

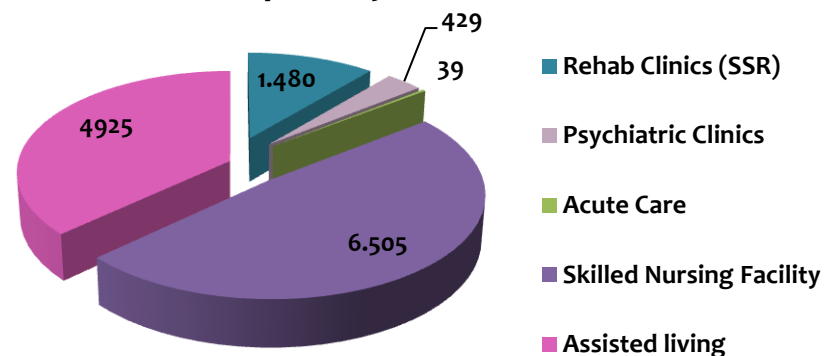
**In terms of operator**



**Geographical spread**



**Medical specialty**



\* Expressed in number of beds

Skilled Nursing Facilities: Maison de Repos, et de Soins ("MRS"), Etablissement d'Hébergement pour Personnes Âgées Dépendantes ("EHPAD")

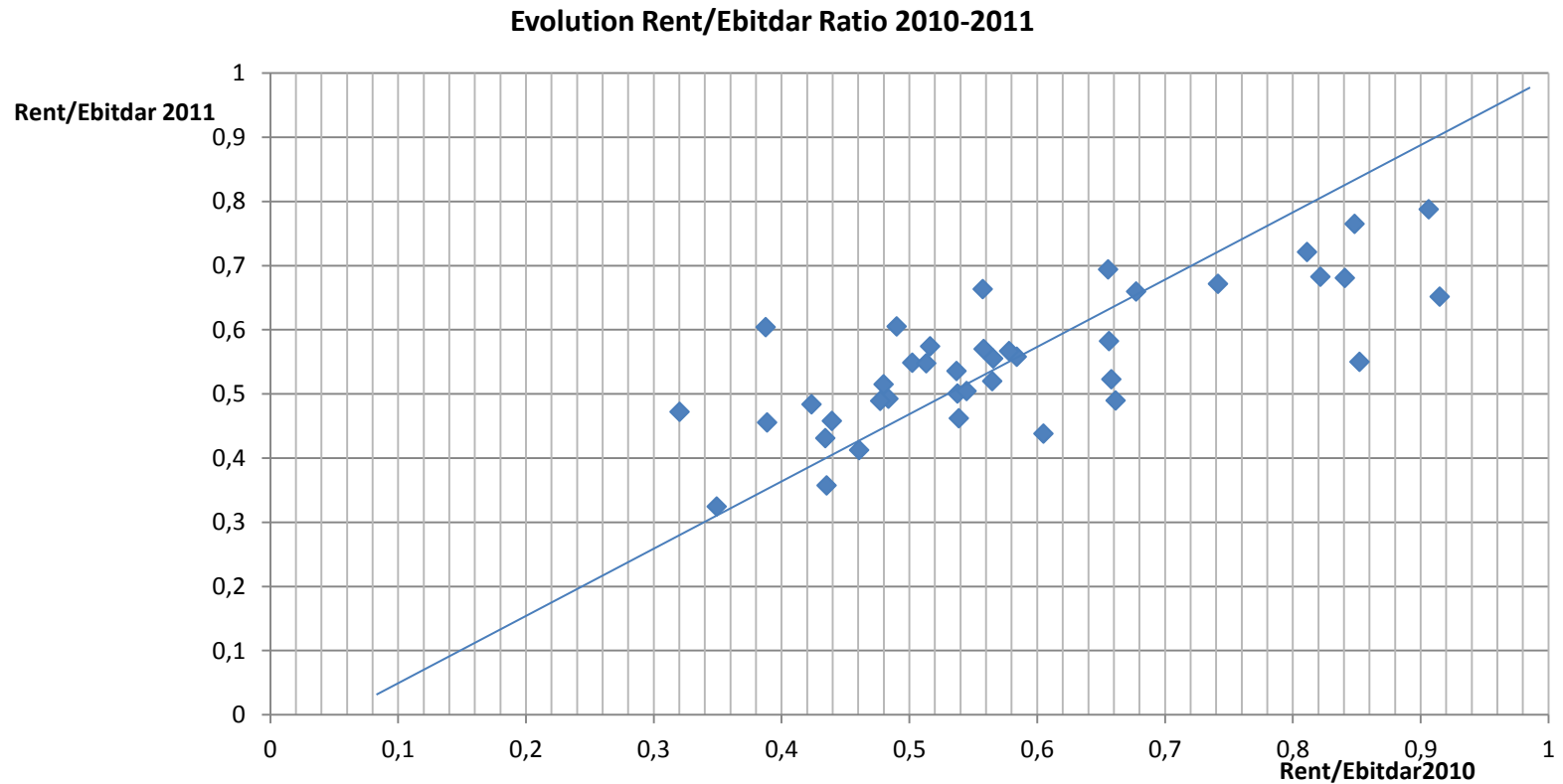
Assisted Living : Service Flats et Maison de Repos ("MR"),

SSR: Soins de suite et de revalidation (rehabilitation clinics)



# Investment strategy (cont'd)

... and developing a thorough understanding of the underlying business.





