

Half-Year Results 2017

# Presentation 31 July 2017



AFFINE

# 1H17 Key takeaways

## NET PROFIT UP TO 6,9 M€ (+67.8%)

- (+) Like-for-like rents increase (+0.3%)
- (-) Impact of disposals (rents: -2.0%)
- (=) Stable occupancy rate (+0.9 point)
- (+) Cost of debt down to 2.0%
- (=) Stability of fair value (-0.2%)
- (+) Loss of Banimmo reduced by half (-€2.2m)

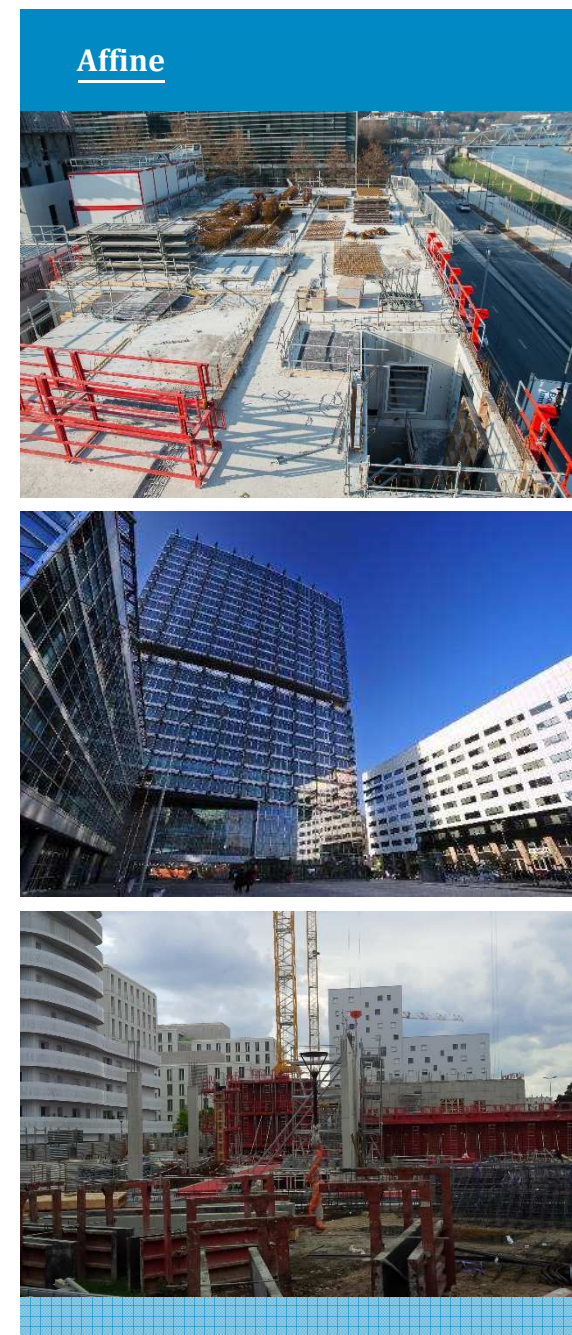
## INCREASE IN EPRA EARNINGS (+24.5%)

## CHANGE IN PORTFOLIO +3,5%

- €23.8m acquisitions and refurbishments
- €6.6m disposals
- €35m pipeline of committed investments and controlled projects

EPRA NAV PER SHARE: €20.4

EPRA NNAV PER SHARE: €23.5





# Investments and disposals

# Investments and disposals

## €23m: Investments



Euronantes  
Kibori (Turnkey)



Euralille – 11<sup>ème</sup> étage  
Tour Lilleurope



Euratechnologies  
Hashtag (Turnkey)



Meudon (Turnkey signed in  
2016)

## €35m: Commitments

Turnkey and development projects under progress

## €1m: Capex

Tour Lilleurope  
Lyon Gerland  
Corbeil-Essonnes  
Saint-Etienne Dorian  
Nîmes 7 Collines  
Kremlin Bicêtre

## €7m: Disposal



Tremblay-en-France

# Lille – Lilleurope Tower

## AFFINE SOLE OWNER OF THE 25,000 SQM OFFICE TOWER

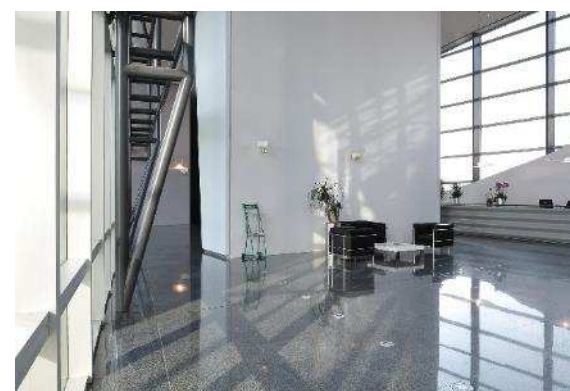
- June 2017: acquisition of the 11th floor (the last missing lot)
- Rental income of the building: €3.6m
- 24 floors: 20 office floors, 4 technical floors
- 265 underground parking lots
- Easy access
  - Overlook the Lille-Europe station
  - in the heart of Euralille business district

## UPGRADING PROGRAM UNDER STUDY

- Enhance the signal and accessibility of the whole tower
- Renovate and refit common areas
- Optimise the use of the 12th floor



## Investments and disposals



# Nantes Euronantes – Kibori

## ACQUISITION OF 3 844 SQM OF OFFICES: €9.8M

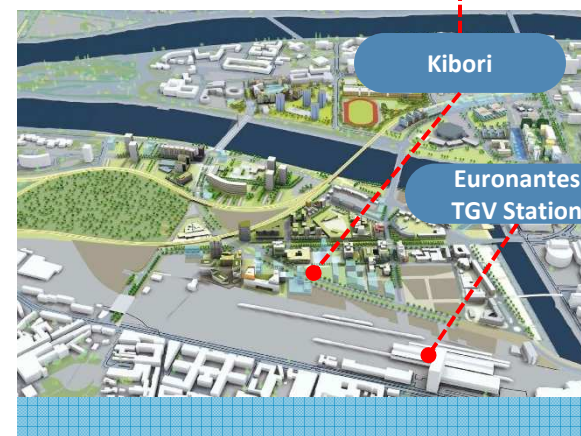
- BREEAM
- 1 building with 33 underground parking lots
- 8 floors (Ground -1 to G+6)
- Mixed solid wood/concrete/metal structure

## PARTNERSHIP WITH SOGEPROM

- April 2014: Launching of the call for tenders by the municipality
- January 2017: Acquisition signed
- Completion expected on H2 2018

## LOCATED IN THE EURONANTES RAILWAY STATION DISTRICT

- New major business district
  - 2020: 130,000 sqm of offices
- Close to the TGV station
- Excellent public transportation links
  - Tramway
  - Bus lines



