

# COFINIMMO: INVESTING IN DIVERSIFIED REAL ESTATE

ONELIFE CONFERENCE, JANUARY 2017

**Cofinimmo**  
*together in real estate*

A photograph of a modern glass office building at dusk. The building's facade is composed of large glass panels, reflecting the sky and showing interior lights. A large, semi-transparent red circle is overlaid on the left side of the image, containing the text 'WHY INVEST IN REAL ESTATE ?'. The background shows a street with a traditional building and streetlights.

# WHY INVEST IN REAL ESTATE ?



# RELATIVE PERFORMANCE TO EQUITIES AND BONDS (1)

## Global:

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

## Real Estate Europe:

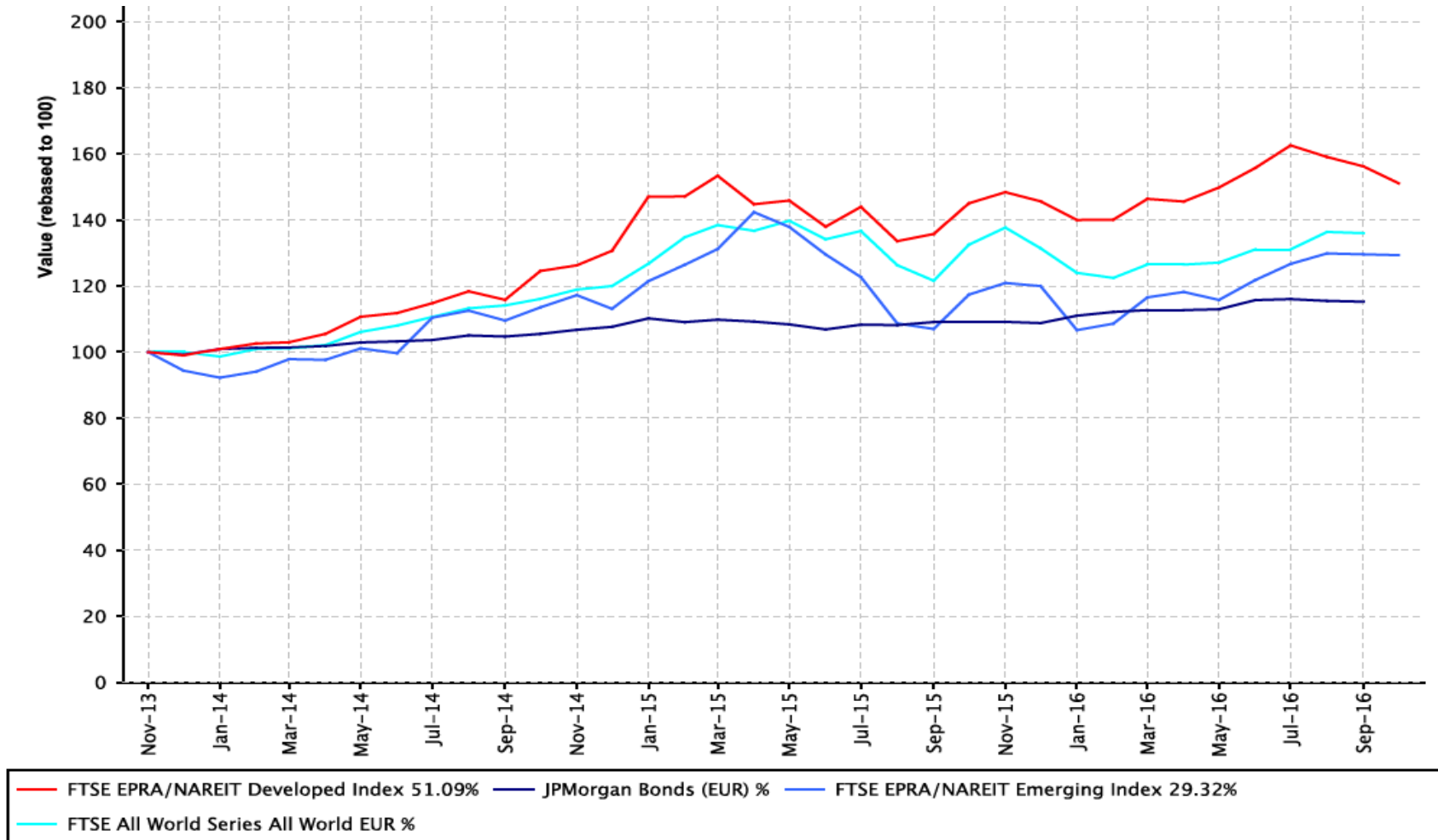
### FTSE EPRA/NAREIT Developed Europe - Selected Country Indices

