



Société en Commandite par Actions

CREATING VALUE IN REAL ESTATE

**INTERIM STATEMENT BY THE MANAGING AGENT  
FOR THE PERIOD 1.04.2011 TO 30.06.2011**

- **Net asset value stable at €60.40 per share**
- **EPRA earnings in line with forecasts**
- **Dividend outlook for the fiscal year confirmed**

The Board of Directors of Befimmo SA, Managing Agent of the Befimmo Sicafi, met on 19 August 2011 to prepare the consolidated quarterly financial statements of the Befimmo Sicafi as at 30 June 2011.

We recall that, following the approval of the change in the Befimmo fiscal year by the General Meeting of Shareholders held on 22 June, the current fiscal year, which opened on 1 October 2010, will close on 31 December 2011. Thus, exceptionally, it will last five quarters.

## **1. PROPERTY PORTFOLIO**

### **1.1. Brederode I building re-let on long term**

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On 28 June, the Company agreed a long-term lease, subject to a suspensory condition, with the Linklaters law firm to re-let the historic part of the building at Rue Brederode No 13 (13,400 m<sup>2</sup>) which it has now occupied for nearly 30 years. The new lease, with a fixed term of 15 years, will begin as soon as the major renovation work is complete, due around mid-2014.

This prestigious building, ideally located in the city centre, is to be fully renovated at a total investment cost of some €25.5 million. The renovation will begin as soon as the building permit has been obtained, expected early in 2013, and is expected to last around 15 months. The buildings at Rue Brederode No 9 and Rue de Namur No 48, currently let to Linklaters, will be vacated as soon as the new building is handed over and will then once again be available to let.

Over the first nine months of the 2010-2011 fiscal year, Befimmo signed new leases and renewals of existing leases for nearly 52,600 m<sup>2</sup> of space, 43,000 m<sup>2</sup> of offices and 9,600 m<sup>2</sup> of retail, storage or multi-purpose space.

These significant extensions and new leases lengthen the weighted average duration of leases to 9.22 years at 30 June 2011 as against 9.14 years as the fiscal year opened.

## 1.2. Change in fair value<sup>1</sup> of the property portfolio

The fair value of Befimmo's consolidated portfolio was €1,956.5 million at 30 June 2011, compared with €1,922.6 million at 30 September 2010. This change in value incorporates the cost of the renovation work carried out in the portfolio over the first nine months of the fiscal year, the acquisition of Ringcenter SA, owner of the Pavilion complex, the sale of the Empress Court and Kattendijkdok buildings and certain floors in the Hulpe 177 building, and the changes in value booked to the income statement.

The following table shows the fair values of Befimmo's consolidated portfolio, by geographical area.

	Change over the quarter	Proportion of portfolio	30.06.10	30.09.10	30.06.11
OFFICES		[%]	[€ million]		
<i>Properties available for lease</i>		97.66%	1 868.6	1 835.3	1 910.8
Brussels centre (CBD)	-0.75%	56.24%	1 048.5	1 017.8	1 100.3
Brussels, decentralised	-0.70%	6.53%	131.1	129.8	127.9
Brussels periphery	-1.11%	7.99%	162.1	159.6	156.4
Flanders	0.71%	18.46%	356.1	358.4	361.2
Wallonia	-1.48%	4.29%	88.5	87.5	83.9
City of Luxembourg	0.89%	4.15%	82.3	82.2	81.2
<i>Properties under construction<sup>2</sup></i>		2.34%	46.6	49.6	45.7
<b>Investment properties</b>		<b>100%</b>	<b>1 915.2</b>	<b>1 884.9</b>	<b>1 956.5</b>
<b>Properties held for sale</b>		<b>0.00%</b>	<b>5.4</b>	<b>37.7</b>	<b>0.0</b>
<b>TOTAL</b>	<b>-0.48%</b>	<b>100%</b>	<b>1 920.6</b>	<b>1 922.6</b>	<b>1 956.5</b>

- **Change in floor area between 30 June 2010 and 30 June 2011:** Sale of Empress Court and Kattendijkdok buildings and of certain floors in the Hulpe 177 building, and addition of the Pavilion building.
- **The change over the quarter** is the change in fair values, at a constant floor area, between 1 April and 30 June 2011 (excluding investments and disinvestments).
- **The proportion of the portfolio** is calculated on the basis of the fair value of the portfolio at 30 June 2011.