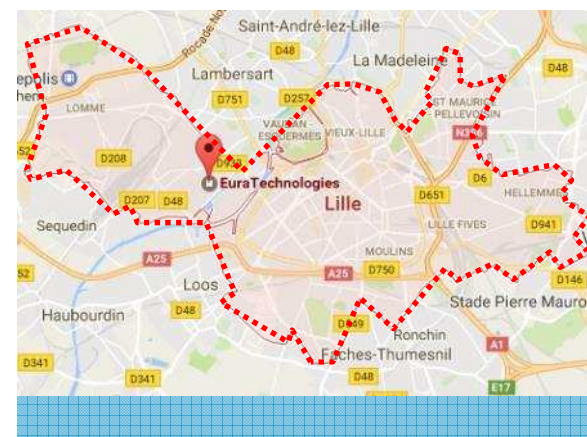
### Lille Euratechnologies – #Hashtag

#### ACQUISITION OF 5,280 SQM OF OFFICES: €11.0M

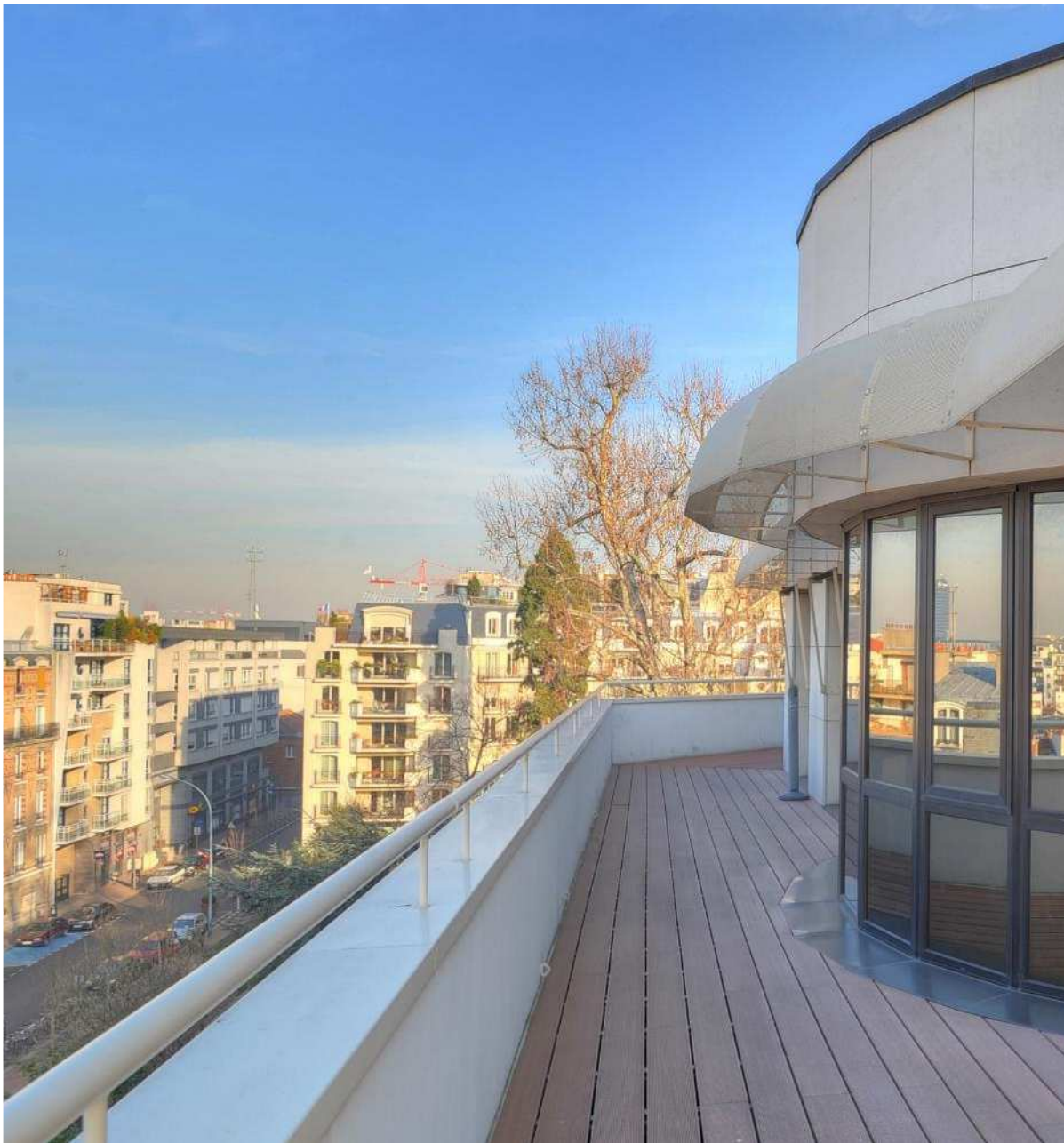
- BREEAM
- 2 buildings with 90 parking lots:
  - 2,230 sqm across 5 levels (G+4)
  - 3,050 sqm across 4 levels (G+3)
- Completion planned in 2 phases: 2018 and 2019

#### LOCATED IN THE EURATECHNOLOGIES AREA

- Lille’s new area of excellence dedicated to Information and Communications Technology (ICT)
  - 115,000 sqm business district
  - 2,800 jobs, 140 ICT companies: Capgemini, IBM Service Center, Microsoft and Tata Consultancy Services
- Excellent public transport links
  - 2 métro stations
  - 1 bus line
  - 2 public bike stations
  - 1 river bus
- Video of the project on: <https://vimeo.com/193373255>

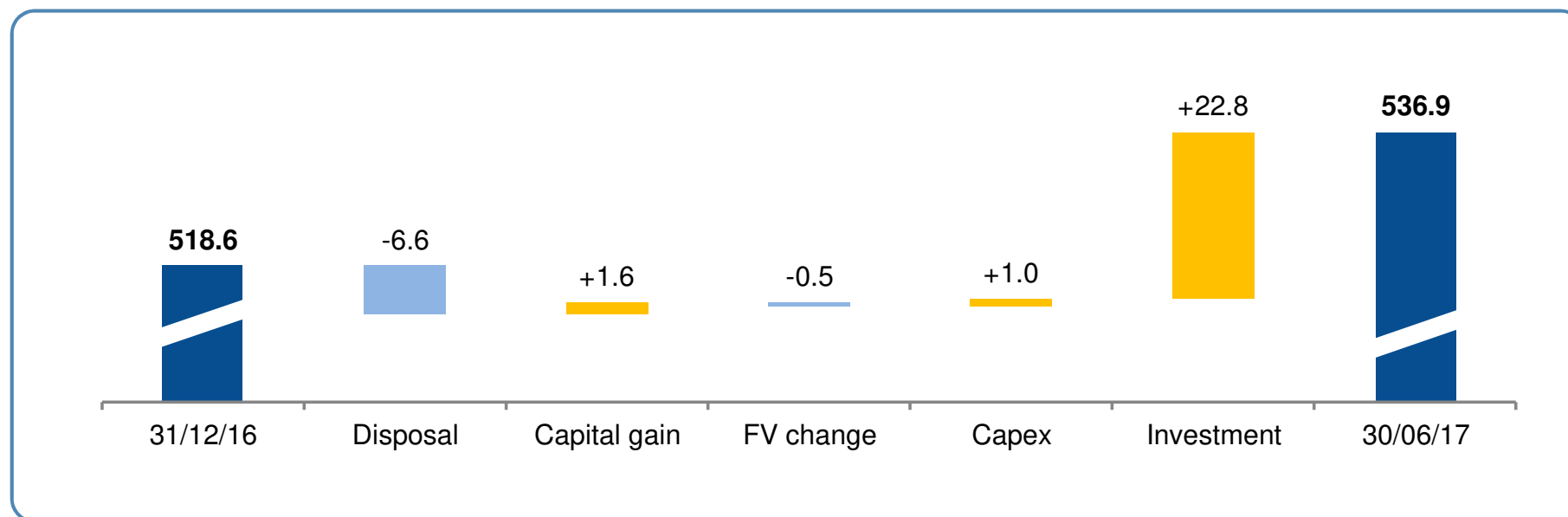


# Performance of the portfolio



# Properties Fair value up 3.5%

## CHANGE IN FAIR VALUE EXCLUDING TRANSFER TAXES (€M)

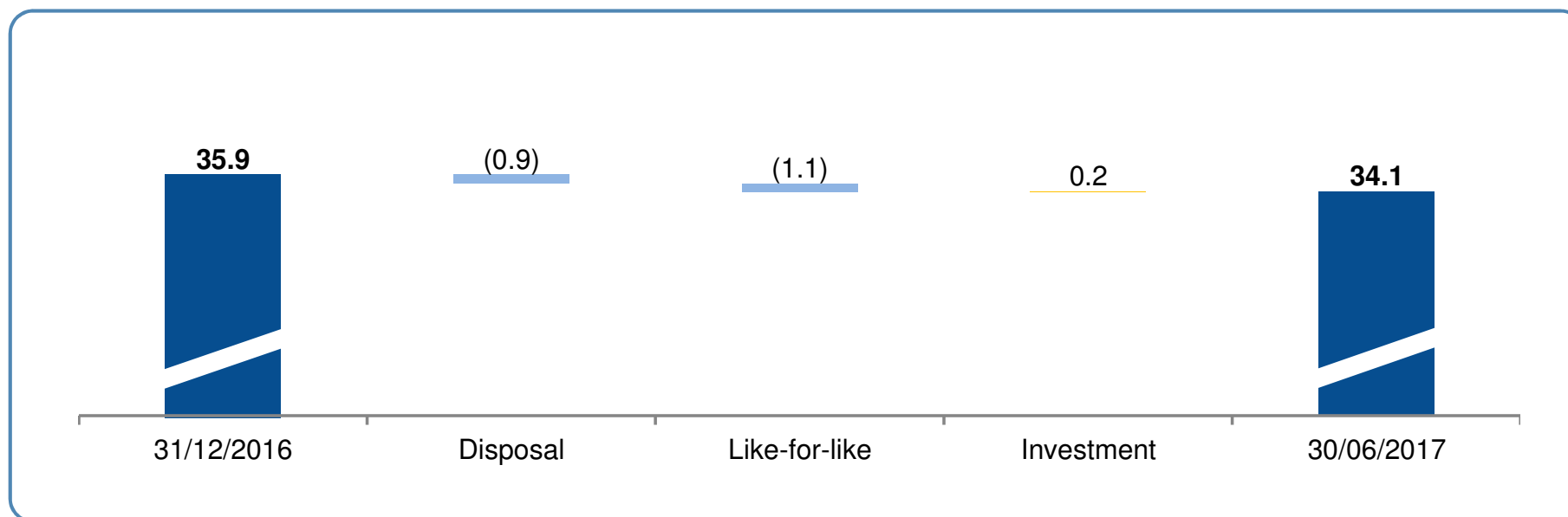


## BREAKDOWN OF FAIR VALUE CHANGE ON A LIKE-FOR-LIKE BASIS (-0.2%):

- Market rent effect (ERV): -0.5%
- Cap rate effect: +1.9%
- Miscellaneous: -1.5% (works, reversion ...)