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

Source: EPRA, December 2016

# \* RELATIVE PERFORMANCE TO EQUITIES AND BONDS (2)

## Global Real Estate vs Global Equities & Bonds – Total Returns (EUR) Rolling 36 Months Performance

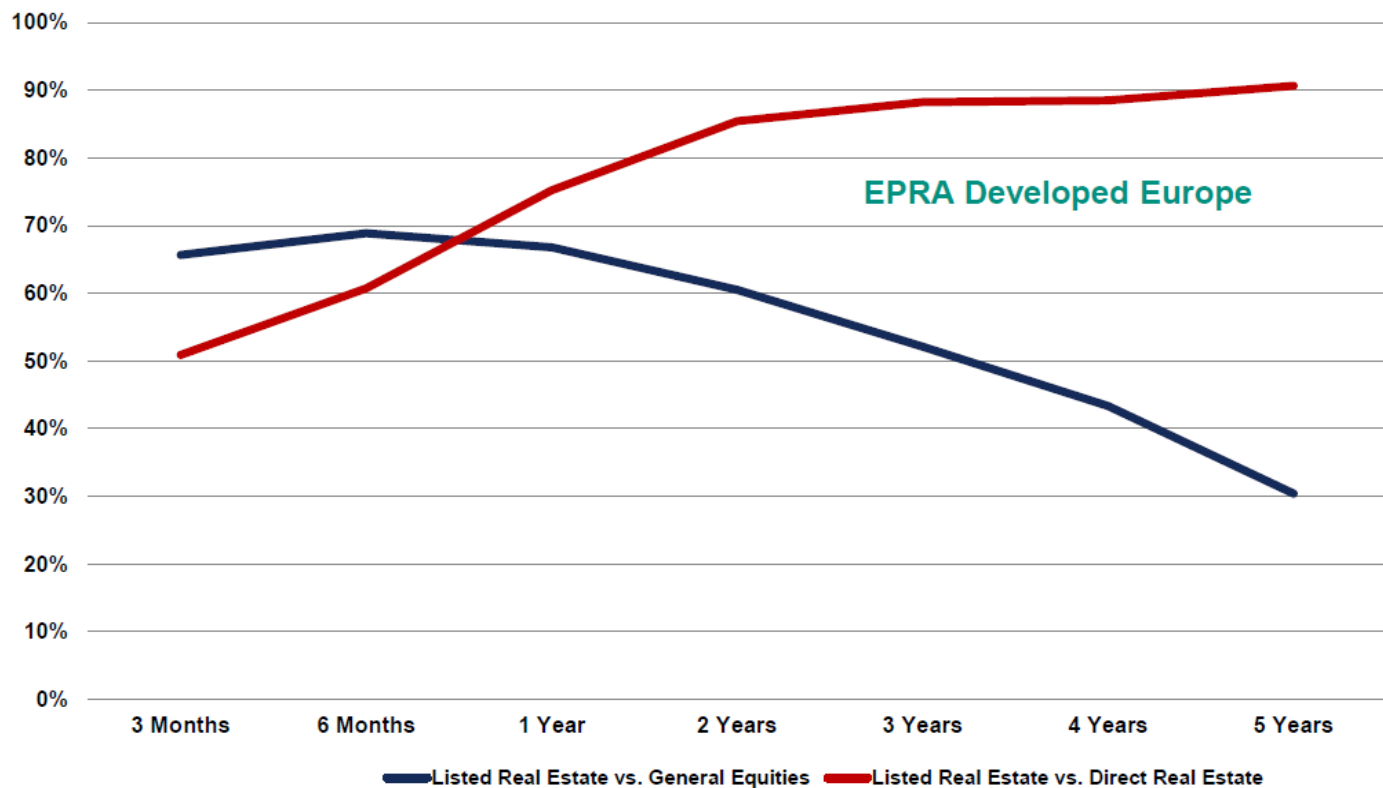


Source: EPRA, October 2016



# CORRELATION WITH EQUITIES AND DIRECT REAL ESTATE

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



Source: EPRA, 2014

# \* REAL ESTATE MARKET'S STRUCTURE

Less than 10% is investable

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

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

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



Source: Lombard Odier; IPF Research.

# \* DIRECT VS. INDIRECT REAL ESTATE

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

# \* The Belgian REIT regime

## **DIVERSIFICATION**

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

## **LIQUIDITY**

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

## **LEVERAGE**

- Debt to assets ratio of maximum 65 %

## **DISTRIBUTION**

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

## **TRANSPARENCY**

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

## **FISCAL ADVANTAGES**

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



# \* Belgian SIR/GVV overview

Offices	Logistics	Residential	Healthcare	Retail	Developpers
	 			   	  
     	   	 	 	   	



# WHY INVEST IN COFINIMMO ?

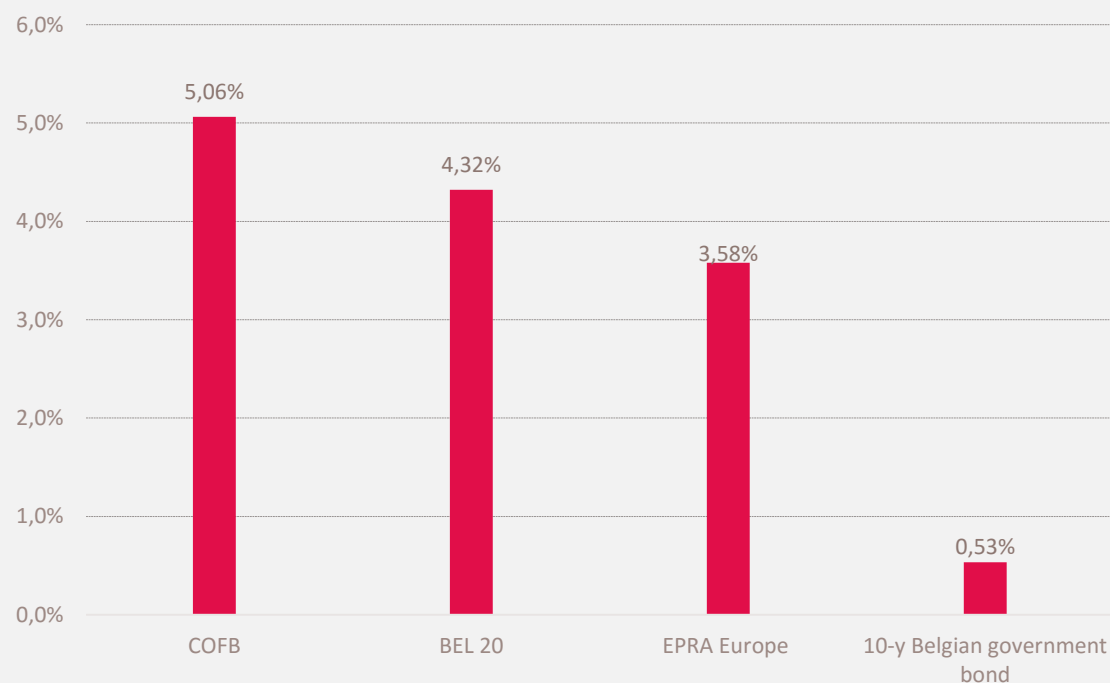
# \* Why invest in Cofinimmo ?

1. High dividend yield
2. Listed on the BEL20 Index (Market cap: 2.3 billion as at 31/12/2016)
3. Defensive profile
4. Long-term cash flows
5. Indexed leases
6. High occupancy rate and Real Estate yield
7. Experienced management team
8. Internal property management
9. Best in class in sustainability
10. Portfolio of diversified assets (healthcare real estate, offices, property of distribution networks)
11. Diversified geographical presence (Belgium, France, The Netherlands & Germany)
12. Advantageous tax regime (SIR/GVV in Belgium, SIIC in France and FBI in the Netherlands)

# \* High dividend yield

**2016 Dividend forecast: 5.50 EUR/ordinary share**  
**Pay-out ratio > 80 %** (B-REIT regime obligation)

Dividend on stock price at 31.12.2016



# \* On the stock market

## High visibility & sound daily liquidity

Market cap at 31.12.2016:

**2.3 billion EUR**

Number of shares:

**21,031,190**

Free float:

**95 %**

Major indices:

**BEL20, EPRA Europe,**

**GPR 250**

Average volume traded daily:

**5 million EUR**

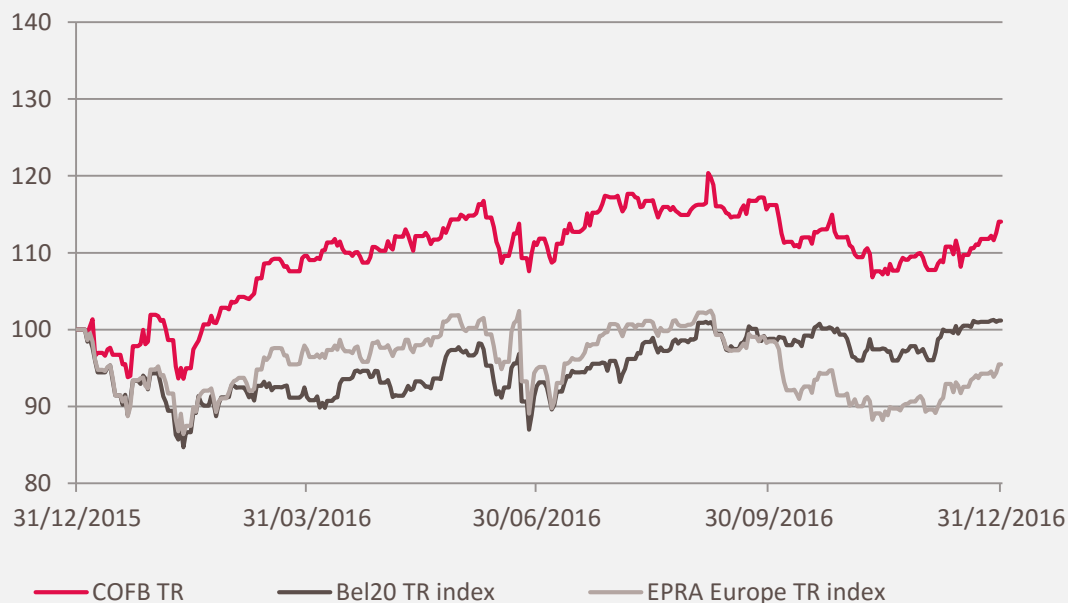
Velocity:

