
Interim statement of the Board of Directors for the period from 1 January 2016 to 31 March 2016

- Change in fair value of the portfolio of -0.33%
 - EPRA earnings of €0.90 per share, in line with the outlook
 - Net result of -€0.31 per share
 - Net asset value of €54.65 per share
 - Unchanged EPRA earnings and dividend outlook of the fiscal year
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The Board of Directors of Befimmo SA met on 3 May 2016 to establish the consolidated quarterly financial statements as at 31 March 2016.

1. Property portfolio as at 31 March 2016

Key figures of the property portfolio

	31.03.2016	31.12.2015
Fair value of portfolio (in € million)	2 398.8	2 388.3
Portfolio space	889 800 m ²	889 800 m ²
Gross initial yield on properties available for lease	6.18%	6.19%
Gross potential yield on properties available for lease	6.61%	6.58%
Occupancy rate of properties available for lease	93.54%	94.15%
Weighted average duration of leases	8.47 years	8.60 years
Reversion rate on properties available for lease	-8.56%	-8.41%
EPRA vacancy rate	7.01%	6.35%

Construction, redevelopment and renovation projects

Over the first quarter of the 2016 fiscal year, Befimmo invested €18.4 million in its portfolio. The main renovation and construction projects¹ in progress are:

- **Gateway | 34,000 m² | Brussels airport:** The construction works of the Gateway building, let for 18 years to Deloitte, are ongoing. Befimmo becomes owner of the building according to its development. The transaction (for a total amount of about €140 million) will be completed upon the handover of the building, expected for the fourth quarter of the fiscal year. As at 31 March 2016, €87 million have already been invested.
- **Brederode 9 - Namur 48 | 8,200 m² | Brussels CBD | Centre:** The Brederode 9 - Namur 48 building is undergoing a major renovation for a total amount of around €15 million. This building will once again be available for rent around mid-2016. It is already attracting serious interest for take-up. Brederode 9 was rated "Very Good" for the BREEAM certification in the Design phase.
- **Guimard | 5,400 m² | Brussels CBD | Leopold district:** The full renovation 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. Befimmo is aiming for a BREEAM "Excellent" certification in the Design and Post Construction phases for this project.

¹ For more information, please consult Befimmo's Annual Financial Report 2015 (www.befimmo.be).

Change in fair values² of the property portfolio

Offices	Change over the quarter ^(a) (in %)	Proportion of portfolio ^(b) (31.03.2016) (in %)	Fair value (31.03.2016) (in € million)	Fair value (31.12.2015) (in € million)
Brussels centre (CBD)	-0.27	51.0	1 223.9	1 226.0
Brussels decentralised	-0.53	3.8	91.4	91.8
Brussels periphery	-0.52	6.1	145.2	144.7
Flanders	-0.65	20.4	490.1	493.2
Wallonia	-0.63	7.8	187.1	187.9
Luxembourg city	1.11	3.7	87.8	86.8
<i>Properties available for lease</i>	-0.35	92.8	2 225.4	2 230.4
<i>Properties that are being constructed or developed for own account in order to be leased</i>	0.04	7.2	173.0	157.4
Investment properties	-0.33	100.0	2 398.4	2 387.8
Property held for sale^(c)	-9.94	0.0	0.4	0.5
Total	-0.33	100.0	2 398.8	2 388.3

^(a) The change over the quarter is the change in fair value between 1 January 2016 and 31 March 2016 (excluding the amount of investments).

^(b) The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 March 2016.

^(c) The building was sold after closing of the first quarter at a price which was in line with its fair value.

As at 31 March 2016, the fair value of Befimmo's consolidated portfolio was €2,398.8 million, as against €2,388.3 million as at 31 December 2015. This change in value incorporates the investments carried out in the portfolio over the past quarter, and the changes in fair value booked to the income statement.

Excluding the amount of the investments, the change in fair value of the portfolio amounted to -€7.9 million (-0.33 %) over this first quarter of the fiscal year.

This change in the fair value of the portfolio is due mainly to the declining value of properties approaching the end of their leases, while the fair value of buildings that still have secure income over the long term remained stable during the quarter.

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 properties available for lease is 93.54% as at 31 March 2016 (compared with 94.15% as at 31 December 2015). For all the investment properties⁴, the occupancy rate as at 31 March 2016 was 91.93% (compared with 92.64% as at 31 December 2015).

As at 31 March 2016, the weighted average duration of current leases amounts to 8.47 years compared with 8.60 years as at 31 December 2015.

During the first quarter of the fiscal year, Befimmo signed new leases and lease renewals for space measuring some 15,600 m², which is a solid improvement compared with 5,400 m² signed during the first quarter of the 2015 fiscal year.

Befimmo has concluded a nine-year extension (until 2027) of the lease with VDAB in the Empeureur building (6,000 m²) on equivalent financial terms. In the Schuman 3 building, located in the heart of the Brussels Léopold district, Befimmo signed two new leases for a total space of 2,500 m². The building is now approximately 85% occupied. In the Grand Duchy of Luxembourg, in the Axento building, more than half of the space vacated in January 2016 has already been re-let.

Overall rental yield

	Properties available for lease		Investment properties ^(c)	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Gross initial yield^(a)	6.18%	6.19%	5.88%	5.90%
Gross potential yield^(b)	6.61%	6.58%	6.35%	6.32%

^(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.