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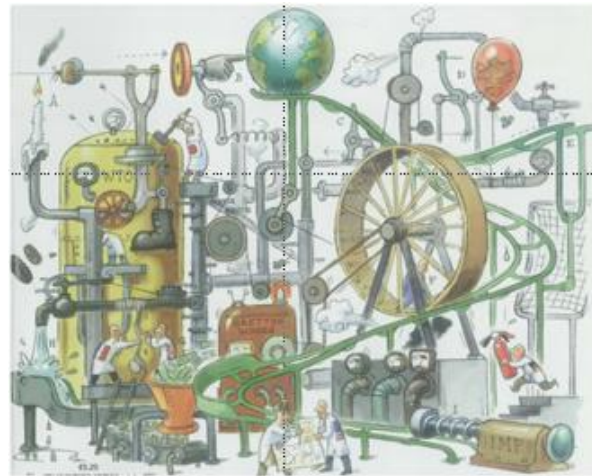




# Strategy roll out

## Key elements in the execution of this strategy :

- Privileged access to healthcare real estate deals through partnerships with thoughtfully selected care operators ;
- Securing the quality of these partnerships by offering a “shared project team”- approach, where the operator benefits from real estate skills and expertise otherwise unavailable ;
- Increase dependency of operators by offering an integrated approach (funding and real estate skills) allowing them to rely on Cofinimmo from the selection of a plot of land to the delivery and long term financing of a building (“one shop has it all”);
- Develop an asset management platform to maintain the quality of the portfolio.



Source: The Economist





## Offering operators an integrated approach

Cofinimmo combines funding and real estate services into an integrated approach (“one stop shop”), thanks to following skills and expertise:

### Funding and access to capital markets

- Through its capital size, diversity of shareholding and track record of regular access to capital markets, Cofinimmo offers a perspective of availability of financing for future development



### Deal structuring and M&A

- Investment analysis and feasibility studies
- Financial and fiscal structuring
- Legal structuring
- Due diligence





## Offering operators an integrated approach

(Cont'd)

### Real estate project development :

- Architectural feasibility studies and design
- Management of building permits
- Management of building contractors
- Relationship management with architects
- Coordination of construction works
- Budget monitoring and administrative management of works
- Building works quality monitoring



### Maintenance management :

- Execute repair and maintenance works (for NN contracts)
- Monitor execution of maintenance works by operators (for NNN contracts)



## Healthcare dedicated asset management

... while developing a health care dedicated **asset management** platform allowing it to monitor and manage its portfolio :

- ☞ Follow up of the operators' business and legal environment;
- ☞ Daily legal and administrative management of assets and real estate SPVs;
- ☞ Technical quality monitoring of assets including:
  - Monitoring of technical condition of assets (asset visits);
  - Execution of maintenance (NN contracts) or follow up of maintenance obligation of operator (NNN contracts);
  - Follow up on due diligence issues related to operational norms and safety regulations;
  - Management of urban and environmental compliance;
- ☞ Management of extensions, renovations, repositioning and sales;
- ☞ Management of contractual, legal or fiscal issues related to assets.



# Strategy roll out (cont'd)

Overview of main 2013 healthcare development projects (worth €73,213,000)

**Noordduin in Koksijde**  
Delivery Q2 2014  
New construction of 6,440m<sup>2</sup>  
87 beds  
Operator: Armonea

**De Mouterij in Aalst**  
Delivery Q2 2014  
New construction of 7,643m<sup>2</sup>  
120 beds  
Operator: Senior Assist