**59 %**

2016 Cofinimmo Total return: +14.1%

2016 BEL20 Total return: +1.2%

2016 EPRA Europe Total return: -4.7%



# Company profile

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

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# \* About Cofinimmo

Leading Belgian listed REIT exposed to **healthcare real estate** (44 %) and **offices** (39 %)



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



**Office property** investor in Belgium only



Total **portfolio** fair value: **3.3 billion EUR**



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



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



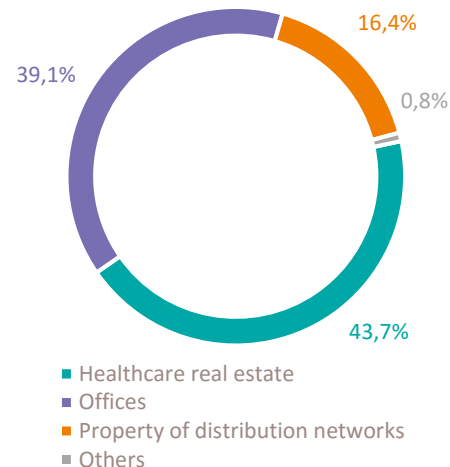
Internal real estate **management platform** > 130 employees



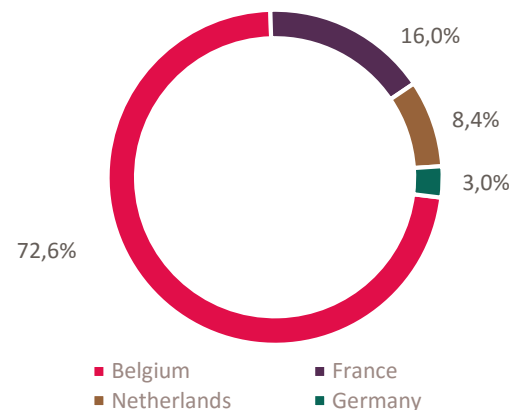
Total **market capitalisation**: **2.3 billion EUR**



Portfolio breakdown by segment (30.09.2016 - in fair value)



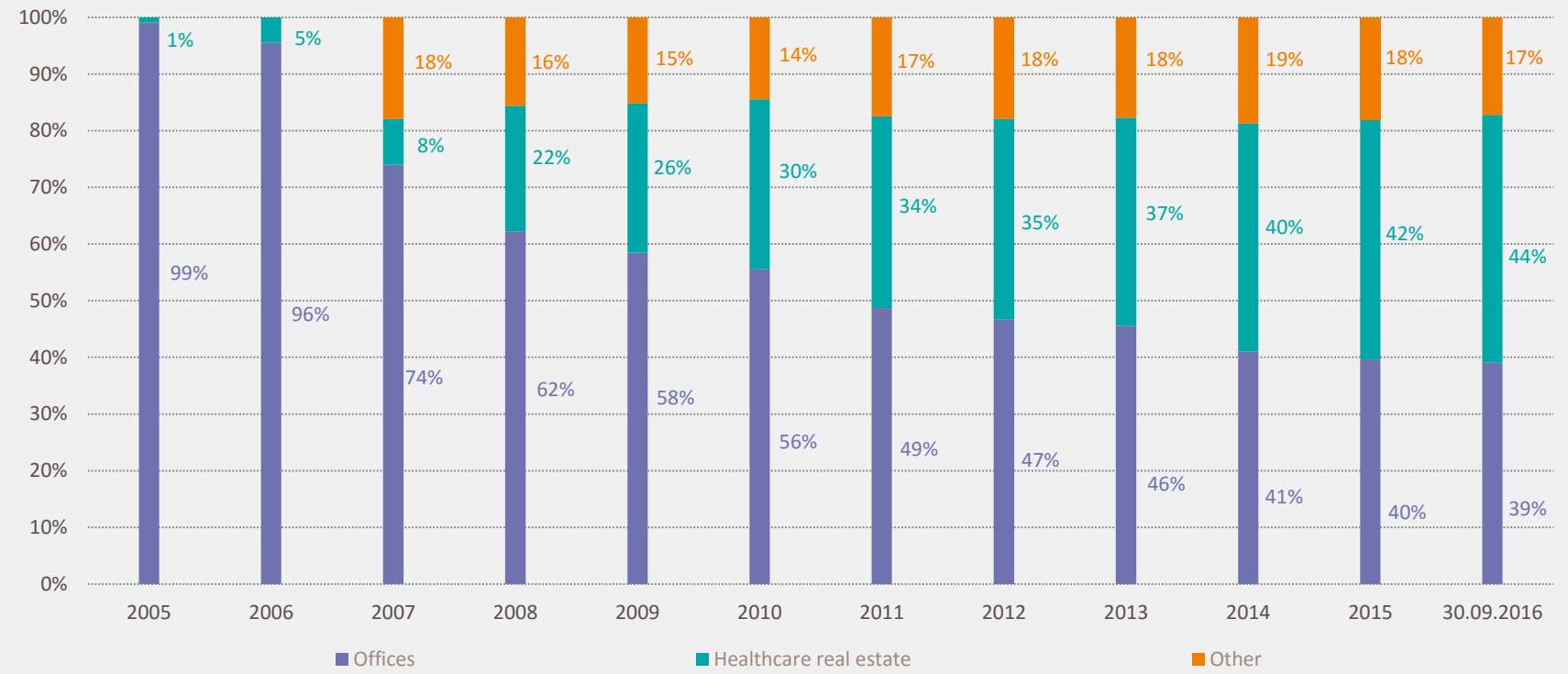
Portfolio breakdown by country (30.09.2016 - in fair value)