# Change in headline rents

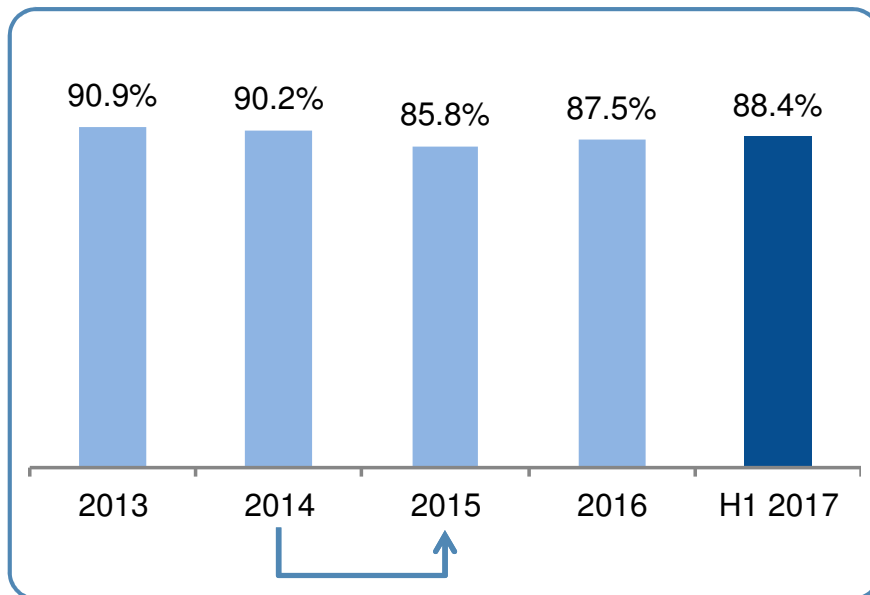
## CHANGE IN HEADLINE RENTS ANNUALIZED (€M)



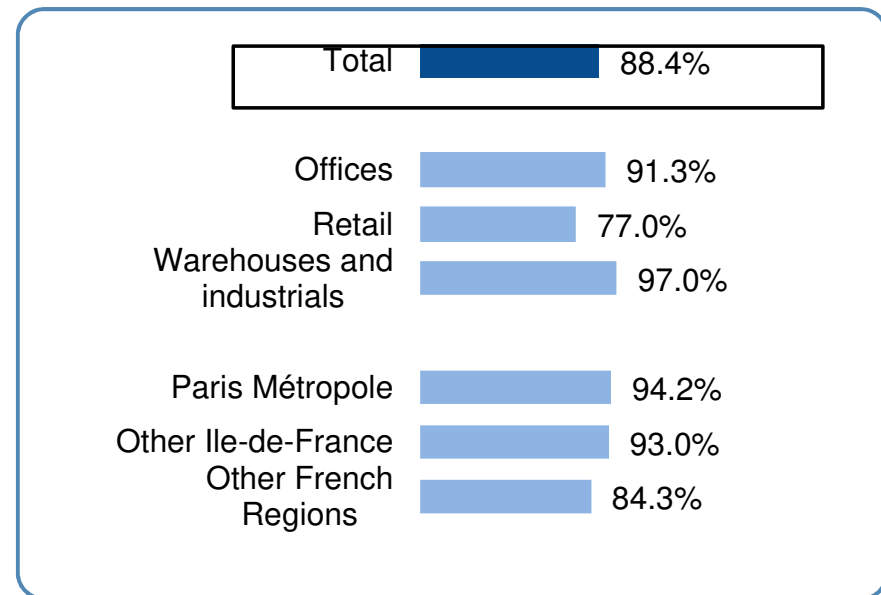
- Total headline rents change: -€1.8m
- On like-for-like, a €1.1m (-3.0%) decrease of the headline rent

# Change of the occupancy rate

## FINANCIAL OCCUPANCY RATES (EPRA) CHANGE



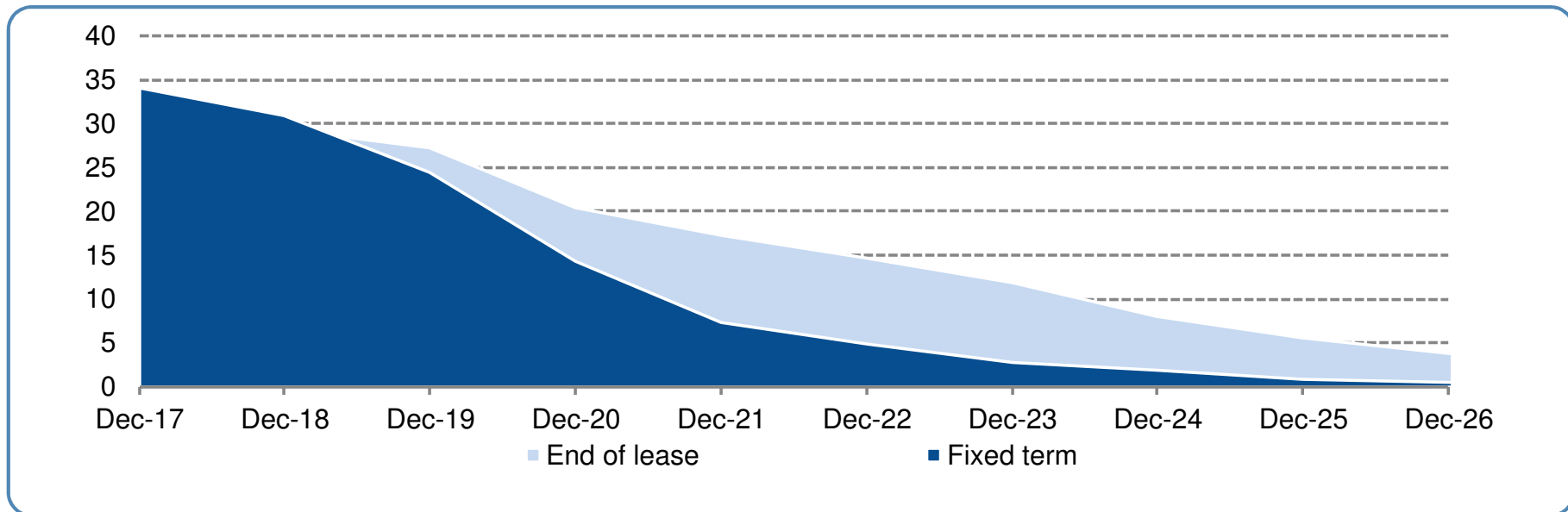
Impact  
Logistics ptf disposal  
-2.1 pt



Paris Métropole: Paris + Hauts-de-Seine + Seine-Saint-Denis + Val-de-Marne

# Schedule in rents

## SCHEDULE IN RENTS (€M) ACCORDING TO LEASE DURATION



- Average lease term to next break option: 2.7 years (vs 2.9 as at 31/12/2016)
- Average lease term to lease expiry: 4.2 years (vs 5.1)
- 6 new leases (€0.4m) → +€0.3m in 2017
- 25 departures (€1.7m) → -€1.2m in 2017
- 10 renegotiated leases (€1.1m vs €1.0m) → +€0.1m in 2017
- 7 terminated leases (€3.1m) → -€0.7m in 2017

} Impact  
-€0.8m  
in 2017

# Banimmo in H1 2017

## REPOSITIONING PROPERTY COMPANY

- Portfolio: 17 buildings; Gross rental income: €2.3m; value: €224m

## KEY EVENTS

- Disposal of an office building for €13.2m in Anvers
- Disposal of the Halle Secrétan under progress
- Continuing of the Vilvoorde site change of use
- Signature of the temporary occupation agreement for 55 years in Paris La Défense for the “Table Square” project
- Awarding of public contract for the revitalisation project of the Halle de la “Gare Sud” in Nice
- Continuing of the Verpantin works
- Filing of the revised building permit for the vertical scission of North Plaza building