**Couverture in Aalst**  
Delivery Q4 2013  
New construction of 7,894m<sup>2</sup>  
80 beds  
Operator: Senior Assist

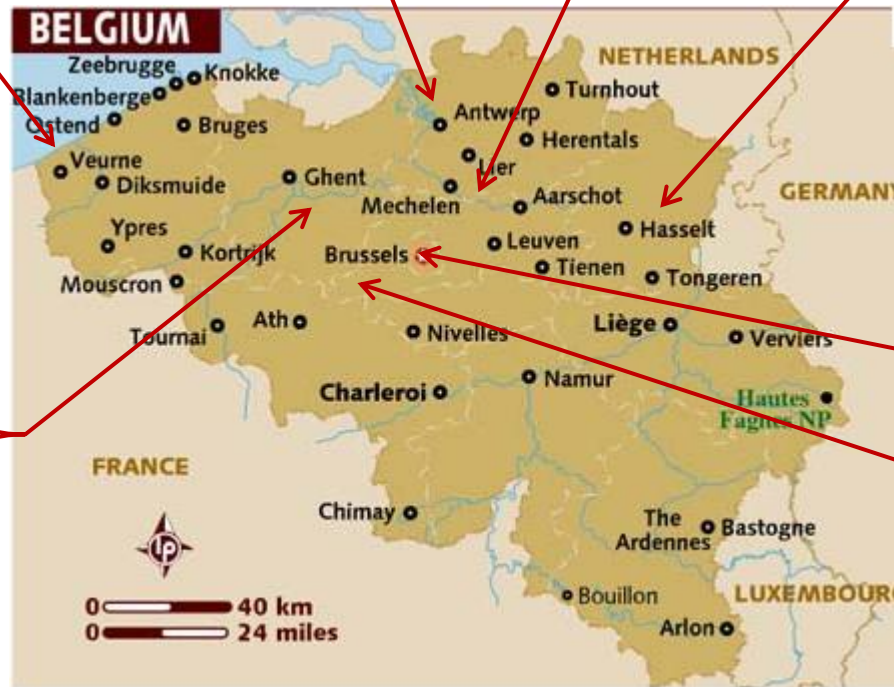
**Dageraad in Antwerp**  
Delivery Q2 2013  
New construction of 5,090m<sup>2</sup>  
94 beds  
Operator: Armonea

**Damiaan in Tremelo**  
Delivery Q3 2013  
Renov.+extension of 5,918m<sup>2</sup>  
42 additional beds  
Operator: SLG

**Prinsenpark in Genk**  
Delivery Q2 2013  
Extension of 4,213m<sup>2</sup>  
86 additional beds  
Operator: SLG

**Vishay in Evere**  
Delivery Q4 2014  
New construct. of 8,565m<sup>2</sup>  
165 beds  
Operator: Armonea

**Wesley in Uccle**  
Delivery Q4 2014  
New construct. of 4,900m<sup>2</sup>  
84 beds  
Operator: Armonea







# Strategy roll out (cont'd)

Overview of main 2013 healthcare development projects (worth €18,000,000)

## William Harvey – Saint-Martin d'Aubigny

Delivery Q1 2014  
Renovation & extension of  
670 m<sup>2</sup> + 10 beds  
Operator: Korian

## Gleteins – Jassans-Riottier

Delivery Q3 2014  
Renovation & extension of  
2 567 m<sup>2</sup> + 30 beds  
Operator: Korian



## Lo Soleilh - Béziers

Delivery Q1 2013  
Renovation of 2 760m<sup>2</sup>  
73 beds  
Operator: Korian

## Frontenac - Bram

Delivery Q1 2014  
Renovation & extension of  
700 m<sup>2</sup> + 8 beds  
Operator: Korian

## Les Lubérons – Le Puy Sainte - Réparate

Delivery Q4 2014  
Renovation & extension of  
1 400m<sup>2</sup> + 25 beds  
Operator: Korian



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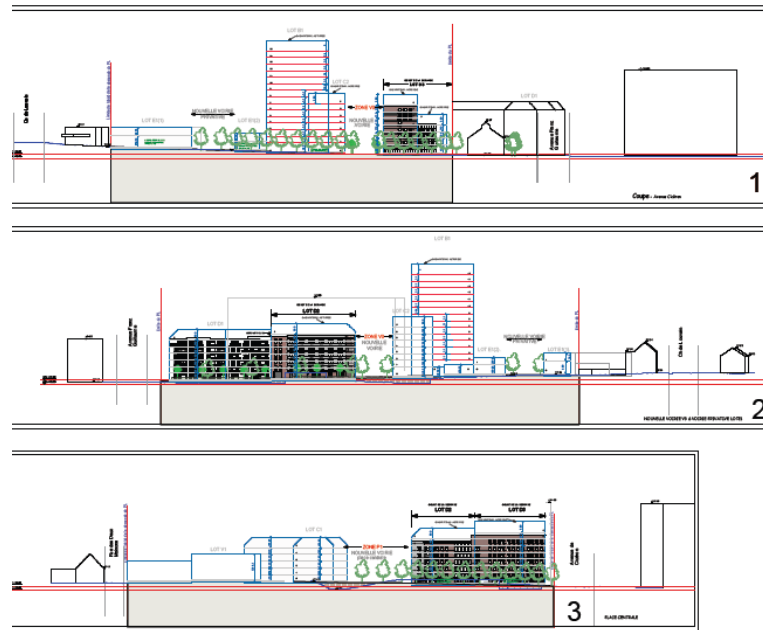
Overview of 2013 projects





