
Interim statement of the Board of Directors for the period from 1 July 2016 to 30 September 2016

- Successful capital increase of €127 million, 2,557,921 new shares issued
 - Stable fair value of the portfolio (-0.19% over the first 9 months of the fiscal year)
 - Significant letting activity (29,427 m² over the first 9 months of the fiscal year)
 - EPRA earnings of €2.87 per share, in line with the outlook
 - Decision on the amount of the interim dividend which amounts to €2.55 gross per share, existing before the capital increase, payable in December in cash and, optionally, in shares
 - Net asset value pro forma of €52.34 per share
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The Board of Directors of Befimmo SA met on 26 October 2016 to establish the consolidated quarterly financial statements as at 30 September 2016.

1. Capital increase of €127 million

In September 2016, Befimmo successfully completed a capital increase¹ for a gross amount of €127 million.

The proceeds of the offering will be used by Befimmo to pursue its investment strategy in quality office buildings located in Belgium and the Grand Duchy of Luxemburg, and notably to carry on the major redevelopment projects it has within its portfolio, while maintaining a solid balance sheet in line with the Company's financial strategy.

As a result of this operation, the registered capital of Befimmo amounts to €371,627,206.35 and is represented by 25,579,214 ordinary shares, granting the same rights to all shareholders.

2. Property portfolio as at 30 September 2016

Key figures of the property portfolio

	30.09.2016	30.06.2016	31.12.2015
Fair value of portfolio (in € million)	2 449.5	2 426.7	2 388.3
Gross initial yield on properties available for lease	6.19%	6.19%	6.19%
Gross potential yield on properties available for lease	6.56%	6.61%	6.58%
Occupancy rate of properties available for lease	94.36%	93.68%	94.15%
Weighted average duration of leases	8.26 years	8.30 years	8.60 years
Reversion rate of properties available for lease	-8.70%	-8.89%	-8.41%
EPRA vacancy rate of properties available for lease	6.13%	6.88%	6.35%

Gateway | 34,000 m² | Brussels airport

The construction works of the Gateway building, pre-let for 18 years to Deloitte, are ongoing. Befimmo is lessee of the land and becomes owner of the constructions according to its completion. The transaction (for a total amount estimated at €148.3 million) will be completed upon the handover of the works, expected by the end of the year, as from which the lease contract will generate a rent of €6.9 million. As at 30 September 2016, €118.52 million have already been invested.

¹ For more information, please consult the following page on the Befimmo website: <http://www.befimmo.be/en/2016-capital-increase>.

Construction, redevelopment and renovation projects

Over the first three quarters of the 2016 fiscal year, Befimmo invested €26.06 million in its portfolio.

The main ongoing renovation and construction projects are:

- **Brederode 9 - Namur 48 | 8,200 m² | Brussels CBD | Centre:** The redevelopment works in the buildings Brederode 9 (6,800 m²) and Namur 48 (1,500 m²), for a total amount of around €15 million, are coming to an end and will be handed over in the coming weeks. The Brederode 9 building, which has a BREEAM "Very Good" certification in the Design phase, is 70% pre-let to Interparking SA.
- **Guimard | 5,400 m² | Brussels CBD | Leopold district:** The redevelopment works of the Guimard building, for a total amount of around €12 million, are ongoing. This building benefits from a strategic location in the heart of the Leopold district in Brussels, and will be ready to welcome new occupants as from the second quarter of the 2017 fiscal year. The building is already generating the interest of prospective tenants. Befimmo is aiming for a BREEAM "Excellent" certification in the Design and Post Construction phases for this project.
- **WTC IV | 53,500 m² | Brussels CBD | North area:** The WTC IV project relates to the construction of a new passive tower. The "all-in" construction cost of the project is estimated at €140 million. The permit is implemented. Building works proceed on the basis of commitments by prospective tenants.
- **Quatuor Building | 60,000 m² | Brussels CBD | North area:** The Noord Building will be redeveloped early 2018, after the end of the lease, to create the new Quatuor Building. The processes to obtain the planning and the environmental permit are ongoing and should be completed in the course of the first quarter of 2017.

As a reminder, the important future construction, redevelopment and renovation projects are described in detail on page 18 of Befimmo's Half-Yearly Financial Report 2016.

