



# BEFIMMO SA Presentation

**Half-yearly  
results 2017**

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19 July 2017

Analyst meeting | 6.00 PM

# SUMMARY

## > H1 Highlights

- > H1 Portfolio results
- > Internal value creating growth
- > Brussels office market
- > Financial results
- > Financial structure
- > Outlook & dividend guideline
- > Share performance

Appendices



# H1 HIGHLIGHTS

A promising first half-year

- > Quatuor:
  - > Building permit of the Quatuor obtained\*
  - > Beobank first major tenant
- > Value crystallisation of the Brederode complex
- > Fair value of property portfolio growth at constant perimeter (+0.7%)
- > Half-yearly EPRA earnings of €1.92 per share, in line with forecasts
- > Half-yearly net result of €3.69 per share
- > Net asset value of €57.58 per share
- > Dividend forecast confirmed (€3.45 gross per share) for the 2017 fiscal year

\* The planning permit should be final in the course of September 2017.



# H1 HIGHLIGHTS

Quatuor: Building permit obtained & Beobank first major tenant



- > Signature of an agreement with Beobank for the occupancy of a tower of  $\pm 22,000$  m<sup>2</sup>, in state of future completion
  - > Fixed term of 15 years as from delivery in the course of 2020
- > Building permit obtained on 30 June 2017



# H1 HIGHLIGHTS

## Value crystallisation of the Brederode complex



Brederode 13 | Brederode 9 | Namur 48  
Brussels CBD, centre



- > For an amount of €122 million | Initial yield of 3.69%
- > Brederode complex as at 31 December 2016:
  - > residual weighted average duration of 13.61 years
  - > average occupancy rate of 86.62%
- > The operation
  - > generated a net capital gain of €21.9 million or €0.85 per share
  - > reduced the LTV ratio by 3.3% (in absolute terms, calculated on the bases of the ratio as at 31 December 2016)

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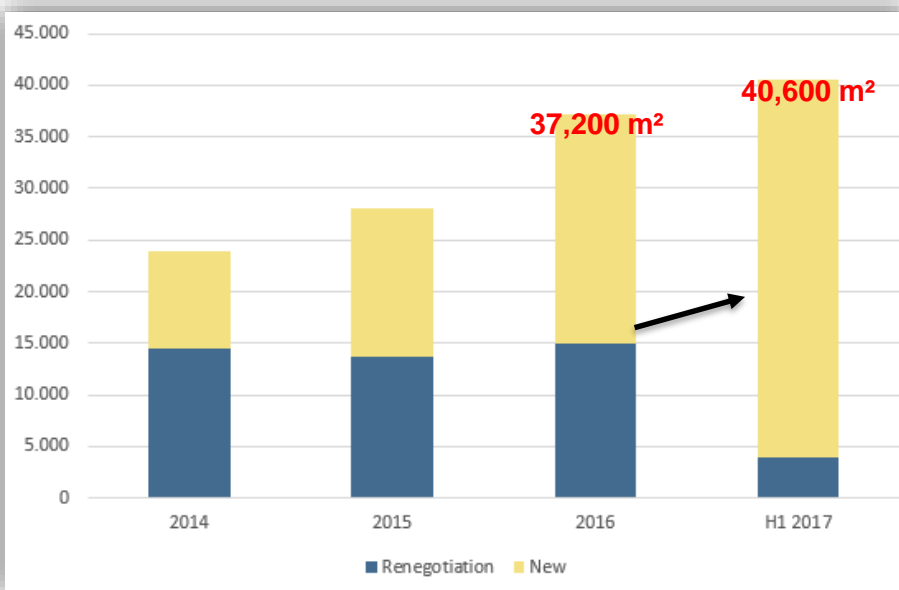




# H1 PORTFOLIO RESULTS

## Solid letting activity

### Letting activity over the past 4 years (in m<sup>2</sup>)



During H1 2017, new leases and lease renewals signed for some 40,600 m<sup>2</sup> including:

- > the agreement signed with Beobank for 22,000 m<sup>2</sup> in the Quatuor project (60,000 m<sup>2</sup>)
- > 25-year lease contract for a new courthouse in Eupen (+/- 7,200 m<sup>2</sup>) to be delivered in its future state of completion



**Quatuor**

Brussels CBD  
15 yrs. | 22,000 m<sup>2</sup>



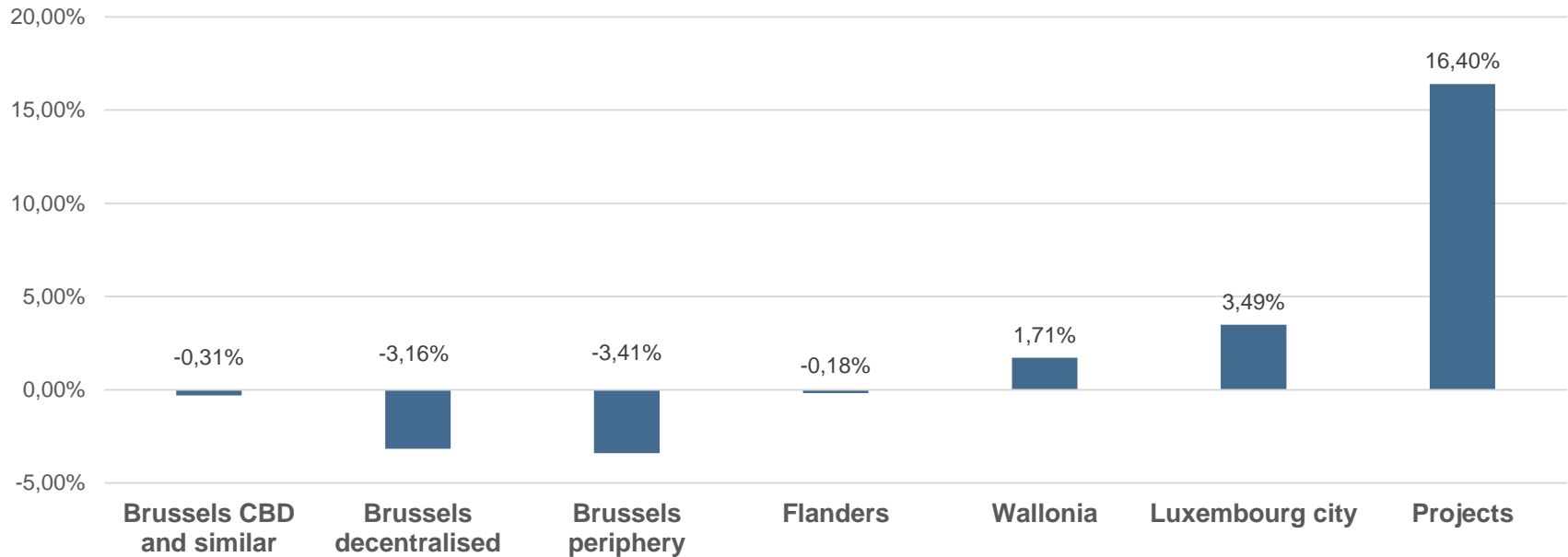
**Eupen - Rathausplatz**

Wallonia  
25 yrs. | 7,200 m<sup>2</sup>

# H1 PORTFOLIO RESULTS

Fair value growth at constant perimeter

Change in fair value over the half-year (30/06/2017 vs 31/12/2016)



