PRESS RELEASE

REGULATED INFORMATION
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Befimmo

Annual results 31.12.2016

Befimmo is in position to implement its projects

- Successful capital increase of €127 million
- Preparation of the major projects in the North area
- Solid letting activity (37,200 m²)
- Slight increase in value of portfolio (+0.85%)
- EPRA earnings of €3.68 per share, in line with the forecast
- Net result of €3.82 per share
- Net asset value of €54.78 per share
- LTV ratio of 42.33%
- Confirmation of the proposed final dividend of €0.90 gross per share, payable as from 5 May 2017, bringing the total dividend for the fiscal year to €3.45 gross per share
- Dividend outlook of €3.45 gross per share for the 2017 fiscal year

The Board of Directors of Befimmo SA met on 14 February 2017 to close the annual financial statements as at 31 December 2016.

CONTENTS

RESHAPING THE WORKPLACE.

As last year, Befimmo ended the year with results well in line with the published forecasts.

In addition to very successful lettings (37,200 m² signed in 2016 compared with 28,100 m² in 2015), and investments to renovate the portfolio which enhanced tenants' comfort and improved environmental performance, 2016 was marked by intense preparation of the promising projects in the North area.

Thanks to the continued confidence of its shareholders, the capital increase in September 2016 will enable Befimmo to start the Quatuor project, as soon as the occupier leaves the Noord Building in January 2018, while maintaining a significant capacity for growth, ensuring that Befimmo has an active presence in the investment market.

Also in 2016, the Gateway building at Brussels airport was handed over and the 18-year lease agreement with Deloitte commenced, earning a new indexed annual rent of €6.9 million.

During the fiscal year, Befimmo also continued its proactive and innovative approaches in the field of changing working methods. In recent years, it has been developing, within a sustainable development approach, the flexibility and reversibility of its spaces by gradually providing a wider range of integrated customised services and facilities to facilitate the everyday life of its rental customers.

Thanks to its projects, located in a Brussels market that has a scarcity of quality office space, and thanks to its high-quality assets with regular income, Befimmo offers potential to create value.

Based on a share price of €53.36 at 31 December 2016, the gross dividend yield is 6.47%. The return on the share price in 2016 was 3.88%, compared with -2.92% for 2015 (including the final dividend for the 2015 fiscal year paid out in May and the interim dividend for fiscal year 2016 paid out in December and the issue of new shares).

The Annual Financial Report 2016 will be available at the Company headquarters and on the website as from Friday 24 March 2017. Befimmo is fully following the trend towards standardisation of financial reporting and also reporting on Social Responsibility – aiming at an improvement of quality and information comparability – by adopting the EPRA reporting guidelines and the GRI-G4 guidelines.

Furthermore, since 3 July 2016, the "Alternative Performance Measures (APM)"[1] Guidelines of the European Securities Markets Authority (ESMA) have been applicable. The APMs within the press release are identified with a footnote at the first mention of the APM in this press release. The full list of APMs, their definition, their utility and the related reconciliation tables are included in Appendices 2 and 3 to this press release and are published on the Befimmo website:
http://www.befimmo.be/en/investors/publications/alternative-performance-measures.

[1] For more information, please consult Report "Final Report – ESMA Guidelines on Alternative Performance Measures" on the ESMA website (https://www.esma.europa.eu/).

1. KEY EVENTS

CAPITAL INCREASE OF €127 MILLION

In September 2016, Befimmo successfully completed a capital increase[2] of a gross amount of €127 million through the issue of 2,557,921 new shares at €49.75.

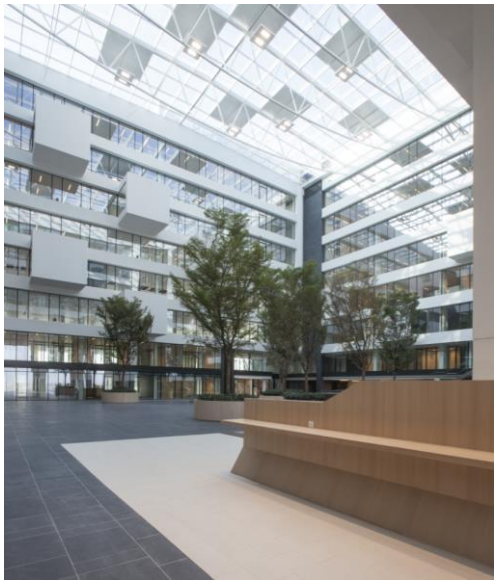
This allows Befimmo to start the Quatuor project while keeping its capacity to seize investment opportunities within the framework of its strategy while maintaining a solid balance sheet structure.

START OF THE LEASE IN THE GATEWAY BUILDING[3] (BRUSSELS AIRPORT)

The Gateway building (38,000 m²) was handed over in December 2016. The lease signed with Deloitte, for an annual rent of €6.9 million, has thus commenced with a duration of 18 years. The initial yield on investment (€149.2 million) for this transaction amounts to 4.65%, higher than the yields that are currently practised for similar quality projects.

The Gateway project embodies a full redevelopment of the old Brussels airport terminal. Owing to its unique and strategic location in the heart of the airport and its accessibility, notably thanks to the railway station under the building offering easy connections to major Belgian and European cities, it enjoys the characteristics of a city-centre building and is therefore from now on classed in the category "Brussels CBD and similar" in Befimmo's reporting.

This flexible and sustainable project aims to achieve at least a BREEAM "Very Good" certification in the Post Construction phase.



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

[3] For more information, please consult the press releases of 10 March 2015 and 27 April 2015 published on the Befimmo website (http://www.befimmo.be/en/investors/publications/press-releases).

2. ONGOING PROJECTS

During the 2016 fiscal year, Befimmo invested €31.5 million in its portfolio. The major projects are described below.

SUMMARY OF INVESTMENTS OF THE 2016 FISCAL YEAR

	Rental space	Location	Start of the works	Completion of the works	Type	Investment realised in 2016 (in € million)	Total investment realised until 31 December 2016	Total investment (in € million)
Ongoing projects						***14.0***	***36.1***	
Brederode 9 and Namur 48	8 400 m²	Brussels CBD, centre	Q1 2015	Q3 2016	Renovation	8.2	12.8	15
Guimard	5 500 m²	Brussels CBD, Leopold	Q1 2016	Q3 2017	Renovation	3.4	4.1	12
Quatuor Building	60 000 m²	Brussels CBD, North	2018	2020	Demolition and construction	0.7	1.7	150
Paradis Express	35 000 m²	Wallonia, Liège	2018	2020	Construction	0.7	0.9	50[(a)]
WTC IV	53 500 m²	Brussels CBD, North		According to commercialisation	Construction	1.0	16.7	140
Energy investments and others						***17.5***		
Total						**31.5**		

[(a)] *"All-in" construction cost of the office part (21,000 m²).*

BREDERODE 9 AND NAMUR 48 | BRUSSELS CBD | CENTRE

The renovation works of the Brederode 9 and Namur 48 buildings (8,400 m²), costing a total of around €15 million, were handed over in November 2016. In July 2016, the Brederode 9 building was two thirds pre-let to Interparking SA for a duration of 21 years (usufruct). The remaining space is currently being offered for lease.

The Brederode 9 building has a BREEAM "Very Good" certification in the Design phase.

GUIMARD | BRUSSELS CBD | LEOPOLD DISCTRICT

In early 2016, Befimmo began a full renovation of the Guimard building (5,500 m²), costing a total of around €12 million. This building, which enjoys a strategic location in the heart of the Leopold district in Brussels, will be ready to welcome new occupants as from the third quarter of the 2017 fiscal year and is already attracting interest among prospective tenants.

For this project, Befimmo is aiming for a BREEAM "Excellent" certification in the Design and Post Construction phases.

Based on a multi-tenant occupancy with “conventional 9” leases, the expected yield on the total investment should be around 5.00%.

EUPEN – RATHAUSPLATZ 2 TO 10 | WALLONIA

Befimmo has been awarded the development contract for works organised by the Buildings Agency, for the provision of a new courtroom (approximately 7,200 m²) in Eupen. In performance of this contract, in early 2017 Befimmo acquired the land and existing structures and began the works; the implementation in several phases will be spread over a period of 30 months. The project, costing a total of €18.0 million, consists of (i) the demolition of the existing building and the reconstruction of a new complex of 5,300 m² and (ii) a major renovation of the existing building of 1,900 m². The lease, with a base rent of approximately €900,000 and a duration of 25 years, will commence on completion of each phase of the works. The project has a 5.25% yield on investment at the start of the lease.

QUATUOR BUILDING | BRUSSELS CBD | NORTH AREA

The Noord Building will be demolished in early 2018, as soon as the current lease ends, thus making way for the construction of the new project, the Quatuor Building (four towers, which together form one complex of 60,000 m²). This building in the North area has a strategic location facing the city centre, close to the metro and the Gare du Nord, one of the busiest railway stations in Belgium. This, together with the quality of its design and its environmental performance, make it an opportunity in the CBD where there is currently an acknowledged shortage of quality (Grade A) space.

After more than two years of proceedings, in early 2017 the Quatuor project received a unanimous favourable opinion from the Consultation Committee; the opinion highlighted the project’s intrinsic qualities, thereby paving the way in principle for the issue of the permit. Works on the new complex should take approximately 36 months. The "all-in" construction cost of the project is estimated at €150 million.

Based on a multi-tenant occupancy with “conventional 9” leases, the expected yield on the total investment value should exceed 5.30%.

PARADIS EXPRESS | LIÈGE | GUILLEMINS

The “Paradis Express” project, located in the immediate proximity of the TGV station, involves the construction of an eco-neighbourhood (of about 35,000 m²) offering a mix of offices, housing and local shops. The single permit will be applied for during the first quarter of the 2017 fiscal year. Befimmo aims to achieve a BREEAM “Outstanding” in the Design phase.