## Greenfield project in Brussels (Evere)

- ☞ Delivery Q4 2014
- ☞ New construction of 8,565m<sup>2</sup> - 165 beds
- ☞ Operator : Armonea
- ☞ Budget of works: €18,718,000 VAT included
- ☞ Mission Cofinimmo: full Project Management & Development





# 't Smeedeshof

## Extension of an existing nursing home in Oud-Turnhout

- ☞ Delivery Q4 2012
- ☞ Extension of 6,542m<sup>2</sup> - 64 Service Flats
- ☞ Operator : Armonea
- ☞ Budget of works: €9,317,000 VAT included
- ☞ Mission Cofinimmo: Project Management & Development by tenant

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## Greenfield project in Ghent

- ☞ Delivery Q3 2011
- ☞ New construction of 5,387m<sup>2</sup> - 100 beds
- ☞ Operator : vzw De Foyer
- ☞ Budget of works: €10,442,622 VAT included
- ☞ Mission Cofinimmo: full Project Management & Development

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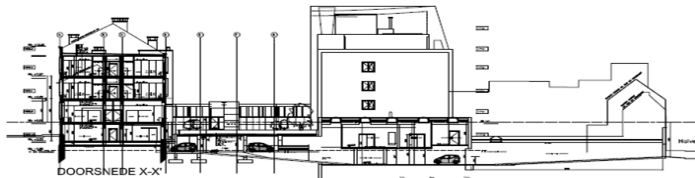




# Bellevue

## Transformation of 2 offices buildings into a nursing home in Brussels

- € Delivery : Q1 2010
- € 2 buildings: 3,056m<sup>2</sup> and 4,597m<sup>2</sup> - 143 beds
- € Construction of a 1,000m<sup>2</sup> underground parking lot with 35 places
- € Creation of a garden in between the 2 buildings on top of the parking
- € Operator : Senior Assist
- € Budget of works: €9,500,000, VAT & studies excluded
- € Mission Cofinimmo: Project Management & Development



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# 2012 acquisitions of up and running facilities

## Bergman Naarden (Netherlands)

- Private hospital specialised in orthopaedic surgery with 39 rooms (5,821m<sup>2</sup>)
- Operated by Bergman Clinics
- Investment amount: €11.5 million
- Annual initial rent: €0.8 million



## EHPAD “Les Musiciens” in Paris (France)

- Nursing and care home of 107 beds (4,264m<sup>2</sup>)
- Operated by Orpea
- Investment amount: €22.2 million
- Annual initial rent: €1.3 million





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**Disclaimer:**

This presentation is directed to public health professionals 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 yearly and half-yearly financial reports and press releases but does not reproduce the whole content of these documents.

Only the French yearly and half-yearly financial reports and press releases form legal evidence.

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Head of Healthcare  
Tel.: +32 2 373 00 09  
sberden@cofinimmo.be



## COFINIMMO'S GREEN POLICY

Presentation by Xavier Denis,  
Chief Operating Officer

*together  
in real estate*





## Green policy



1. A changing environment
2. The impact of building “green”
3. Cofinimmo’s environmental strategy
4. Green reporting
5. Cofinimmo’s recent green development projects



## Green policy

1. **A changing environment**
2. The impact of building “green”
3. Cofinimmo’s environmental strategy
4. Green reporting
5. Cofinimmo’s recent green development projects



# 1. A changing environment

## Real estate challenges today

- Energy use and cost increase
- Resource use and changes in choice of building materials
  - Examples: green roofs, use of wood from sustainable forests, use of natural water-based paint without solvents, LED lighting,...
- Increasing regulation and demands in terms of reporting
- New way to “consume” buildings (multi-use buildings)
- Shareholders activism on environmental issues
- Reconversion for office buildings at the end of technical life cycle





# 1. A changing environment



## EU legislation

- **EU directive 2002/91/EC or EPBD directive key points:**
  - Need for a valid method to compute the Energetic Performance of any Building (EPB)
  - Energetic Performances will need to be certified for existing buildings (subject to sale or rent) and for public buildings
  - Maximal reference value for new or renovated buildings
  - Estimation of primary energy consumption. This energy consumption includes all energy requirements (heating and cooling, lighting, auxiliary).
- **EU directive 2006/32/EC key points:**
  - The public sector needs to lead the way to sustainability and implement Energy Efficiency measures in public tendering
- **The main criteria used in the EPB calculation are insulation, building structures and orientation, sun exposure, self produced energy (solar panels, cogeneration,... ), indoor climate,...**



# 1. A changing environment

- Almost all EU member states have now embedded building regulations for both new and renovated buildings.