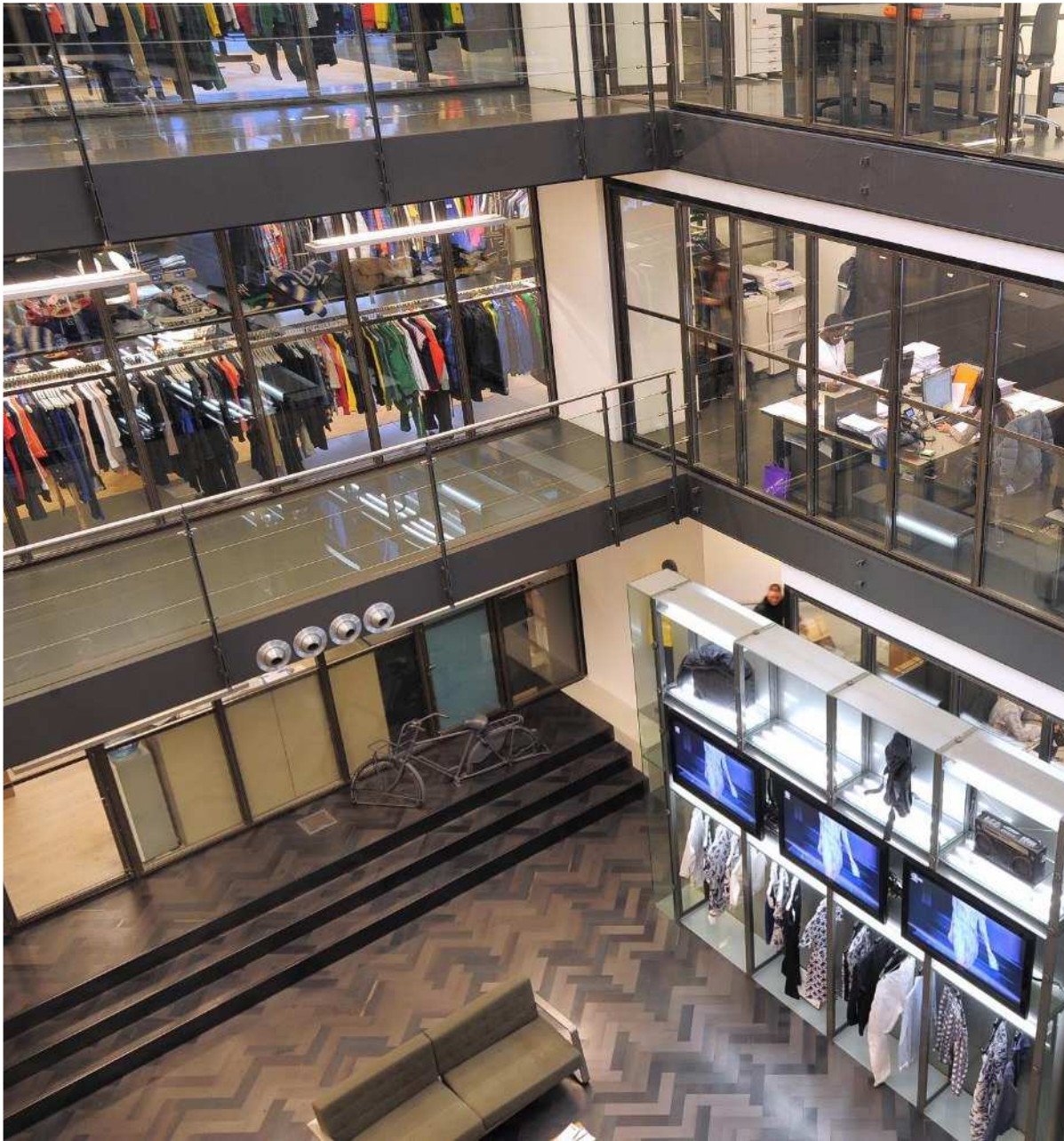
## RESULTS

- Operating result: -€1.1m vs -€0.1m
- Net current result: -€6.4m vs -€3.4m
- Net result: -€4.4m vs -€8.4m

More details on  
[www.banimmo.be](http://www.banimmo.be)

## Subsidiary





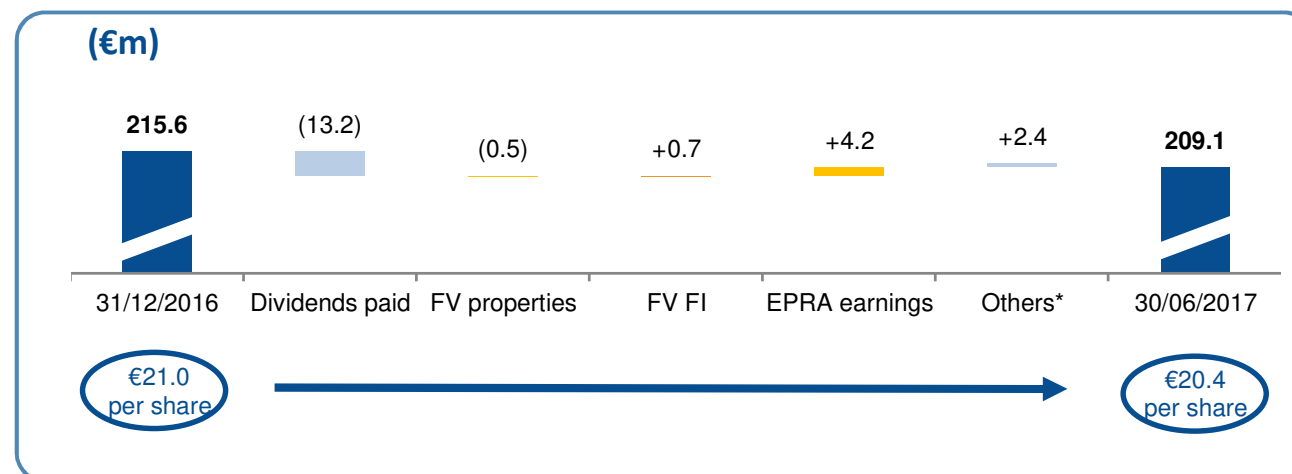
# Consolidated accounts

# Consolidated earnings

(€m)	30/06/16	31/12/16	30/06/17
Gross rental income	17.2	34.7	16.8
<b>Net rental income</b>	<b>14.7</b>	<b>29.4</b>	<b>14.0</b>
Other income	0.2	(0.1)	0.4
Corporate expenses	(4.1)	(8.6)	(4.2)
<b>Current EBITDA</b>	<b>10.8</b>	<b>20.7</b>	<b>10.3</b>
<b>Current operating profit</b>	<b>10.1</b>	<b>19.6</b>	<b>10.0</b>
Other income and expenses	0.0	(0.4)	0.4
Net financial cost	(3.8)	(7.0)	(3.1)
Taxes	(0.6)	(0.7)	(0.3)
Miscellaneous	(0.1)	0.2	(0.0)
Associates	(2.3)	(4.7)	(2.7)
<b>Net current profit</b>	<b>3.4</b>	<b>7.1</b>	<b>4.2</b>
Value adjustments of properties & profit on disposals	2.0	(0.4)	1.2
Fair value adjustments of hedging instr.	0.1	1.1	0.7
Adjustments for associates	(0.9)	(1.7)	0.8
Others	(0.5)	(0.6)	0.0
<b>Net non-current profit – group share</b>	<b>0.7</b>	<b>(1.6)</b>	<b>2.7</b>
<b>Net profit – group share</b>	<b>4.1</b>	<b>5.5</b>	<b>6.9</b>
<b>Net profit – group share (excl. Banimmo)</b>	<b>8.2</b>	<b>13.1</b>	<b>9.0</b>
<b>EPRA Earnings (Net current profit – group share)</b>	<b>3.4</b>	<b>7.1</b>	<b>4.2</b>
<b>EPRA Earnings (excl. Banimmo)</b>	<b>5.6</b>	<b>11.7</b>	<b>6.9</b>

## A 3.0% decrease of the net asset value

(€m)	30/06/16	31/12/16	30/06/17
Shareholders' equity (before allocation)	284.8	285.0	280.9
PSL adjustment	(73.1)	(73.1)	(73.1)
Fair value adjustments to hedging instr.	8.1	4.7	2.4
Net deferred tax	(3.8)	(1.0)	(1.1)
<b>EPRA NAV (excluding transfer tax)</b>	<b>215.9</b>	<b>215.6</b>	<b>209.1</b>
<b>EPRA NNAV (excluding transfer tax)</b>	<b>246.4</b>	<b>245.9</b>	<b>240.6</b>
<b>EPRA NAV (excluding transfer tax) per share (€)</b>	<b>21.0</b>	<b>21.0</b>	<b>20.4</b>
<b>EPRA NNAV (excluding transfer tax) per share (€)</b>	<b>24.0</b>	<b>24.0</b>	<b>23.5</b>

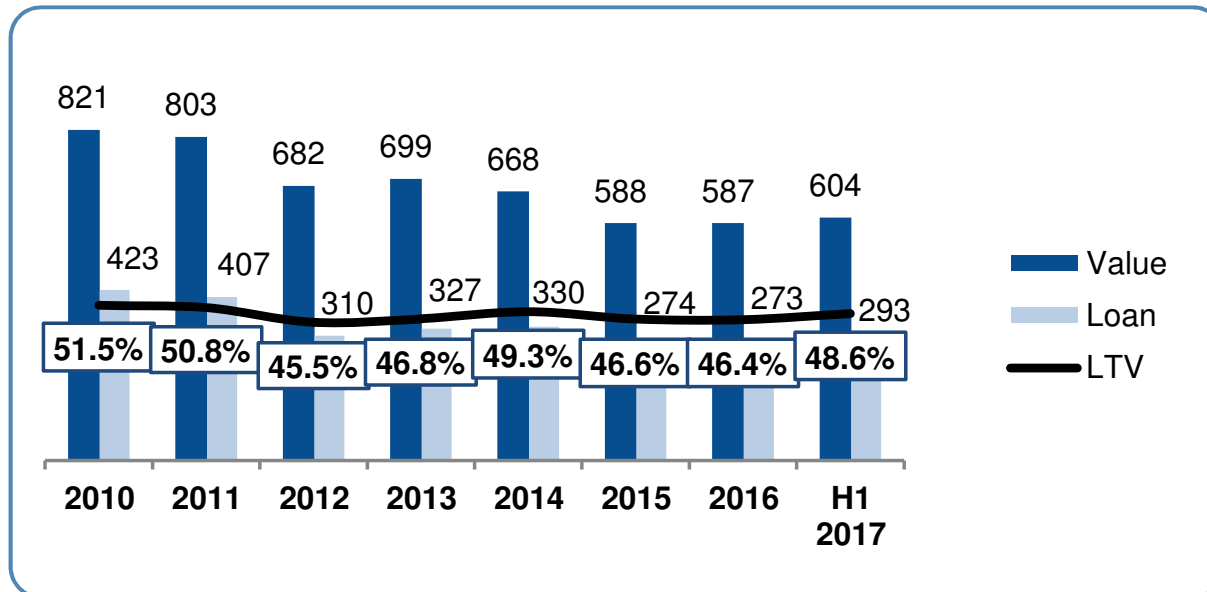


- Excluding PSL (TSDI)
- Others\*: interest on convertibles and PSL Convertibles, Banimmo non cash items, etc
- Based on the Net Book Value of Banimmo (€4.7 per share)
- NAV per share after dilution from convertibles

# Financing

# Evolution of the LTV and decrease of the financing cost

## LTV EVOLUTION



■ Net debt: €293m (excl. lease financing)