The "all-in" construction cost of the office part (21,000 m²) of this project is estimated at €50 million. Based on a multi-tenant occupancy with “conventional 9” leases, the expected yield on the total investment value should exceed 6.00%. It is expected that the residential part will be sold to a specialist third party once the permit has been obtained.

WTC II | BRUSSELS CBD | NORTH AREA

After 46 years of uninterrupted occupation by Belgian Government departments, the current lease with the Buildings Agency in Tower II of the WTC will expire in December 2018. Within the framework of the co-ownership of Towers I and II, Befimmo is working on a number of scenarios for this site, in a perfect location opposite the Gare du Nord, to redevelop it into a multifunctional value-creating project.

A total of around €1.4 million was invested in this redevelopment project, the outlines of which should be presented to shareholders in the course of the 2017 fiscal year.

WTC IV | BRUSSELS CBD | NORTH AREA

The WTC IV project (53,500 m²) relates to the construction of a new passive tower, independent from the other three towers of the WTC complex. The “all-in” construction cost of the project is estimated at some €140 million. The permit is being implemented. The building work is being carried out in step with commitments by prospective tenants. The project has a BREEAM “Outstanding” certification in the Design phase.

Based on a multi-tenant occupancy with “conventional 9” leases, the expected yield on the development cost should be around 6.50%.

OTHER INVESTMENTS

During the fiscal year, other investments amounted to €17.5 million.

The Company continued its multi-annual investment programme to improve the energy performance of its operational buildings (Befimmo’s portfolio excluding Fedimmo).

Furthermore, in the context of changing working methods and in order to offer a better user experience to tenants, Befimmo is gradually equipping its buildings with shared meeting rooms, restaurants, spaces for nurseries, a fitness centre, etc., taking into account the specific characteristics of the buildings (rental situation, location, etc.).

In addition, expenditure were charged to the income statement for an amount of €7.87 million for maintenance, repair and refurbishments in the portfolio.

3. PROPERTY PORTFOLIO

KEY FIGURES

	31.12.2016	31.12.2015
Fair value of portfolio (in € million)	2 511.7	2 388.3
Portfolio space	883 876 m²	889 800 m²
Gross initial yield on properties available for lease	6.07%	6.19%
Gross potential yield on properties available for lease	6.40%	6.58%
Occupancy rate of properties available for lease	94.79%	94.15%
Weighted average duration of leases	8.07 years[(a)]	8.60 years
Reversion rate on properties available for lease	-9.50%[(b)]	-8.41%
EPRA Net Initial Yield (NIY)	5.65%	5.78%
EPRA Topped-up NIY	5.81%	5.91%
EPRA Vacancy Rate	5.71%	6.35%

[(a)] *Note that, excluding the Noord Building and the WTC II buildings, the weighted average duration of leases would be 9.15 years.*

[(b)] *Note that, excluding the Noord Building and the WTC II buildings, the reversion would be -4.95%.*

CHANGE IN FAIR VALUES[4] OF THE PROPERTY PORTFOLIO

Offices	Change 2016[(a)] (in %)	Proportion of portfolio[(b)] (31.12.2016) (in %)	Fair value (31.12.2016) (in € million)	Fair value (31.12.2015) (in € million)
Brussels CBD and similar[(c)]	0.50%	56.7%	1 423.0	1 226.0
Brussels decentralised	-3.89%	3.5%	88.4	91.8
Brussels periphery	-2.10%	5.9%	147.0	144.7
Flanders	0.19%	19.6%	493.4	493.2
Wallonia	3.29%	7.7%	194.2	187.9
Luxembourg city	14.62%	4.0%	99.3	86.8
Properties available for lease	*0.82%*	*97.4%*	*2 445.3*	*2 230.4*
Properties that are being constructed or developed for own account in order to be leased	*1.20%*	*2.6%*	*66.3*	*157.4*
Investment properties	**0.85%**	**100.0%**	**2 511.7**	**2 387.8**
Properties held for sale	**-9.94%**	**-**	**-**	**0.5**
Total	**0.85%**	**100.0%**	**2 511.7**	**2 388.3**

(a) *The change over the 2016 fiscal year is the change in fair value between 1 January 2016 and 31 December 2016 (excluding the amount of acquisitions, investments and disinvestments).*
(b) *The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 December 2016.*
(c) *Including the Brussels airport zone, where the Gateway building is situated.*

As at 31 December 2016, the fair value of Befimmo's consolidated portfolio was €2,511.7 million, as against €2,388.3 million as at 31 December 2015.

This change in value of €123.4 million incorporates:

- the renovation or redevelopment works carried out in the portfolio (€31.5 million);
- the investments of the fiscal year, namely the addition of the Gateway building to the portfolio as its development progressed (€74.3 million over the 2016 fiscal year);
- the sale of the Chênée and Jean Dubrucq buildings, for a total amount of €4.8 million, generating a net capital gain of €1.2 million;
- the changes in fair value (+€21.1 million) booked to the income statement (IAS 40). Thus, the fair value of the portfolio (excluding acquisitions, investments and disinvestments) is up 0.85% over the fiscal year.

[4] 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.

COMMENT ON CHANGES IN VALUE DURING THE 2016 FISCAL YEAR

Two trends emerged during the year:

- The buildings in the portfolio in city centres and with income from long ongoing leases have benefited from the continuing compression of yields, which even accelerated at the end of the fiscal year;
- Meanwhile, other buildings in the portfolio, with leases approaching expiry, have declined in value.

CHANGE IN FAIR VALUE BY QUARTER

	Q1	Q2	Q3	Q4	Q1-Q4
2015	0.08%	-0.12%	0.54%	-0.03%	0.46%
2016	**-0.33%**	**0.09%**	**0.05%**	**1.03%**	**0.85%**

NEW RENTALS AND LEASE RENEWALS

During the 2016 fiscal year, Befimmo agreed new leases and renewals for a total space of 37,200 m² of space, comprising 34,924 m² of offices and 2,276 m² of retail and multi-purpose space. This is much higher than the 28,100 m² signed in 2015. 60%[5] of the agreements signed represent new leases (30 transactions), the remainder being renegotiations of ongoing leases (15 transactions).

Several major transactions came to fruition during the year.

Befimmo signed notably a lease extension of 9 years (until 2027) with the VDAB in the Empereur building (5,700 m²), located in the Brussels city centre. In the Schuman 3 building, located in the heart of the Brussels Leopold district, Befimmo signed two new lease agreements for a total of around 2,500 m².

In July 2016, Befimmo also 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.

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

In the Grand Duchy of Luxembourg, in the Axento building, KPMG rented 3,060 m², quickly filling the vacancy left by BGL-BNP in early 2016.

These new leases were agreed on terms that are overall in line with the assumptions made when preparing the three-year outlook, as published in the Annual Financial Report 2015.

Befimmo is pursuing its objective of securing the loyalty of its rental customers by continuing to focus on satisfying their needs and offering them, among other things, buildings that are top of the range.

[5] Based on the number of m² let.

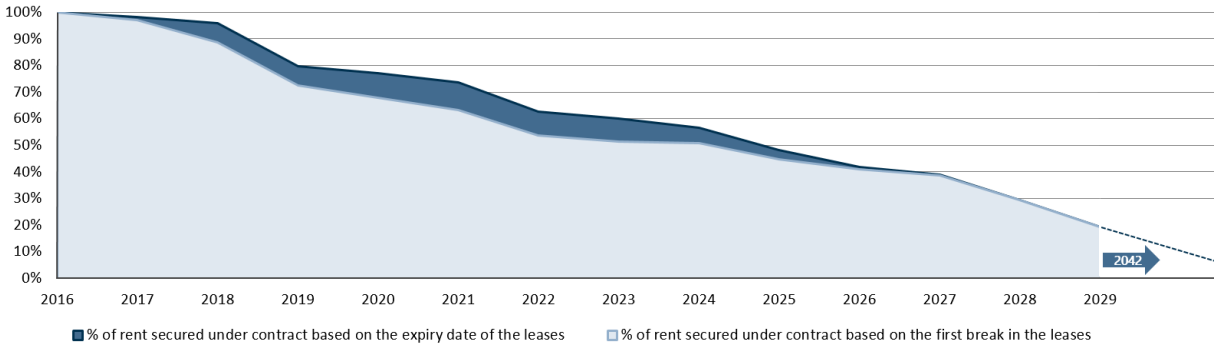
OCCUPANCY RATE[6]

The occupancy rate of the properties available for lease was slightly up at 94.79% as at 31 December 2016 (compared with 94.15% as at 31 December 2015). For all the investment properties[7], the occupancy rate as at 31 December 2016 was 93.72% (compared with 92.64% as at 31 December 2015).

WEIGHTED AVERAGE DURATION OF LEASES[8]

As at 31 December 2016, the weighted average duration of leases amounts to 8.07 years, as against 8.60 years as at 31 December 2015. Note that, excluding the Noord Building and the WTC II buildings, the weighted average duration of leases would be 9.15 years.