	Building code requirements		Performance based requirements <sup>1</sup>		Prescriptive/element-based criteria in building codes					
	New build	Renovations	New build	Renovations	Thermal insulation	Air permeability	Ventilation requirements	Boiler/AC system efficiency	Lighting efficiency	Other requirements
<b>BE-WI</b>	Y	Y	Y	N	Y	N	Y	N	N	Overheating indicator should not exceed 17 500kh. $T_{in}$ must be under 26°C for 90% of year in RE. K-values on global thermal insulation of entire building. Thermal bridges
<b>BE-Br</b>	Y	Y	Y	N	Y	N	Y	N	N	
<b>BE-FI</b>	Y	Y	Y	N	Y	N	Y	N	N	
<b>FR</b>	Y	Y	Y	Y	Y	Y	Y	Y	NRE	Max $T_{in}$ applies based on a number of factors
<b>NL</b>	Y	Y	Y	N	Y	Y	Y		NRE	Daylight

<sup>1</sup> In some cases this may cover only heating demands, and in others it may also include domestic hot water, electricity and other end uses.

Source: Buildings Performance Institute Europe (BPIE)



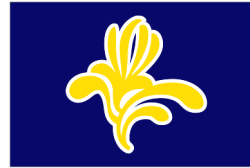


# 1. A changing environment

- **EU directives 2010/31/EU recast of the EPBD:**
  - EPBD recast introduces the obligation that all new buildings will have to consume ‘nearly zero’ energy and the energy will have to be to a very large extent from renewable sources.
  - To be implemented by the end of 2020 (end of 2018 for new buildings occupied by public authorities)
  - Due to these foreseen changes, building codes are anticipated to be in a dynamic phase in the next decade.
- **EPBD recast should be implemented gradually by the EU member states with development of national plans:**
  - In France, the Grenelle Energy and Environment law has set a goal of net zero energy constructions in 2020.
  - In the Netherlands, the energy performance certificate is being adapted to meet recast requirements. The policies both for the residential and non-residential sector will be further adapted in the coming years to reach ‘nearly zero’ energy buildings by 2020.
  - In Belgium, EPB is implemented at regional level with specific policy programs.



# 1. A changing environment



## Regional legislation in Belgium

- **E is the global index of the primary energy consumption of a building.**

For comparison between different buildings, the index is calculated on standardized assumptions in terms of weather conditions, set temperatures, ventilation flows,...

- **K is the global thermal insulation level of a building.**

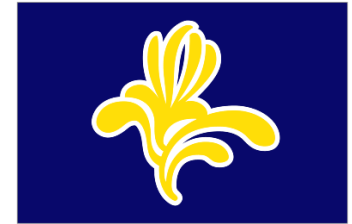
Are taken into consideration: the thermal insulation characteristics of the outer walls, and the compactness of the building (ratio between volume and surface loss).

		Max energy performance level	Max thermal insulation level
Brussels-Capital Region	Offices	E75	K45
	Nursing homes*	n/a	n/a
	Service flats	E70	K40
Flemish Region	Offices	E70	K45
	Nursing homes	n/a	n/a
	Service flats	E70	K45
Walloon Region	Offices	E80	K45
	Nursing homes	n/a	n/a
	Service flats	E80	K45

\*Implementation of energy performance level for nursing homes is expected as from 2015 in the 3 regions



# 1. A changing environment



## Legislation specific to Brussels

- **Key points of the Brussels legislation:**
  - Since 2008, new constructions and refurbishments need to meet the “Energetic Performance of Buildings” (EPB) standard.
  - The Energetic Performances will need to be certified by the IBGE-BIM (Brussels Environment and Energy administration) for existing buildings subject to sale or rent and for public buildings.
  - Refurbishments will also need to meet the defined requirements but no certificate will be delivered by the IBGE-BIM.
- **As from 2015, enforcement of the obligation for all newly-built buildings to be passive in Brussels (probably at E40-E45)\*.**