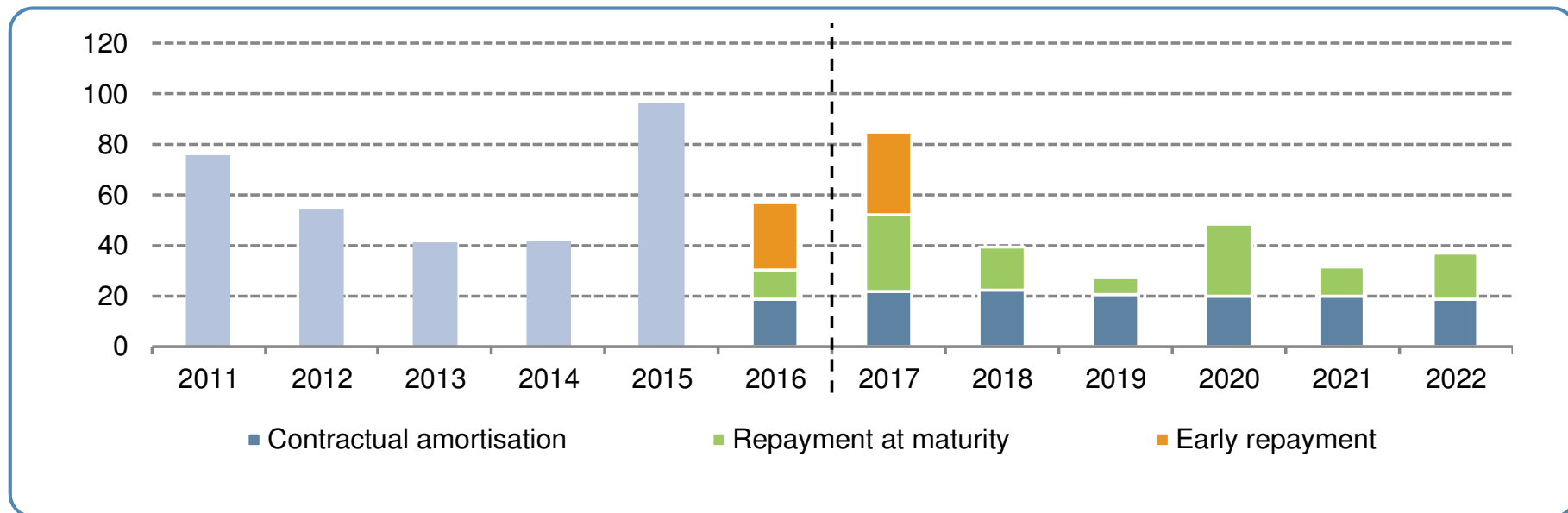
■ LTV: 48.6%

## DECREASE OF THE FINANCING COSTS: 2.0% VS 2.3%



# Debt profile under control

## AMORTISATION OF DEBT (€M)



- A financing policy aiming at smoothing the amortization (around €18m p.a. on average)
- Average duration of the debt: 6 years
- Short term confirmed credit lines of €19m as at 30/06/2017

## FINANCING IN H1 2017

- Financing / Refinancing: €75m
- Amortisation: €67m



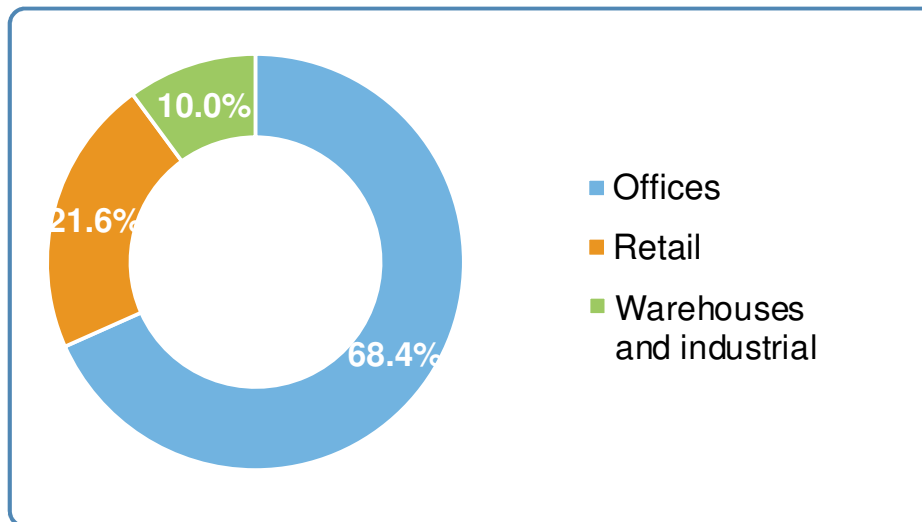
## Strategy & outlooks

# Our strategy [1/3]

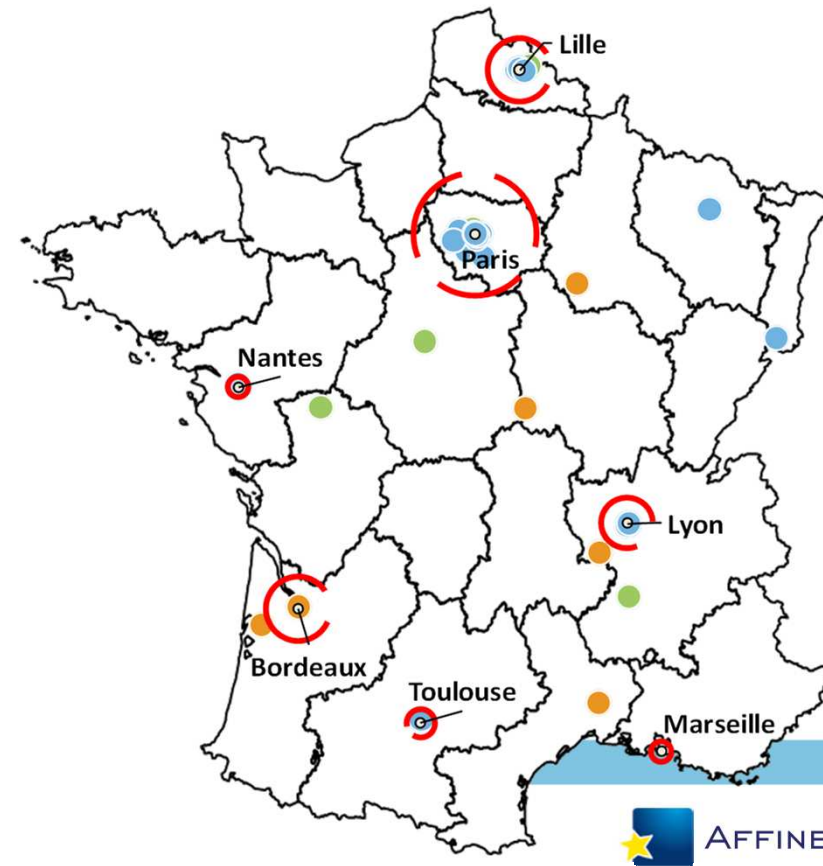
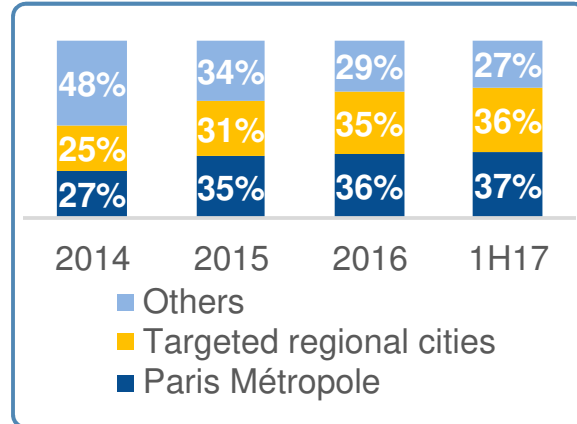
## CONCENTRATION OF INVESTMENTS:

- Geographic:
  - On Paris Métropole
  - And regional cities (Bordeaux, Lille, Lyon, Marseille, Nantes, Toulouse) benefitting from good national and international transport network and a strong demographic and economic momentum
- Type:
  - Focus on offices
  - And retail premises in city center more opportunistically

## BREAKDOWN OF THE PORTFOLIO IN ASSET VALUE



## Strategy & outlooks



# Our strategy [2/3]

## INVESTMENTS OVER THE LAST 18 MONTHS:

- More than €75m of realized or committed operations and controlled projects
  - €42m of realized operations
    - > Clichy, Lilleurope, Tangram, Meudon and Nantes (in progress)
  - €35m of committed operations and controlled projects
    - > Meudon, Nantes, Lille
- €7.0m of gross rental income, €0.8m of which accounted in H1 2017 (corresponding to €2.7m of potential annual rent)

## CONTINUATION OF THIS POLICY ACCORDING TO 3 CRITERIA:

- 1) Rejuvenate the portfolio by looking for buildings, ...
  - New (turnkey) or recent, preferably with green certification
  - Of an average size of €10m to €30m
    - > More than 40% based on the undergoing acquisitions and disposals
  - Containing a potential for value creation by their location or rental situation
- ... to streamline it ...
  - By selling mature, small or isolated assets
  - And logistics assets
- ... and in making the most of our land reserve



# Our strategy [3/3]

## CONTINUATION OF THIS POLICY ACCORDING TO 3 CRITERIA (NEXT):

- 2) Increase significantly the rents by:
  - Investing in buildings with a good yield and good location
  - Making the improvement of the OR a strong goal:
    - > through a specific treatment of assets vacant for more than one year
    - > through paying attention to the comfort of the tenants to stabilize them
  - Optimizing daily management through an efficient information system
  - Co-investing with partners in bigger projects that meet our strategy policy
  