PERCENTAGE OF RENT GUARANTEED UNDER CONTRACT ON THE BASIS OF THE REMAINING TERM OF THE LEASES IN THE CONSOLIDATED PORTFOLIO[9] (FOR ONGOING AND SIGNED FUTURE LEASES) (IN %)



OVERALL RENTAL YIELD

	Properties available for lease		Investment properties[(a)]	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Gross initial yield[(b)]	6.07%	6.19%	5.89%	5.90%
Gross potential yield[(c)]	6.40%	6.58%	6.29%	6.32%

(a) *Taking into account the properties that are being constructed or developed for own account in order to be leased.*
(b) *The gross initial yield is the overall rental yield on current rents.*
(c) *The gross potential yield is the overall rental yield on current rents plus the estimated rental value of vacant space.*

6 Occupancy rate = current rents (including the rate for space let but for which the lease has yet to begin)/(current rent + estimated rental value for vacant space).
7 This includes properties that are being constructed or developed for own account in order to be leased.
8 The weighted average duration of leases is the sum of (annual current rents for each lease multiplied by the remaining duration up to the first break in this lease) divided by the total current rent of the portfolio. The current rent is the current rent at the closing date plus future rent on signed leases, as reviewed by the real-estate experts.
9 Rents for future years calculated on the basis of the present situation, assuming that each tenant leaves at the first break and that no further lease is agreed in relation to the current rent as at 31 December 2016.

REVERSION RATE

The reversion rate gives an indication of the impact on current rents of a sudden termination of the leases in the portfolio and simultaneous reletting of it at market rents. This ratio does not take account of any planned future investments or the resulting level of rents. It is based on the estimated rental value of the buildings in their present condition, and is thus not representative of the potential for value creation in the Befimmo portfolio.

As at 31 December 2016, the reversion rate of the properties available for lease was -9.50% (compared with -8.41% as at 31 December 2015). This reversion should be put into perspective in relation to the weighted average duration of leases of 8.07 years. Note that, excluding the Noord Building and the WTC II buildings, the reversion would be -4.95%.

If the full reversion is realised, the impact on the current rent as at 31 December 2016 (€152.2 million) of the potential negative reversion of the leases expiring over the next three years would be €8.5 million.

The EPRA earnings[10] forecasts for the next three fiscal years presented hereafter (page 31) take account of a potential reversion on the expiry of the current leases.

[10] This is an Alternative Performance Measure. For more information, please consult Appendix 3 to this press release.

4. SOCIAL RESPONSIBILITY

For many years, Befimmo has been maintaining a regular dialogue with all its internal and external stakeholders to continuously improve its positioning as a responsible company and landlord. In its CSR policy it identified **14** environmental, economic and social **priorities** to focus on. These are grouped into **4 major pillars**: **the Environment, the Team, the Tenants and Governance**. The response to these challenges is reflected in specific measures as well as in quantitative and measurable objectives that are set out in more detail in the CSR Action Plan. This plan, prepared and reviewed each year, is published on the Befimmo website.

Specifically, during the 2016 fiscal year, Befimmo has continued its efforts to cut the energy consumption (gas, electricity and water) and waste production of its buildings with a view to aligning them with ever-higher references.

RESPONSIBLE VALUE CHAIN

In addition to its recurring activities, Befimmo has continued the overall analysis of its **value chain** with a view to structure and professionalise its procurement and supplier-appraisal system, while incorporating environmental and social criteria. To achieve this goal, in 2016 Befimmo carried out a thorough analysis of the value chain, which enabled it to establish a Kraljic matrix[11] for each main procurement family: "Corporate", "Management" and "Sites". On that basis, it organised an initial workshop bringing together internal and external stakeholders to discuss the advantages and disadvantages of systems for evaluating the environmental performance of building systems and construction materials. In 2017, Befimmo intends to continue its analysis - gradually over a period of 3 to 5 years in an approach involving all stakeholders - defining operational criteria for sustainable procurement of materials/suppliers, with priority to the subcategories in the "sites" family.

INNOVATION AND CHANGING WORKING METHODS

At a time when working methods, and more specifically the use of office space, are evolving greatly, where the sharing economy is in full swing and the technological revolution is under way, Befimmo, as a real-estate operator specialising in high-quality office buildings, aims to be proactive and innovative, transforming these evolutions into opportunities. It is developing the flexibility and the reversibility of its spaces sustainably by gradually making a wide range of customised and integrated services available to its tenants to enhance their user experience. It equips its buildings optimally by pooling new facilities and offering services shared within the entire portfolio to facilitate the everyday lives of its rental customers.

Moreover, in late 2016, Befimmo began with its own office space by offering its team a brand new advanced working environment to meet its needs: an open, bright, flexible working environment equipped with modern technology, which stimulates exchange and creativity among its team.

[11] The Kraljic matrix was designed to plot each purchasing category along two axes: (i) the risk assessed according to the position of the buyer in relation to its suppliers and the criticality of the product/service and (ii) the level of expenditure on the product/service.

REPORTING AND LONG-TERM COMMITMENT

A few months after the signing of the Paris Agreement on limiting global warming at COP21, Befimmo also joined the Global Compact[12] and thus supports the United Nations in the respect of Human Rights, international labour standards, environmental protection and combating corruption. Meanwhile, Befimmo has aligned its Action Plan with 6 of the 17 Sustainable Development Goals[13] (SDGs) published by the United Nations "to transform our world".

As it did in the previous years, Befimmo participated in the CDP[14] and GRESB[15] questionnaires, supported by a large number of international institutional investors, thus addressing issues related to its Social Responsibility and more specifically the carbon emissions related to its activities. In the light of its remarkable results, Befimmo has achieved the status of "Leadership" (CDP) and "Green Star" (GRESB).

In 2017, Befimmo plans to go even further in terms of its Social Responsibility policy and reporting, by (i) moving from GRI-G4 to GRI Standards, which involves updating its materiality matrix and a thorough review its Social Responsibility policy, (ii) considering the possibility of following a recognised approach that enables Befimmo to set long-term targets, up to 2030, to cut greenhouse gas emissions, as recommended by scientists of the IPCC[16], thereby making its contribution to limiting the rise in global average temperature to below 2°C, in line with the decision of COP21.

Befimmo will continue with these various projects in order to meet its targets and with its process of dialogue by seeking to achieve a balance between the expectations of its stakeholders and the challenges it regularly faces.

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12 https://www.unglobalcompact.org/
13 http://www.un.org/sustainabledevelopment/sustainable-development-goals/
14 Carbon Disclosure Project.
15 Global Real Estate Sustainability Benchmark.
16 Intergovernmental Panel on Climate Change, established in 1988 by the World Meteorological Organization.

5. FINANCIAL REPORT

KEY FIGURES

	31.12.2016	31.12.2015
Number of shares issued[(a)]	*25 579 214*	*23 021 293*
Number of shares not held by the group	*25 579 214*	*23 021 293*
Average number of shares not held by the group	*23 692 223*	*22 198 549*
Shareholders' equity (in € million)	1 401.35	1 265.29
Net asset value (in € per share)	54.78	54.96
EPRA NAV[(b)] (in € per share)	55.49	54.91
EPRA NNNAV[(b)] (in € per share)	54.30	54.30
EPRA Like-for-Like Net Rental Growth[(c)] (in %)	-0.29%	1.16%
Net result (in € per share)	3.82	4.41
EPRA earnings (in € per share)	3.68	3.89
Average (annualised) financing cost[(d)] (in %)	2.26%	2.66%
Weighted average duration of debts (in years)	3.66[(e)]	3.99
Debt ratio according to the Royal Decree (in %)	44.65%	48.37%
Loan-to-value[(f)] (in %)	42.33%	45.66%
Return on shareholders' equity[(g)] (in € per share)	3.69	4.43
Return on shareholders' equity[(g)] (in %)	6.79%	8.29%

(a) *The increasing number of shares issued is explained by the creation of 2,557,921 new shares following the capital increase.*

(b) *This is an Alternative Performance Measure. For more information, please consult Appendix 3 to this press release.*

(c) *Trend of the rental income minus property charges at constant perimeter, calculated on the basis of the "EPRA Best Practices Recommendations". This is an Alternative Performance Measure. For more information, please consult Appendix 3 to this press release.*

(d) *Including margin and hedging costs. This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.*

(e) *Taking into account renegotiation and renewal of two bank lines early 2017, the weighted average duration of debts is 4.51 years.*

(f) *Loan-to-value ("LTV"): [(nominal financial debts – cash)/fair value of portfolio]. This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.*

(g) *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. This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.*

NET ASSET VALUE AS AT 31 DECEMBER 2016

As at 31 December 2016, Befimmo's total net asset value was €1,401.3 million.

The net asset value is therefore €54.78 per share, as against €54.96 per share as at 31 December 2015.

CHANGES IN THE NET ASSET VALUE

	(in € per share)	(in € million)	Number of shares not held by the group
Net asset value as at 31 December 2015	**54.96**	**1 265.3**	**23 021 293**
Final dividend of the 2015 fiscal year		-19.8	
Other elements of comprehensive income - actuarial gains and losses on pension obligations		- 0.2	
Capital increase		127.3	
Costs related to the capital increase		- 3.0	
Interim dividend of the 2016 fiscal year		-58.7	
Net result as at 31 December 2016		90.4	
Net asset value as at 31 December 2016	**54.78**	**1 401.3**	**25 579 214**

EPRA NAV AND NNNAV

(in € thousand)	31.12.2016	31.12.2015
Net asset value	**1 401 349**	**1 265 295**
Net asset value (in € per share)	**54.78**	**54.96**
To include:		
II. Revaluation at fair value of finance lease credit	184	173
To exclude:		
IV. Fair value of financial instruments	17 753	- 1 359
EPRA NAV	**1 419 287**	**1 264 109**
EPRA NAV (in € per share)	**55.49**	**54.91**
To include:		
I. Fair value of financial instruments	- 17 753	1 359
II. Revaluations at fair value of fixed-rate loans	- 12 621	- 15 461
EPRA NNNAV	**1 388 912**	**1 250 007**
EPRA NNNAV (in € per share)	**54.30**	**54.30**

FINANCIAL RESULTS AS AT 31 DECEMBER 2016

The Auditor has confirmed that its revision of the consolidated financial statements has been substantially completed and has not revealed any material correction to be made to the financial information included in this press release.