\*Also applicable for heavy refurbishments



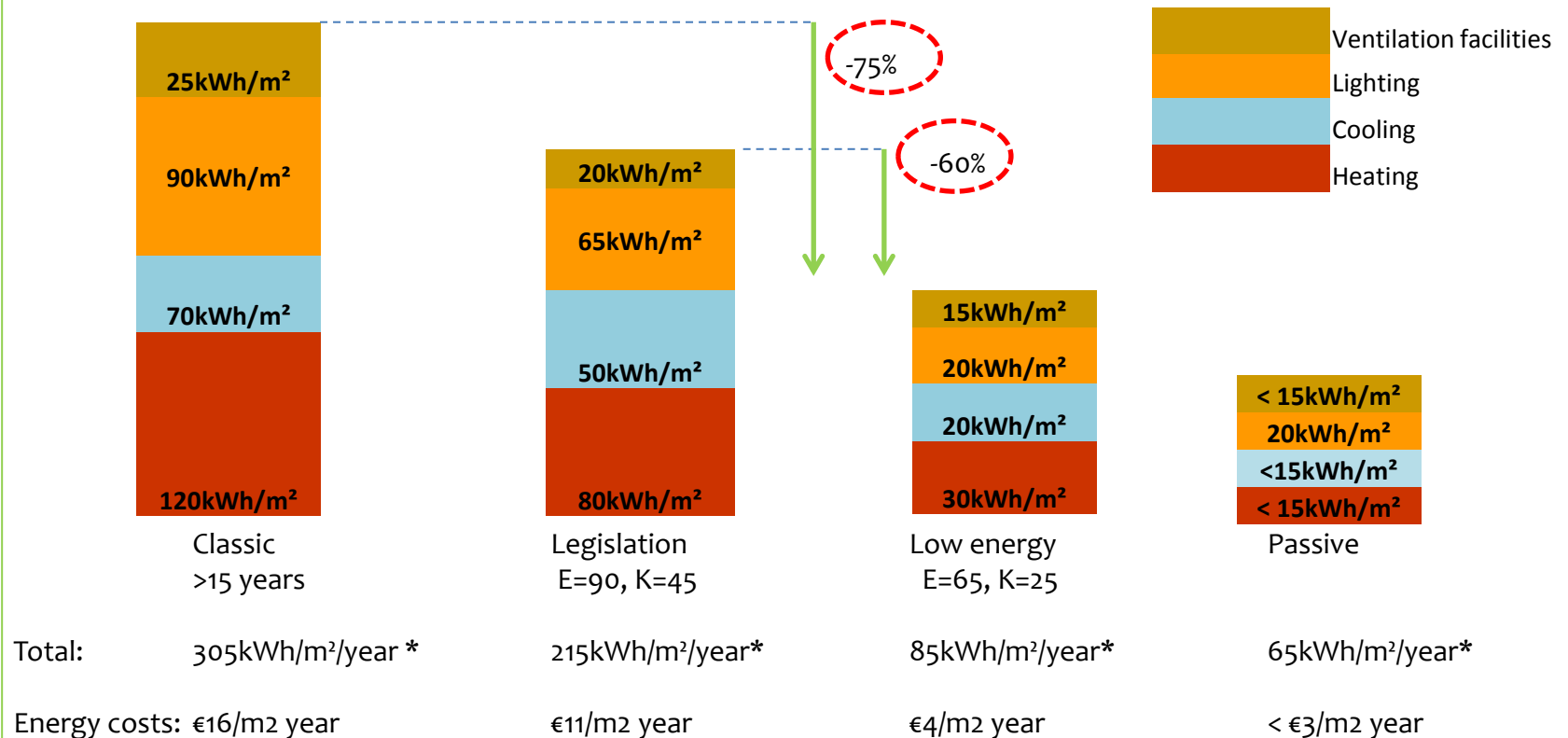
## Green policy

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## 2. The impact of building “green”: for the tenant

- To build “green” could reduce the energy consumption fees of the tenants.
- Average energy costs for Cofinimmo office buildings: +/- €12/m<sup>2</sup>/year for common and private use areas.



\* kWh/m<sup>2</sup>/year : unit for measurement of energy consumption, and in particular energy performance, of a building per m<sup>2</sup> and per year.

Source: DTZ -2008

together in sustainability.





## 2. Impact of building “green”: for the landlord

- Maintain the value of the buildings and reduce vacancy
- Extra cost per m<sup>2</sup> from 5% to 15% compared to a E75 building
- In the current office market, it is not yet possible to increase rents to cover for the extra construction costs, but it is attractive for the tenants.
- In a stabilized office market, it would be possible to consider a rent increase to absorb the extra construction cost:

### Passive Building

**Rent + Energy costs** <

180 €/m<sup>2</sup> + 3 €/m<sup>2</sup>

### Standard Building

**Rent + Energy costs**

175 €/m<sup>2</sup> + 11 €/m<sup>2</sup>

Source: DTZ -2008



## Green policy

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### 3. Cofinimmo's environmental strategy



*Together in  
Sustainability*

- **The role of Cofinimmo is twofold:**
  - Long term sustainable management of property portfolio
  - Socially responsible enterprise (mobility, carbon footprint, IT, fleet, people)
  
- **Cofinimmo has undertaken to develop and manage its portfolio by:**
  - Seeking for an optimal management of the environmental risks
  - Improving energy performances
  - Obtaining environmental certifications
  - Investing in responsible renovation and redevelopment programmes
  - Decreasing its headquarters carbon footprint

*together in sustainability.*



## 3. Cofinimmo's environmental strategy

### Improving the sustainability of the assets

- **If Cofinimmo is in charge of the renovation works:**
  - The project management team has a checklist to favour more sustainable projects (example: use of 100% recycled carpet, better energy performance than required by the law,...).
  - Program choices compared to this checklist need to be justified during the different decision steps of the project (program/pre-project/building permit/order of works/delivery)

