

# Cofinimmo: Q3 2010 Results



*together in real estate*

## Cofinimmo in a nutshell

- Cofinimmo today
- Experienced management team
- Track record
- Brussels office market
- Health care properties
- Pubstone



## Cofinimmo today

- ☞ Leading Belgian real estate investment company exposed to the office property market in Brussels, nursing homes in Belgium and France and pub properties in Belgium and the Netherlands
- ☞ Total portfolio fair value at 30.09.2010: €3,006 M
- ☞ REIT status in Belgium and France (SICAFI, SIIC)
- ☞ Internal real estate management platform with 108 employees
- ☞ Two longest shareholders are Dexia Insurance (7.49%) and Allianz Belgium (below 5%)
- ☞ Included in major indices: BEL 20, EPRA Europe, GPR 250
- ☞ Total market capitalization at 30.09.2010: € 1.4 billion

# Cofinimmo can rely on a highly experienced team of professionals

## **Senior management with strong track record in the real estate industry**



- Serge Fautré, CEO since 2002, is Director of Union Professionnelle du Secteur Immobilier (“UPSI”) and the former Chairman of the European Public Real Estate Association (“EPRA”).



- Jean Carbonnelle, CFO, has been with Cofinimmo for more than 10 years and is Chairman of EPRA tax committee.

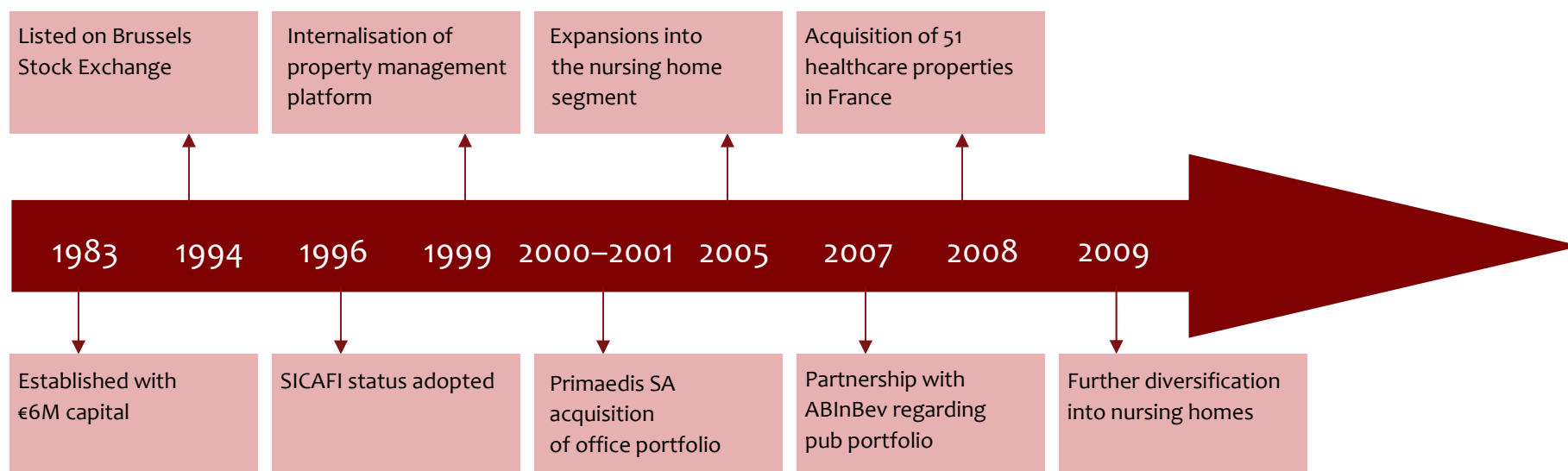


- Jean Franken, COO, has been responsible for operations with the property company since 1996 and active in the real estate market for 32 years.



- Françoise Roels, Secretary General and Group Counsel, joined Cofinimmo in 2004.

## Long track record in the Belgian property market for over 25 years



☞ Key player in the office property market in Belgium

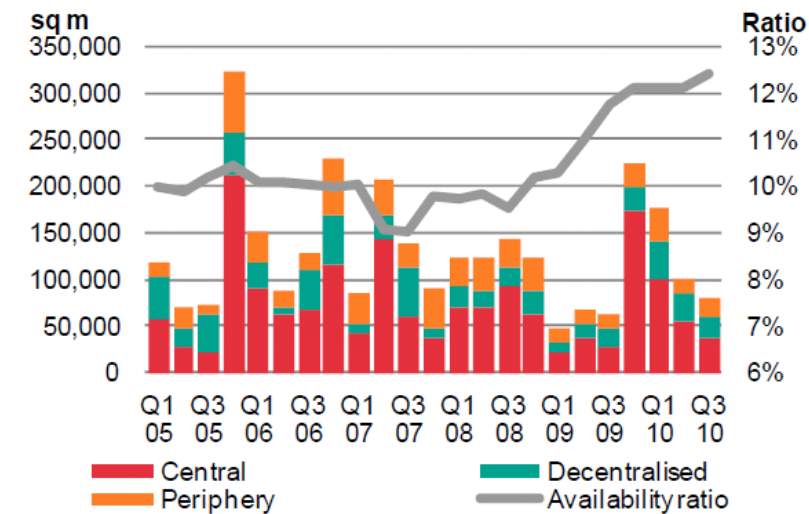
☞ Growing presence in the nursing home market in Belgium and France

- Active in the segment since 2005
- Market leader in continental Europe by the number of beds