Change in fair values² of the property portfolio

Offices	Change over the quarter ^(a) (in %)	Proportion of portfolio ^(b) (30.09.2016) (in %)	Fair value (30.09.2016) (in € million)	Fair value (30.06.2016) (in € million)	Fair value (31.12.2015) (in € million)
Brussels centre (CBD)	-0.36	51.2	1 253.6	1 224.5	1 226.0
Brussels decentralised	-0.11	3.6	89.2	90.4	91.8
Brussels periphery	0.08	6.1	148.4	147.0	144.7
Flanders	0.01	20.0	489.6	490.5	493.2
Wallonia	0.23	7.8	192.0	191.4	187.9
Luxembourg city	6.08	3.8	93.1	87.8	86.8
<i>Properties available for lease</i>	<i>0.06</i>	<i>92.5</i>	<i>2 266.0</i>	<i>2 231.6</i>	<i>2 230.4</i>
<i>Properties that are being constructed or developed for own account in order to be leased</i>	<i>-0.02</i>	<i>7.5</i>	<i>183.6</i>	<i>195.1</i>	<i>157.4</i>
Investment properties	0.05	100.0	2 449.5	2 426.7	2 387.8
Properties held for sale	-	-	-	-	0.5
Total	0.05	100.0	2 449.5	2 426.7	2 388.3

^(a) The change over the quarter is the change in fair value between 1 July 2016 and 30 September 2016 (excluding the amount of investments and the disinvestment).

^(b) The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 30 September 2016.

As at 30 September 2016, the fair value of Befimmo's consolidated portfolio was €2,449.5 million, as against a fair value of €2,426.7 million as at 30 June 2016 and €2,388.3 million as at 31 December 2015.

This value evolution includes:

- the investments carried out in the portfolio during the past quarter;
- the addition to the portfolio of the Gateway building (as the construction works progress);
- the sale of the Jean Dubrucq building;
- the changes in fair value booked to the income statement (IAS 40).

Excluding the amount of the investments and the disinvestment, the change in fair value of the portfolio amounts to €1.2 million (+0.05%) over the third quarter of the fiscal year.

² These values are established in application of the IAS 40 standard which requires investment properties to be booked at "fair value". Fair value is obtained by deducting the average costs for transactions established by independent real-estate experts, from the "investment value". These costs amount to (i) 2.5% for property worth more than €2.5 million and (ii) 10% (Flanders) or 12.5% (Wallonia and Brussels) for property worth less than €2.5 million.

Occupancy rate³, weighted average duration of leases and signed lease agreements

The occupancy rate of the portfolio is rising. As at 30 September 2016, it amounts to 94.36% on properties available for lease (compared with 93.68% as at 30 June 2016 and 94.15% as at 31 December 2015) and to 93.62% on all investment properties⁴ (compared with 92.08% as at 30 June 2016 and 92.64% as at 31 December 2015).

As at 30 September 2016, the weighted average duration of leases amounts to 8.26 years, compared with 8.30 years as at 30 June 2016 and 8.60 years as at 31 December 2015.

Since the start of the fiscal year, Befimmo signed new leases and lease renewals for space measuring some 29,427 m², which is nearly twice the 15,730 m² signed during the first three quarters of the 2015 fiscal year.

In July 2016, Befimmo concluded a 21-year usufruct agreement with Interparking SA for taking up 4,646 m² in the Brederode 9 building as from 1 November 2016. The redevelopment works of the building are being finalised.

In the decentralised zone of Brussels, Befimmo signed a lease with Sopra Steria Benelux for the take-up of 2,607 m² in the Triomphe building.

In the Axento building that it owns in the Grand Duchy of Luxembourg, Befimmo concluded an agreement with KPMG Luxembourg for a take-up of 1,756 m². Meanwhile, all the space vacated in January 2016 has been let.

Overall rental yield

	Properties available for lease		Investment properties ^(c)	
	30.09.2016	30.06.2016	30.09.2016	30.06.2016
Gross initial yield^(a)	6.19%	6.19%	5.93%	5.87%
Gross potential yield^(b)	6.56%	6.61%	6.31%	6.35%

^(a) Gross initial yield = current rents (including the rent for space let but for which the lease has yet to begin)/deed-in-hands value.