### Improving the energy consumption follow-up

- **Tight consumption monitoring by implementation of an energy accounting software package**
- **Progressive implementation of extra online energy meters**



### 3. Cofinimmo's environmental strategy

## Raising awareness of tenants and suppliers

- **Cofinimmo's "Green charter":**
  - Launched on 01.01.2012
  - Collaboration agreement signed by Cofinimmo, Cofinimmo Services and the tenant
  - Goal: to reduce energy consumption and to seek environmental performance in partnership with tenants
  - Topics : energy consumption data sharing and reduction, waste and water management, better day-to-day use of the building to improve the environmental and energy performances,... A scorecard is periodically discussed with the tenant.
  - In 2012, 13 offices tenants (EPRA, KPMG, Federal Planning Bureau... ) have signed the charter, representing 10.1% of the tenants of the office portfolio (79,604m<sup>2</sup>).
  - Objective for 2013: +5% new signatures (+/- 40,000m<sup>2</sup>)
- **Building User Guide sent progressively to all tenants**
- **Signature of Cofinimmo environmental policy with suppliers ("first contact")**





## 3. Cofinimmo's environmental strategy

### Green Committee

- **Multi-disciplinary team of 10 people : property managers, project managers, communication, legal, HR**
- **Meeting every 2 weeks to discuss CSR dashboard**
- **Presentation 2x/year to the Executive Committee to discuss objectives and results with respect to sustainability issues**
- **Role:**
  - Monitoring of Cofinimmo's sustainability objectives
  - Proposing concrete, economically viable measures in order to improve the environmental (sustainable) performance of the company, its portfolio and as a consequence the spaces rented by its tenants
  - Keeping up-to-date with state-of-the-art development and best practices in the field
  - Placing its expertise at the disposal of both our internal and external clients
  - Communicating Cofinimmo's achievements, ideas and suggestions both internally and externally



### 3. Cofinimmo's environmental strategy

#### Green certifications

- **Green certifications objectives:**
  - Improve commercial competitiveness of Cofinimmo's buildings
  - Ongoing improvement of the property portfolio environmental performance



breeam

CERTIFICAT  
PEB



ISO 14001

BUREAU VERITAS  
Certification



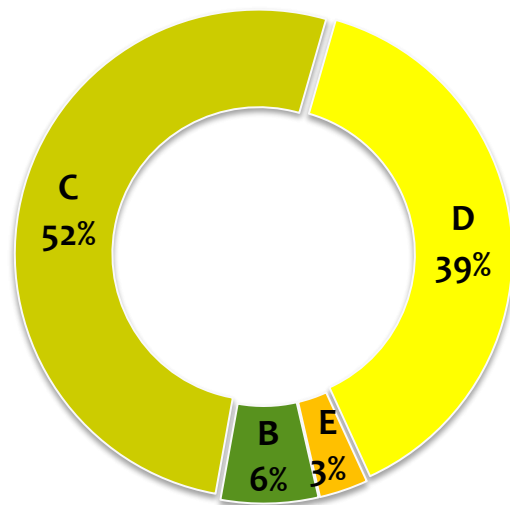
*together in sustainability.*



### 3. Cofinimmo's environmental strategy

## Green certifications : Energy Performance Certificates

Results of the energy performance certificates of Cofinimmo's offices situated in the Brussels Capital Region



	kWh PE <sup>2</sup> /m <sup>2</sup> /year
A	< 62
B	62 - 155
C	156 - 248
D	249 - 341
E	342 - 434
F	435 - 527
G	< 527

- 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



### 3. Cofinimmo's environmental strategy

#### Green certifications: ISO 14001:2004

- The Environmental Management System of Cofinimmo's entire office portfolio was certified according to the **ISO 14001:2004** criteria. The Property Management of the offices and the Project Management were certified.

#### ISO 14001 implies :

- Continuous improvement by setting up annual objectives.
- Periodic external audit.
- The ISO 14001 standard is based on the **Plan-Check-Do-Review-Improve** cycle.





### 3. Cofinimmo's environmental strategy

#### Green certifications: ISO 14001:2004

The **three main commitments** for both Property and Project Management are:

- compliance with environmental regulations and other requirements;
- continuous improvement;
- prevention of pollution.

These commitments are monitored by operational teams in their daily work.

In a very practical way, for the **Property Management**, the **main objectives** to be achieved for the coming years are:

- reduction of energy and water consumption;
- implementation of energy accounting and installation of meters able to be read remotely;
- raising of awareness among customers and subcontractors;
- improvements to and increase in waste recycling.

And, for the **Project Management**, as far as possible, the use of sustainable materials and techniques in all construction and renovation works.