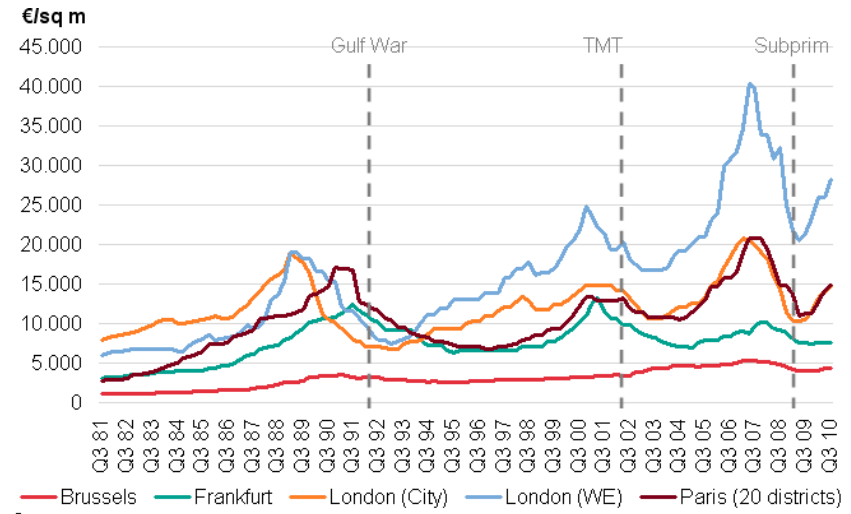
# Brussels office market

**Brussels take-up & vacancy**



Source: DTZ Research

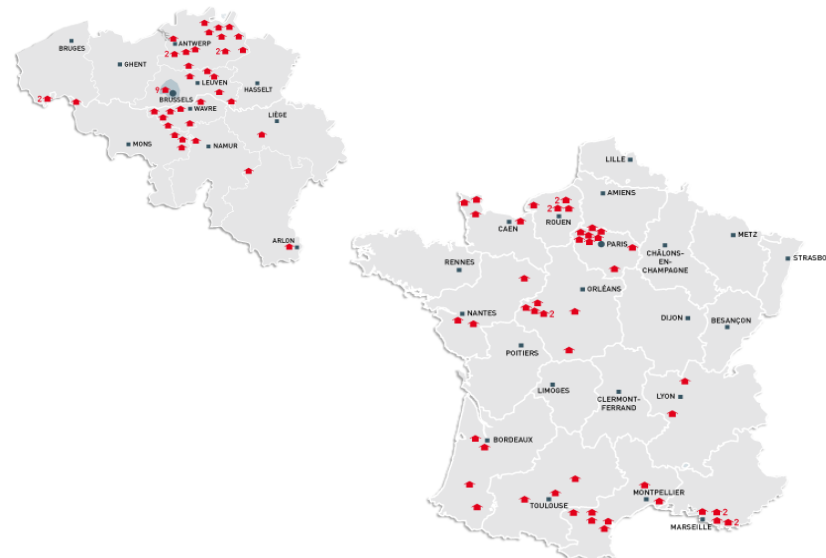
**Prime office value sqm in Europe**



Source: DTZ Research

# Healthcare properties

- ☞ 100 nursing homes with 9,900 beds in Belgium and France
- ☞ Long-term contractual relationships
  - 27 years in Belgium
  - 12 years in France<sup>1</sup>
- ☞ Fixed rents from operator, indexed annually
- ☞ Mostly triple net rents or limited maintenance obligation
- ☞ Credit risk on operator, not on individual unit
- ☞ Limited access to market for competitors due to social security quotas per municipality
- ☞ Operators' revenues guaranteed by social security: 50% in Belgium, up to 30% in France
- ☞ Rent/Ebitdar in Belgium 60-70%, in France around 50-60%
- ☞ Upside potential on residual values



	Belgium	France	Total
Fair value	491 M€	336 M€	827 M€
Units	49	51	100
Number of beds	5,704	4,174	9,878
Average lease length	25 years	9 years	
Rental income 2009 (9m)	17 M€	17 M€	34 M€
Rental income 2010 (9m)	22 M€	18 M€	40 M€

<sup>1</sup> Shorter lease contracts due to tax advantages related to lower registration duty



## Particular focus on tenant quality in the nursing home sector

### Nursing homes - Belgium

#### ☞ Armonea

- Armonea is a joint venture of the Group Van den Brande and Restel Résidences, 2 family-owned companies with more than 30 years of experience in the nursing home sector. The company provides care for 4,500 residents.

#### ☞ Calidus

- Calidus is an initiative of several independent nursing home operators, aimed to centralize and share support services.

#### ☞ Médibelge

- Médibelge, a private nursing home operator, manages 1,800 beds. The founder of the company has been an important actor in the senior care sector in France for over 30 years. Today, the company is owned for 49% by Orpéa, the largest nursing home operator in continental Europe.

#### ☞ Senior Assist

- Senior Assist is a gradually growing group providing care for 2,500 residents.

#### ☞ Senior Living Group

- Senior Living Group was created in 2004 by Waterland Private Equity and provides care for 3,750 residents.

### Nursing homes - France

#### ☞ Orpéa

- Orpéa is the largest player in senior care in continental Europe, and is listed on the Paris Stock Exchange. The company manages a network of 33,000 beds.

#### ☞ Korian

- Korian is the second largest nursing home operator in continental Europe, with over 21,400 beds. The company is also listed on the Paris Stock Exchange.