# From pure office player to major healthcare real estate investor

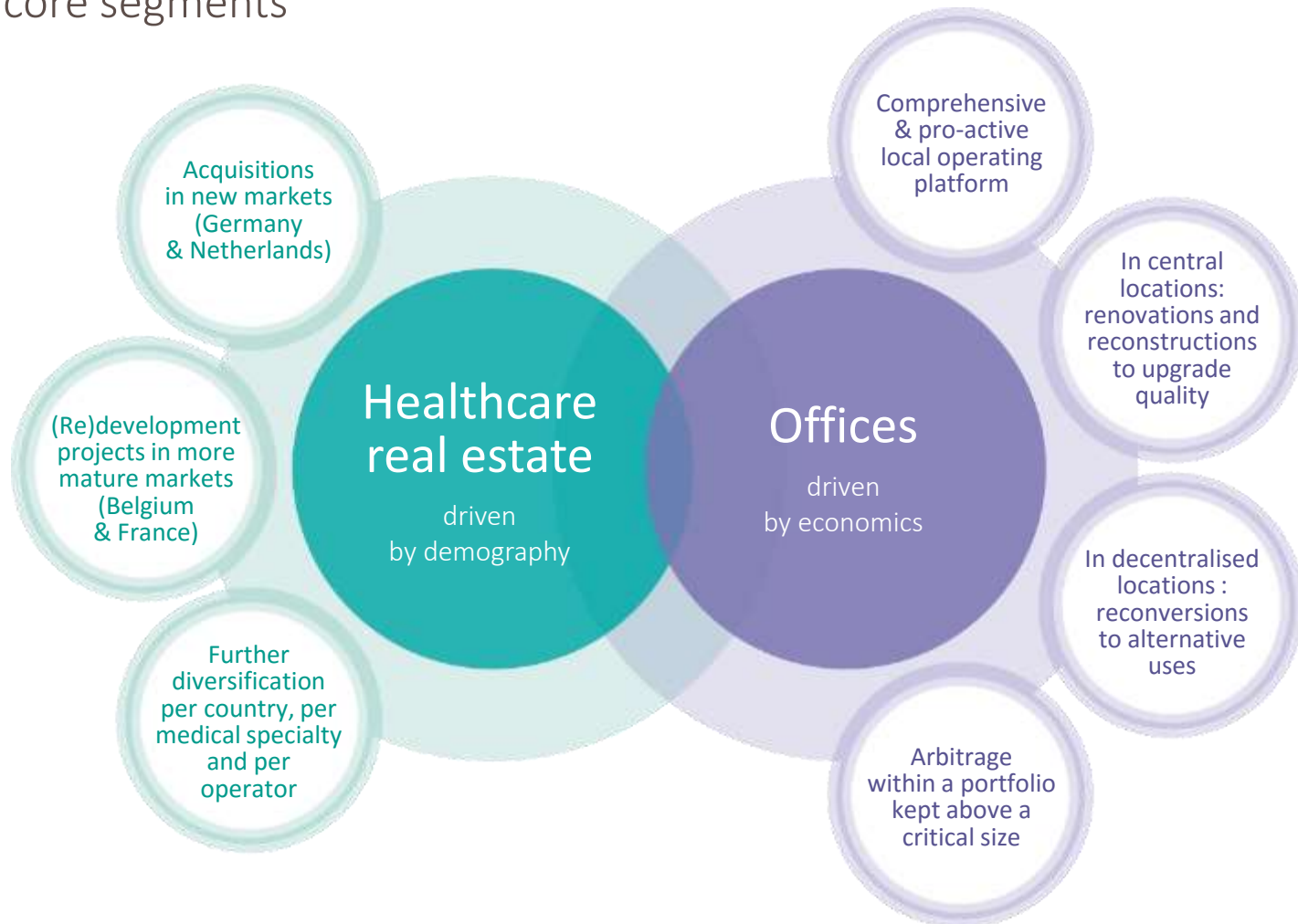
Portfolio breakdown by segment  
(in fair value)





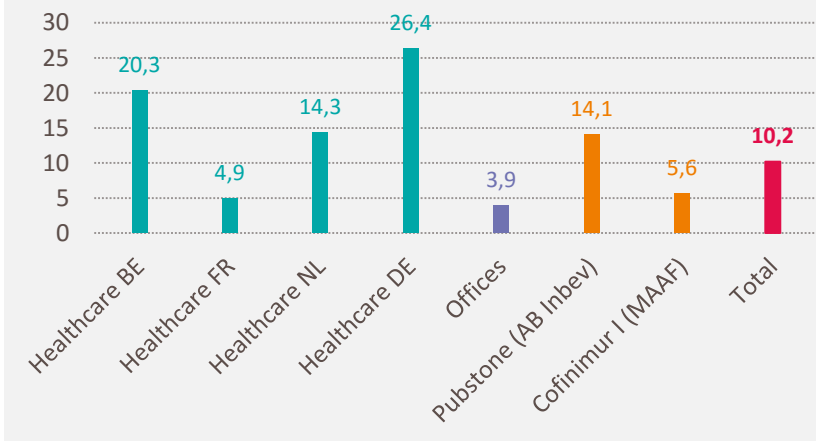
# \* Two complementary core segments

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

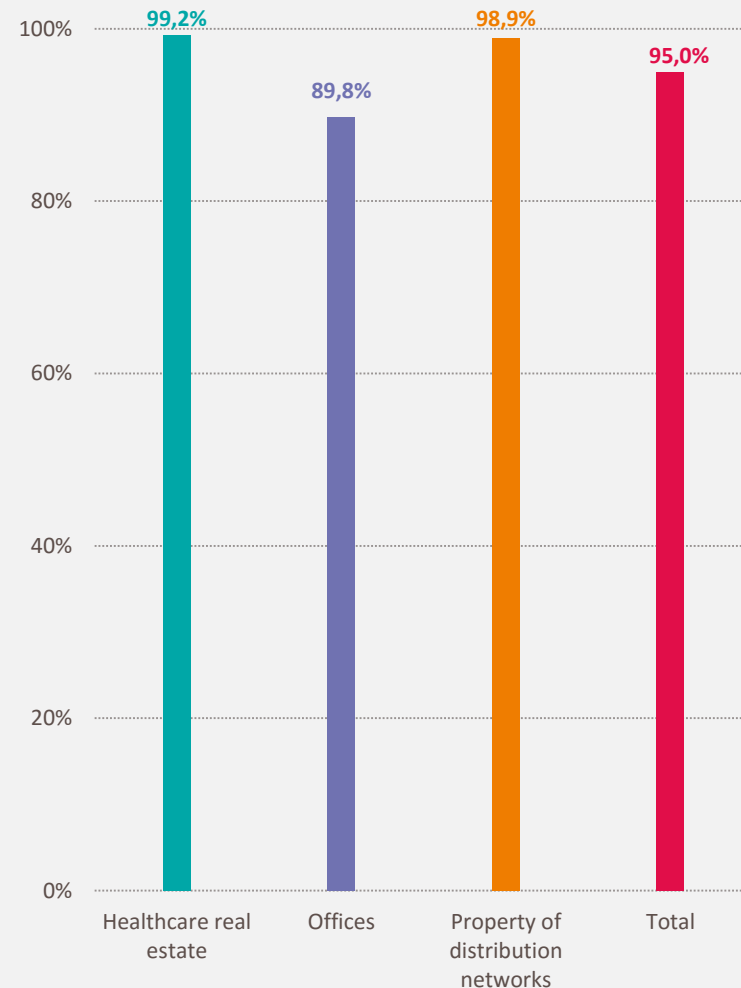


# \* Strong operational indicators

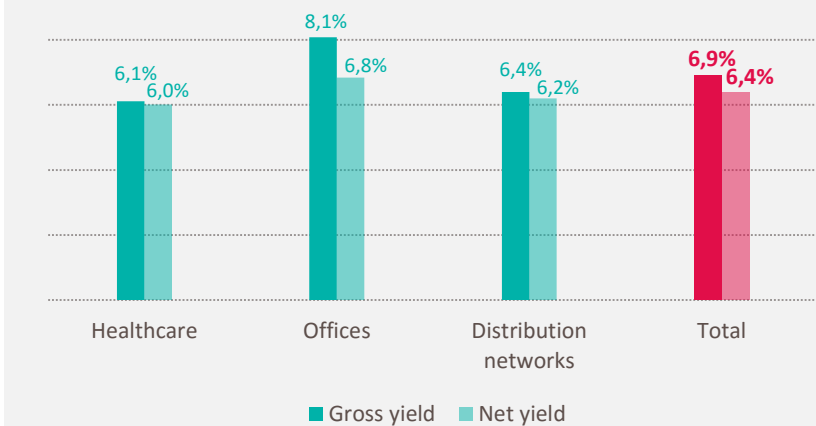
Weighted average residual lease term (in years)