CONDENSED CONSOLIDATED INCOME STATEMENT[17]

(in € thousand)	31.12.2016	31.12.2015
Net rental result	137 037	139 510
Net rental result excluding spreading	*136 442*	*137 963*
Spreading of gratuities/concessions	*595*	*1 547*
Net property charges[(a)]	-14 257	-12 808
Property operating result	**122 780**	**126 702**
Corporate overheads	-10 447	-9 930
Other operating income & charges	- 596	-1 675
Operating result before result on portfolio	**111 738**	**115 098**
Operating margin[(a)]	***81.5%***	***82.5%***
Gains or losses on disposals of investment properties	1 154	967
Net property result[(a)]	**112 892**	**116 064**
Financial result (excl. changes in fair value of financial assets and liabilities)	-22 131	-27 637
Corporate taxes	-2 364	-1 459
Net result before changes in fair value of investment properties and financial assets and liabilities[(a)]	**88 397**	**86 968**
Changes in fair value of investment properties	21 121	10 984
Changes in fair value of financial assets and liabilities	-19 112	- 25
Changes in fair value of investment properties & financial assets and liabilities	**2 009**	**10 959**
Net result	90 406	97 927
EPRA earnings	87 243	86 282
Net result (in € per share)	**3.82**	**4.41**
EPRA earnings (in € per share)	**3.68**	**3.89**

(a) This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.

[17] As of 31 December 2016, Befimmo no longer publishes the "Net current result" indicator in the reporting of its results and now focuses on the key indicators "EPRA earnings" and "Net result".

EPRA EARNINGS

(in € thousand)	31.12.2016	31.12.2015
Net result IFRS	**90 406**	**97 927**
Net result IFRS (in € per share)	**3.82**	**4.41**
Adjustments to calculate EPRA earnings	- 3 163	- 11 645
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	- 21 121	- 10 984
II. Result on disposals of investment properties	- 1 154	- 967
V. Negative goodwill/goodwill impairment	-	138
VI. Changes in fair value of financial assets and liabilities and close-out costs	19 112	167
EPRA earnings	**87 243**	**86 282**
EPRA earnings (in € per share)	**3.68**	**3.89**

EVENTS WITH AN IMPACT ON THE PERIMETER OF THE COMPANY

The perimeter of the Company's property portfolio was changed during the 2016 fiscal year by the following events:

- disposals of the Chênée and Jean Dubrucq buildings in Brussels;
- the incorporation of the Gateway building into the portfolio, as the works progressed.

The comparison of the data per share is also affected by the issue of 2,557,921 new shares within the framework of the capital increase carried out in September 2016.

ANALYSIS OF THE NET RESULT

The **net "Like-for-Like rental result"**[18] is stable (-0.37%) in relation to last year. The impact linked to the departure and arrival of tenants, and the impact of indexation offset one another overall.

The **net rental result** is down €2.5 million, however. This decline is explained mainly by:

- the absence of compensation for early departure in 2016 (as against +€0.9 million in fiscal year 2015);
- the Guimard building, which is undergoing a major renovation, while it was still earning a rent of €0.84 million in fiscal year 2015;
- a one-time effect related to the commencement of the 27.5 year lease in the new Paradis Tower while the lease on the old building, which has been demolished in the meantime, was still running until 31 March 2015 (-€1.04 million);
- the sales of the Chênée and Jean Dubrucq buildings in 2016 and the Stassart and Izegem buildings in 2015 (-€0.3 million).

In addition, the reorganisation of the Gateway building site, following the attacks at Brussels airport in March 2016, led to a three-month delay in the commencement of the lease agreed with Deloitte.

[18] This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.

Net property charges rose from -€12.8 million to -€14.3 million (up €1.4 million or +11.3% compared with the 2015 fiscal year). This was mainly due firstly to the one-off impact of the receipt, in 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 fiscal year 2016.

Consequently, the **property operating result** was €122.8 million in 2016 as against €126.7 million in 2015.

The evolution of the **EPRA Like-For-Like Net Rental Growth** in 2016 was -0.29%.

Corporate overheads increased slightly from € 9.93 million in 2015 to €10.45 million in 2016. Most of this increase is explained by costs related to information systems.

Other operating income and charges amounted to -€0.6 million in 2016, compared with -€1.7 million in 2015. This change was due mainly to the impact of the restatement, in accordance with IFRS, of rental concessions and gratuities included in income (+€1 million).

An **overall gain** of €1.2 million was realised on the sale of two buildings (Chênée and Jean Dubrucq).

The **change in fair value of the investment properties** (excluding the amount of acquisitions, investments and disinvestments) amounted to +€21.1 million, an increase of +0.85%.

The **realised financial result** (excluding changes in fair value of financial assets and liabilities) improved from -€27.6 million in fiscal year 2015 to -€22.1 million in the 2016 fiscal year. The average financial debt over the fiscal year was €1,072.4 million in 2016 as against €1,087.4 million for 2015. The sharp drop in financial charges was due mainly to the decline in average market interest rates (excluding margin), reimbursement of a retail bond of €110 million which matured in December 2015, and the restructuring of certain hedging products in 2015. Euribor rates remained at a historic low in 2016 (Euribor 1-month and 3-month rates averaged -0.30%). The average (annualised) financing cost was 2.26% as against 2.66% a year earlier.

The **change in fair value of the financial assets and liabilities** was -€19.1 million as against nearly zero for the 2015 fiscal year. The fair value of the financial assets and liabilities was down despite the recent tensions on the long-term interest rates.

The rise in **taxes** (+62%) is explained by the booking of a provision for various tax risks covering three years (€1.2 million).

The **net result** emerging from all of the above items amounts to €90.4 million as at 31 December 2016, as against €97.9 million as at 31 December 2015.

EPRA earnings amounted to €87.2 million, up 1.1% on the previous fiscal year.

EPRA earnings per share were €3.68 as at 31 December 2016 as against €3.89 at the end of December 2015. Note that the average number of shares increased by 1,493,674 compared with 2015, following the issue of new shares in the context of the capital increase in September 2016 and the optional dividend in December 2015.

CONDENSED CONSOLIDATED BALANCE SHEET

(in € million)	31.12.2016	31.12.2015
Investment and held for sale properties	2 511.7	2 388.3
Other assets	101.4	111.9
Total assets	**2 613.1**	**2 500.2**
Shareholders' equity	1 401.3	1 265.3
Financial debts	1 098.0	1 123.9
non current	538.7	659.4
current[(a)]	559.2	464.5
Other debts	113.7	111.0
Total equity & liabilities	**2 613.1**	**2 500.2**
LTV	**42.33%**	**45.66%**

[(a)] *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 STRUCTURE

The Company arranges the necessary finance in due time, seeking an optimal balance between cost, duration and diversification of its financing sources.

FINANCING ARRANGED DURING THE FISCAL YEAR

Capital increase of €127 million

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

Other financing

Within the framework of its overall financing programme, Befimmo carried out several operations in the course of 2016:

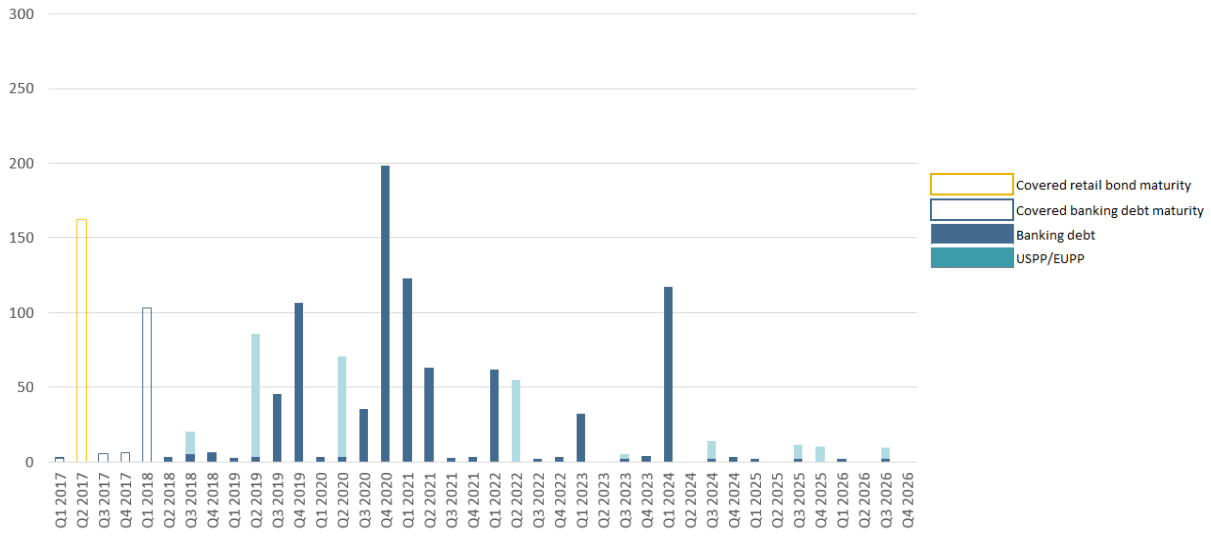
- renegotiation and extension of a bank line for an amount of €100 million over 5 years;
- signature of two bank financing lines for €50 million over 5 years and €40 million over 3 years; and
- a private placement of debt for an amount of €7.25 million over 10 years.

Early 2017, Befimmo also carried out the following operations:

- renegotiation and extension of a bank line for a total amount of €135 million with maturities of 4 to 7 years;
- renegotiation and extension of a bank line for a total amount of €90 million with a maturity of 7 years.