> Excluding the amount of the investments, acquisitions and disposals, the change in fair value of the portfolio increased with **+0.70%** in H1 2017

> Increase in fair value of 16.40% of Befimmo's projects



### Real-estate KPI's: Absence of a exhaustive standardised reference system

- In-depth analysis of our methods for calculating the main indicators
- Marginal improvements to increase transparency
- Assisted in this exercise by the consultant PwC



# H1 PORTFOLIO RESULTS

## Real-estate KPI's

Real-estate KPI's as at H1 2017 (in relation to the end of 2016 fiscal year, as published in February 2017 and as restated on the basis of the new definitions)

Portfolio key figures	30.06.2017	31.12.2016* Restated	31.12.2016**
Gross initial yield on properties available for lease	6.13%	5.95%	6.07%
Gross potential yield on properties available for lease	6.49%	6.41%	6.40%
“Spot” occupancy rate of properties available for lease	93.94%	92.22%	94.79%
Weighted average duration of current leases up to next break	7.67 years***	8.10 years***	8.07 years
Weighted average duration of current leases up to final expiry	8.22 years	8.61 years	8.67 years
Reversion rate of properties available for lease	-9.98%****	-9.53%****	-9.50%

*\*Figures restated on the basis of the new definitions of the property indicators mentioned in appendix to the presentation.*

*\*\*Figures as published in the Annual Financial Report 2016.*

*\*\*\*Excluding the Noord Building and the WTC II buildings, the weighted average duration of leases up to next break would be 9.21 years as at 31 December 2016 and 8.86 years as at 30 June 2017.*

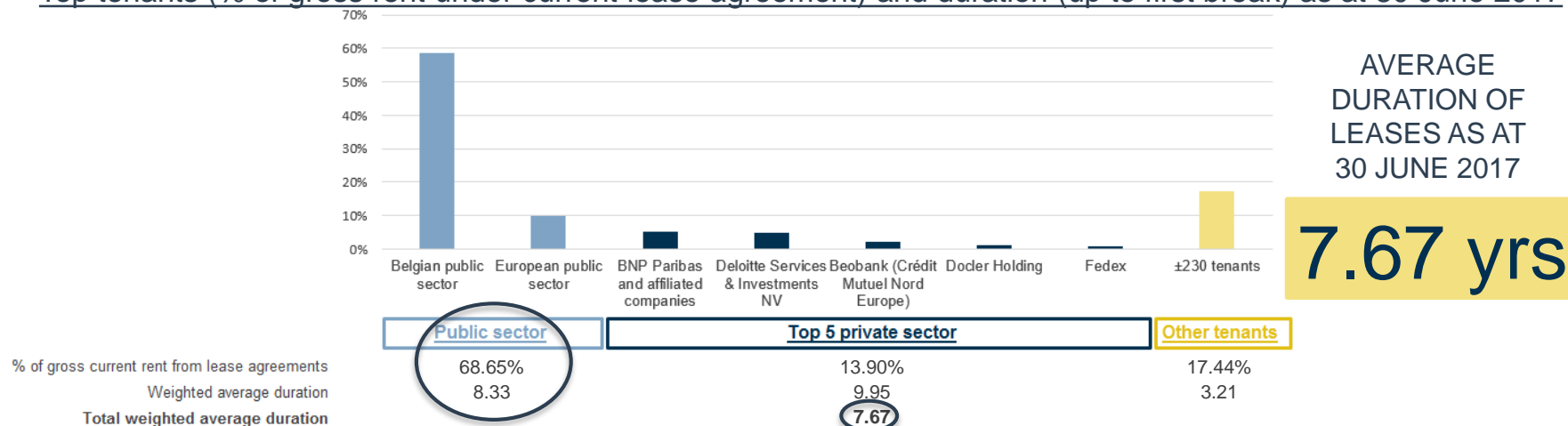
*\*\*\*\*Excluding the Noord Building and the WTC II buildings, the reversion would be -4.99% as at 31 December 2016 and -5.03% as at 30 June 2017.*

The adapted definitions of the key indicators are set out in appendix to this presentation and on the Befimmo website: [www.befimmo.be/en/glossary](http://www.befimmo.be/en/glossary).

# H1 PORTFOLIO RESULTS

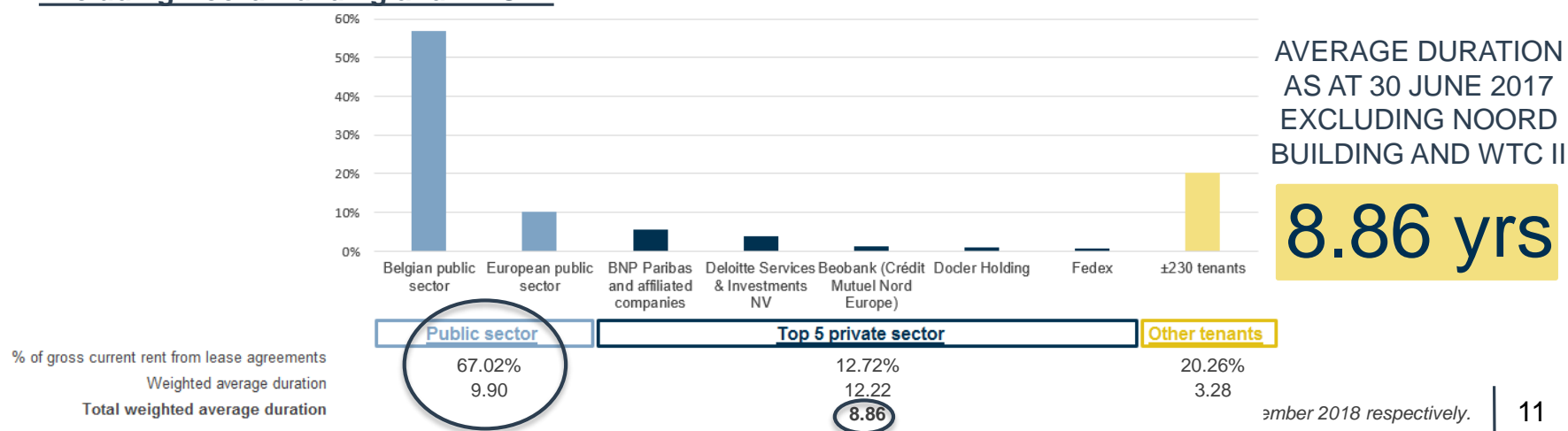
## Resilient tenant base in the long run...