### 3. Cofinimmo's environmental strategy

breeam

#### Green certifications: BREEAM (BRE Environmental Assessment Method)

- A BREEAM assessment uses recognized measures of performance from energy to ecology. They include aspects related to energy and water use, the internal environment (health and well-being), pollution, transport, materials, waste, ecology and management processes.
- Different categories of certifications exist : **BREEAM International** for the new constructions and **BREEAM In-Use** for the existing buildings
- The rating levels are : acceptable, pass, good, very good, excellent, outstanding
- **Cofinimmo pursues a “BREEAM In-Use” certification policy:**
  - Prioritising buildings currently up for sale or lease
  - Certification valid for 3 years
  - 3 aspects: Asset management, Building management and Tenants
  - +/-12% of the offices certified “BREEAM in use”



### 3. Cofinimmo's environmental strategy

<b>BREEAM In-Use certification results</b>		
<b>Building</b>	<b>Asset</b>	<b>Building Management</b>
<b>Certification 2012</b>		
Bourget 42	Good	Good
Bourget 44	Good	Good
Square de Meeus 23	Good	Good
Cockx 8-10 (Omega Court)	Good	Good
<b>Certification 2010</b>		
Avenue Building/London Tower	Good	Good
Noordkustlaan 16 A-B-C (West-End)	Pass	Good
Woluwe 58	Pass	Good

According to the BRE's July 2012 statistics :

- For the asset part, 50% of the assessed building score a “good” level (21% are above)
- For the Building Management part, 32% of the assessed building score a “good” level (18% are above)



### 3. Cofinimmo's environmental strategy

Office Buildings with BREEAM in Use "Good" / "Pass"



Bourget 42- B-Brussels



Bourget 44- B-Brussels



Meeûs 23 B-Brussels



Cockx 8-10 B-Brussels



Avenue Building Antwerp



Woluwe 58 B-Brussels



Noordkunstlaan 16 C -Groot-Bijgarden

*together in sustainability.*



### 3. Cofinimmo's environmental strategy

In 2011 and 2012, Cofinimmo employees benefited from the following 'Green Trainings':

Post Graduate Programmes	Certifications	Seminars and Trainings
Post graduate training in buildings energy techniques Post graduate energy coordinator Master in Energy and Environmental Law	BRE Global Assessor Training Course on the BREEAM International Scheme BREEAM Seminars PEB Certification	Alternative environmental legislation and soil sanitation Seminar on the new types of housing Grenelle 2 and city planning reforms Training cycle for energy professional Bio Ecological building techniques





## Green policy

1. A changing environment
2. The impact of building “green”
3. Cofinimmo’s environmental strategy
- 4. Green reporting**
5. Cofinimmo’s recent green development projects





## 4. Green reporting: EPRA Sustainability Best Practice Recommendations (BPRs)

- Key sustainability performance measures designed to raise transparency in sustainability reporting:
  - Focus on 11 key sustainability measures related to Energy, Greenhouse gas emissions, Water and Waste
  - Consistent with Global Reporting Initiative (GRI) sustainability reporting framework



**Table 1 - EPRA Sustainability Performance Measures - Absolute Measures**

Broad Issue Type	Sustainability Performance Measure	Units of measurement
Energy	Total energy consumption from electricity [GRI: EN4]	kWh
	Total energy consumption from district heating and cooling [GRI: EN4]	kWh
	Total energy consumption from fuels [GRI: EN3]	kWh
Greenhouse gas emissions	Total direct GHG emissions [GRI: EN16]	metric tonnes CO <sub>2</sub> e
	Total indirect GHG emissions [GRI: EN16]	metric tonnes CO <sub>2</sub> e
Water	Total water withdrawal by source [GRI: EN8]	cubic metres (m <sup>3</sup> )
Waste	Total weight of waste by disposal route [GRI: EN22]	metric tonnes
	Percentage of waste by disposal route	proportion by weight (%)

- Cofinimmo was presented a **Gold Award** for achieving exceptional compliance with the **EPRA Sustainability BPRs** in its Annual Financial Report 2011.



## Green policy

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## 5. Recent green development projects



### Police station - Dendermonde:

- Energy levels: E12 and K20 (legal requirements: E100 and K45)
- Superior quality insulation
- Optimum solar protection provided by suitable choice of glazing and placing of exterior solar protection system
- D-type ventilation system
- Ultra-efficient lighting concept with luminosity detection
- High performance heating system with heat pump
- 1,600m<sup>2</sup> of photovoltaic solar panels



## 5. Recent green development projects

### Livingstone I: Office reversion into residential

- Energy level: E70 (Max E70)
- Building shell with very high level of insulation
- D-type ventilation system, i.e. with high-performance heat recovery
- High-performance central heating system (condensing boilers)
- Ultra-efficient window frame and pane assembly
- Structure providing external solar protection
- Separate meters and energy accounting
- Green roof, Interior park
- Rainwater recovery tank





## Q&A



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