On this basis, and all other things being equal, the Company has covered its financing needs until the end of the first quarter of 2018.

MATURITIES FOR COMMITMENTS BY QUARTER (IN € MILLION)



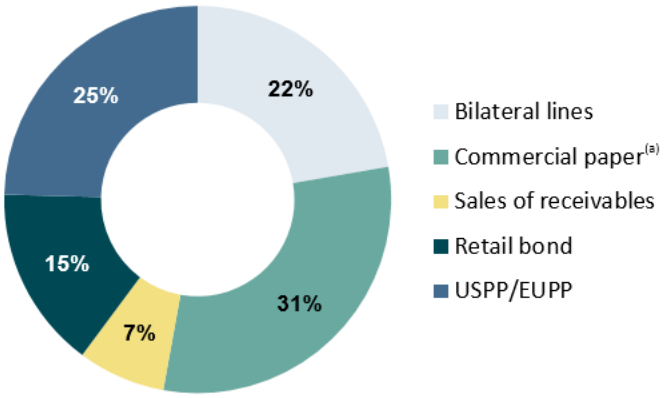
MAIN CHARACTERISTICS OF THE FINANCIAL STRUCTURE

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

- confirmed credit facilities for a total amount of €1,333.9 million (of which 68.2% bank financing), €1,063.4 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 commitments planned for the coming years;
- a debt ratio of 44.65%[19];
- an LTV ratio of 42.33%[20];
- a weighted average duration of debts of 3.66 years (and of 4.51 years, taking into account renegotiation and renewal of two bank lines early 2017);
- 72.1% of total debt at fixed rates (including IRS);
- an average (annualised) financing cost (including margin and hedging cost) of 2.26% over the year, compared with 2.66% for the 2015 fiscal year.

[19] The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.
[20] Loan-to-value (LTV) = [(nominal financial debts - cash)/fair value of portfolio].

DEBT DISTRIBUTION



[a] *With confirmed bank lines in excess of one year as a back-up.*

On 26 May 2016, the Standard & Poor's rating agency confirmed the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.

To reduce its financing costs, Befimmo has a commercial paper programme for an amount up to €600 million, €325 million of which was in use as at 31 December 2016 for short-term issues and €66.25 million for long-term issues. For short-term issues, this programme has back-up facilities consisting of the various credit lines arranged. The documentation for this programme also covers the European private debt placements.

HEDGING THE INTEREST RATE AND EXCHANGE-RATE RISK

Befimmo holds a portfolio of instruments to hedge (i) the interest rate risk, consisting of IRS, CAP and COLLAR[21], and (ii) the exchange-rate risk on its fixed-rate United States private placement (USPP) by holding Cross Currency Swaps.

The package of instruments in place gives the Company a hedge ratio of 99.3%[22] as at 31 December 2016. The hedge ratio remains above 80% until the fourth quarter of 2018 included and above 50% until the fourth quarter of 2020 included.

As part of its hedging policy, the Company carried out various operations on hedging instruments over the fiscal year:

- it bought two IRS covering the periods (i) from November 2016 to October 2025 (€25 million), and (ii) from June 2017 to November 2026 (€25 million);
- it extended an existing IRS, initially expiring at the end of 2017, by 8 additional years for a notional €30 million.

Early 2017, Befimmo restructured two IRS for an initial notional total of €35 million, which moved their expiry date to early 2027 and brought their notional total to €50 million.

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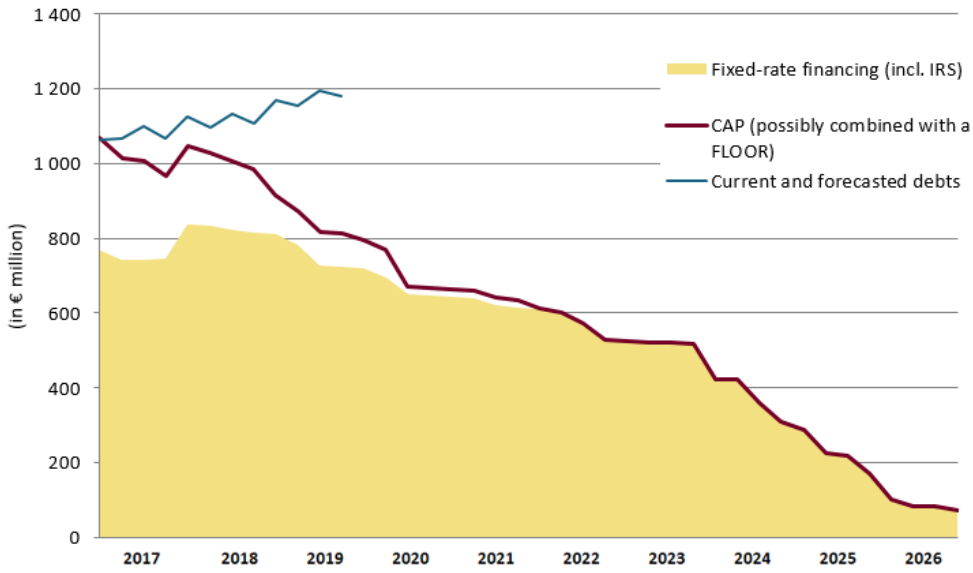
21 Subscription to a COLLAR places a ceiling on the rise in interest rates (CAP), but also involves an undertaking to pay a minimum rate (FLOOR).

22 Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAP)/total borrowings.

Evolution of the portfolio of hedging instruments and fixed-rate debts (in € million)



Annual average		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
CAP	Notional (€ million)	264	190	94	47	20	-	-	-	-	-
	Average rate (in %)	1.38%	1.32%	0.83%	0.87%	1.15%	1.15%	-	-	-	-
FLOOR	Notional (€ million)	51	50	22	20	20	-	-	-	-	-
	Average rate (in %)	0.72%	0.71%	0.57%	0.55%	0.55%	0.55%	-	-	-	-
Fixed-rate financing (incl. IRS)	Notional (€ million)	750	827	761	679	631	578	521	379	225	85
	Average rate[(a)] (in %)	1.05%	0.97%	0.99%	1.03%	1.01%	0.95%	0.86%	0.86%	0.86%	0.91%

[(a)] *Average fixed rate excluding credit margin.*

6. CORPORATE GOVERNANCE

COMPOSITION OF THE BOARD OF DIRECTORS OF BEFIMMO

At its meeting on 14 February 2017, the Board of Directors of Befimmo SA acknowledged the resignation of Mrs Van Overstraeten in her capacity as Director of Befimmo SA.

The Board decided, subject to the agreement of the FSMA, to appoint Mrs Barbara De Saedeleer as an independent Director, to replace Mrs Annick Van Overstraeten from 14 February 2017. Her definitive appointment will be proposed at the next Ordinary General Meeting.

Mrs Barbara De Saedeleer (1970) holds a bachelor degree in marketing and a degree in Business and Financial Studies, specialising in quantitative business economics from Vlekho in Brussels. She began her career in 1994 in Corporate Banking with Paribas Bank Belgium (subsequently Artesia Bank and Dexia Bank Belgium), after which she became Regional Director Corporate Banking for East Flanders. She joined Omega Pharma in 2004 as Group Treasury Manager and subsequently as Head of Finance. She was appointed CFO of Omega Pharma from 2007 until 2016. Mrs De Saedeleer is Managing Director of the consulting firm BDS Management SPRL, specialising in financial and strategic consulting for business.

Befimmo wishes to thank Mrs Annick Van Overstraeten for her contribution to the Board's work.

7. BEFIMMO SHARE

KEY FIGURES

	31.12.2016	31.12.2015
Number of shares issued	*25 579 214*	*23 021 293*
Number of shares not held by the group	*25 579 214*	*23 021 293*
Average number of shares not held by the group	*23 692 223*	*22 198 549*
Highest share price (in €)	61.20	69.70
Lowest share price (in €)	48.60	53.59
Closing share price (in €)	53.36	55.00
Number of shares traded[(a)]	16 916 343	20 379 355
Average daily turnover[(a)]	65 822	79 607
Free float velocity[(a)]	87%	116%
Distribution ratio (in relation to the EPRA earnings)	94%	89%
Gross dividend[(b)] (in € per share)	3.45	3.45
Gross yield[(c)]	6.47%	6.27%
Return on share price[(d)]	3.88%	-2.92%

(a) *Source: Kempen & Co. Based on trading all platforms.*
(b) *Subject to a withholding tax of 27% until December 2016 and of 30% as from January 2017.*
(c) *Gross dividend divided by the closing share price.*
(d) *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.*

EVOLUTION OF THE SHARE PRICE

Against a backdrop of volatile financial markets, the Befimmo share experienced quite substantial fluctuations during the 2016 fiscal year.

On 31 December 2016, it closed at €53.36, as against €55.00 one year earlier. Assuming reinvestment of the dividend distributed in 2016 (€3.45 gross per share) and participation in the capital increase, it offered an annual return on share price of 3.88%. Over the 21 years since its listing, the share has offered a total annualised return of 7.31%[23].

Note that the total number of issued Befimmo shares increased from 23,021,293 to 25,579,214 over the fiscal year, an increase of 11.11% due to the creation, in September 2016, of 2,557,921 new shares within the framework of the capital increase.

As at 31 December 2016, the Befimmo share was trading with a discount of -2.60%. Befimmo's market capitalisation stood at €1,364,906,859.

Based on transactions recorded on all market platforms, the Befimmo share offers good liquidity, with an average daily volume of around 65,822 shares, which corresponds to a free-float velocity of around 87.10%.

8. DIVIDEND FOR THE 2016 FISCAL YEAR

DISTRIBUTION OF THE INTERIM DIVIDEND

As announced in October 2016, Befimmo paid out an interim dividend for the 2016 fiscal year as from 21 December 2016.