	# sites	Cofinimmo
Armonea	44	24
Calidus	8	1
Médibelge	16	6
Senior Assist	32	8
Senior Living Group	26	10
Orpéa	356	10
Korian	220	39
Others (France)		2

# Pub portfolio

- ☞ 824 pubs in Belgium and 245 in the Netherlands
- ☞ Long-term contractual relationship: 23 years
- ☞ Fixed rents, indexed to CPI
- ☞ 1 tenant: AB Inbev – no direct relationship with a pub operator
- ☞ Only structural maintenance obligations (walls, roofs, facades)
- ☞ Redevelopment potential



## **C** Financial performance

- **Key financial indicators**
- **Rental revenues**
- **Results per share**
- **Dividend**
- **Financial resources**



## Key financial indicators

### Operating performance

- Property result -1.6%
- Operating result -3.0%
- Due to higher vacancy

### Financial result

- Interest charges -22.04%
- Cost of debt from 4.91% to 4.27%
- Due to restructuring of the derivative financial instruments

### Net current result (excl. IAS 39) +6.23%

### Significant impact IAS39 variation

- € -21.3 million in P&L
- € -56.0 million in equity

(x € 1,000,000)

	30.09.2010	30.09.2009
Property result	158.6	161.1
Operating result (before result on portfolio)	136.2	140.4
Financial result (excl. IAS 39)	-46.6	-55.8
<b>Net current result (excl. IAS 39) - Group share</b>	<b>84.7</b>	<b>79.7</b>
Net current result - Group share	63.3	62.8
Result on portfolio - Group share	-28.5	-54.4
Net result - Group share	34.8	8.4

(in %)

	30.09.2010	31.12.2009
Operating costs/average portfolio value	0.82%	0.80%
Operating margin	85.86%	86.42%
Average cost of debt	4.27%	4.91%
Debt ratio	48.53%	49.97%
LTV ratio	51.22%	52.81%

## Gross rental revenues

	Gross rental revenues 2010 (9m) (x € 1,000,000)	Gross rental revenues 2009 (9m) (x € 1,000,000)	Growth (%)	Like-for-like growth (%)
NH Belgium	22.1	17.5	+26.4%	+0.4%
NH France	18.0	16.6	+8.4%	+0.8%
Offices	85.6	91.3	-6.3%	-2.9%
Pubs	21.0	21.0	-0.1%	-0.3%
Other	3.2	4.3	-25.7%	-0.1%
<b>Total portfolio</b>	<b>149.9</b>	<b>150.7</b>	<b>-0.6%</b>	<b>-1.7%</b>

☞ Total gross rental revenues remain stable but fall by -1.7% on a like-for-like basis due to:

- Low indexation (0.3%)
- Negative reversion in office portfolio
- Higher vacancy in office portfolio (+2.5%)

## Results per share

**Net current result (excl. IAS 39) of € 5.74 (9m) ahead of 2010 forecast of €7.55 (12m)**

Results – Fully diluted (in €)	30.09.2010	30.09.2009
<b>Net current result (excl. IAS 39 impact) – Group share</b>	<b>5.74</b>	<b>5.78</b>
IAS 39 impact	-1.44	-1.23
<b>Net current result – Group share</b>	<b>4.30</b>	<b>4.55</b>
Realised result on portfolio	0.20	0.06
Unrealised result on portfolio	-2.14	-4.01
<b>Net result – Group share</b>	<b>2.36</b>	<b>0.60</b>

Net asset value per share – Fully diluted (in €)	30.09.2010	31.12.2009
Revalued net asset value in fair value after distribution of dividend for the year 2009	91.97	93.51
Revalued net asset value in investment value after distribution of dividend for the year 2009	96.24	98.06

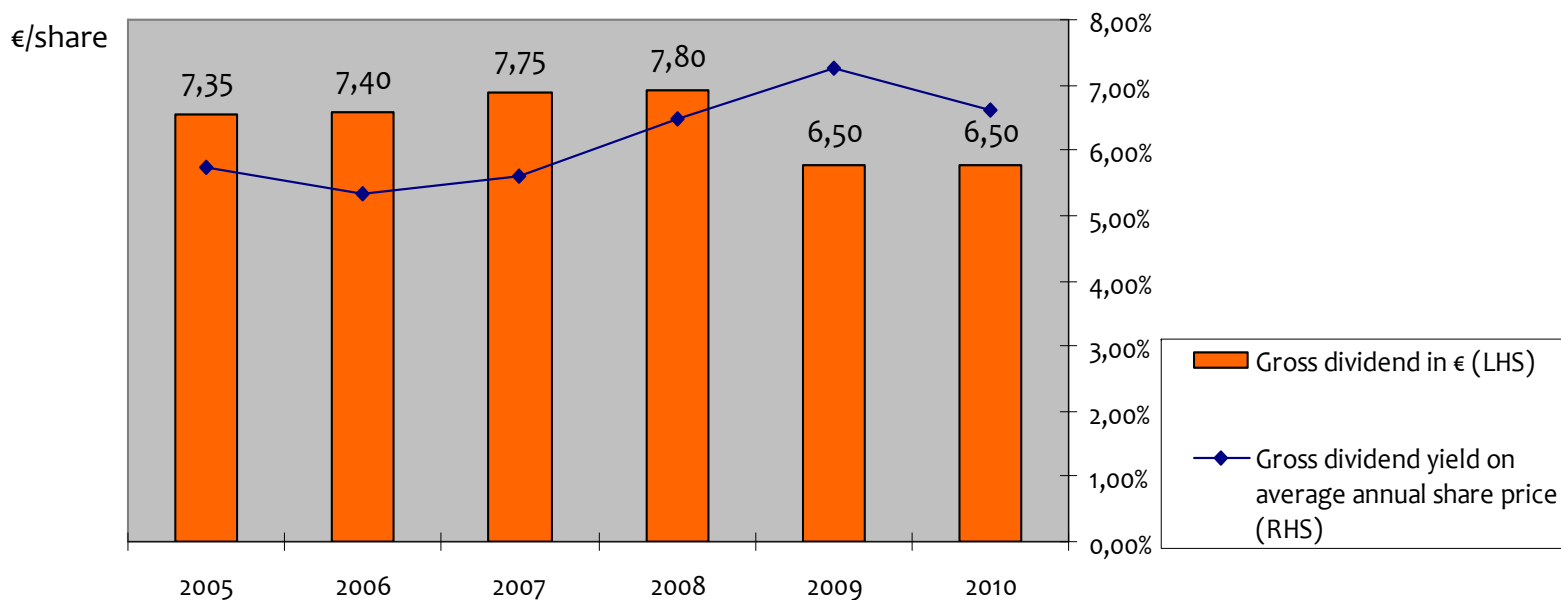
NAV -1.5% due to impact of fair value changes of properties and hedging instruments