Occupancy rate



Gross/net yields





# Healthcare segment

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

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# \* Healthcare submarkets

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

# \* Healthcare portfolio

FAIR VALUE

**1.5** billion EUR

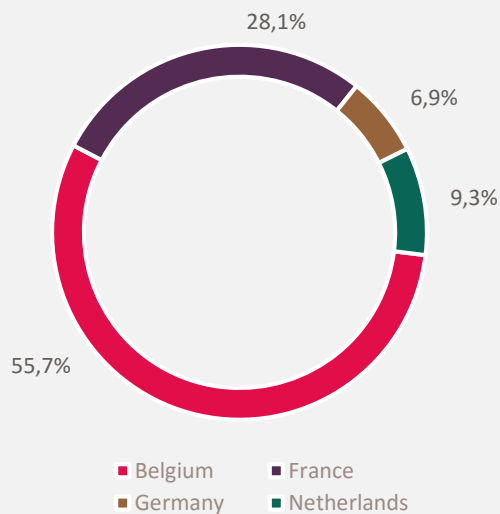
NUMBER OF SITES

**129**

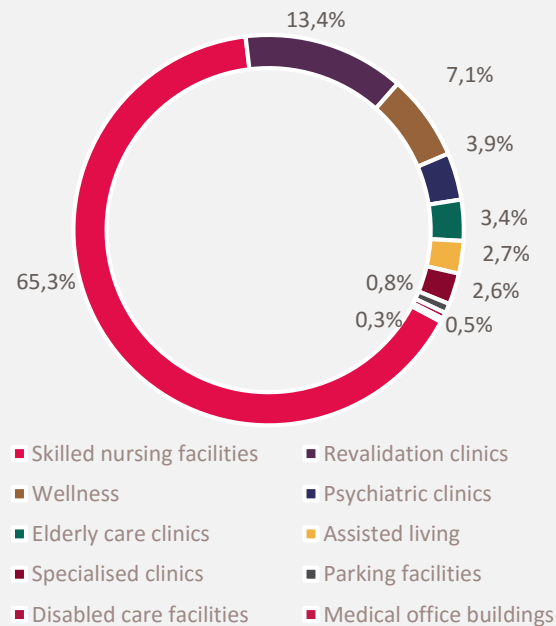
SURFACE AREA

**692,000** m<sup>2</sup>  
(5,400 m<sup>2</sup> per site on average)

Portfolio breakdown by country  
(30.09.2016 - in fair value)




Portfolio breakdown by care speciality  
(30.09.2016 - in fair value)



# \* Market potential offering strong growth opportunities


Amounts invested at 30.09.2016:

**BELGIUM** 

Care market  
(skilled nursing homes)

**27** yrs  
Lease length

**5.0-6.0** %  
Initial yields

**NETHERLANDS** 

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

**15-20** yrs  
Lease length

**6.5-7.5** %  
Initial yields

**FRANCE** 

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

**12** yrs  
Lease length

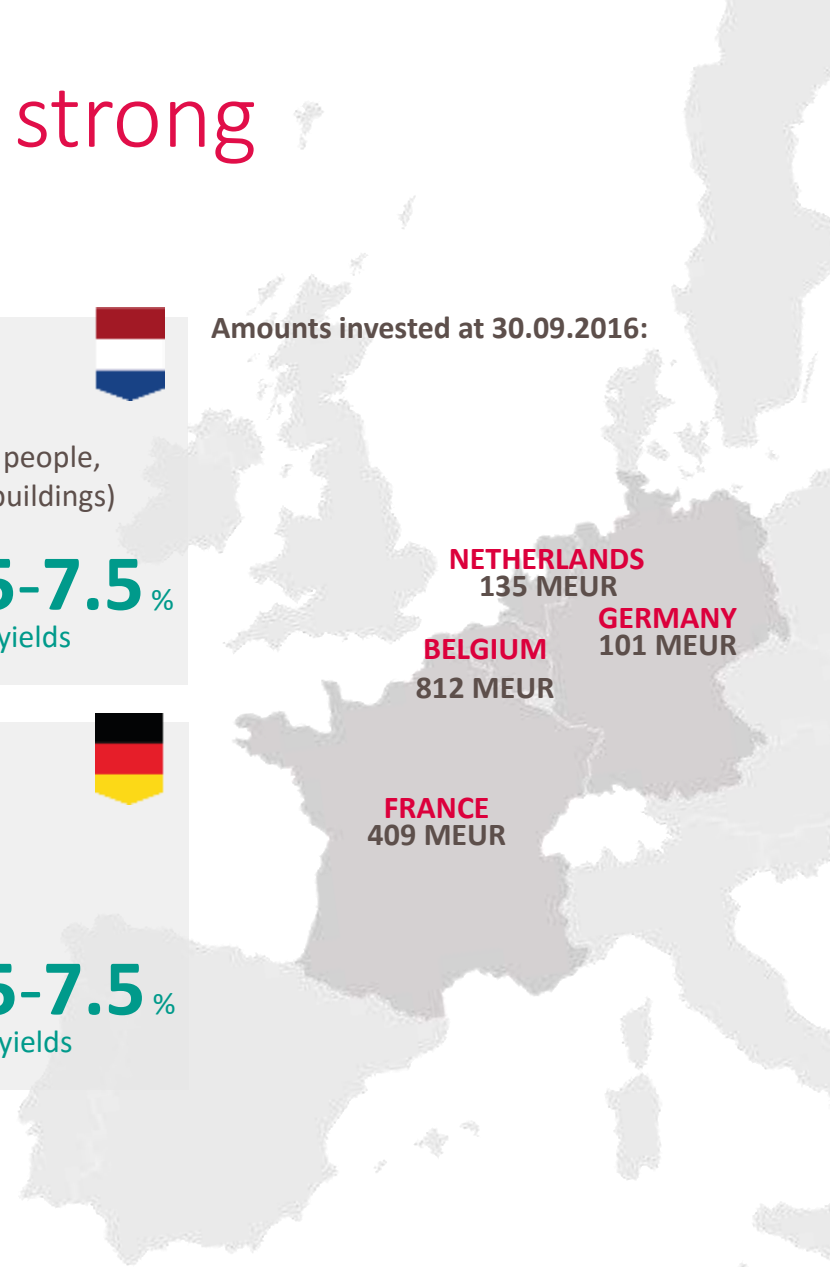
**5.0-6.0** %  
Initial yields

**GERMANY** 

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

**20-30** yrs  
Lease length

**5.5-7.5** %  
Initial yields



All leases provide for fixed rent + indexation to inflation

# \* Examples of achievements

## MEDICAL OFFICE BUILDING STRIJP-Z – Eindhoven



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

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

## NURSING AND CARE HOME NOORDDUIN – Koksijde



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

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

## REVALIDATION CLINIC KAISER KARL – Bonn



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

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

# Office segment

Guimard 10-12 office building – Brussels (BE)

