

PRESS RELEASE

REGULATED INFORMATION

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**Interim statement
of the Board of Directors for the period
from 1 January 2014 to 31 March 2014**

EPRA earnings at €1.01 per share, in line with the outlook

Net asset value of €55.09 per share

Stable fair value of portfolio (+0.3%)

The Board of Directors of Befimmo SA met on 13 May 2014 to establish the consolidated quarterly financial statements as at 31 March 2014.

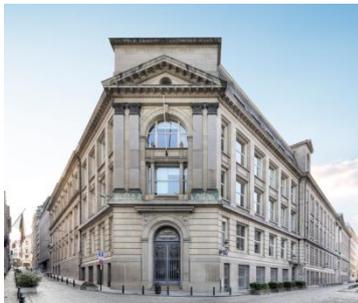
1. Major renovation and building projects

Befimmo invests in its portfolio to meet the needs of its tenants, to keep its properties at a high level of quality and attractiveness, as well as to ensure the highest possible occupancy rate in its portfolio.

Among others, the renovation works¹ of the buildings **Brederode 13** (Brussels CBD), **Triomphe I** (Brussels decentralised) and **Ikaros Business Park Phase II** (Brussels periphery) are continuing and will be completed in May 2014 for an overall budget of some €42 million.

The construction¹ of the **Tour Paradis** in Liège is ongoing; interior finishings and special technical works are in progress.

Furthermore, in consultation with the City of Liège and the Walloon Public Service for the Environment, Spatial Planning and Mobility, Fedimmo is preparing a call for projects² within the framework of a real-estate project (about 35,000 m² of offices and housing) on the remainder of the plot it owns. For Fedimmo, this project offers new perspectives for the development of its land within the next years.



¹ For more information, please consult the Annual Financial Report 2013, published on Befimmo's website (www.befimmo.be).

² For more information, please consult the website at: www.liege-appel-a-projets.be

2. Property portfolio as at 31 March 2014

Change in fair values³ of the property portfolio

	Change over the quarter ^(b) (in %)	Proportion of portfolio ^(c) (31.03.2014) (in %)	Fair value (31.03.2014) (€ million)	Fair value (31.12.2013) (€ million)
Offices				
Brussels centre (CBD)	0.04%	53.72%	1 191.6	1 187.9
Brussels decentralised	0.03%	3.24%	71.9	71.8
Brussels periphery	-0.84%	6.90%	153.1	152.4
Flanders	-0.05%	21.15%	469.1	469.1
Wallonia	-1.67%	3.21%	71.2	73.9
Luxembourg city	2.70%	3.83%	85.0	82.9
<i>Properties available for lease</i>	<i>0.00%</i>	<i>92.05%</i>	<i>2 041.8</i>	<i>2 038.1</i>
<i>Properties that are being constructed or developed for own account in order to be leased</i>	<i>3.98%</i>	<i>7.88%</i>	<i>174.9</i>	<i>146.0</i>
Investment properties	0.30%	99.93%	2 216.7	2 184.1
Properties held for sale^(a)	-	0.07%	1.5	-
Total	0.30%	100%	2 218.2	2 184.1

^(a) Following the signature of a sale agreement, the Pépin 5 building moved, on 31 March 2014, into the category of properties held for sale.

^(b) The change over the quarter is the change in fair value between 1 January 2014 and 31 March 2014 (excluding the amount of acquisitions, investments and disinvestments).

^(c) The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 March 2014.

The fair value of Befimmo's consolidated portfolio as at 31 March 2014 was €2,218.2 million, as against €2,184.1 million as at 31 December 2013.

This change in value incorporates the construction and renovation works carried out in the portfolio over the past quarter, and the changes in fair value booked to the income statement.

Excluding acquisitions, investments and disinvestments, the fair value of the portfolio rose by €6.7 million (+0.3%) over this first quarter of the fiscal year.