This interim dividend amounted to €2.55 gross per share existing before the capital increase of 27 September 2016 (or €1.8615 net per share) and was paid out in cash upon presentation of coupon No 32.

FINAL DIVIDEND FOR THE 2016 FISCAL YEAR

The agenda of the Ordinary General Meeting of shareholders to be held on 25 April 2017, at which the accounts for the 2016 fiscal year are to be approved, will include a proposal for the distribution of a final dividend of €0.90 gross[24] per share.

This final dividend will supplement the interim dividend, bringing the total dividend for the fiscal year to €3.45 gross per share, as forecast.

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[23] Taking into account the reinvestment of the gross dividend (source: KBC Securities).

[24] Based on a 30% withholding tax.

9. KEY DATES FOR SHAREHOLDERS 2017

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[(a)] 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	*from Friday 5 May 2017*
Interim statement as at 31 March 2017	Thursday 11 May 2017[(b)]
Publication of the half-yearly results and online publication of the Half-Yearly Financial Report 2017	Wednesday 19 July 2017[(b)]
Interim statement as at 30 September 2017	Thursday 26 October 2017[(b)]
Payment of the interim[(c)] 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[(b)]
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[(a)] 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*

(a) Subject to a decision of the Ordinary General Meeting.
(b) Publication after closing of the stock exchange.
(c) Subject to a decision of the Board of Directors.

10. OUTLOOK AND DIVIDEND FORECAST[25]

The Auditor has confirmed that its revision of the EPRA earnings budgeted for the years 2017, 2018 and 2019 has been completed as to the substance and has not revealed any material correction to be made to the information included in this press release.

The financial outlook for the next three fiscal years, prepared in accordance with IFRS standards and presented in consolidated form, is based on information available at the closing of the annual accounts (principally existing agreements) and on Befimmo's assumptions and assessments of certain risks.

Befimmo does not publish assumptions about changes in fair value of the financial assets and liabilities (IAS 39) and in fair values of the property portfolio (IAS 40). IAS 39 and 40 aggregates are in fact unrealised items of the income statement. Befimmo is therefore forecasting only its future EPRA earnings.

EPRA EARNINGS OUTLOOK

The forecasts assume a stable perimeter of its property assets and equity. It is assumed, however, that shareholders avail themselves each year of the opportunity to obtain a dividend in new shares of about 30%[26] of the amount of the interim optional dividend net of the withholding tax proposed in December[27], and that disposals of properties (that are no longer strategic) take place in 2017 (worth approximately €3.96 million, based on the fair value of the buildings concerned as at 31 December 2016, representing a current annual rent of €0.2 million as at 31 December 2016). Forecasts do not take account of new acquisitions or any new investments, apart from the projects planned. Accordingly, these projections do not include any assumption about growth.

[25] ***Disclaimer*** This outlook may not be interpreted as a commitment on the part of Befimmo. Whether or not these forecasts will actually be achieved depends on a number of factors beyond Befimmo's control, such as developments on the real-estate and financial markets. Given the present context of uncertainty and economic recession, the assumptions used may be highly volatile in the future. The assumptions and risk assessments seemed reasonable at the time they were made but, since it is impossible to predict future events, they may or may not prove to be correct. Accordingly, Befimmo's actual results, financial situation, performance or achievements, or the market trend, may differ substantially from these forecasts. Given these uncertainties, shareholders should not give undue credence to these forecasts. Moreover, these forecasts are valid only at the time of writing of this press release. Befimmo does not undertake to update the forecasts, for example to reflect a change in the assumptions on which they are based, except of course as required by law, notably the law of 2 August 2002 on the surveillance of the financial sector and financial services, and the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

[26] In 2015, a proportion of 44% of the coupons representing the dividend was reinvested in new shares.

[27] The amount of the interim dividend used in the outlook (covering three quarters) is assumed to be constant at €2.59 gross per share.

ASSUMPTIONS

The following external and internal assumptions were considered when preparing the outlook:

	Realised	Assumptions		
	2016	2017	2018	2019
External assumptions				
Evolution of the health index (annual average)	2.09%	1.81%	1.50%	1.60%
Average of Euribor 1- and 3-month interest rates	-0.30%	-0.33%	-0.25%	0.09%
Internal assumptions				
Impact of the health index on rents (on an annual basis)	1.91%	1.87%	1.50%	1.60%
Perception ratios of rents[(a)]	91.43%	93.67%	90.20%	86.08%
Average financing cost (including margin and hedging costs)	2.26%	2.17%	2.16%	2.23%
Total number of shares at the end of the fiscal year	**25 579 214**	**25 853 277**	**26 130 276**	**26 400 590**

[(a)] *The ratio of actual net income to potential income is calculated by dividing all rents actually received during the fiscal year by all rents that would have been received during that year had not only the let space but also the vacant space been let throughout the year at the estimated rental value (ERV).*

- *The indexing rates applied to rents are based on forecast changes in the health index established by the Planning Office (Bureau du Plan) (five-year plan published in June 2016 and update of the short-term outlook in December 2016).*
- *The interest rates are the average of the forecast Euribor 1 and 3 month rates established by two major Belgian financial institutions and market rates ("forward" rates) over the next three fiscal years. These forecasts were made in late January 2017.*
- *Assumptions about rent collection rates are made on the basis of an individual assessment of each lease. This is the ratio of the net income realised (2016) or budgeted (2017 onwards) to potential income.*
- *The average (annualised) financing cost covers all financial charges, including the theoretical linear amortisation of premiums paid for the purchase of hedging instruments.*

Real-estate assumptions

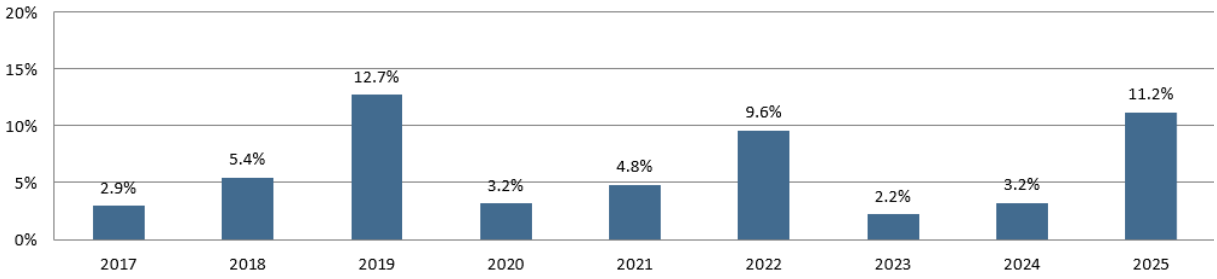
In addition to the general market trends, Befimmo has incorporated into its forecasts the actual characteristics of its buildings, mainly in terms of the rental situation of the portfolio (notably the residual duration of the leases), potential reversion of the rents and the obsolescence of the buildings (technical and environmental performances, etc.).

Expiry of leases

The graph hereafter illustrates the full-year impact (in %) of the lease expiries (first possible break) on contracts signed as at 31 December 2016. This impact is calculated based on the annual current rent as at 31 December 2016. Each percentage corresponds to the sum of the rents for the leases that have an intermediate or final expiry date falling during the year[28].

[28] The rents of leases reaching maturity in December are included in the year following this maturity.

Expiry of leases (first possible break) – Full-year impact (in %)

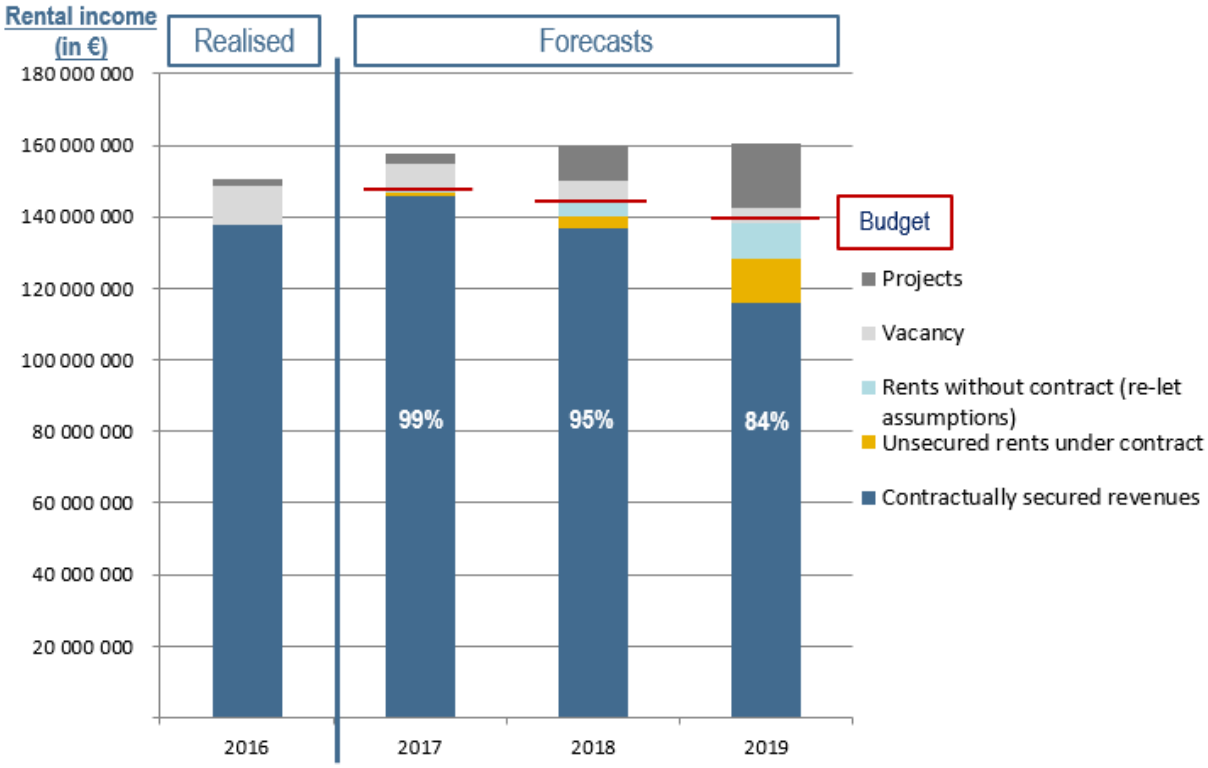


Income guaranteed under contract

The graph hereafter illustrates the risks on income taken into account in the outlook. Rents potentially at risk (with an expiry over the next three years) have been included in the EPRA earnings outlook, based on an estimated probability of the tenant departing.