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# \* Office portfolio

FAIR VALUE

**1.3** billion EUR

NUMBER OF SITES

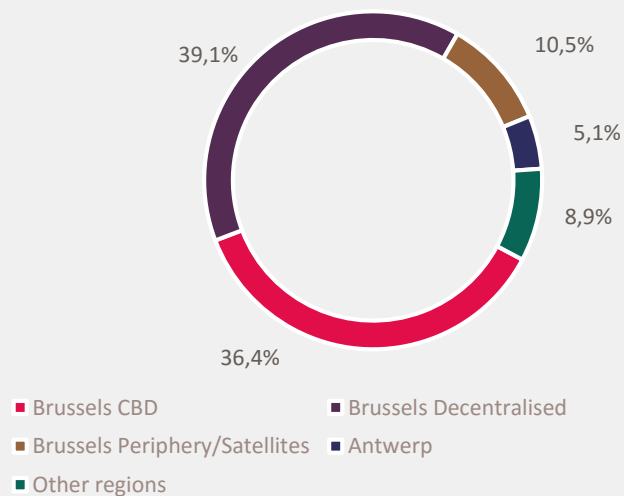
**85**

SURFACE AREA

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

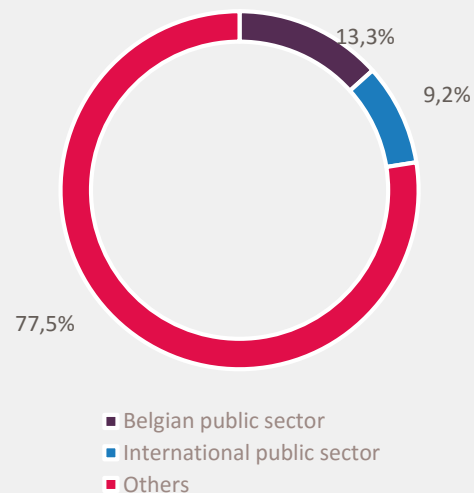
## Portfolio breakdown by country

(30.09.2016 - in fair value)



## Portfolio breakdown by tenant type

(30.09.2016 - in fair value)



# \* Acquisitions with potential for value creation

## ARTS/KUNST 46

Brussels CBD (May 2016)



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

## QUATRO PORTFOLIO

Brussels CBD & Decentralised (Aug. 2016)



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

# \* Renovations in strategic locations

## GUIMARD 10-12 Brussels CBD



### Large-scale renovation

Surface area	10,800 m <sup>2</sup>
Timing of works	4Q2014 – 3Q2015
Budget of works	<b>14.8 million EUR</b>
Occupancy	<b>100 %</b>

## BELLIARD 40 Brussels CBD



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

Surface area	20,000 m <sup>2</sup>
Expected end of works	3Q2017
Budget of works	<b>44 million EUR</b>

# \* Reconversions to maximize capital recovery

## WOLUWE 34

Brussels Decentralised



**Reconversion into 69 apartments**  
**100 % of units sold upon delivery of works**

Surface area	6,900 m <sup>2</sup>
Timing of works	3Q2013 – 2Q2015
Budget of works	<b>13 million EUR</b>
Sales price	<b>3,200 EUR/m<sup>2</sup></b>
Recovered value	<b>1,300 EUR/m<sup>2</sup></b>

## WOLUWE 106-108

Brussels Decentralised



**Reconversion into nursing home**  
**Signature of 27-year lease with healthcare operator Vivalto**

Surface area	7,000 m <sup>2</sup>
No. of beds	<b>151</b>
Timing of works	3Q2016 – 3Q2017
Budget of works	<b>13 million EUR</b>
Yield on cost	<b>5.9 %</b>



# Investment pipeline & target

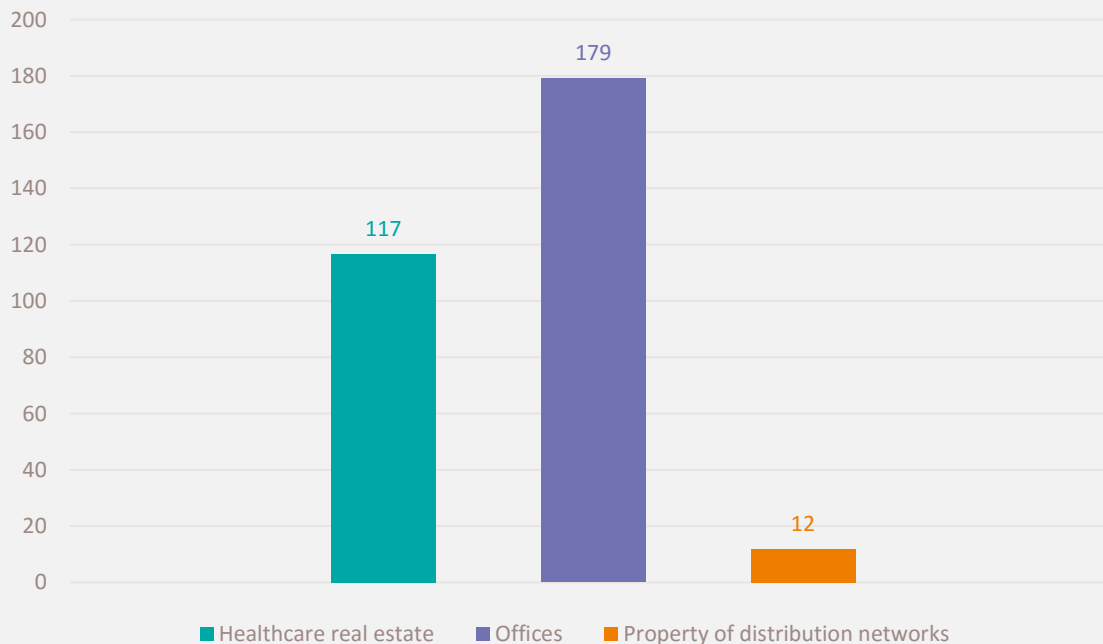
Souverain/Vorst 25 office building – Brussels (BE)

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# \* 2016-2018 committed investment pipeline

**308 million EUR** of committed investments  
for the period 01.07.2016 – 31.12.2018

2016-2018 Committed investment pipeline (x 1,000,000 EUR)



# \* 2016-2018 investment target

Target by end 2018

**+308** MEUR  
of committed  
investments (pipeline)

**+400** MEUR  
of acquisitions

**-150** MEUR  
of divestments

	Portfolio breakdown at 30.06.2016	2016-2018 Committed pipeline (x 1,000,000 EUR)	2016-2018 potential scenario: Uncommitted acquisitions (x 1,000,000 EUR)	2016-2018 potential scenario: Uncommitted disposals (x 1,000,000 EUR)	Portfolio breakdown at 31.12.2018
Healthcare real estate	44 %	117	400	-50	50 %
Offices	39 %	179		-100	35 %
<i>Acquisitions</i>		60			
<i>Refurbishment</i>		76			
<i>Reconversion</i>		43		-100	
Others	18 %	12			15 %
<b>Total</b>	<b>100 %</b>	<b>308</b>	<b>400</b>	<b>-150</b>	<b>100 %</b>
		<b>308 million EUR committed</b>	<b>250 million EUR uncommitted</b>		