Top tenants (% of gross rent under current lease agreement) and duration (up to first break) as at 30 June 2017



Top tenants (% of gross rent under current lease agreement) and duration (up to first break) as at 30 June 2017

**Excluding Noord Building and WTC II\***



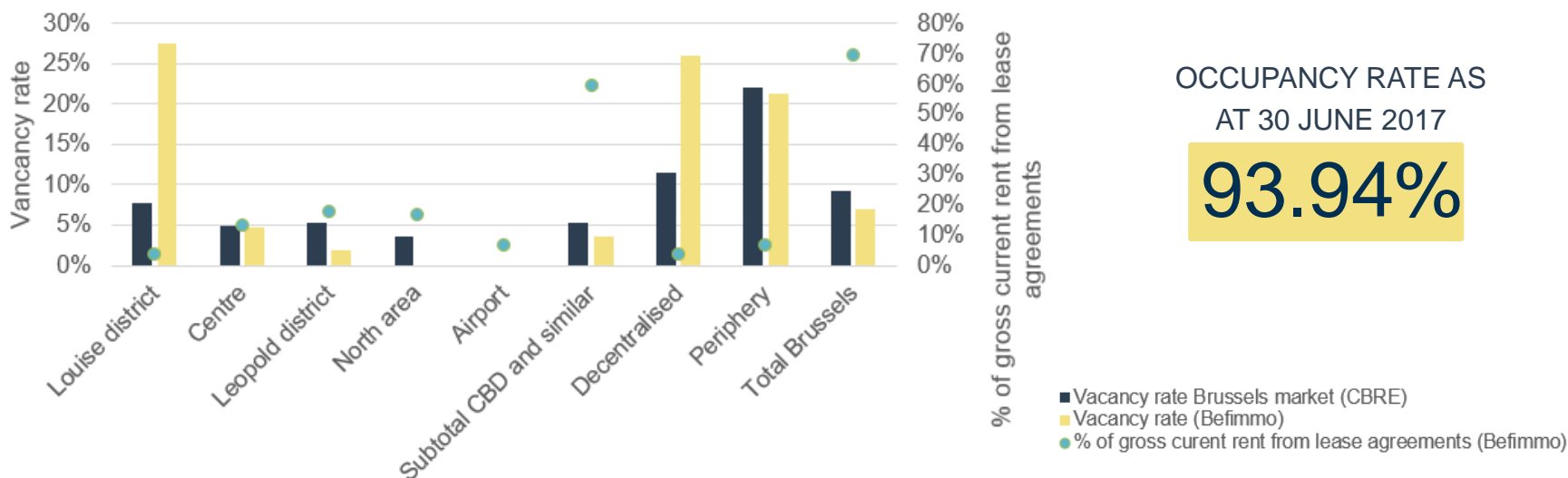
September 2018 respectively.



# H1 PORTFOLIO RESULTS

High occupancy rate and revenues in the duration

## Vacancy rate compared to Brussels office market

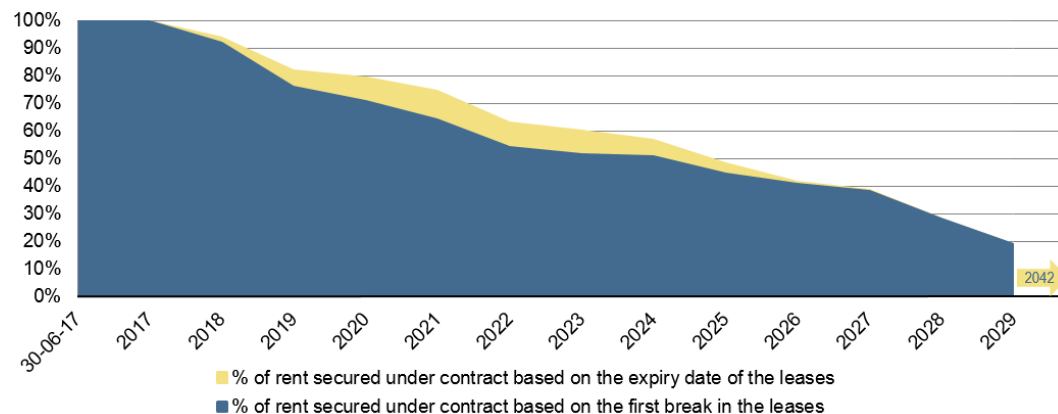


OCCUPANCY RATE AS  
AT 30 JUNE 2017

**93.94%**

## Large proportion of rent guaranteed over time under contract

(gross current rent from lease agreements) (in %)



High income visibility as  
at 30 June 2017:  
42% of income secured  
under leases with  
average  
duration >9 years

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# INTERNAL VALUE CREATING GROWTH

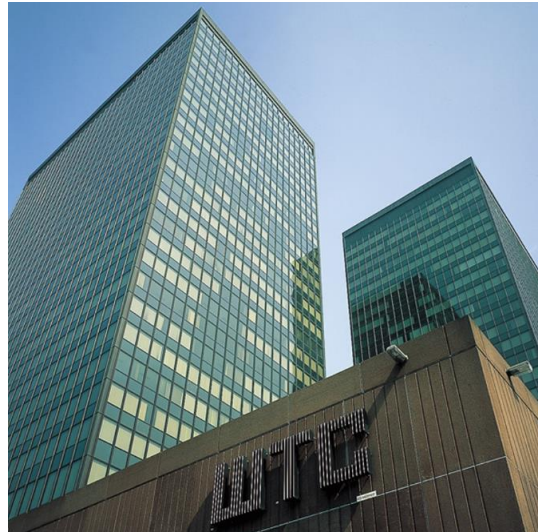
Projects are on track



**QUATUOR**

(60,000 m<sup>2</sup>)