^(b) Gross potential yield = current rents (including the rent for space let but for which the lease has yet to begin), plus the estimated rental value of vacant space/deed-in-hands value.

^(c) Taking into account the properties that are being constructed or developed for own account in order to be leased.

³ Occupancy rate = current rents (including the rate for space let but for which the lease has yet to begin)/(current rents + estimated rental value for vacant space).

⁴ This includes properties that are being constructed or developed for own account in order to be leased.

3. Financial report as at 30 September 2016

Financial key figures

	30.09.2016	30.06.2016	31.12.2015
Shareholders' equity (in € million)	1 397.55	1 252.84	1 265.29
Net asset value (in € per share)	52.34 ^(a)	54.42	54.96
EPRA NAV (in € per share)	55.88	55.60	54.91
EPRA NNNAV (in € per share)	53.98	53.65	54.30
Average annualised financing cost ^(b) (in %)	2.22% ^(c)	2.23% ^(d)	2.66% ^(e)
Weighted average duration of debts (in years)	3.68	3.84	3.99
Debt ratio according to the Royal Decree (in %)	42.31%	48.53%	48.37%
Loan-to-value ^(f) (in %)	38.43%	45.64%	45.66%

	30.09.2016 (9 months)	30.09.2015 (9 months)
Number of shares issued	25 579 214	22 673 609
Number of shares not held by the group	25 579 214	22 138 280
Average number of shares not held by the group during the period	23 058 635	22 138 280
Net result (in € per share)	1.29	3.65
Current net result (in € per share)	2.92	3.04
EPRA earnings (in € per share)	2.87	3.00
Return on shareholders' equity (in € per share)	1.85 ^(g)	4.33 ^(h)
Return on shareholders' equity (in %)	3.39% ^(g)	8.09% ^(h)

^(a) Net asset value pro forma.

^(b) Including margin and hedging costs.

^(c) Calculated over a 9-month period.

^(d) Calculated over a 6-month period.

^(e) Calculated over a 12-month period.

^(f) Loan-to-value ("LTV"): [(nominal financial debts – cash)/fair value of portfolio].

^(g) Calculated over a 12-month period ending at the closing of the quarter, taking into account the gross dividend reinvestment, the participation in the optional dividend and the participation in the capital increase.

^(h) Calculated over a 12-month period ending at the closing of the quarter, taking into account the gross dividend reinvestment and the participation in the optional dividend.

Net asset value⁵

As at 30 September 2016, Befimmo's total net asset value amounts to €1,397.55 million.

From an accounting point of view, the net asset value is €54.64 per share as at 30 September 2016, as against €54.42 per share as at 30 June 2016 and €54.96 per share as at 31 December 2015.

Economically, the net asset value pro forma amounts to €52.34 per share, taking into account the detachment of coupon No 32 on 14 September 2016 within the framework of the capital increase. This coupon represents the interim dividend of €2.55 per share, existing before the capital increase, calculated pro rata temporis as from 1 January 2016 until 26 September 2016. It is payable as from 21 December 2016 in cash and, optionally, in shares.

⁵ Audit of the accounts: the quarterly accounts as at 30 September are subject to a limited review in the context of the distribution of an interim dividend.

Change in net asset value

	(in € million)	(in € per share)	Number of shares not held by the group
Net asset value as at 31 December 2015	1 265.29	54.96	23 021 293
Payment of final dividend in May 2016	- 19.80		
Other elements of comprehensive income - actuarial gains and losses on pension obligations	- 2.00		
Capital increase	127.26		
Costs related to the capital increase	- 3.00		
Result of the period	29.81		
Net asset value as at 30 September 2016	1 397.55	54.64	25 579 214
Interim dividend represented by coupon No 32	- 58.70		
Net asset value pro forma as at 30 September 2016	1 338.85	52.34	25 579 214
	30.09.2016	30.06.2016	31.12.2015
EPRA NAV (in € per share)	55.88	55.60	54.91
EPRA NNNAV (in € per share)	53.98	53.65	54.30

The calculation methods of the EPRA NAV and NNNAV are detailed on page 60 of Befimmo's Annual Financial Report 2015 (www.befimmo.be).