A few specific events, such as the extension of certain leases, had a positive impact on the value of the portfolio over the first three months of the fiscal year. Apart from these elements, the trend towards a stabilisation of values appears to be confirmed.

³ 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 rate⁴ and weighted average duration of leases

The occupancy rate of the properties available for lease remains stable at 95.1% as at 31 March 2014 compared with 95.2% as at 31 December 2013. For all the investment properties⁵, the occupancy rate as at 31 March 2014 was 94.0% (compared with 94.2% at 31 December 2013).

As at 31 March 2014, the weighted average duration of current leases remained stable at 9.02 years compared with 9.06 years as at 31 December 2013.

During the first quarter of the fiscal year, Befimmo signed new leases and lease renewals for space measuring some 3,000 m². This shows that business is still slack on the Brussels rental market.

Overall rental yield

Yield (as at 31.03.2014)

	Properties available for lease		Investment properties ^(c)	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Initial yield ^(a)	6.78%	6.80%	6.37%	6.46%
Potential yield ^(b)	7.13%	7.14%	6.77%	6.87%

^(a) The initial yield is the overall rental yield on current rents.

^(b) The potential yield is the overall rental yield on current rent plus the estimated rental value of vacant space.

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

⁴ 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).

⁵ This includes properties that are being constructed or developed for own account in order to be leased.

3. Net asset value⁶ as at 31 March 2014

As at 31 March 2014, Befimmo's total net asset value amounts to €1,186.3 million.

The net asset value is therefore €55.09⁷ per share, as against €54.13 per share as at 31 December 2013.

Change in net asset value

	(€ million)	(€ per share)	Number of shares not held by the group
Net asset value as at 31 December 2013	1 165.61	54.13	21 534 086
Result of the period	20.64		
Net asset value as at 31 March 2014	1 186.25	55.09	21 534 086

EPRA NAV and NNNAV

EPRA NAV in € per share as at 31 March 2014	55.62
EPRA NNNAV in € per share as at 31 March 2014	54.05

The calculation methods of the EPRA NAV and NNNAV are detailed on page 50 of Befimmo's Annual Financial Report 2013 (www.befimmo.be).

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 Before payment of the final dividend of €0.80 per share not held by the group, as from 7 May 2014.

4. Trend of results⁸

	31.03.2014 3 months	31.03.2013 3 months
Net rental result ⁹ (€ million)	34.5	32.5
Property operating result (€ million)	31.3	30.5
EPRA earnings [group share] (€ million)	21.7	20.8
Number of outstanding shares	22 062 701	19 120 709
Number of shares not held by the group	21 534 086	18 483 338
Average number of shares not held by the group during the period	21 534 086	18 475 990
Net result (€/share) [group share]	0.96	1.27
Current net result (€/share) [group share]	1.01	1.14
EPRA earnings (€/share) [group share]	1.01	1.13

Analysis

The **net rental result** and **property operating result** are up year-on-year. This increase is due mainly to the revenue generated by the Blue Tower and AMCA buildings joining the property portfolio last year. It is nevertheless partly offset by the decrease in income as a result of the sale of the Mons I building and the renovation of the Triomphe I building. Other changes (arrivals of new tenants, departures of tenants, indexing, etc.) cancel one another out overall.

Net property charges increase by €1.2 million compared with 31 March 2013 and are in line with the outlook.

The other components of **EPRA earnings**, i.e. overheads and financial charges, are generally stable in relation to last year, despite the increase in the average financial debt of 5.7%. EPRA earnings amounts to € 21.7 million, up 4.0% in relation to the first three months of the 2013 fiscal year.

In accordance with the published outlook, the **EPRA earnings** per share of €1.01 is down 10.8% compared with the same period last year, mainly due to the reasons explained before.

⁸ 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.

⁹ Net rental result as presented in the layout of the IFRS income statement in the Royal Decree of 21 June 2006 on accounting, annual accounts and consolidated accounts of public real-estate Sicafs, and amending the Royal Decree of 10 April 1995 on real-estate Sicafs, Belgian Official Gazette, 29 June 2006.