- > Building permit obtained\*
- > Agreement signed with Beobank, first major tenant (22,000m<sup>2</sup>)



**WTC II**

(49,400 m<sup>2</sup>)

- > Future project to be presented in 2017



**PARADIS EXPRESS**

(35,000 m<sup>2</sup> of which 21,000 m<sup>2</sup> of offices)

- > Permission process in progress

\*The planning permit should be final in the course of September 2017



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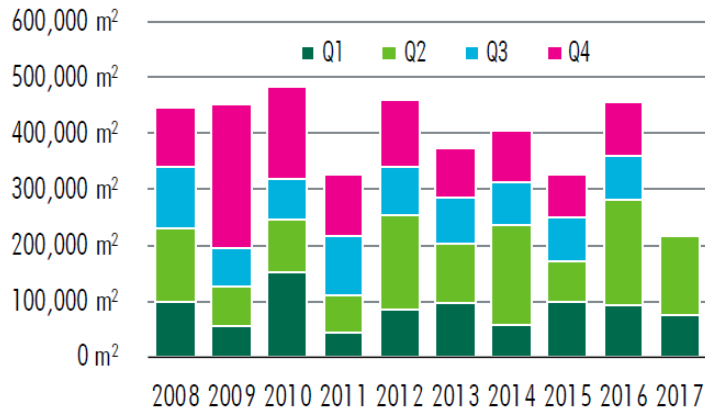


# BRUSSELS OFFICE MARKET

## Letting activity



Evolution of take-up by quarter (in m<sup>2</sup>)

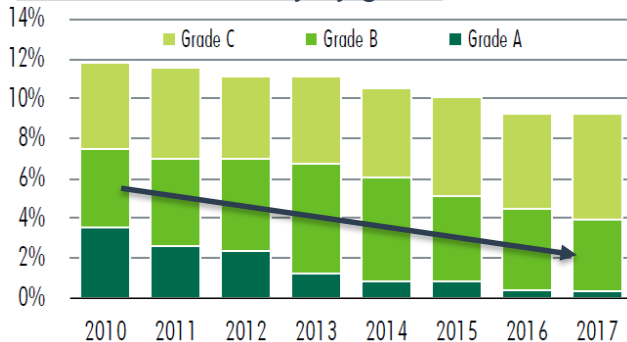


VACANCY RATE  
2016: 9.30%

VACANCY RATE  
H1 2017: 9.26%

Take up of **216,454 m<sup>2</sup>** in H1 2017, in line with average take up of the last years

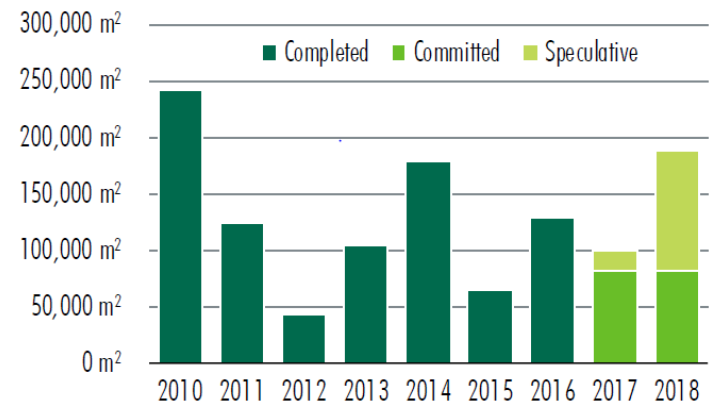
Evolution of vacancy by grade



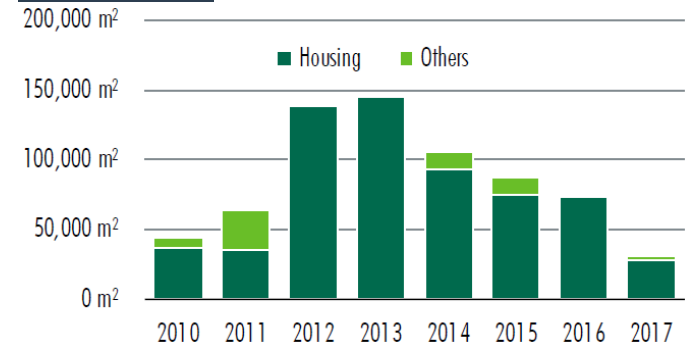
Readily available **Grade A space** is limited in most submarkets, at just 40,500 m<sup>2</sup> (**0.32% of total stock as at H1 2017**)

Driven by limited development pipeline and supportive market for reconversion

Development pipeline



Reconversion



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# FINANCIAL RESULTS

Condensed consolidated P&L (IFRS) as at 30 June 2017

(in € thousand)	30-06-17	30-06-16
Rental income	72 194	68 281
Charges linked to letting	- 201	- 297
Net rental result	71 994	67 984
<i>Net rental result excluding spreading gratuities/concessions</i>	<i>70 859</i>	<i>67 822</i>
<i>Spreading of gratuities/concessions</i>	<i>1 135</i>	<i>162</i>
Net property charges	-5 317	-8 372
<b>Property operating result</b>	<b>66 677</b>	<b>59 612</b>
Corporate overheads	-5 389	-4 226
Other operating income & charges (excl. goodwill impairment)	-1 127	- 162
<b>Operating result before result on portfolio</b>	<b>60 161</b>	<b>55 224</b>
<b>Operating margin</b>	<b>83,6%</b>	<b>81,2%</b>
Gains or losses on disposals of investment properties	22 144	12
<b>Net property result</b>	<b>82 305</b>	<b>55 236</b>
Financial result (excl. changes in fair value of financial assets and liabilities and close-out costs)	-10 552	-11 134
Corporate taxes	- 588	- 590
<b>Net result before changes in fair value of investment properties and financial assets and liabilities</b>	<b>71 164</b>	<b>43 512</b>
Changes in fair value of investment properties	17 207	-5 791
Changes in fair value of financial assets and liabilities	6 098	-28 372
<b>Changes in fair value of investment properties &amp; financial assets and liabilities</b>	<b>23 305</b>	<b>-34 163</b>
Net result	94 469	9 348
EPRA earnings	49 020	43 499
<b>Net result (in € per share)</b>	<b>3.69</b>	<b>0.41</b>
<b>EPRA earnings (in € per share)</b>	<b>1.92</b>	<b>1.89</b>

INCREASING  
LIKE-FOR-LIKE\*  
NET RENTAL RESULT

**+1.92%**

FAIR VALUE  
INCREASE OF

**+0.70%**

AT CONSTANT PERIMETER

2017 FY DIVIDEND  
CONFIRMED AT

**€3.45**

GROSS PER SHARE\*\*

\* Like-for-like perimeter according to EPRA criteria.