Excluding investments and disinvestments, the unrealised negative change in fair value of the consolidated portfolio was a mere -0.48% or €9.4 million over the third quarter of the fiscal year. This small change confirms the relative stabilisation in the value of Befimmo's consolidated portfolio.

<sup>1</sup> These values are established in application of standard IAS 40 which requires investment property 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". It corresponds 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. The Befimmo portfolio comprises both investment properties and properties held for sale.

<sup>2</sup> Properties that are being constructed or developed for own account in order to be leased.

### 1.2.1. Overall rental yield

The overall rental yield on current rents in investment properties (excluding properties that are being constructed or developed for own account in order to be leased) was 6.60% at 30 June 2011, stable as against the beginning of the fiscal year (6.60% at 30 September 2010). Again at 30 June 2011, the overall rental yield on current rents, plus the estimated rental value of unoccupied premises, was 6.99% as against 6.90% at 30 September 2010.

Taking account of properties that are being constructed or developed for own account in order to be leased, current and potential yields at 30 June 2011 were 6.45% and 6.89% respectively.

### 1.2.2. Occupancy rate

The occupancy rate<sup>3</sup> of the properties in the portfolio, calculated on the basis of the space currently available to let, was 94.44% at 30 June 2011 as against 95.53% as the fiscal year opened.

This slight decrease in the occupancy rate is partly due to the planned departure of a tenant and to the completion of the renovation works on the Froissart building (approx. 2,800 m<sup>2</sup>), located in Brussels, in the European district, which has been in the process of being let for a few months now.

The occupancy rate of all investment properties at 30 June 2011, i.e. including properties that are being constructed or developed for own account in order to be leased, was 93.55% as against 94.03% as the fiscal year opened.

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<sup>3</sup> Occupancy rate: current rent (including space already let but where the lease has yet to begin) / (current rent + estimated rental value for vacant space).

## 2. NET ASSET VALUE AT 30 JUNE 2011

At 30 June 2011, Befimmo's total net asset value<sup>4</sup> – group share – was €1,014 million.

The net asset value – group share – is therefore €60.40 per share.

(€/share)

<b>Net asset value at 30 September 2010</b>	<b>€60.60</b>
Dividend 2010	-€3.90
Net result at 30 June 2011	€3.71
<b>Net asset value at 30 June 2011</b>	<b>€60.40</b>
<b>EPRA NAV<sup>5</sup></b>	<b>€60.61</b>
<b>EPRA NNAV<sup>5</sup></b>	<b>€59.98</b>

At 30 June 2011, the Befimmo share closed at €61.31, thus being listed at a premium of 1.51% to its net asset value.

At 30 June 2011 the return on shareholders' equity was 7.52%<sup>6</sup>. The year-on-year return on the share price attained 16.82%<sup>6</sup> at 30 June 2011.

At 30 June 2011, the debt ratio<sup>7</sup> was 45.00% and loan-to-value<sup>8</sup> was 43.41%.

<sup>4</sup> Audit of the accounts: The quarterly accounts are not audited. However, the half-yearly accounts are subject to a limited review while the annual accounts are audited.

<sup>5</sup> Details of the methods of calculating the EPRA NAV and NNAV are given on page 58 of Befimmo's Annual Financial Report 2010 ([www.befimmo.be](http://www.befimmo.be)).

<sup>6</sup> This is the Internal Rate of Return (IRR), calculated over the 12 previous months, taking account of the dividend of €3.90 per share (gross) distributed in December 2010.

<sup>7</sup> The debt ratio is calculated in accordance with Article 6 of the Royal Decree of 21 June 2006 on the accounting, annual accounts and consolidated accounts of public real-estate Sicafs.