## NAV roll forward

<b>NAV in investment value, fully diluted on 31.12.2009</b>	<b>104.55</b>	
Dividends 2009	-6.49	
<b>NAV in investment value, fully diluted after dividend for the year 2009</b>	<b>98.06</b>	
Capital increase - dilution	-0.29	
Net current result (excl. IAS 39) of the period	5.74	
IAS 39 impact (P&L)	-1.44	] Total IAS 39 impact of the period
IAS 39 impact (variation in reserves)	-3.80	
Portfolio result of the period	-1.95	
Other	-0.08	
<b>NAV in investment value, fully diluted on 30.09.2010</b>	<b>96.24</b>	

# Dividend

2010 proposed dividend of € 6.50 per ordinary share and € 6.37 per preference share

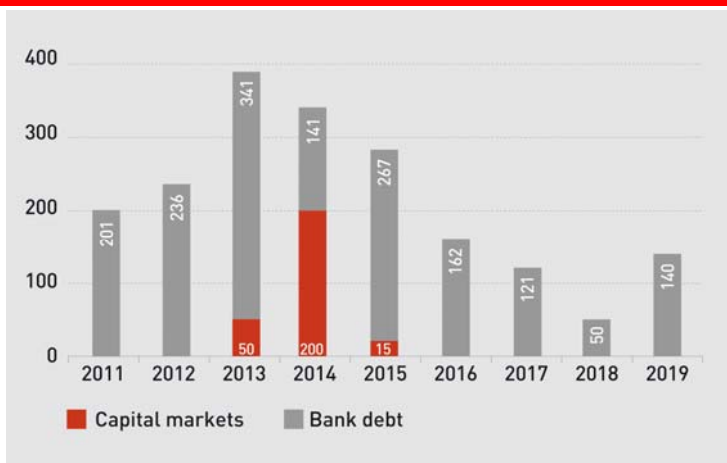




## Financial resources at 30.09.2010

Cofinimmo has a well-balanced debt maturity profile and limited maturities in the next 3 years.

### Maturity profile of LT debt commitments (€ 1,923.78 M)



- ☞ Bank facilities: 21 high-quality partners
- ☞ Average maturity: 3.98 years
- ☞ Debt maturities in August 2011: the syndicated loan for 200M = 10.40% of total debt
- ☞ Cost of financial debt: 4,27%

Debt type	Financial debt	LT commitments
<b>Capital market facilities</b>		
Bond	262.96	250.00
Long term CP	15.00	15.00
Short term CP	116.55	
<b>Bank facilities</b>		
Roll over loans	1,024.46	1,528.78
Term loans	125.00	125.00
Others	17.49	5.00
<b>Total</b>	<b>1,561.46</b>	<b>1,923,78</b>

- ☞ Bank facilities: 79% of total long term commitments
- ☞ €362.32M available LT credit lines
  - €116.55M to cover short term CP in 2010
  - €200M to cover debt maturities in 2011
  - €45.77M credit lines
- ☞ Bond issues with maturity in 2013-2014
  - Fair value (IFRS): € 262.96 M
  - Market value: €258.67M
  - Redemption value: €250.00M

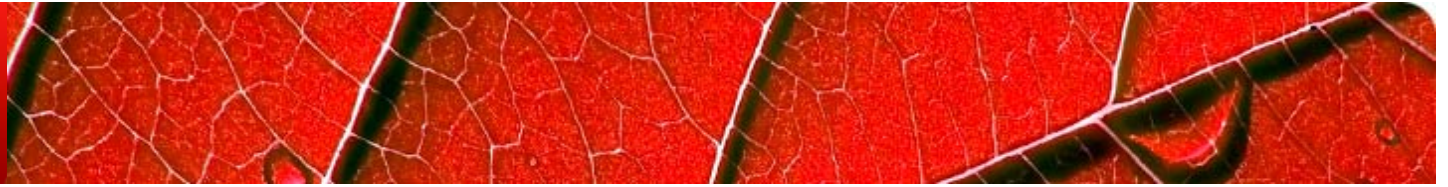
# Managing financial resources

## Different actions undertaken to reinforce financial resources:

- Sale of 747,500 treasury shares for a total amount of € 69.03 million
- Extension until 2019 of a bilateral credit line of € 100 million maturing initially in 2017
- 3-year non-convertible bond issue for a total amount of € 50 million
- Disposals of office buildings:
  - total amount € 48.9 million during the first 9 months of 2010
  - extra amount of € 48.4 million after 30.09.2010

## Future sources of financial resources:

- Ongoing negotiations of divestments in the office segment for significant amounts



## Real estate transactions

- Investments & divestments
- Investment pipeline
- Key operational indicators
- Lease structure
- Portfolio valuation



# Investments

Total investments amount to € 31.49 million:

€ 14.31 million in office sector, € 15.78 million in nursing home sector and € 1.40 million in Pubstone portfolio

## **☞ Nursing home Bellevue in Brussels**

- Area of 7,500 sqm accommodating 153 beds
- Operated by the Senior Assist Group
- Annual initial rent: € 1.05 million

## **☞ Office building Square de Meeus in Brussels**

- Area of 8,468 sqm
- Superb location in Leopold district and exceptional view over Brussels
- Completely renovated and delivered in July 2010

## **☞ Acquisition after 30.09.2010 : Nursing home Prinsenpark in Genk**

- Area of 8,169 sqm accommodating 120 beds
- Operated by the Senior Living Group
- Annual initial rent : € 0.70 million
- Extra area of 7,510 sqm accomodating 34 beds and 40 service flats to be built



# Divestments

☞ Cofinimmo continuously fine-tunes its assets to target an optimal quality portfolio.