\*\* Expected interim dividend of €2.59 gross per share and final dividend of €0.86 gross per share.

# FINANCIAL RESULTS

Condensed consolidated balance sheet (IFRS) as at 30 June 2017

(in € million)	30.06.2017	31.12.2016
Investment and held for sale properties	2 477.1	2 511.7
Other assets	91.2	101.4
<b>Total assets</b>	<b>2 568.3</b>	<b>2 613.1</b>
Shareholders' equity	1 473.0	1 401.3
Financial debts	988.9	1 098.0
non current	515.6	538.7
current*	473.3	559.2
Other debts	106.5	113.7
<b>Total equity &amp; liabilities</b>	<b>2 568.3</b>	<b>2 613.1</b>
<b>LTV</b>	<b>39.02%</b>	<b>42.33%</b>

\* According to IAS 1 the commercial paper needs to be recorded as a current liability. It is important to note that the Company has confirmed bank lines in excess of one year as a back-up for the commercial paper.

# FINANCIAL RESULTS

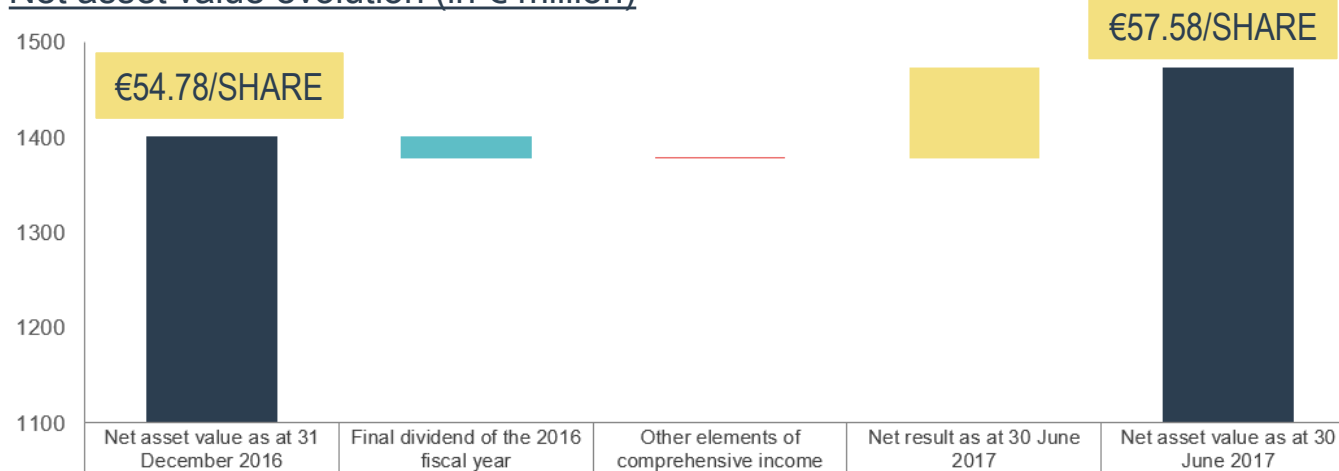
## NAV & NNNAV

	(in € million)	(in € per share)	Number of shares not held by the group
<b>Net asset value as at 31 December 2016</b>	<b>1 401.35</b>	<b>54.78</b>	<b>25 579 214</b>
Payment of final dividend of the 2016 fiscal year (distributed in May 2017)	- 23.02		
Result as at 30 June 2017	94.47		
Other elements of comprehensive income - actuarial gains and losses on pension obligations	0.17		
<b>Net asset value as at 30 June 2017</b>	<b>1 472.97</b>	<b>57.58</b>	<b>25 579 214</b>

	30.06.2017	31.12.2016
EPRA NAV (in € per share)	57.95	55.49
EPRA NNNAV (in € per share)	57.30	54.30

RETURN ON  
SHAREHOLDERS' EQUITY

### Net asset value evolution (in € million)



**13.28%**

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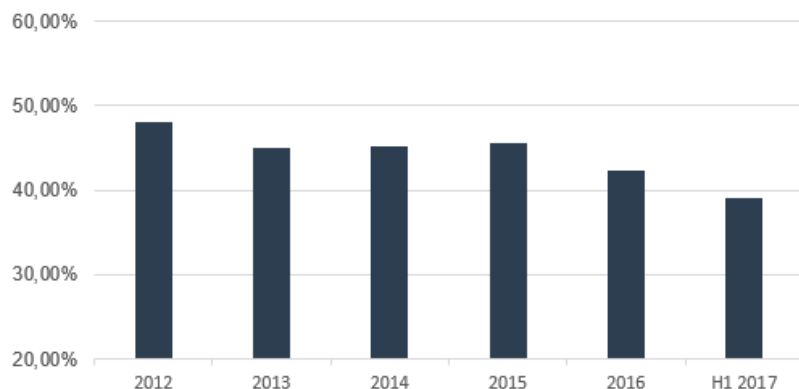