- 3) Integrate new technological developments of the property sector
  - Tenant services (virtual concierge services, pickup station...)
  - Electronic document signing (lease, mandate...)
  - New uses of workplace

## Strategy & outlooks



# Contacts

## AFFINE

**Maryse Aulagnon**

Chairman

**Alain Chaussard**

CEO

**Matthieu Evrard**

Co-CEO

**+33 1 44 90 43 35**

**Frank Lutz**

Investor Relations

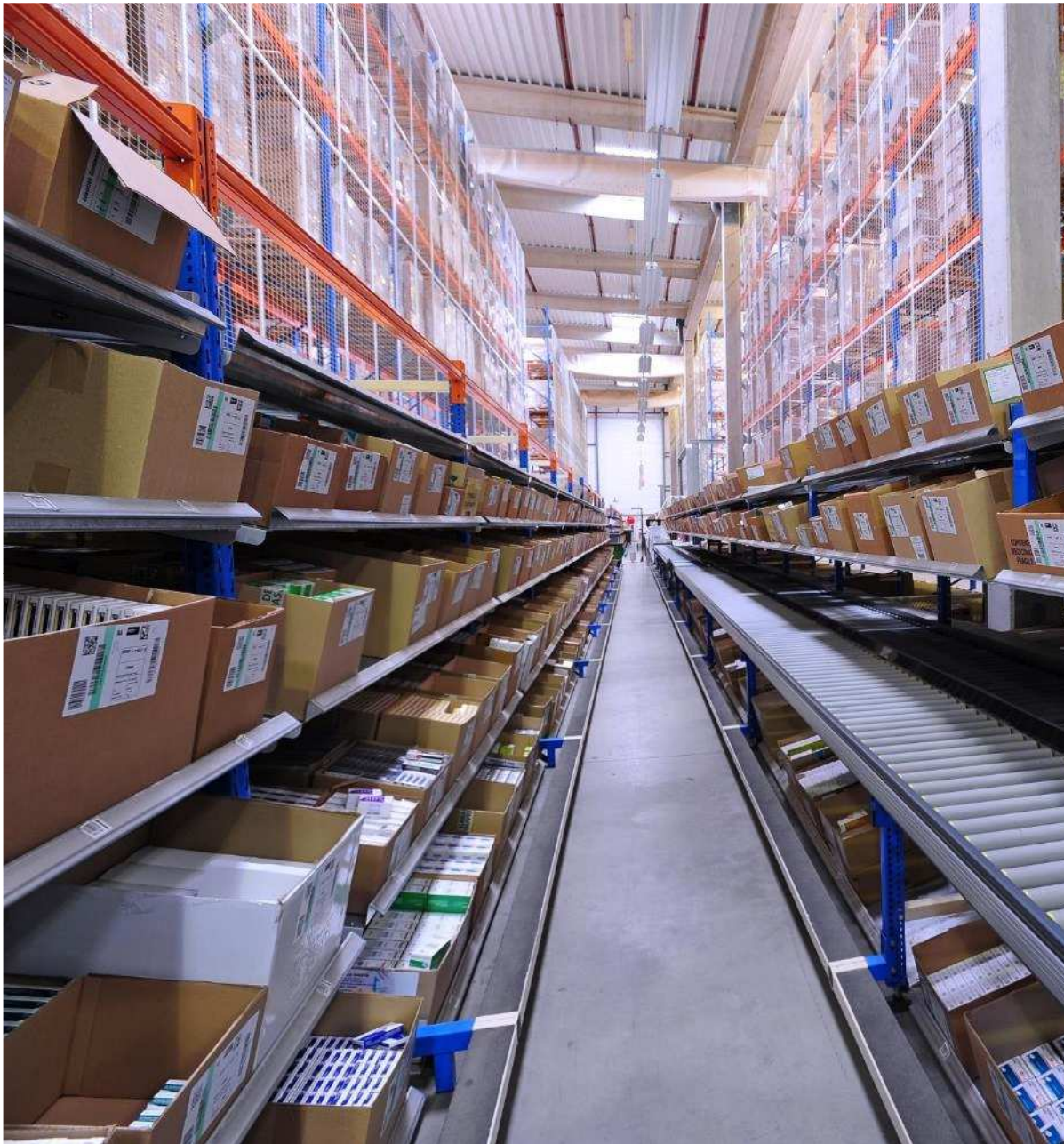
**+33 1 44 90 43 53 – [frank.lutz@affine.fr](mailto:frank.lutz@affine.fr)**

**LIQUIDITY CONTRACT: INVEST SECURITIES**

**WEBSITE: [WWW.AFFINE.FR](http://WWW.AFFINE.FR)**

## Contacts





# Appendix



# Affine portfolio...

## ... IN SOME KEY FIGURES

- €572m (transfer tax included)
- 44 buildings
- 345,700 sqm

## Appendix



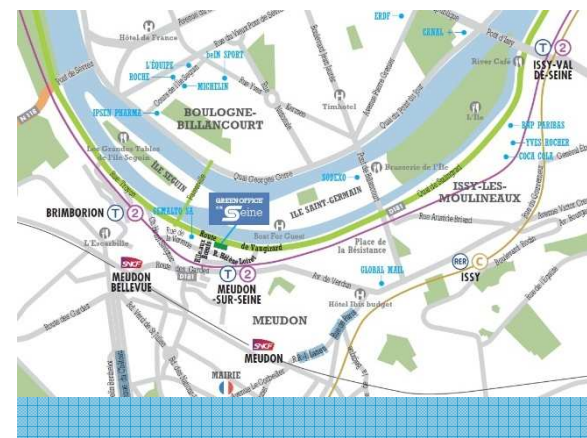
# Meudon – Green Office® en Seine

## ACQUISITION IN 2016 OF 5,400 SQM OF OFFICES

- Potential rent: €2m
- BEPOS Effinergie and HQE
  - 650 sqm of rooftop solar panels
- 2 buildings with 113 underground parking lots:
  - 3,800 sqm across 4 levels (G+3)
  - 1,610 sqm across 4 levels (G+3)
- Completion planned for late 2017

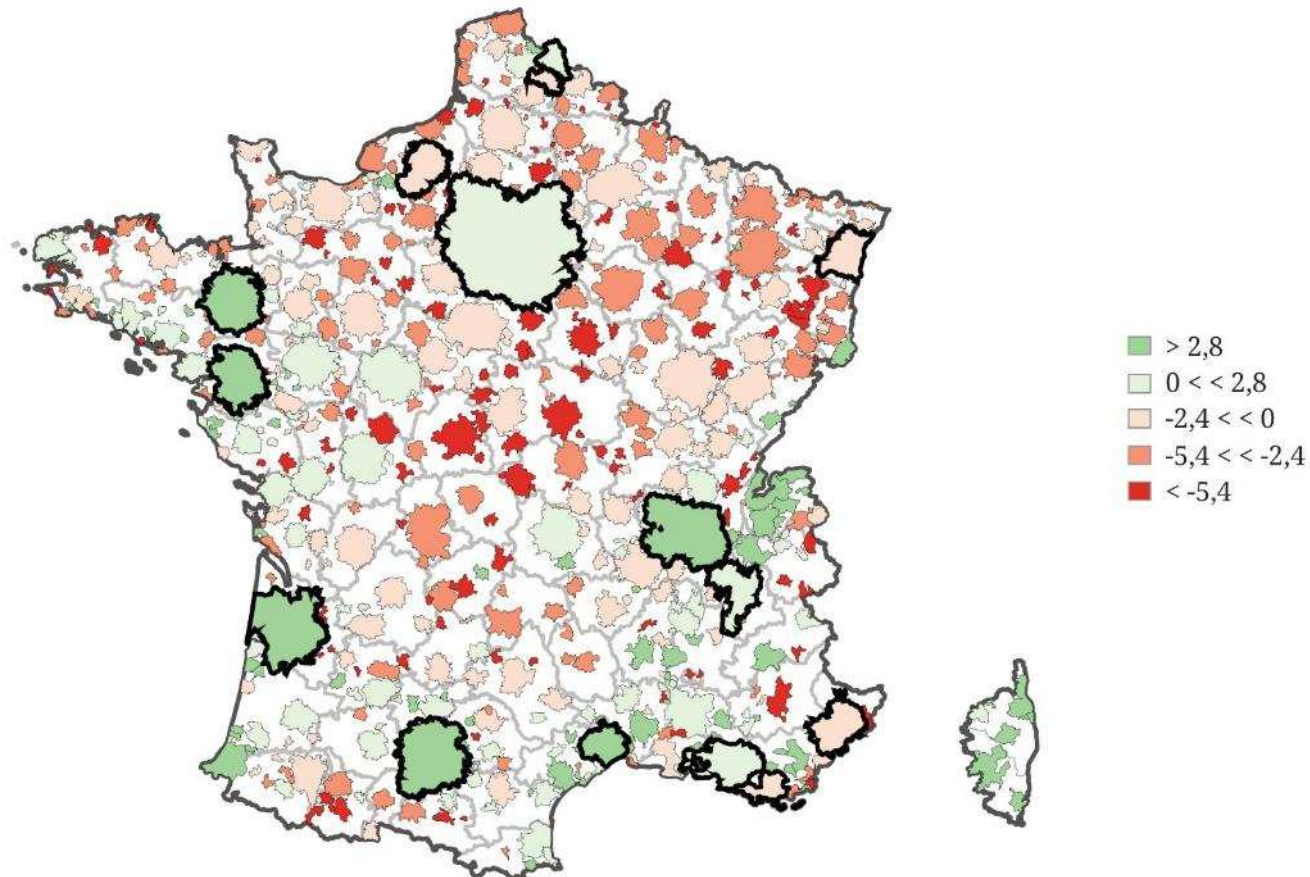
## LOCATED IN THE BUSINESS DISTRICT AREA OF BOULOGNE, ISSY-LES-MOULINEAUX, SÈVRES AND MEUDON