☞ Disposals during the first 9 months of 2010:

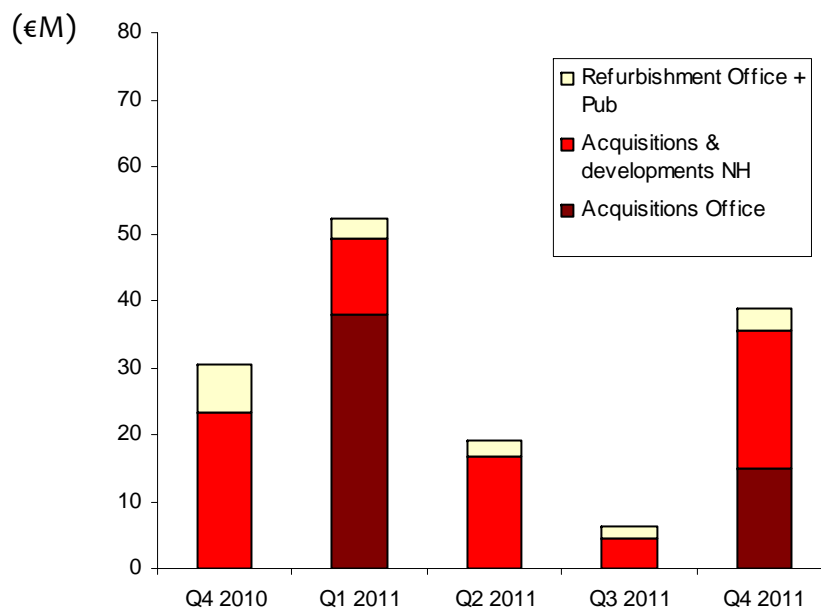
- Kortrijksesteenweg 39 (Ghent)
- Luchthavenlaan 18-20-22 (Vilvoorde)
- Noorderlaan 75 (Antwerp)
- Montoyer 40 (Brussels, Leopold district)
- Total disposal value: € 48.9 million

☞ Disposals after 30.09.2010:

- Régence 55-65 & Allard 40-42 (Brussels, Centre)
- Louise 140 (Brussels, Louise district)
- Total disposal value: € 48.4 million

# Investment pipeline

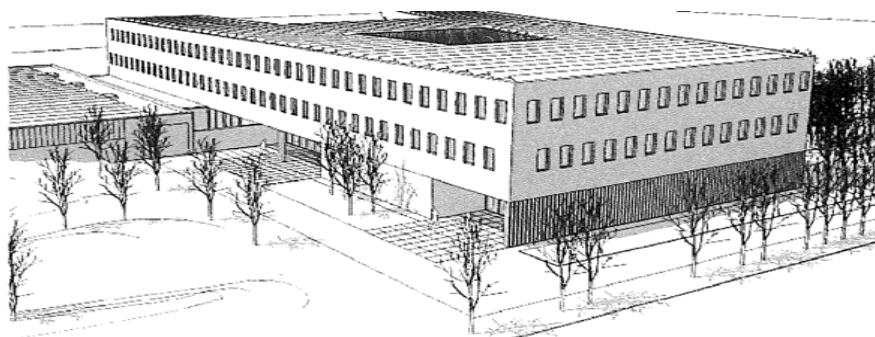
- ☞ Total investment pipeline 2010-2011: € 147 million (excl. refurbishment)
  - € 31 million in 2010
  - € 116 million in 2011
- ☞ Nursing homes: € 76 million (fully pre-let)
- ☞ Avenue Building, office building in Antwerp: € 38 million
- ☞ Police station in Dendermonde: € 15 million (fully pre-let)



# New project

## Police station in Dendermonde

- Public Private Partnership
- Building of 9,645 sqm
- Cordeel Group is general contractor - fixed price contract
- 18-year lease to the Belgian Buildings Agency (government)
- Purchase option for the Buildings Agency at end of lease
- Investment price: € 15 million
- Expected initial yield: 7%



# Renovation projects

In addition to the committed investment programme for 2010-2011, Cofinimmo recently initiated the analysis of the large-scale renovation of 2 office buildings over the period 2012-2013

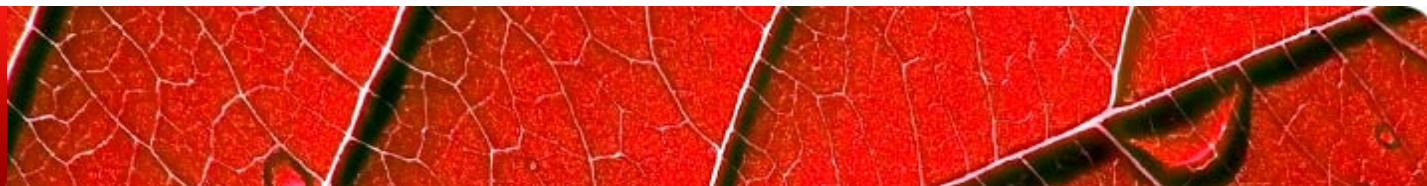
## Livingstone I-II

- Office building of 35,000 sqm
- Located in the European district between the Berlaymont building and the residential square Marie-Louise
- Currently occupied by DVV-LAP (Dexia Group) who will vacate the site towards the end of 2011 (i.e. 3 years before the end of the ongoing lease)
- Rental indemnity to be paid by DVV-LAP of € 11.2 million (equivalent to 21.5 months of rent)
- Part of the building (±17,000 sqm) will be kept as offices and part will presumably be reconverted into residential property