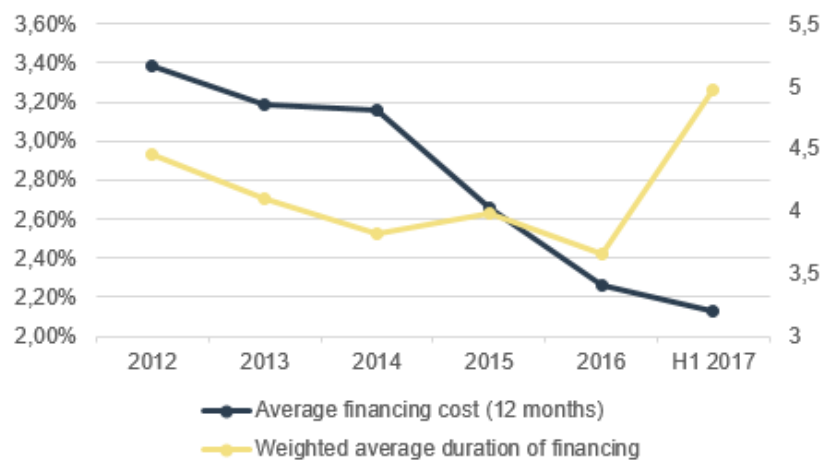
# FINANCIAL STRUCTURE

## Strong balance sheet

### Evolution of LTV-ratio



### Evolution of financing cost



- > LTV ratio of **39.02%** as at 30 June 2017
- > Average (annualised) financing cost: **2.13%**
- > Weighted average duration of financing: **4.97 yrs**
- > Hedging policy to hedge decreasing part of debt over a 10-yr period
- > BBB/Stable/A-2 rating by Standard & Poor's (as at 23 May 2017)
- > Large remaining headroom to covenants

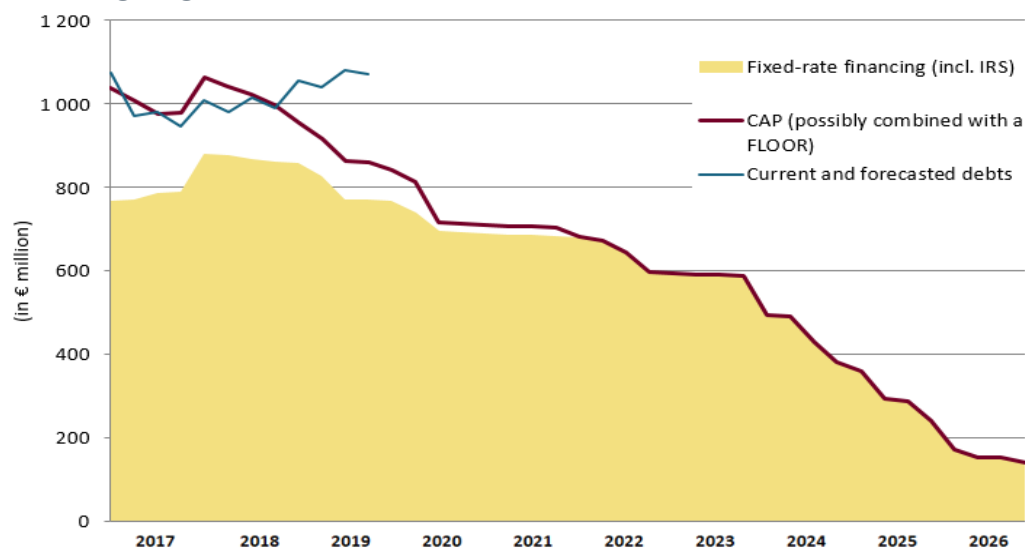
# FINANCIAL STRUCTURE

## Hedging policy as at 30 June 2017

### Evolution of the portfolio of hedging instruments and fixed-rate debts

HEDGE RATIO  
101,0%

FIXED RATE  
FINANCING (INC. IRS)  
81,4%



Annual average		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
CAP	Notional (€ million)	221	160	92	47	20	0	-	-	-	-
	Average rate (in %)	1.26%	1.15%	0.81%	0.87%	1.15%	1.15%	-	-	-	-
FLOOR	Notional (€ million)	21	20	20	20	20	0	-	-	-	-
	Average rate (in %)	0.59%	0.55%	0.55%	0.55%	0.55%	0.55%	-	-	-	-
Fixed-rate financing (incl. IRS)	Notional (€ million)	779	872	806	724	687	648	591	449	295	155
	Average rate <sup>(1)</sup> (in %)	1.02%	0.94%	0.95%	0.98%	0.97%	0.93%	0.85%	0.84%	0.82%	0.82%

<sup>(1)</sup> Average fixed rate excluding credit margin.

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# FORECASTS & DIVIDEND GUIDELINE

3-year EPRA earnings forecast AT CONSTANT PERIMETER

	Realised	Forecasts		
(in € thousand)	2016	2017	2018	2019
EPRA earnings	87 243	92 985	93 142	85 216
EPRA earnings (in € per share)	3.68	3.63	3.60	3.26
Average number of shares	23 692 223	25 591 195	25 864 969	26 132 537



2017 DIVIDEND FORECAST CONFIRMED  
AS AT 30 JUNE 2017



**€3.45**  
**GROSS/SHARE**

GROSS DIVIDEND YIELD OF  
**6.63%**

on a share price of €52.06 as at 30 June 2017



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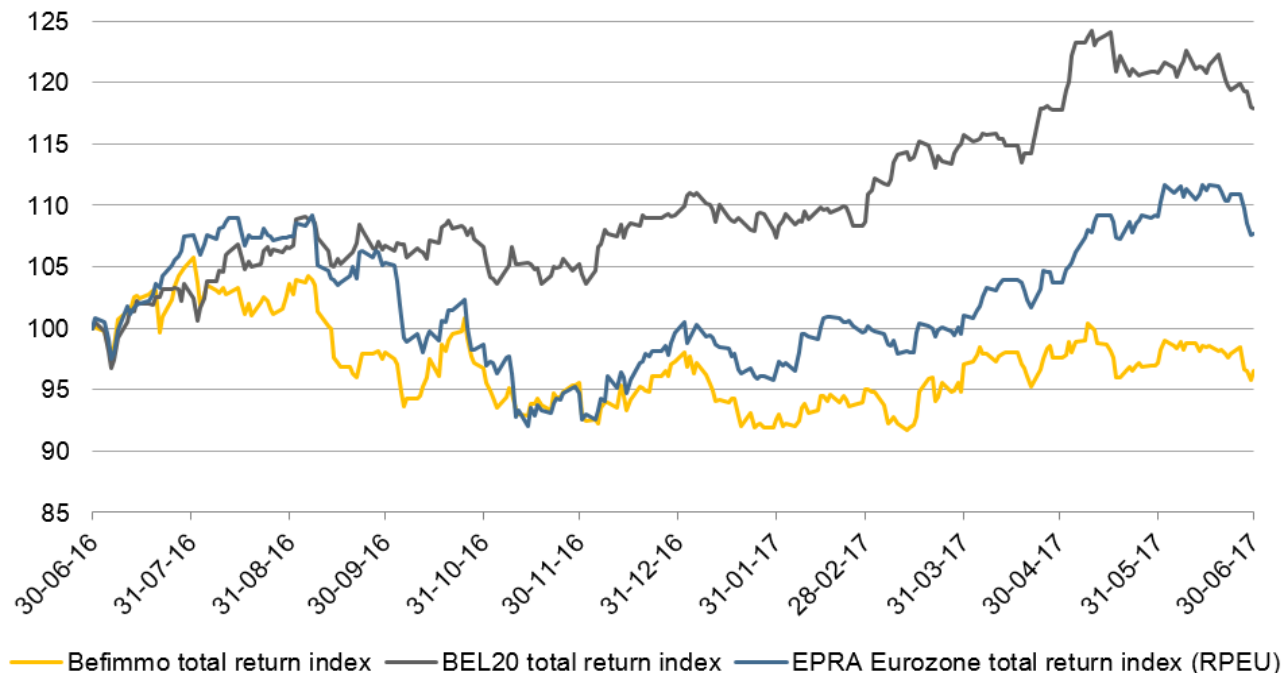
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# SHARE PERFORMANCE