- A dynamic economic environment
  - 400 companies and nearby: Gemalto and Global Mail
- Excellent public transportation links
  - Tram T2 and Bus 389
  - RER C and the train SNCF N
  - In front of the *Seine Musicale*, music and performing arts center
- Video of the project on: <https://www.youtube.com/watch?v=yhEcgsxnFq8>



# Evolution of the employed population aged 15 to 64...

... BY URBAN AREA OF RESIDENCE FROM 2008 TO 2013



■ Source: Insee, census of the population, 2008 and 2013, France Stratégie calculation

## Consolidated cash flow

(€m)	30/06/16	31/12/16	30/06/17
Funds from operations	7.4	14.3	7.6
Funds from operations (excluding cost of debt and tax)	12.1	22.2	10.6
Change in WCR	2.0	0.2	0.4
Taxes paid	(0.0)	(0.0)	(0.6)
<b>Operating cash flow</b>	<b>14.1</b>	<b>22.4</b>	<b>10.5</b>
Acquisitions & Investments	(12.3)	(22.6)	(11.1)
Disposals	9.9	18.3	11.7
Others	2.1	2.2	-
<b>Investment cash flow</b>	<b>(0.2)</b>	<b>(2.2)</b>	<b>0.6</b>
New loans	31.9	50.2	74.8
Loan repayments	(34.9)	(56.8)	(67.4)
Interest	(3.9)	(7.1)	(3.0)
Others (of which dividends)	(7.4)	(4.8)	(14.5)
<b>Financing cash flow</b>	<b>(14.3)</b>	<b>(18.5)</b>	<b>(9.9)</b>
<b>Change in cash position</b>	<b>(0.4)</b>	<b>1.7</b>	<b>1.1</b>
<b>Net cash position</b>	<b>1.8</b>	<b>3.9</b>	<b>5.0</b>

# Consolidated balance sheet

(€m)	30/06/16	31/12/16	30/06/17
Properties	514.1	518.6	536.9
<i>of which investment properties</i>	489.0	469.4	489.7
<i>of which property held for sale</i>	25.1	49.2	47.2
Equity holdings	5.0	0.0	0.0
Equity affiliates	34.8	31.6	29.5
Cash	3.4	4.9	5.8
Other assets	61.3	55.1	58.7
Shareholders equity (before allocation)	284.8	285.0	280.9
<i>of which convertibles</i>	4.2	4.2	4.2
<i>of which PSL</i>	73.1	73.1	73.1
Bank debt	284.4	284.2	291.7
Other liabilities	49.3	41.0	58.4
<b>Total Bilan</b>	<b>618.6</b>	<b>610.2</b>	<b>630.9</b>

# Portfolio gross yield

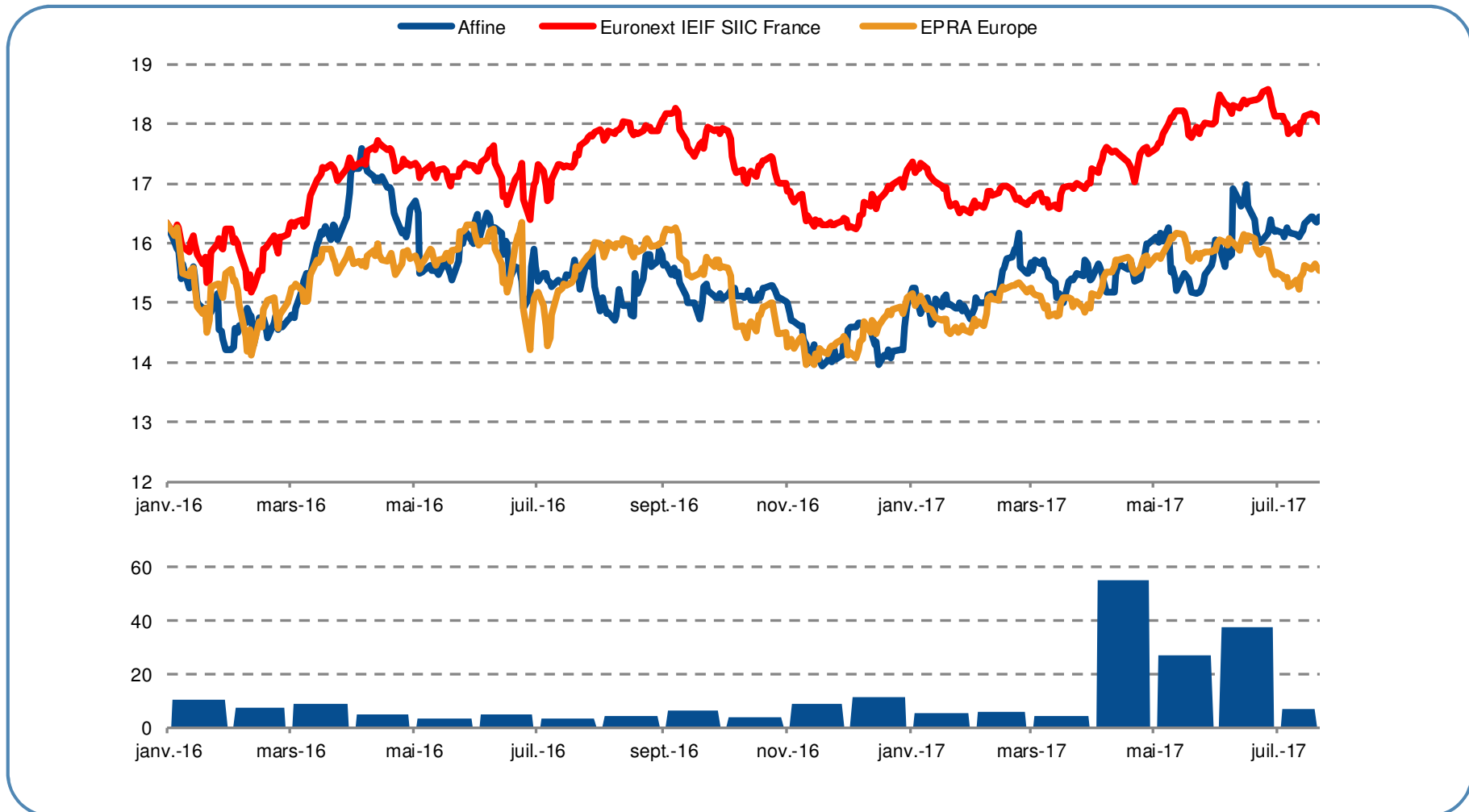
## RETURN BY ASSET TYPE

	Portfolio Split in value	Headline Yield	Potential Yield
Offices	68.4%	5.4%	5.9%
Retail	21.6%	5.8%	7.5%
Warehouses & Industrials	10.0%	9.4%	9.7%
<b>Total</b>	<b>100.0%</b>	<b>5.9%</b>	<b>6.6%</b>

## RETURN BY LOCATION

	Portfolio Split in value	Headline Yield	Potential yield
Paris Métropole	37.4%	4.4%	4.7%
Other Ile-de-France	8.5%	9.6%	10.1%
Other French Regions	52.5%	6.3%	7.4%
<b>Total</b>	<b>100.0%</b>	<b>5.9%</b>	<b>6.6%</b>