Trend of results⁶

	30.09.2016 (9 months)	30.09.2015 (9 months)
Net rental result (in € million)	102.26	105.20
Property operating result (in € million)	91.42	96.08
EPRA earnings (in € million)	66.24	66.44
<i>Number of shares issued</i>	<i>25 579 214</i>	<i>22 673 609</i>
<i>Number of shares not held by the group</i>	<i>25 579 214</i>	<i>22 138 280</i>
<i>Average number of shares not held by the group during the period</i>	<i>23 058 635</i>	<i>22 138 280</i>
Net result (in € per share)	1.29	3.65
Net current result (in € per share)	2.92	3.04
EPRA earnings (in € per share)	2.87	3.00

⁶ Audit of the accounts: the quarterly accounts as at 30 September are subject to a limited review in the context of the distribution of an interim dividend.

Analysis

Rental income on a “like-for-like” basis⁷ is stable in relation to the same period last year.

The decline in **net rental result** (-€2.2 million) (excluding the impact of smoothing of rental gratuities of -€0.7 million, which is cancelled out under other operating income and charges), is explained mainly by:

- the absence of compensation for early departure (as against +€0.9 million in the course of the 2015 fiscal year);
- the Guimard building, which is currently undergoing a major renovation while in the first three quarters of the 2015 fiscal year it earned rent of €0.72 million;
- the sale of some small buildings in the Fedimmo portfolio (Stassart, Izegem and Chênée).

Net property charges went from -€9.1 million to -€10.8 million (+€1.7 million or +18.9%) in relation to the same period in 2015. This evolution was mainly due firstly to the one-off impact of the receipt, in the first half of the 2015 fiscal year, of compensation for an early departure and secondly, to the increase in commercial costs on account of the number of leases signed during the first 9 months of the 2016 fiscal year.

The ensuing **property operating result** was €91.42 million as at 30 September 2016, compared with €96.08 million as at 30 September 2015.

The reduction in the **financial charges** is explained mainly by the Company’s lower average fixed rate excluding credit margin, essentially following the repayment of the “retail bond” for €110 million, which matured in December 2015.

EPRA earnings were €66.24 million at 30 September 2016, as against €66.44 million at 30 September 2015. The **EPRA earnings per share** of €2.87 is therefore slightly down compared with the same period last year owing to the increased number of the Company’s shares (as a result of the share option offered for the 2015 interim dividend).

The **net result per share** of €1.29 is impacted by the effect of negative changes in financial assets and liabilities (-€33.0 million), following the significant decline in the interest rate curve between 31 December 2015 and 30 September 2016, and to a lesser extent by the effect of the change in fair value of the investment properties (-€4.6 million).

Financial structure and hedging policy

As a reminder, Befimmo completed, in September 2016, a capital increase for a gross amount of €127 million.

Within the framework of its overall financing programme, Befimmo signed a bank line during the quarter for an amount of €40 million over a duration of 3 years.

At constant perimeter, the Company has covered its financing needs until the end of the 2017 fiscal year.

⁷ The “like-for-like” scope is calculated on the basis of the EPRA definition, excluding smoothing of rental gratuities.

As a part of its hedging policy, Befimmo arranged, during the quarter, an IRS for a notional total of €25 million.

As at 30 September 2016, Befimmo's financial structure had the following main characteristics:

- confirmed credit facilities for a total sum of €1,336.7 million, €960.8 million of which was in use. The volume of unused lines is determined on the basis of the Company's liquidity criteria, taking account of the maturities of the financing agreements and the renovation/acquisition commitments planned for the coming years;
- a debt ratio of 42.31%⁸ (compared with 48.37% as at 31 December 2015);
- an LTV ratio of 38.43%⁹ (compared with 45.66% as at 31 December 2015);
- a weighted average duration of debts of 3.68 years;
- an average annualised financing cost (including hedging margin and costs) of 2.22% over the past 9 months;
- 77.5% of total debt at fixed rates (including IRS).

The sharp decline in the debt ratio and LTV as at 30 September 2016 is explained mainly by the temporary allocation of the proceeds of the capital increase to debt repayment.