## Science 15-17

- Office building of 17,700 sqm
- Located in the European district along the rue Belliard
- Currently occupied by the European Commission who will vacate the site by 31.12.2011 (i.e. at the end of the ongoing lease)

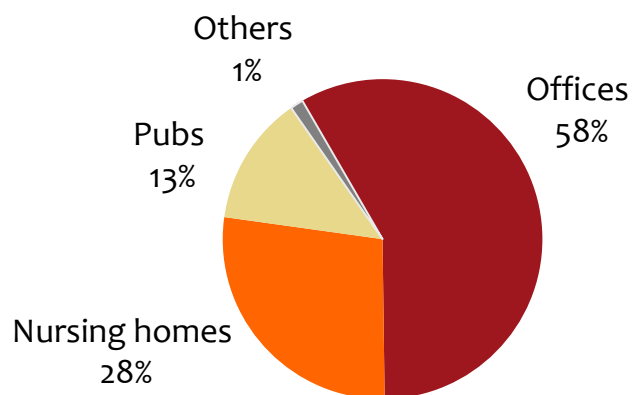




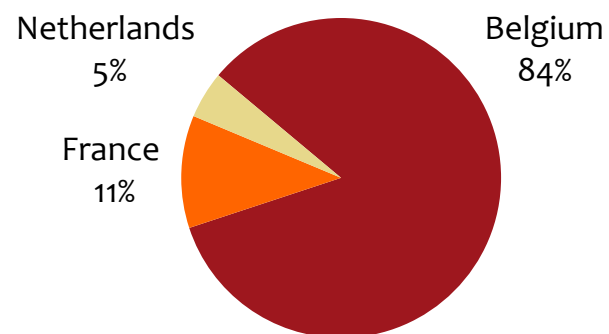
## Key operational indicators

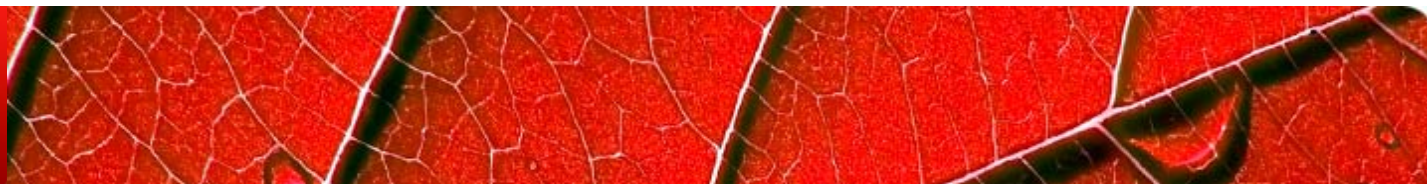
	30.09.2010	31.12.2009
Portfolio of investment properties - Fair value (x € 1,000,000)	3,006.0	3,040.7
Portfolio under management (x € 1,000,000)	3,892.0	3,896.0
Residual lease term in years -Total portfolio (years)	10.6	11.0
Residual lease term in years - Office portfolio (years)	6.1	6.5
Occupancy rate – Total portfolio	95.34%	96.86%
Occupancy rate – Office portfolio	92.36%	94.82%

Breakdown by asset type (% of fair value)



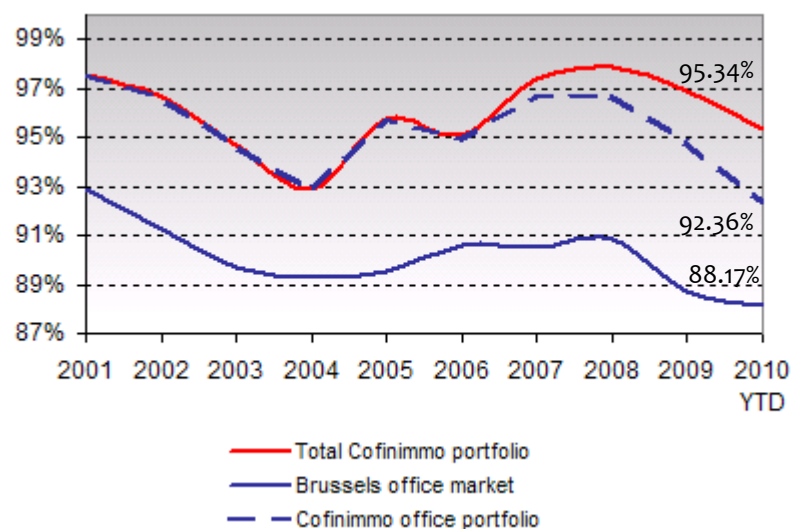
Breakdown by location (% of fair value)



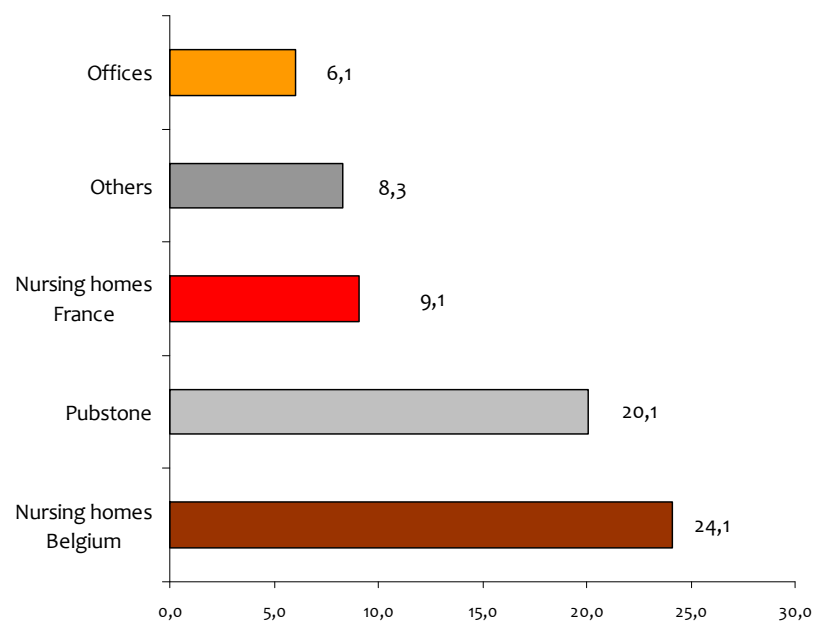


## Occupancy rate slightly decreases but long term maturity profile of the portfolio remains intact

Evolution occupation rate



Maturity of leases (in years until first break)