## Evolution of the Befimmo share

Performance of Befimmo's total return index in relation to the total return index of the BEL 20 and EPRA Euro total return index (RPEU)



BEFIMMO GROSS ANNUALISED  
RETURN OVER 21 YRS

**7.1%**

BEFIMMO GROSS  
RETURN YTD\*

**6.63%**

FREE FLOAT  
VELOCITY\*\*

**47%**

\*Source: KBC Securities

\*\*Source: Kempen & Co. Based on trading on all platforms for H1 2017.

# SPEAKERS



## **Benoît De Blieck**

- > CEO of Befimmo since 1999
- > Large experience in real estate (contracting, development, asset investment and management)
- > Fellow member of the Royal Institution of Chartered Surveyors (FRICS)
- > Member of the board of the Belgian Professional Union of the Real-Estate Sector (UPSI)



## **Laurent Carlier**

- > CFO of Befimmo since 2006
- > 17 years of experience as Finance Director
- > President of the BE-REIT association
- > Member of the EPRA Regulatory & Tax Committee

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# APPENDICES



# H1 PORTFOLIO RESULTS

## Portfolio key figures H1 2017

Portfolio key figures	30.06.2017	31.12.2016* Restated	31.12.2016**
Fair value of portfolio (in € million)	2 477.1	not restated	2 511.7
Gross initial yield on properties available for lease	6.13%	5.95%	6.07%
Gross potential yield on properties available for lease	6.49%	6.41%	6.40%
“Spot” occupancy rate of properties available for lease	93.94%	92.22%	94.79%
Weighted average duration of current leases up to next break	7.67 years***	8.10 years***	8.07 years
Weighted average duration of current leases up to final expiry	8.22 years	8.61 years	8.67 years
Reversion rate of properties available for lease	-9.98%****	-9.53%****	-9.50%
EPRA Vacancy Rate*****	5.20%	not restated	5.71%
EPRA Net Initial Yield (NIY)	5.83%	not restated	5.65%
EPRA Topped-up NIY	6.04%	not restated	5.81%

\*Figures restated on the basis of the new definitions of the property indicators mentioned in appendix to this presentation.

\*\*Figures as published in the Annual Financial Report 2016.

\*\*\*Excluding the Noord Building and the WTC II buildings, the weighted average duration of leases up to next break would be 9.21 years as at 31 December 2016 and 8.86 years as at 30 June 2017.

\*\*\*\*Excluding the Noord Building and the WTC II buildings, the reversion would be -4.99% as at 31 December 2016 and -5.03% as at 30 June 2017.

\*\*\*\*\*Corresponding to the availability rate of properties available for lease.

# H1 PORTFOLIO RESULTS

## Definitions Key indicators

- **Gross current rent from lease agreements:** The annualised total of the rents of current Befimmo leases at the balance sheet date, not taking account of current gratuities or rents under leases commencing after the balance sheet date concerned.
- **Potential rent:** The gross current rent from lease agreements as defined above, plus the estimated rental value of unoccupied space at the balance sheet date.
- **Gross current yield on properties available for lease:** The ratio between the gross current rent from lease agreements and the “deed-in-hands” value of properties available for lease.
- **Gross potential yield on properties available for lease:** The ratio between the potential rent and the “deed-in-hands” value of properties available for lease.
- **Current gross yield on investment properties:** The ratio between the gross current rent from lease agreements and the “deed-in-hands” value of investment properties.
- **“Spot” occupancy rate of properties available for lease:** The ratio between the estimated rental value of space occupied at the balance sheet date and the total estimated rental value of properties available for lease.
- **Availability rate of properties available for lease:** The ratio between the estimated rental value of space not covered by a tenancy agreement at the balance sheet date (whether this agreement has already commenced or commences only after the balance sheet date) and the estimated total rental value of properties available for lease. This rate corresponds to the EPRA Vacancy Rate.
- **Weighted average duration of current leases until their next break:** The ratio of (i) the sum of the gross current rents from lease agreements for each lease of properties available for lease multiplied by their respective remaining duration from the balance sheet date to their next break and (ii) the total gross current rent from lease agreements of properties available for lease.
- **Weighted average duration of current leases until final expiry:** The ratio of (i) the sum of the gross current rents from lease agreements for each lease of properties available for lease multiplied by their respective remaining duration from the balance sheet date to their final expiry date and (ii) the total gross current rent from lease agreements of properties available for lease.
- **Reversion of properties available for lease:** The potential for revising the rents of the portfolio of properties available for lease in relation to the estimated rental value of the portfolio, expressed as a percentage and calculated using the following formula:  $1 - \frac{\text{potential rent of properties available for lease}}{\text{total estimated rental value of properties available for lease}}$

# FINANCIAL RESULTS

## Financial key figures H1 2017

	30.06.2017	31.12.2016
Shareholders' equity (in € million)	1 472.97	1 401.35
Net asset value (in € per share)	57.58	54.78
EPRA NAV (in € per share)	57.95	55.49
EPRA NNNAV (in € per share)	57.30	54.30
Average annualised financing cost* (in %)	2.13%**	2.26%
Weighted average duration of debts (in years)	4.97	3.66
Debt ratio according to the Royal Decree (in %)	41.01%	44.65%
Loan-to-value*** (in %)	39.02%	42.33%
	30.06.2017 (6 months)	30.06.2016 (6 months)
<i>Number of shares issued</i>	25 579 214	23 021 293
<i>Average number of shares during the period</i>	25 579 214	23 021 293
Net result (in € per share)	3.69	0.41
EPRA earnings (in € per share)	1.92	1.89
Return on shareholders' equity**** (in %)	7.00	2.22
Return on shareholders' equity**** (in %)	13.28%	4.10%

\*Including margin and hedging costs.