<sup>8</sup> Loan-to-value: [(financial debts – cash)/ fair value of portfolio].

### 3. PERIODIC RESULTS

	Q3 2009-2010 (cumulative) [1 Oct. 09 – 30 June 10]	Q3 2010-2011 (cumulative) [1 Oct. 10 – 30 June 11]
Net rental income <sup>9</sup> (€ million)	92.4	92.3
Number of shares outstanding*	16 790 103	16 790 103
Net result (€/share) [group share]	2.13	3.71
Current net result (€/share) (excluding IAS 39 & 40) [group share]	3.96	4.19
EPRA earnings <sup>10</sup> (€/share) [group share]	3.96	3.31

\* Note that since 22 June 2011, Meirfree SA and Vitalfree SA, 100% subsidiaries of Befimmo, together hold an additional 637,371 shares in Befimmo, bringing the total existing shares to 17,427,474.

The **net rental income** is in line with the result recorded for the first three quarters of the previous fiscal year. At constant floor area, this result is slightly down (-1%). The decrease, explained mainly by the expiry of the income guarantee for the Axento building and the impact of the renegotiation of certain leases, is offset by the contribution of the Pavilion complex after it joined the Befimmo portfolio last February.

**EPRA earnings** over the first nine months of the fiscal period were down (-16%) year-on-year. This fall is explained by the non-recurring result, recorded last year, of the resolution of the leasehold granted on Block II of the WTC (+€7.2 million, or €6.5 million group share). Excluding that impact, the fall would have amounted to no more than -6.4%.

EPRA earnings are nevertheless in line with forecasts published earlier<sup>11</sup>, supplemented principally by the contribution of the Pavilion complex.

The **change in fair value of the investment properties** is -€22.5 million (or -1.14%) as against -€27.1 million (or -1.39%) one year previously. The **change in fair value of the financial instruments** is +€14.6 million as against -€4.0 million one year previously. This marked change is explained by the rising interest-rate curve at the end of June since early 2011. All of these factors produce a **net result**

<sup>9</sup> Net rental result as presented in the layout of the IFRS income statement in the Royal Decree of 7 December 2010 on Sicafs, Belgian Official Gazette, 28 December 2010.

<sup>10</sup> EPRA earnings: recurring result of operating activities. For more information, please see the website of the European Public Real Estate Association ([www.epra.com](http://www.epra.com)).

<sup>11</sup> See the press release of 6 May 2011, published on Befimmo's website ([www.befimmo.be](http://www.befimmo.be)).

of €62.3 million (or €3.71/share), compared with a net result of €35.7 million (or €2.13/share) for the previous fiscal year.

## 4. OUTLOOK

Following the change in the Befimmo fiscal year decided by the General Meeting of Shareholders on 22 June, and as announced previously<sup>12</sup>, the intention remains to distribute an interim dividend for the fiscal year, payable from 22 December 2011.

Unless any other factors intervene, this interim dividend should amount to €3.94 (gross) per share, namely the amount of the dividend forecast on 18 November 2010 for the 2010-2011 fiscal year (4 quarters<sup>13</sup>), while in April 2012, the agenda of the Ordinary Meeting of Shareholders at which the accounts for the 2010-2011 fiscal year are to be approved, will include the decision to pay out a final dividend of €0.99 for the fiscal year 2010-2011, based on the current net result for the fifth quarter of that period.

## 5. FORTHCOMING PUBLICATIONS<sup>14</sup>

Thursday 17 November 2011	Interim statement - publication of net asset value as at 30 September 2011
Thursday 16 February 2012	Publication of the annual results 2010-2011 (5 quarters) and the net asset value as at 31 December 2011
Friday 30 March 2012	Publication of the 2010-2011 Annual Financial Report on Befimmo's website ( <a href="http://www.befimmo.be">www.befimmo.be</a> )

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<sup>12</sup> See the press release of 6 May 2011, published on Befimmo's website ([www.befimmo.be](http://www.befimmo.be)).

<sup>13</sup> 1 October 2010 to 30 September 2011.

<sup>14</sup> Publication after the close of trading.