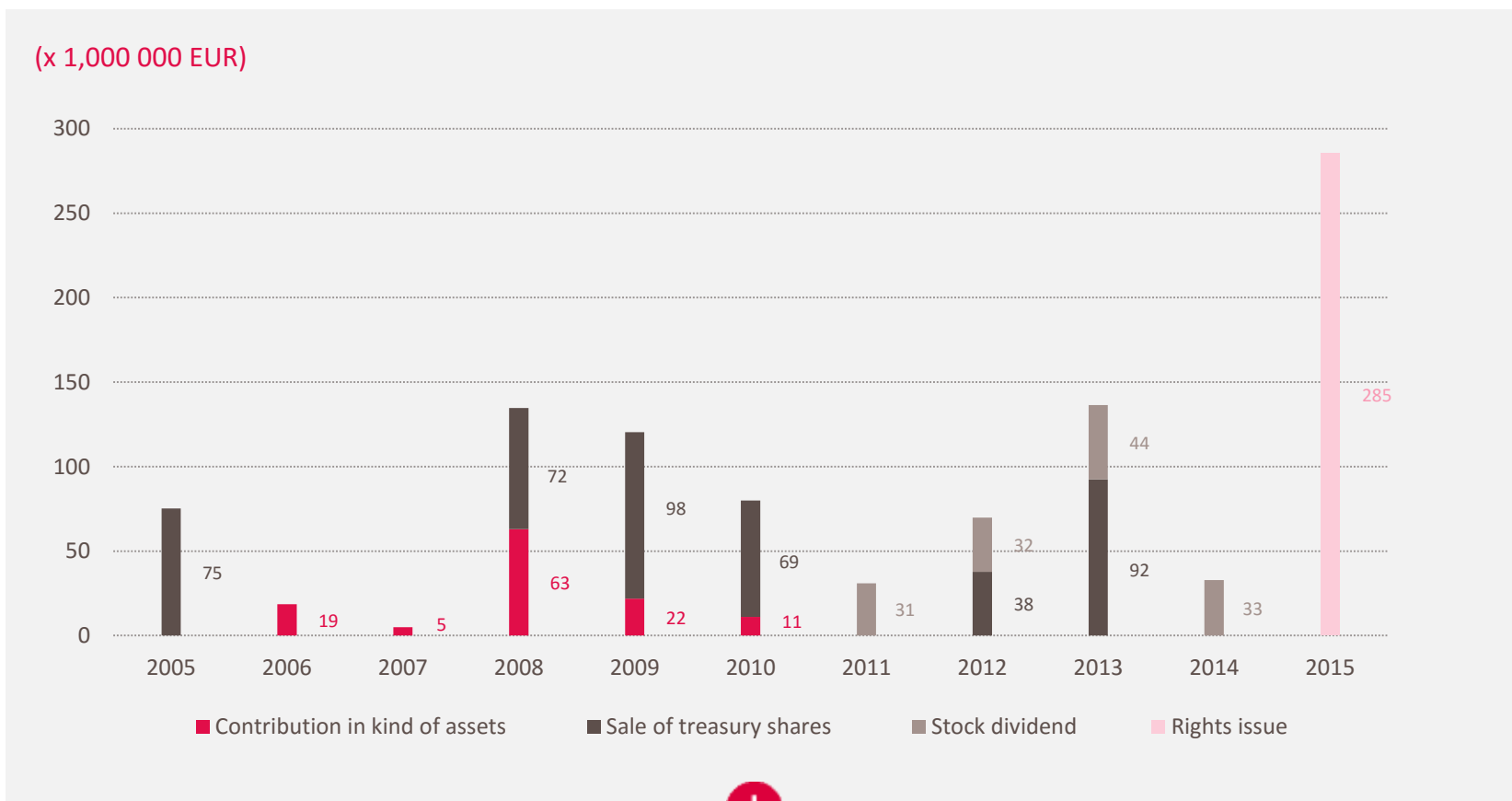
# Financial resources

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

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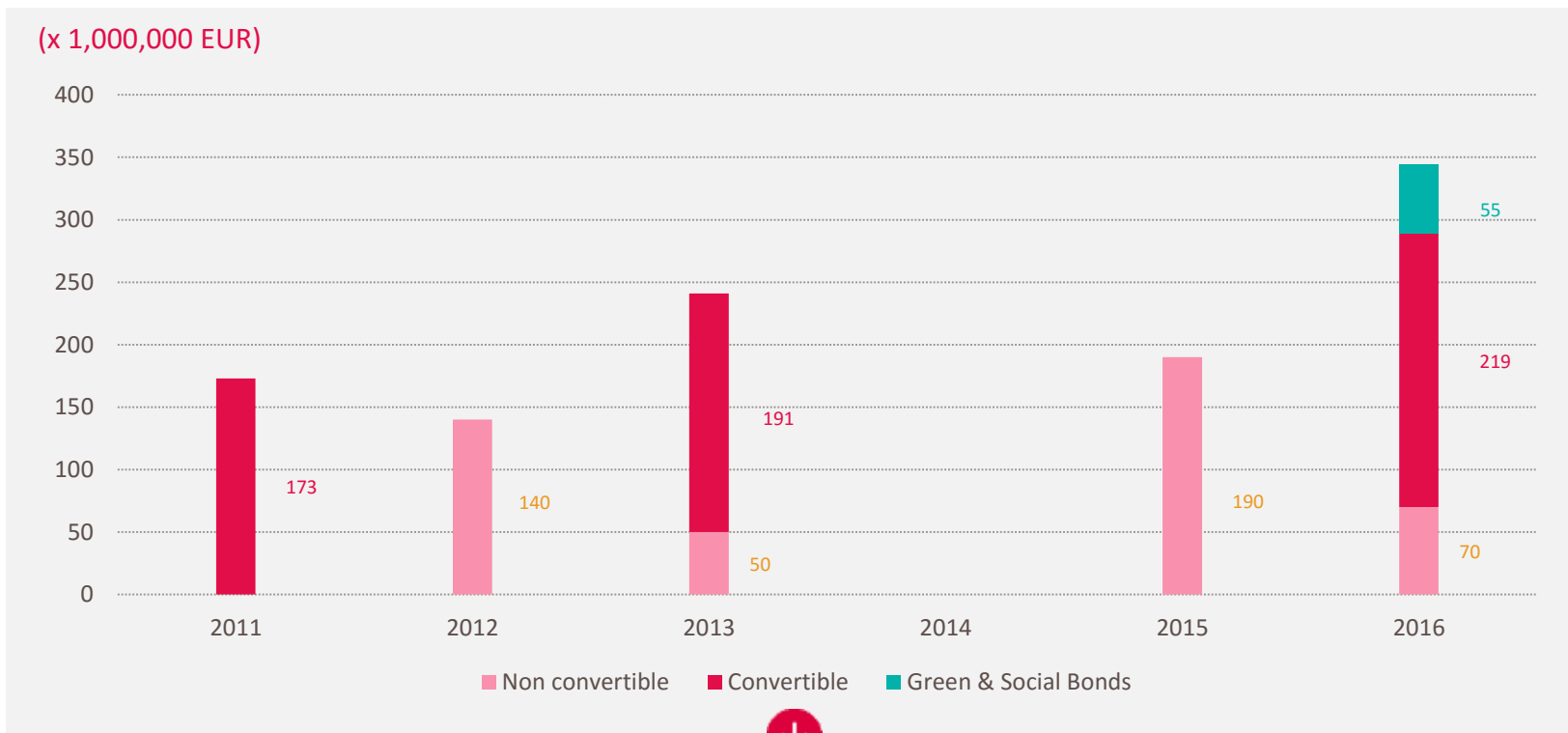