\*\*Calculated over a 6-month period ending at the closing of the quarter.

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

\*\*\*\*Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, if applicable the participation in the optional dividend and, if applicable the participation in the capital increase.



# SHARE PERFORMANCE

## Share key figures H1 2017

Share key figures	30.06.2017 (6 months)	31.12.2016 (12 months)	30.06.2016 (6 months)
Number of shares issued	25 579 214	25 579 214	23 021 293
Average number of shares during the period	25 579 214	23 692 223	23 021 293
Highest share price (in €)	54.12	61.20	61.06
Lowest share price (in €)	50.31	48.60	48.60
Closing share price (in €)	52.06	53.36	57.90
Number of shares traded*	9 050 262	16 916 343	8 840 935
Average daily volume*	71 262	65 822	69 614
Free float velocity*	47%	87%	51%
Distribution ratio (in relation to the EPRA earnings)	-	94%	-
Gross dividend** (in € per share)	-	3,45	-
Gross yield***	6.63%	6.47%	5.96%
Return on share price****	-3.36%	3.88%	12.15%

\* Source: Kempen & Co. Based on trading on all platforms.

\*\* Subject to a withholding tax of 27% until December 2016 and of 30% as from January 2017.

\*\*\* Gross dividend divided by the closing share price.

\*\*\*\* Calculates over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, if applicable the participation in the optional dividend and, if applicable the participation in the capital increase.

# INTERNAL VALUE CREATING GROWTH

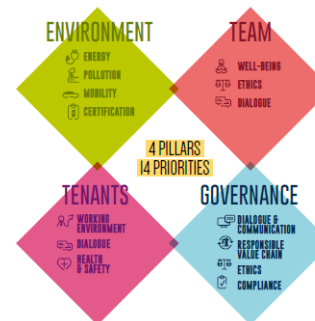
## Integrated CSR Strategy

Befimmo has integrated the principles of Social Responsibility into its strategy and day-to-day operations, anticipating economic, societal and environmental developments.

### Environnemental policy



### Social Responsibility policy



### Integration of the Social Responsibility

- > Review of the matrix and the policy
- > Long term goals
- > Integrated CSR strategy in the investment decisions



# SHAREHOLDER CALENDAR

## Key dates for shareholders 2017

Publication of the half-yearly results and online publication of the Half-Yearly Financial Report 2017	Wednesday 19 July 2017*
Interim statement as at 30 September 2017	Thursday 26 October 2017(b)
Payment of the interim** dividend of the 2017 fiscal year on presentation of coupon No 34	
- Ex-date	Tuesday 19 December 2017
- Record date	Wednesday 20 December 2017
- Payment date	from Thursday 21 December 2017
Publication of the annual results as at 31 December 2017	Thursday 8 February 2018*
Online publication of the Annual Financial Report 2017	Friday 23 March 2018
Ordinary General Meeting of the fiscal year closing as at 31 December 2017	Tuesday 24 April 2018
Payment of the final*** dividend of the 2017 fiscal year on presentation of coupon No 35	
- Ex-date	Wednesday 2 May 2018
- Record date	Thursday 3 May 2018
- Payment date	from Friday 4 May 2018

\*Publication after closing of the stock exchange.

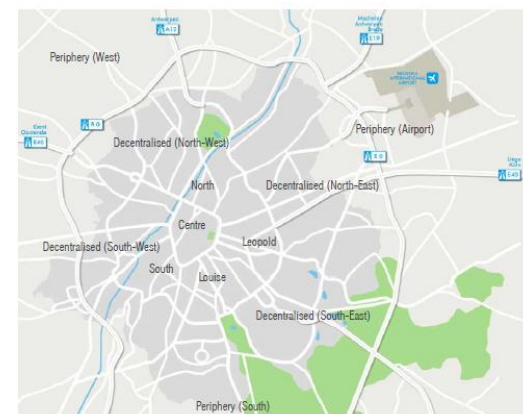
\*\*Subject to a decision of the Board of Directors.

\*\*\*Subject to a decision of Ordinary General Meeting

# BRUSSELS OFFICE MARKET

## Identity card

Brussels Identity Card	30.06.2017	31.12.2016	31.12.2015
Office stock (m²)	12 675 671	12 705 906	12 732 747
Submarkets (% of stock)			
<i>CBD</i>	64%	64%	64%
<i>Decentralised</i>	20%	20%	20%
<i>Periphery</i>	16%	16%	16%
Take-up (m²)	216 454	455 869	325 577
<i>Private sector</i>	39%	57%	69%
<i>Public sector</i>	61%	43%	31%
Vacancy rate	9.26%	9.30%	10.10%
Project completions for 2017 & 2018		290 843	
Prime yield (3/6/9 year lease)	4.50%	4.75%	5.25%
Prime rent (€/m²)	310	285	285
Weighted average rent (€/m²)	156	169	157





- > BE-REIT status (SIR/GVV)
- > Limited-Liability Company | fully transparent
- > 3-year EPRA earnings guidance
- > Board of Directors: 10 Directors of which 5 independent
- > Experienced and stable executive management
- > Professionalism, commitment and team spirit: Befimmo's founding values
- > Transparent governance and communication  
(EPRA Gold Award Financial and Sustainability Reporting)
- > "Leadership" status CDP\* and "Green Star" GRESB\*\*

\*<https://www.cdp.net/es>

\*\*<https://gresb.com/>

- > Specific regulation and high degree of **transparency**, accounts in IFRS
- > Real-estate assets quarterly valued by **independent real-estate experts**
- > **Regulated** by the Financial Services and Markets Authority (FSMA)
- > **Risk diversification**: maximum 20% of portfolio invested in one property unit
- > Listing on stock exchange, minimum free float of 30%
- > Debt ratio <65% (internal LTV ratio around 50%)
- > **Distribution** of 80% of “cash flows” as dividend
- > **“Tax transparency”**: reduced base for corporation tax, taxation at investor level (withholding tax)

# CONTACT INFORMATION

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