2. Financial report as at 31 March 2016

Financial key figures

	31.03.2016	31.12.2015
Shareholders' equity (in € million)	1 258.20	1 265.29
Net asset value (in € per share)	54.65	54.96
EPRA NAV (in € per share)	55.47	54.91
EPRA NNNNAV (in € per share)	53.89	54.30
Average financing cost (in %) ^(a)	2.49%	2.66%
Weighted average duration of debt (in years)	4.02	3.99
Debt ratio according to the Royal Decree (in %)	47.42%	48.37%
Loan-to-value (in %) ^(b)	44.95%	45.66%
	31.03.2016	31.03.2015
<i>Number of shares issued</i>	23 021 293	22 673 609
<i>Number of shares not held by the group</i>	23 021 293	22 138 280
<i>Average number of shares not held by the group during the period</i>	23 021 293	22 138 280
Net result (in € per share)	-0.31	1.04
Net current result (in € per share)	0.90	1.01
EPRA earnings (in € per share)	0.90	1.01
Return on shareholders' equity (in € per share) ^(c)	3.05	3.20
Return on shareholders' equity (in %) ^(c)	5.67%	5.96%

^(a) Including margin and hedging costs. Calculated over a 12-month period.

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

^(c) 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 31 March 2016, Befimmo's total net asset value amounts to €1,258.20 million.

The net asset value is therefore €54.65 per share, as against €54.96 per share as at 31 December 2015.

⁵ Audit of the accounts: the quarterly accounts are not audited. The half-yearly accounts are subject to a limited review, while the annual accounts are audited.

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
Result of the period	- 7.09		
Net asset value as at 31 March 2016	1 258.20	54.65	23 021 293

	31.03.2016	31.12.2015
EPRA NAV (in € per share)	55.47	54.91
EPRA NNAV (in € per share)	53.89	54.30

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

Trend of results⁶

	31.03.2016 3 months	31.03.2015 3 months
Net rental result (in € million)	34.11	36.68
Property operating result (in € million)	28.64	33.76
EPRA earnings (in € million)	20.65	22.32
<i>Average number of shares not held by the group during the period</i>	23 021 293	22 138 280
Net result (in € per share)	-0.31	1.04
Net current result (in € per share)	0.90	1.01
EPRA earnings (in € per share)	0.90	1.01

Analysis

Excluding non-recurring items, net rental result is stable. The **net rental result** and **property operating result** are down year-on-year. This evolution is explained mainly by a positive impact, during the first quarter of fiscal year 2015, of two non-recurring events (the smoothing of rental gratuities and a compensation for an early departure).

Net property charges are up in relation to last year. Indeed, the application of IFRIC 21⁷, which requires recognition from the first quarter of all annual taxes, results in higher property charges than in the first quarter of last year, whereas previously those taxes were spread pro rata temporis over the year. This new method will lead to a recurring seasonal effect on EPRA earnings.

Financial charges are significantly lower than last year owing to the low interest rates.

⁶ Audit of the accounts: the quarterly accounts are not audited. The half-yearly accounts are subject to a limited review, while the annual accounts are audited.

⁷ The reader is reminded that the interpretation of the application of IFRIC 21 in the income statement was adjusted in June 2015.

EPRA earnings were €20.65 million as at 31 March 2016 as against €22.32 million as at 31 March 2015. The impact of the smoothing of rental gratuities on the property operating result does not have any effect on EPRA earnings. **EPRA earnings per share** of €0.90 were therefore slightly down on the same period last year.

The **net result per share** of -€0.31 was impacted by the net effect of negative changes in the fair value of the properties (-€7.9 million) and financial assets and liabilities (-€19.8 million), following the significant decline in the interest rate curve between 31 December 2015 and 31 March 2016.

Financial structure and hedging policy

Within the framework of its overall financing programme, Befimmo renegotiated a bank line for an amount of €100 million over 5 years. After the closing of the quarter, Befimmo also signed two financing lines for a total amount of €50 million and carried out a private placement of debt for an amount of €7.25 million over 10 years.

As a part of its hedging policy, during the quarter, Befimmo arranged two IRS for a notional total of €55 million.

As at 31 March 2016, Befimmo's financial structure had the following main characteristics:

- confirmed credit facilities for a total sum of €1,354.5 million, €1,078.8 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 47.42%⁸ (compared with 48.37% as at 31 December 2015);
- an LTV ratio of 44.95%⁹ (compared with 45.66% as at 31 December 2015);
- a weighted average duration of debts of 4.02 years;
- an average financing cost (including hedging margin and costs) of 2.49% over the past 12 months;
- 68.6% of total debt at fixed rates (including IRS).

3. Befimmo share

Share key figures

	31.03.2016	31.12.2015
Closing share price (in €)	56.46	55.00
Net asset value (in € per share)	54.65	54.96
Premium or discount in relation to the net asset value	+3.31%	+0.07%
Return on share price ^(a)	-5.15%	-2.92%

^(a) 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.

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].

4. Dividend forecast

All other things being equal, the Board of Directors confirms the dividend forecast of €3.45¹⁰ gross per share for the current fiscal year.

5. Forthcoming publications

Befimmo would remind readers that the publication of the Half-Yearly Financial Report 2016 has been brought forward to 20 July 2016 in relation to the date published in the press release of 18 February 2016.

Publication of the Half-Yearly Financial Report 2016	Wednesday 20 July 2016 ^(a)
Interim statement – publication of the net asset value as at 30 September 2016	Thursday 27 October 2016 ^(a)

^(a) Publication after closing of the stock market.

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 31 March 2016, the fair value of the portfolio was assessed at €2,398.8 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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¹⁰ The gross dividend of €3.45 per share could be paid as an interim dividend of €2.59 in December 2016 and a final dividend of €0.86 in May 2017.