Since no property was sold in the first quarter of the 2014 fiscal year, the current net result per share is equivalent to the EPRA earnings per share. The **net result per share** of €0.96 is impacted by the net effect of the positive changes in the fair value of the investment properties (+€6.7 million) and the negative changes in the financial assets and liabilities (-€7.7 million).

5. Financial structure and hedging policy

Under its hedging policy, since the beginning of the year, Befimmo has acquired IRS at an average rate of 1.26% for a total notional amount of €35 million (duration of 5 to 8 years), and acquired various 1.30% and 1.50% CAP for a total notional amount of €35 million covering a four-year period. These hedging instruments all come into effect during 2014.

As at 31 March 2014 the debt ratio¹⁰ stands at 46.92% (compared with 46.56% as the fiscal year opened) and the LTV ratio¹¹ was 44.21% (as against 45.01% as the fiscal year opened).

6. Share price and yields

At 31 March 2014, the Befimmo share closed at €51.46, thus being listed at a discount of 6.6% in relation to the net asset value.

The return on equity for the 12 previous months amounts to 6.34%¹² while the return on the share price is 11.22%¹³.

Note that the average number of shares not held by the group during the period increased by 16.5% due to the various capital increases carried out¹³.

7. Outlook

All other factors remaining equal, the outlook for the EPRA earnings, as published¹⁴ in the Annual Financial Report 2013, still applies. Accordingly, the Board of Directors confirms the forecast dividend of €3.45¹⁵ per share (gross) for the current fiscal year.

8. Law on "Regulated Real-Estate Companies"

Following the transposition into Belgian law of the European "Alternative Investment Fund Managers" (AIFM) directive, the regulations applicable to Sicafis will be amended.

¹⁰ The debt ratio is calculated in accordance with the Royal Decree of 7 December 2010.

¹¹ Loan-to-value (LTV): [(nominal financial debts – cash)/fair value of portfolio].

¹² This is the Internal Rate of Return (IRR), calculated over the 12 previous months, taking account of the interim dividend of €2.6546 per share (gross) awarded in December 2013, for shareholders opting for the stock dividend.

¹³ For more information, please consult Befimmo's Annual Financial Report 2013 (www.befimmo.be).

¹⁴ For more information, please consult the chapter "Outlook and dividend forecast" of the Annual Financial Report 2013, on pages 59 to 65.

¹⁵ The gross dividend of €3.45 per share could be paid as an interim dividend of €2.59 in December 2014 and a final dividend of €0.86 in May 2015.

In this context, on 24 April 2014, the Belgian Parliament adopted a law establishing the status of regulated real-estate company (SIR) and allowing existing Sicafis to adopt this new status.

Against this background, in the coming months, Sicafis will have to make a choice: either to apply for approval as an AIF and an investment company, or to propose to their shareholders to adopt the status of SIR and apply for approval as such.

The SIR law has not been published yet and is not yet in force. Sicafis will be allowed four months from the entry into force of the SIR law (to be laid down in its implementing Royal Decree) to make that choice.

After reviewing the new legislation, Befimmo will make a recommendation to its shareholders at the appropriate time.

9. Forthcoming publications

Publication of the Half-Yearly Financial Report 2014	Friday 1 August 2014 ¹⁶
Interim statement - publication of net asset value as at 30 September 2014	Friday 14 November 2014 ¹⁶

Befimmo is a pure player investor specialising in high-quality office buildings located in Brussels, other 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 900,000 m², a large part of which is let long-term to public institutions (>65%). The fair value of the portfolio as at 31 March 2014 was assessed at €2,218.2 million.

The Company strives to enhance its current portfolio while seizing any investment opportunity that can create value for its shareholders.

Listed on NYSE Euronext Brussels since it opened, and a member of the BEL 20 index since March 2009, Befimmo pursues an informed 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 corporate social responsibility.

Further information:

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¹⁶ Publication before opening of the stock market.