4. Befimmo share

Share key figures

	30.09.2016	30.06.2016	31.12.2015
Closing share price (in €)	53.77	57.90	55.00
Net asset value (in € per share)	52.34 ^(a)	54.42	54.96
Premium in relation to the net asset value	2.73% ^(b)	6.39%	0.07%
Return on share price	10.03% ^(c)	12.15% ^(d)	-2.92% ^(d)

^(a) Net asset value pro forma.

^(b) Calculated on the basis of the net asset value pro forma.

^(c) Calculated over a 12-month period ending at the closing of the period, taking into account the gross dividend reinvestment, the participation in the optional dividend and the participation in the capital increase.

^(d) Calculated over a 12-month period ending at the closing of the period, taking into account the gross dividend reinvestment and the participation in the optional dividend.

As at 27 September 2016, Befimmo issued 2,557,921 new shares within the framework of its capital increase, bringing the total number of shares issued to 25,579,214.

⁸ The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.

⁹ Loan-to-value ("LTV"): [(nominal financial debts – cash)/fair value of portfolio].

5. Dividend forecast

Unless other factors intervene, and at this stage of the fiscal year, the Board of Directors confirms the dividend forecast for the 2016 fiscal year (€3.45 gross per share).

Within the framework of the 2016 capital increase and to ensure full fungibility of the existing and the new shares, the new shares were issued ex-coupon¹⁰ No. 32, representing the right to an interim dividend for the 2016 financial year, calculated pro rata temporis as from 1 January 2016 until 26 September 2016 (the day before the closing of the operation), and with coupon No. 33 attached, representing the right to a final dividend, calculated pro rata temporis as from 27 September 2016 until 31 December 2016.

The gross dividend represented by coupon No. 32 thus amounts to €2.55 per share (existing before the capital increase). The final dividend should amount to €0.90 per share (existing and new).

Calendar

Payment of the interim dividend of the 2016 fiscal year in cash and, optionally, in shares ^(a) on presentation of coupon No 32	as from Wednesday 21 December 2016
Publication of the annual results as at 31 December 2016	Thursday 16 February 2017 ^(b)
Online publication of the Annual Financial Report 2016	Friday 24 March 2017
Ordinary General Meeting of the fiscal year closing as at 31 December 2016	Tuesday 25 April 2017
Payment of the final dividend of the 2016 fiscal year on presentation of coupon No 33	
- Ex-date	Wednesday 3 May 2017
- Record date	Thursday 4 May 2017
- Payment date	as from Friday 5 May 2017

^(a) Subject to a decision of the Board of Directors.

^(b) Publication after closing of the stock exchange.

¹⁰ Coupon No. 32 was detached on the day preceding the start of the subscription period of the capital increase (i.e. 14 September 2016 after the closing of the financial markets).

Befimmo rewarded for its Annual Financial Report 2015

Befimmo received a Gold Award Financial Reporting and a Gold Award Sustainability Reporting for its Annual Financial Report 2015.

These awards are presented each year by EPRA, the European Public Real-Estate Association. Befimmo's Annual Financial Report was selected from more than 100 annual reports of European listed real-estate companies.

Befimmo obtains the GRESB¹¹ GREEN STAR and the CDP¹² LEADERSHIP

In terms of non-financial reporting, Befimmo received the excellent score of 82/100 at the 2016 GRESB evaluation (Global Real Estate Sustainability Benchmark) and has thus received the "Green Star" medal for the fourth time.

Furthermore, Befimmo obtained the CDP (Carbon Disclosure Project) score A- and is now in the category "Leadership".

Befimmo is a Belgian REIT (SIR/GVV), a real-estate operator specialised in high-quality office buildings located in Belgium, mainly in Brussels and the other main Belgian cities, and the Grand Duchy of Luxembourg.

Its portfolio currently consists of around one hundred office buildings, with a total space of more than 850,000 m².

As at 30 September 2016, the fair value of the portfolio was assessed at €2,449.5 million. The Company strives to enhance its current portfolio while seizing any investment opportunity that can create value for its shareholders.

Listed on Euronext Brussels since it was created, Befimmo pursues a strategy of optimising its results over the long term.

Befimmo endeavours to incorporate the challenges of sustainable development into its strategic thinking, and models its day-to-day activities on the principles of social responsibility.

Further information:

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¹¹ www.gresb.com

¹² www.cdp.net