For example, for the 2017 fiscal year, this graph shows that the budgeted income is 99% guaranteed under contracts. In the same year, 1% of budgeted income is therefore under unsecured contracts (owing to an expiry) and/or based on relet assumptions. Note also that the potential rent from vacant space (shown in grey in the graph) is assessed on the basis of the estimated rental value.

Income guaranteed under contract



Work planned and estimated over the next three years

	Rental space	Location	Type	Forecasts (in € million) 2017	2018	2019
Ikaros Business Park[a]	10 500 m²[a]	Brussels, periphery	Renovation	6.1	4.1	0.6
Guimard	5 500 m²	Brussels CBD, Leopold	Renovation	8.6		
Brederode Corner	6 500 m²	Brussels CBD, centre	Renovation	4.0	7.8	1.5
Eupen - Rathausplatz 2 to 10	7 200 m²	Wallonia	Renovation and construction	5.4	5.6	3.0
Paradis Express	21 000 m²	Wallonia, Liège	Construction	2.3	12.1	24.7
Quatuor Building	60 000 m²	Brussels CBD, North	Construction	2.9	22.2	44.0
WTC II	49 400 m²	Brussels CBD, North	Redevelopment	7.4	8.2	13.7
WTC IV	53 500 m²	Brussels CBD, North	Construction	2.6	2.6	4.7
Energy investments and others				15.7	2.4	2.3
Total				**54.8**	**65.0**	**94.5**

[a] *Phases I, III, IV.*

EPRA EARNINGS FORECAST

(in € thousand)	Realised 2016	Forecasts 2017	2018	2019
Rental income	137 752	147 872	144 124	138 163
Charges linked to letting	- 715	- 930	- 939	- 950
Net rental result	**137 037**	**146 942**	**143 184**	**137 214**
Net property charges	-14 257	-12 855	-7 951	-11 143
Property operating result	**122 780**	**134 087**	**135 233**	**126 070**
Corporate overheads	-10 447	-12 611	-12 577	-12 667
Other operating income and charges (excl. goodwill impairment)	- 596	-2 730	-2 251	64
Operating result before result on portfolio	**111 738**	**118 746**	**120 405**	**113 467**
Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs)	-22 131	-22 081	-22 354	-23 427
Corporate taxes	-2 364	-1 598	-1 599	-1 599
EPRA earnings	**87 243**	**95 067**	**96 452**	**88 442**
EPRA earnings (in € per share)	**3.68**	**3.71**	**3.73**	**3.38**
Average number of shares	*23 692 223*	*25 591 195*	*25 865 386*	*26 142 093*

DIVIDEND FORECAST FOR THE 2017 FISCAL YEAR

The assumptions used for making forecasts indicate that, at constant perimeter, EPRA earnings of about €3.71 per share should be achieved in the 2017 fiscal year.

All other things being equal and based on these forecasts, Befimmo foresees a gross dividend of €3.45[29] per share for the 2017 fiscal year. It may again be paid via an interim dividend of €2.59 gross per share in December 2017 and a final dividend of €0.86 gross per share in May 2018. Based on a share price of €53.36 and based on the net asset value of €54.78 as at 31 December 2016, this dividend would give a gross yield of 6.47% on share price and 6.30% on net asset value.

The dividend in subsequent years will depend on the economic climate, the investment opportunities that the Company takes, and its degree of success in implementing projects, while continuing to benefit from a stable income, thanks to the defensive nature of its property assets.

[29] Subject to a decision of the Ordinary General Meeting.

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 December 2016, the fair value of the portfolio was assessed at €2,511.7 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 infomation:
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11. APPENDIX 1

CONSOLIDATED INCOME STATEMENT (IN € THOUSAND)

		31.12.16	31.12.15
I.	(+) Rental income	137 752	140 063
III.	(+/-) Charges linked to letting	- 715	- 553
NET RENTAL RESULT		**137 037**	**139 510**
IV.	(+) Recovery of property charges	5 727	7 486
V.	(+) Recovery of rental charges and taxes normally paid by tenants on let properties	29 932	29 188
VII.	(-) Rental charges and taxes normally paid by tenants on let properties	-28 421	-28 009
VIII.	(+/-) Other revenue and charges for letting	253	646
PROPERTY RESULT		**144 529**	**148 820**
IX.	(-) Technical costs	-8 526	-9 787
X.	(-) Commercial costs	-1 558	- 911
XI.	(-) Charges and taxes on unlet properties	-4 049	-5 235
XII.	(-) Property management costs	-2 592	-2 494
XIII.	(-) Other property charges	-5 024	-3 691
	(+/-) Property charges	**-21 749**	**-22 118**
PROPERTY OPERATING RESULT		**122 780**	**126 702**
XIV.	(-) Corporate overheads	-10 447	-9 930
XV.	(+/-) Other operating income and charges	- 596	-1 675
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**111 738**	**115 098**
XVI.	(+/-) Gains and losses on disposals of investment properties	1 154	967
XVIII.	(+/-) Changes in fair value of investment properties	21 121	10 984
OPERATING RESULT		**134 013**	**127 048**
XX.	(+) Financial income	1 608	1 066
XXI.	(-) Net interest charges	-20 759	-25 288
XXII.	(-) Other financial charges	-2 980	-3 415
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	-19 112	- 25
	(+/-) Financial result	**-41 243**	**-27 662**
PRE-TAX RESULT		**92 770**	**99 386**
XXV.	(-) Corporation tax	-2 364	-1 459
	(+/-) Taxes	**-2 364**	**-1 459**
NET RESULT		**90 406**	**97 927**
BASIC NET RESULT AND DILUTED (€/share)		**3.82**	**4.41**
Other comprehensive income - actuarial gains and losses - non-recyclable		- 153	131
TOTAL COMPREHENSIVE INCOME		**90 253**	**98 058**

CONSOLIDATED BALANCE SHEET (IN € THOUSAND)

ASSETS		31.12.16	31.12.15
I.	**Non-current assets**	**2 573 948**	**2 459 828**
A.	Goodwill	14 494	14 552
C.	Investment properties	2 511 658	2 387 806
D.	Other property, plant and equipment	2 465	997
E.	Non-current financial assets	43 801	54 809
F.	Finance lease receivables	1 530	1 664
II.	**Current assets**	**39 104**	**40 406**
A.	Properties held for sale	-	484
B.	Current financial assets	2 911	1 814
C.	Finance lease receivables	133	131
D.	Trade receivables	19 995	21 226
E.	Tax receivables and other current assets	11 568	12 996
F.	Cash and cash equivalents	153	215
G.	Deferred charges and accrued income	4 344	3 540
TOTAL ASSETS		**2 613 052**	**2 500 234**

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.16	31.12.15
TOTAL SHAREHOLDERS' EQUITY		**1 401 349**	**1 265 295**
I.	**Equity attributable to shareholders of the parent company**	**1 401 349**	**1 265 295**
A.	Capital	357 871	323 661
B.	Share premium account	792 641	702 548
C.	Reserves	219 134	198 497
D.	Net result for the fiscal year	31 702	40 589
LIABILITIES		**1 211 703**	**1 234 939**
I.	**Non-current liabilities**	**564 325**	**674 530**
A.	Provisions	257	-
B.	Non-current financial debts	538 747	659 360
	a. Credit institution	242 093	209 080
	c. Other	296 654	450 280
	Bond issues	-	*161 910*
	EUPP	*111 092*	*103 813*
	USPP	*183 206*	*182 809*
	Guarantees received	*2 356*	*1 749*
C.	Other non-current financial liabilities	25 321	15 169
II.	**Current liabilities**	**647 378**	**560 410**
A.	Provisions	3 831	2 239
B.	Current financial debts	559 239	464 547
	a. Credit institution	72 261	70 797
	c. Other	486 978	393 750
	Bond issues	161 978	-
	Commercial papers	*325 000*	*393 750*
C.	Other current financial liabilities	15	-
D.	Trade debts and other current debts	44 774	56 483
E.	Other current liabilities	5 588	4 920
F.	Accrued charges and deferred income	33 932	32 221
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2 613 052**	**2 500 234**

12. APPENDIX 2

GLOSSARY OF THE "ALTERNATIVE PERFORMANCE MEASURES"