# Long term quality leases

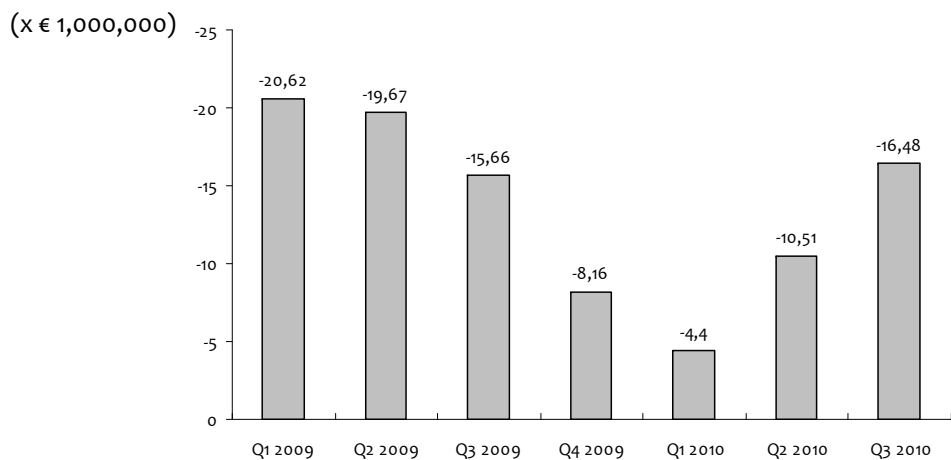
Activity sector (313 clients)	Contractual revenues (% of total)	Lease length until first break (years)
Belgian public sector	17%	9.8
AB Inbev Group	13%	20.1
Korian	9%	9.1
European Union	7%	6.6
Armonea	6%	23.6
<b>Top 5 clients</b>	<b>52%</b>	<b>11.5</b>
Axa Group	5%	6.8
Senior Living Group	5%	23.9
Dexia Bank	3%	1.3
Méditer	2%	9.0
IBM Belgium	2%	4.3
<b>Top 10 clients</b>	<b>69%</b>	<b>12.6</b>
Others	31%	6.2
<b>Total</b>	<b>100%</b>	<b>10.6</b>

Public sector contribution:  
27% of total revenues

Diversification  
into less cyclical sectors:

- Nursing homes: 24,1% of total revenues, spread over 2 countries and 8 operators
- Pubstone: 12,8% of total revenues, spread over 2 countries

## Valuation of the portfolio



### Stronger portfolio devaluation in Q2 & Q3 2010 due to :

- devaluation of Livingstone I-II and Science 15-17, 2 office buildings in the Brussels area which are expected to undergo a heavy renovation as from 2012
- devaluation of Bourget 44, Serenitas & Tervuren 270-272, 3 buildings in the Brussels area which have been partially vacated
- overrenting due to past indexation of lease contracts now coming to an end

		Unrealised gain/loss YTD 2010
Offices		-1.38%
Nursing homes		0.37%
	Belgium	0.25%
	France	0.12%
Pubs		0.04%
Others		0.00%
Total portfolio		-0.97%

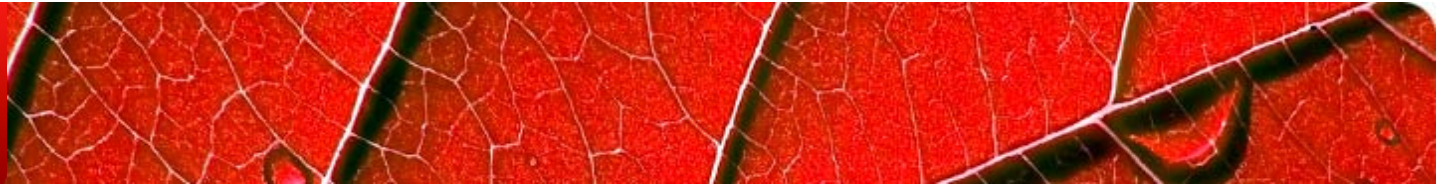
Total portfolio devaluation during the first 9 months of 2010: - 31.37 million or - 0.97%

## Yield evolution

	Gross yield 30.09.2010	Gross yield 2009	Gross yield 2008	Gross yield 2007
Offices	7.41%	7.44%	7.18%	6.94%
Nursing homes	6.38%	6.45%	6.24%	5.86%
Belgium	6.03%	6.15%	5.94%	5.86%
France	6.86%	6.83%	6.59%	N.A.
Pubs	6.51%	6.55%	6.51%	6.22%
Others	7.14%	7.12%	7.00%	7.00%
Portfolio	7.00%	7.06%	6.88%	6.75%

Cofinimmo is investing in segments with lower property costs,  
hence benefiting from a smaller gap between gross and net yield:

	Offices	Nursing homes	Pubstone	Others	Total
Gross yield	7.41%	6.38%	6.51%	7.14%	7.00%
Net yield	6.66%	6.31%	6.36%	5.70%	6.51%
Delta	0.75%	0.07%	0.15%	1.44%	0.49%



## Annexes

- Consolidated balance sheet
- Consolidated income statement
- Interest rate hedging positions

Consolidated  
balance sheet  
(x €1,000)