# \* Regular access to capital markets: equity



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

# \* Regular access to capital markets: bonds



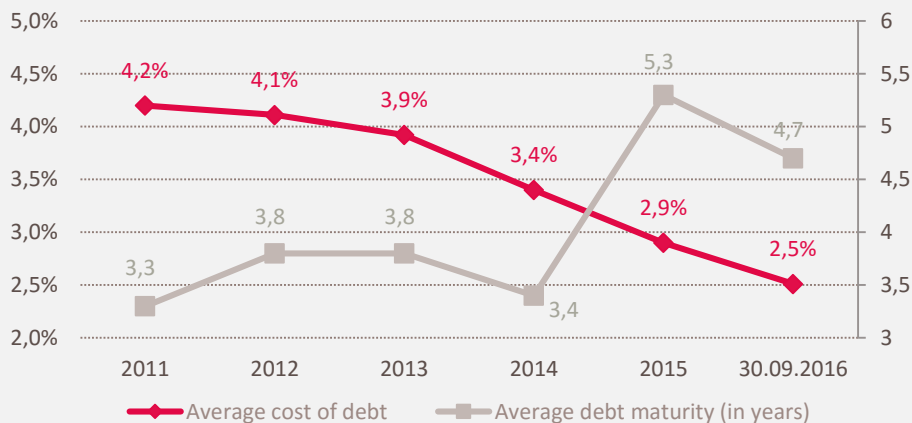
Issue of new convertible bonds (maturity 2021; coupon 0.1875 %) for 219 million EUR  
& buyback of old convertible bonds (maturity 2018; coupon 2.0 %)

Private placement of bonds (maturity 2026; coupon 1.7 %) for 70 million EUR  
Private placement of Green and Social bonds (maturity 2024; coupon 2.0%) for 55 million EUR

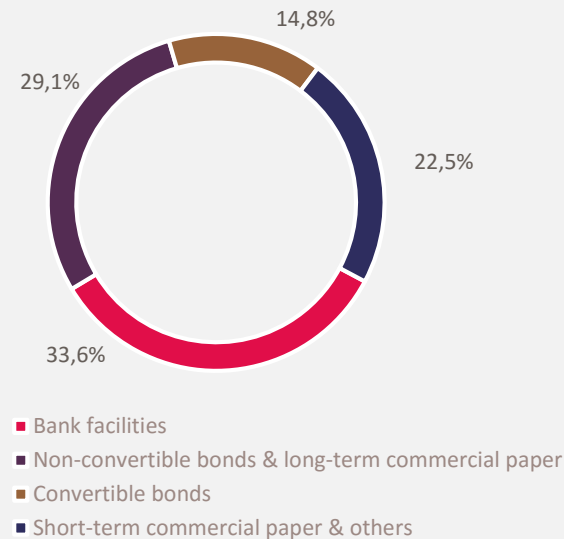
**S&P credit rating: Long term BBB / Short term A-2**

# \* Solid debt metrics

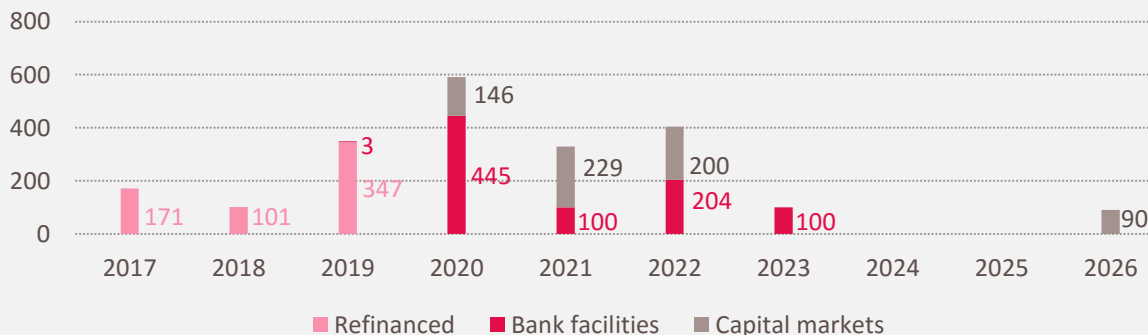
Average cost of debt and debt maturity



Debt breakdown (x 1,000,000 EUR)



Debt maturities & refinancing (x 1,000,000 EUR)



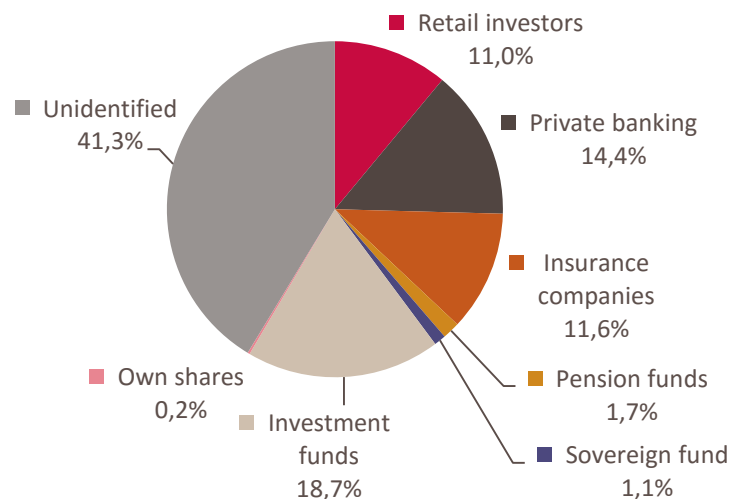
# \* Shareholders & Corporate governance

## Capital structure:

- Retail shareholders represent ca. 50 % of the capital
- Main institutional shareholders:
  - Crédit Agricole Group (5.0 %)
  - Belfius Insurance (3.4 %) – represented on the Board of Directors
  - Allianz Insurance (3.2 %) – represented on the Board of Directors
  - Delta Lloyd Insurance (1.4 %)
  - Government of Norway (1.2 %)

## Board of Directors

- 12 directors:
  - 4 executive directors
  - 3 directors representing shareholders
  - 5 independent directors
- Chairman: independent director



Q & A

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

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# \* Disclaimer

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## **FOR MORE INFORMATION CONTACT:**

### **Ellen Grauls**

Head of External Communication & Investor Relations

T +32 (0)2 373 94 21

[egrauls@cofinimmo.be](mailto:egrauls@cofinimmo.be)

### **Benoît Mathieu**

Investor Relations Officer

T +32 (0)2 373 60 42

[bmathieu@cofinimmo.be](mailto:bmathieu@cofinimmo.be)

[www.cofinimmo.com](http://www.cofinimmo.com)