# Share price (€) and avg transaction vol. (000)

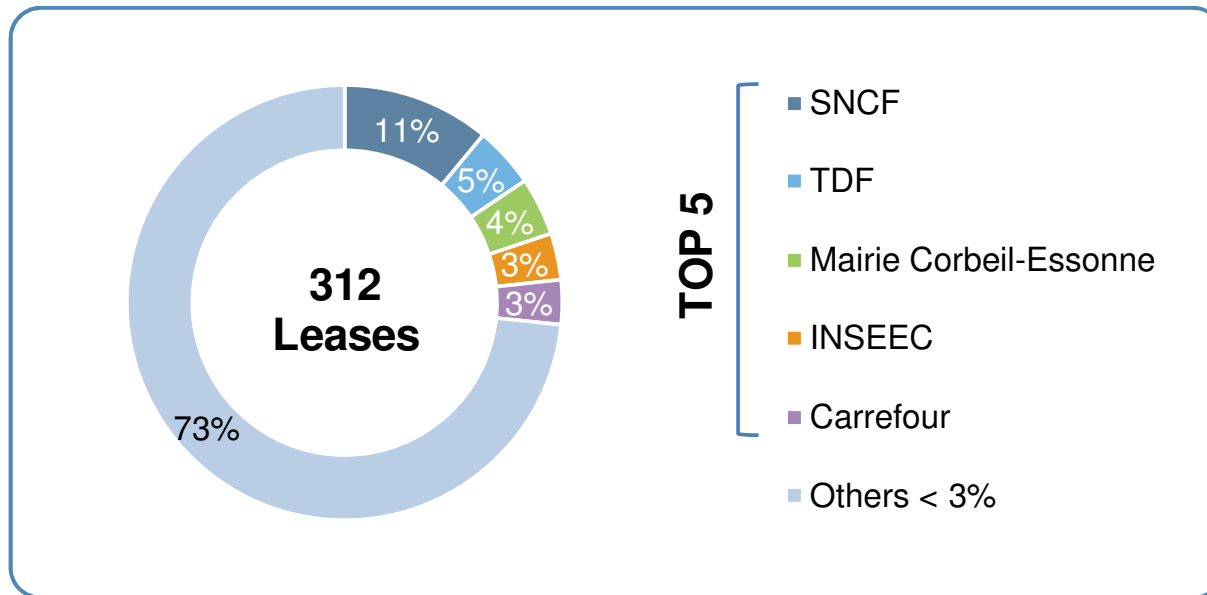


## LTV (net debt / portfolio value)

	(€m)	30/06/16	31/12/16	30/06/17
LOAN	Net financial debt	283	280	300
	Debt allocated to lease financing	(9)	(8)	(6)
	<b>Debt for investment properties</b>	<b>274</b>	<b>273</b>	<b>293</b>
VALUE	Value of properties (incl. TT)	549	554	572
	Property companies on equity basis	36	29	28
	VEFA & Fixed assets adjustments	4	4	4
	<b>Adjusted portfolio value incl. taxes</b>	<b>589</b>	<b>587</b>	<b>604</b>
<b>LTV (net debt on portfolio value)</b>		<b>46.5%</b>	<b>46.4%</b>	<b>48.6%</b>

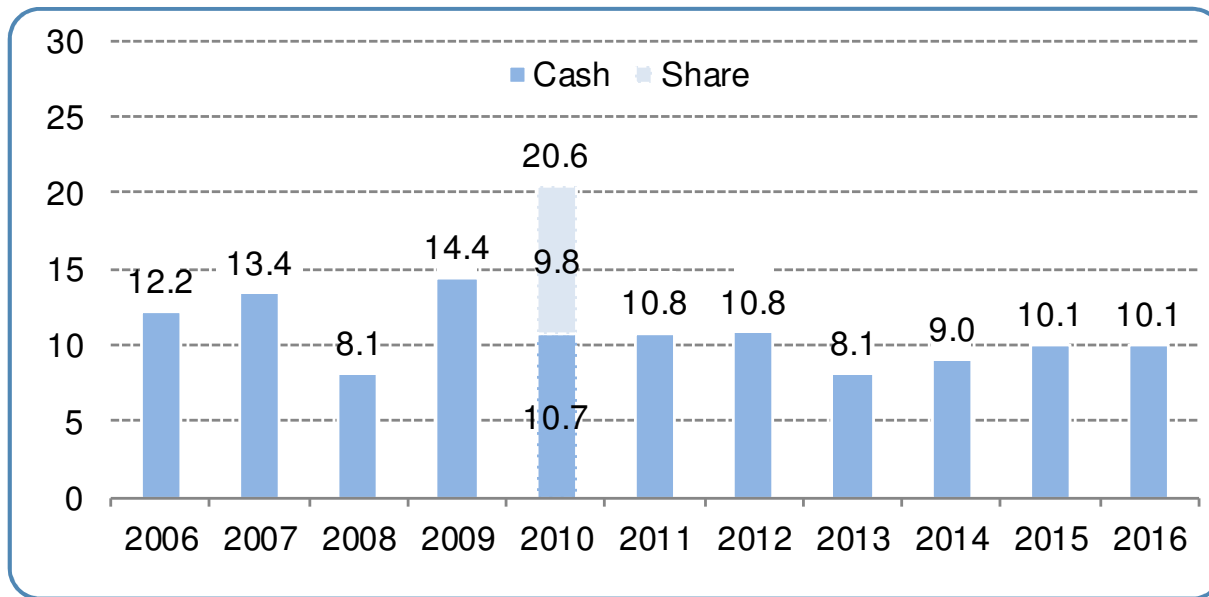
# A diversified risk on tenants

## A DIVERSIFIED PORTFOLIO OF CUSTOMER – BREAKDOWN OF RENTS



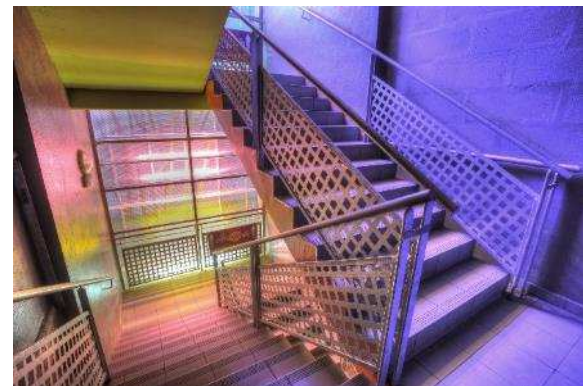
# Dividend

## AFFINE, HIGH YIELD PROPERTY COMPANY (€M)



■ A 6.2% yield based on the share price of 30/06/2017 (€16.21)

## Appendix



# Reminder: Disposal of a warehouses portfolio – Impact\*



## 8 LOGISTICS PLATFORMS: €72.1M

- OR: 100% as at 30/06/2015
- Surface area: 172,500 sqm

## FINANCIAL STRUCTURE ▲▲▲

- Debt: -€42m ▲
- Cash: +€30m ▲
- Drop in LTV (-6 points) ▲▲
- Reallocation to new investments ▲▲

## OPERATIONAL ▲▼

- Gross rental income decrease: -€7.0m ▼▼
- EPRA earnings: -€3.3m for 2016 ▼
- Improving the quality of cash-flow ▲▲▲  
(Vacancy and capex risks)
- Occupancy rate: -2.2 point ▼▼
- Yield: - 32 bps ▼

\* On a full year basis

## Banimmo – Stake in Urbanove

- **August 2010** – Banimmo took a 42.5% stake in Citymall (former Foruminvest in Belgium) for an amount of €54m (equity: €20m and mezzanine loan: €34m) for 3 commercial centre projects in Namur, Charleroi and Verviers
- **December 2013** – Partial depreciation of the stake for €15m
- **May 2014** – Banimmo purchased the company holding the ground lease in Charleroi for €5m
- **November 2014** – Takeover of the Namur and Verviers projects by Urbanove (44% Banimmo; 56% Walloon region + Besix + Degroof) ; new mezzanine loan of €12m (of which Banimmo: €9.9m)
- **December 2014** – Depreciation of the remaining stake (€4m)
- **December 2015** – Depreciation of €21m of the mezzanine loan (out of a total of €45m)
- **April 2016** – Judicial Reorganization Procedure (PRJ) of Urbanove to reorganize the financial structure of the two projects extended until November 2016
- **December 2016** – Disposal of the 2 projects: Amortisation of the remaining outstanding mezzanine loan representing €26.5m



**URBANOVE**  
SHOPPING DEVELOPMENT

# Banimmo – 2 successful developments

## DISPOSAL OF THE MARCHÉ SAINT GERMAIN (PARIS 6<sup>ÈME</sup>)

- Acquisition in 2009: €30m
- Eviction, work and financing costs: c. €40m
- Commercial centre increased from 3,200 sqm to 4,400 sqm
- Doubling rents to €4.3m
- Completion by Q2 2016
- Opening and disposal late 2016 at a price of €130m
- OR: 100% - Apple, Nespresso, Uniqlo, Marks & Spencer, Desnoyers, etc

## AGREEMENT OF SALE OF THE MARCHÉ DE LA HALLE Secrétan (PARIS 19<sup>ÈME</sup>) – SIIC TROPHY

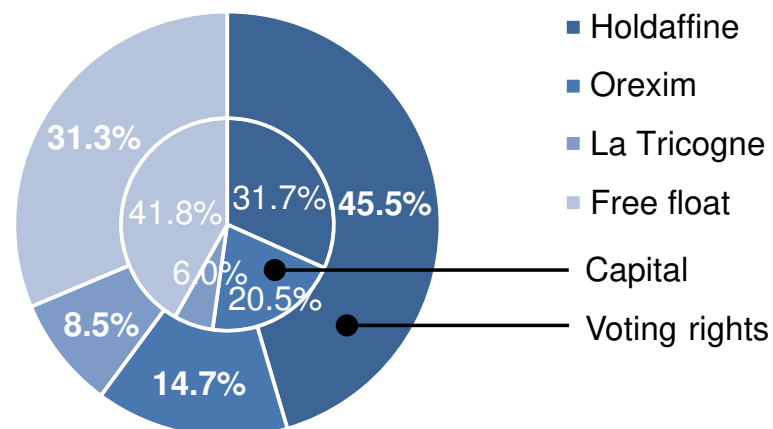
- Request for proposal won in April 2011
- Ground lease for 70 years
- Project cost: c. €15m
- Increase threefold the surface area to 3,800 sqm
- Rent: €1.25m
- Opening in October 2015
- Agreement for sale signed in October 2016
- Property sold in July 2017 for €27.8m
- OR: 100% - Les 5 fermes, Camaïeu, Neones, Desnoyers, etc



# Shareholding

## SHAREHOLDING

- Annualised float turnover rate of 132%
- Annualised capital turnover rate of 55%



## AFFINE IS LISTED ON EURONEXT PARIS

**30 June 17**

Number of shares	10,056,071
Share price	€16.21
Market capitalisation	€163.0m
Change in H1 2017	8.4%

EPRA earnings per share (excl. Banimmo)	€0.58
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Ticker (Bloomberg / Reuters)	IML FP / BTTP.PA
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