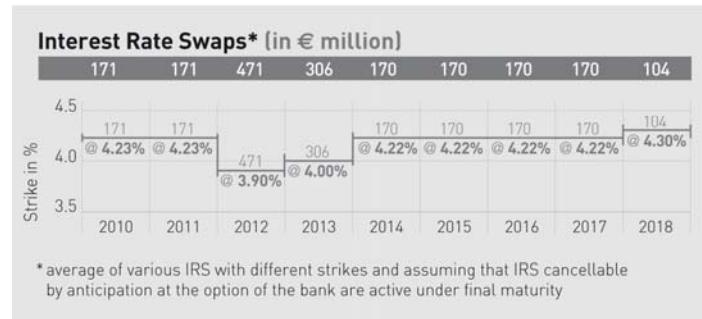
	30.09.2010	31.12.2009
<b>Non-current assets</b>	<b>3,263,549</b>	<b>3,308,866</b>
Goodwill	164,012	163,924
Intangible assets	1,510	1,984
Investment properties	3,005,981	3,040,736
Other tangible assets	580	723
Non-current financial assets	31,697	34,470
Finance lease receivables	59,721	66,956
Trade receivables and other non-current assets	48	73
<b>Current assets</b>	<b>85,817</b>	<b>93,818</b>
Assets held for sale	170	755
Current financial assets	11,263	8,603
Finance lease receivables	2,502	2,762
Trade receivables	20,049	12,490
Tax receivables and other current assets	24,845	46,730
Cash and cash equivalents	2,799	2,343
Deferred charges and accrued income	24,189	20,135
<b>TOTAL ASSETS</b>	<b>3,349,366</b>	<b>3,402,684</b>
<b>Shareholders' equity</b>	<b>1,365,067</b>	<b>1,409,057</b>
<i>Shareholders' equity attributable to shareholders of parent company</i>	<i>1,356,506</i>	<i>1,400,904</i>
Capital	790,438	750,715
Share premium account	508,151	479,541
Reserves	23,093	138,198
Net result of the financial year	34,824	32,450
<i>Minority interests</i>	<i>8,561</i>	<i>8,153</i>
<b>Liabilities</b>	<b>1,984,299</b>	<b>1,993,627</b>
<b>Non-current liabilities</b>	<b>1,486,218</b>	<b>1,587,615</b>
Provisions	17,515	17,766
Non-current financial debts	1,234,381	1,381,474
Other non-current financial liabilities	96,782	51,522
Deferred taxes	137,540	136,853
<b>Current liabilities</b>	<b>498,081</b>	<b>406,012</b>
Current financial debts	327,078	244,659
Other current financial liabilities	79,366	63,233
Trade debts and other current debts	60,594	69,555
Accrued charges and deferred income	31,043	28,565
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,349,366</b>	<b>3,402,684</b>

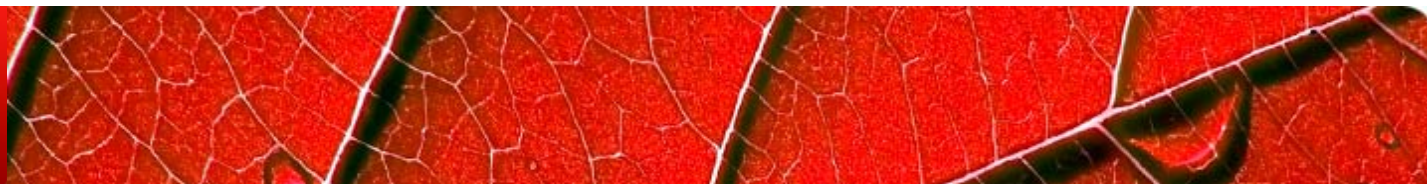
Consolidated  
income statement  
(x €1,000)

	30.09.2010 9 months	30.09.2009 9 months
<b>A. NET CURRENT RESULT</b>		
Rental income, net of rental-related expenses	146,713	149,111
Writeback of lease payments sold and discounted (non-cash)	13,124	13,241
Taxes and charges on rented properties not recovered	-151	-59
Redecoration costs, net of tenant compensation for damages	-1,086	-1,174
<b>Property result</b>	<b>158,600</b>	<b>161,119</b>
Technical costs	-3,050	-2,400
Commercial costs	-1,175	-638
Taxes and charges on unlet properties	-2,698	-1,304
<b>Property result after direct property costs</b>	<b>151,677</b>	<b>156,777</b>
Property management costs	-10,830	-11,617
<b>Property operating result</b>	<b>140,847</b>	<b>145,160</b>
Corporate management costs	-4,671	-4,804
<b>Operating result (before result on portfolio)</b>	<b>136,176</b>	<b>140,356</b>
Financial income (IAS 39 excluded) <sup>1</sup>	4,933	6,634
Financial charges (IAS 39 excluded) <sup>2</sup>	-51,508	-62,449
Revaluation of derivative financial instruments (IAS 39)	-21,310	-16,901
Taxes	-4,600	-4,509
<b>Net current result<sup>3</sup></b>	<b>63,691</b>	<b>63,131</b>
Minority interests	-332	-371
<b>Net current result – Group share</b>	<b>63,359</b>	<b>62,760</b>
<b>B. RESULT ON PORTFOLIO</b>		
Gains or losses on disposals of investment properties	3,092	711
Changes in fair value of investment properties	-31,240	-55,687
Exit tax	-172	167
<b>Result on portfolio</b>	<b>-28,320</b>	<b>-54,809</b>
Minority interests	-215	410
<b>Result on portfolio – Group share</b>	<b>-28,535</b>	<b>-54,399</b>
<b>C. NET RESULT</b>		
<b>Net result – Group share</b>	<b>34,824</b>	<b>8,361</b>



## Interest rate hedging positions at 30.09.2010





**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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