Alternative Performance Measure	Definition	Use
Net property charges	The sum of various property charges, net of amounts recoverable from tenants (corresponds to the sum of headings IV to XIII of the consolidated statement of total comprehensive income).	Gives an overview of all net property charges.
Other operating income and charges (excluding goodwill impairment)	Heading XV 'Other operating income and charges' minus any goodwill impairment.	Used to compare forecasts and actual figures in heading XV 'Other operating income and charges'. Any goodwill impairment is not budgeted.
Operating margin	'Operating result before result on portfolio' divided by 'Net rental result'.	Used to assess the Company's operating performance.
Net property result	'Operating result before result on portfolio' plus heading XVI 'Gains and losses on disposals of investment properties'.	Used to identify the operating profit before changes in the fair value of investment property.
Financial result (excluding changes in fair value of financial assets and liabilities and close-out costs)	'Financial result' minus heading XXIII 'Changes in fair value of financial assets and liabilities' and any gains or losses realised on financial assets and liabilities (i.e. close-out costs).	Used to compare forecasts and actual figures in the financial results.
Net result before changes in fair value of investment properties and financial assets and liabilities	'Net result' minus heading XVIII 'Changes in fair value of investment property' and heading XXIII 'Changes in fair value of financial assets and liabilities'.	Used to identify the net result before changes in the fair value of investment property and of the financial assets and liabilities.
"Like-for-Like" net rental result	Net rental result of properties available for lease at constant perimeter for two consecutive periods. The 'Like-for-Like' scope is calculated on the basis of the EPRA definition.	Used to measure the change in rental income of properties available for lease at constant floor area for two consecutive periods.
Loan-to-value ("LTV")	Nominal financial debt minus balance sheet heading II.F. 'Cash and cash equivalents', divided by the sum of balance sheet headings I.C. "Investment property" and II.A. 'Properties held for sale'. Nominal financial debts are the accounting financial debts excluding IFRS adjustments, in other words excluding the reassessment at fair value of financial assets and liabilities and the smoothing of debt issuance costs.	This is the debt ratio calculated on the basis of the fair value of the property portfolio.
Average (annualised) financing cost	Interest paid, including the credit margin, the cost of the hedging instruments and liquidity cost, divided by the average nominal financial debt over the period concerned.	Used to measure the average cost of the Company's financial debt.
Return on shareholders' equity (in € per share)	The return obtained by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and the participation in operations to strengthen the Company's capital. The calculation is based on the average number of shares not held by the group over a 12-month period.	Used to measure the profitability over 12 months (in €/share) of a shareholder's investment on the basis of the value of shareholders' equity.
Return on shareholders' equity (in %)	The internal rate of return earned by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and the participation in operations to strengthen the Company's capital. The calculation is based on the average number of shares not held by the group over a 12-month period.	Used to measure the profitability over 12 months (in %) of a shareholder's investment on the basis of the value of shareholders' equity.

RECONCILIATION TABLES OF THE "ALTERNATIVE PERFORMANCE MEASURES"

AVERAGE (ANNUALISED) FINANCING COST

(in thousand €)	31-12-16	31-12-15
Interest paid	24 212	28 942
Annualised interest paid (A)	24 212	28 942
Annualised nominal financial debts (B)	1 072 370	1 087 415
Average (annualised) financing cost (A/B)	**2.26%**	**2.66%**

LOAN-TO-VALUE

(in thousand €)	31-12-16	31-12-15
Nominal financial debts (A)	1 063 413	1 090 683
II. F. Cash and cash equivalents (B)	153	215
I. C. Investment properties (D)	2 511 658	2 387 806
II. A. Assets held for sale (E)	-	484
Fair value of portfolio at the closing date (C = D+E)	**2 511 658**	**2 388 290**
Loan-to-value (A-B)/C	**42.33%**	**45.66%**

NET RENTAL RESULT IN "LIKE-FOR-LIKE"

(in thousand €)	31-12-16	31-12-15
Net rental result (A)	137 037	139 510
Net rental result linked to change in perimeter (B)	530	1 596
Net rental result on properties not available for lease (C)	490	1 392
Net rental result in « Like-for-Like » (A-B-C)	**136 017**	**136 522**

NET RESULT BEFORE CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES AND FINANCIAL ASSETS AND LIABILITIES

(in thousand €)	31-12-16	31-12-15
Net result (A)	90 406	97 927
XVIII. Changes in fair value of investment properties (B)	21 121	10 984
XXIII. Changes in fair value of financial assets and liabilities (C)	-19 112	- 25
Net result before changes in fair value of investment properties and financial assets and liabilities (A-B-C)	**88 397**	**86 968**

FINANCIAL RESULT (EXCL. THE CHANGES IN FAIR VALUE OF THE FINANCIAL ASSETS AND LIABILITIES AND CLOSE-OUT COSTS)

(in thousand €)	31-12-16	31-12-15
Financial result (A)	-41 243	-27 662
XXIII. Changes in fair value of financial assets and liabilities (B)	-19 112	- 25
Net losses realised on financial assets and liabilities: close-out costs (C)	-	- 142
Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs) (A-B-C)	**-22 131**	**-27 495**

NET PROPERTY RESULT

(in thousand €)	31-12-16	31-12-15
Operating result before result on portfolio	111 738	115 098
XVI. Gains or losses on disposals of investment properties	1 154	967
Net property result	**112 892**	**116 064**

OPERATING MARGIN

(in thousand €)	31-12-16	31-12-15
Operating result before result on portfolio (A)	111 738	115 098
Net rental result (B)	137 037	139 510
Operating margin (A/B)	**81.5%**	**82.5%**

OTHER OPERATING INCOME AND CHARGES (EXCLUDING GOODWILL IMPAIRMENT)

(in thousand €)	31-12-16	31-12-15
XV. Other operating income and charges (A)	- 596	-1 675
Goodwill impairment (B)	-	- 138
Other operating income and charges (excluding goodwill impairment) (A-B)	**- 596**	**-1 536**

NET PROPERTY CHARGES

(in thousand €)	31-12-16	31-12-15
IV. Recovery of property charges	5 727	7 486
V. Recovery of rental charges and taxes normally paid by tenants on let properties	29 932	29 188
VI. Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-	-
VII. Rental charges and taxes normally paid by tenants on let properties	-28 421	-28 009
VIII. Other revenue and charges for letting	253	646
IX. Technical costs	-8 526	-9 787
X. Commercial costs	-1 558	- 911
XI. Charges and taxes on unlet properties	-4 049	-5 235
XII. Property management costs	-2 592	-2 494
XIII. Other property charges	-5 024	-3 691
Net property charges	**-14 257**	**-12 808**

13. APPENDIX 3

TABLES OF THE EPRA BEST PRACTICES RECOMMENDATIONS[30]

The Auditor has confirmed that its control of the EPRA indicators has been substantially completed and has not revealed any material correction to be made to the financial information included in this press release.

EPRA EARNINGS

(in € thousand)	31.12.2016	31.12.2015
Net result IFRS	**90 406**	**97 927**
Net result IFRS (in € per share)	**3.82**	**4.41**
Adjustments to calculate EPRA earnings	- 3 163	- 11 645
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	- 21 121	- 10 984
II. Result on disposals of investment properties	- 1 154	- 967
V. Negative goodwill/goodwill impairment	-	138
VI. Changes in fair value of financial assets and liabilities and close-out costs	19 112	167
EPRA earnings	**87 243**	**86 282**
EPRA earnings (in € per share)	**3.68**	**3.89**

EPRA COST RATIO[31]

(in € thousand)	31.12.2016	31.12.2015
Net administrative and operating expenses in the income statement	**-25 419**	**-23 280**
III. (+/-) Rental charges	- 715	- 553
Net property charges	-14 257	-12 808
XIV. (-) Corporate overheads	-10 447	-9 930
XV. (+/-) Other operating income and charges	- 596	-1 675
Exclude:		
i. Impact of the spreading of gratuities	595	1 547
ii. Negative goodwill/goodwill impairment	-	138
EPRA costs (including direct vacancy costs) (A)	**-25 419**	**-23 280**
XI. (-) Charges and taxes on unlet properties	4 049	5 235
EPRA costs (excluding direct vacancy costs) (B)	**-21 370**	**-18 045**
I. (+) Rental income	137 752	140 063
Gross rental income (C)	**137 752**	**140 063**
EPRA cost ratio (including direct vacancy costs)[(a)] (A/C)	**18.45%**	**16.62%**
EPRA cost ratio (excluding direct vacancy costs)[(a)] (B/C)	**15.51%**	**12.88%**

[(a)] This is an Alternative Performance Measure.

[30] The definitions of the EPRA indicators are published in the Annual Financial Report 2015 on page 59. Source: EPRA Best Practices (www.epra.com).

[31] For more information, please refer to "Analysis of the net result" on page 18 of this press release.

EPRA NAV & NNNAV

(in € thousand)	31.12.2016	31.12.2015
Net asset value	**1 401 349**	**1 265 295**
Net asset value (in € per share)	**54.78**	**54.96**
To include:		
II. Revaluation at fair value of finance lease credit	184	173
To exclude:		
IV. Fair value of financial instruments	17 753	- 1 359
EPRA NAV	**1 419 287**	**1 264 109**
EPRA NAV (in € per share)	**55.49**	**54.91**
To include:		
I. Fair value of financial instruments	- 17 753	1 359
II. Revaluations at fair value of fixed-rate loans	- 12 621	- 15 461
EPRA NNNAV	**1 388 912**	**1 250 007**
EPRA NNNAV (in € per share)	**54.30**	**54.30**

EPRA NET INITIAL YIELD (NIY) & TOPPED-UP (NIY)

(in € thousand)	31.12.2016	31.12.2015
Investment properties and properties held for sale	2 511 658	2 388 290
To exclude:		
Properties that are being constructed or developed for own account in order to be leased	- 66 327	- 157 386
Properties held for sale	-	- 484
Properties available for lease	2 445 330	2 230 420
To include:		
Allowance for estimated purchasers' cost	61 997	56 422
Investment value of properties available for lease (B)	**2 507 327**	**2 286 842**
Annualised cash passing rental income	148 028	138 692
To exclude:		
Property charges[(a)]	- 6 402	- 6 464
Annualised net rents (A)	**141 626**	**132 228**
To include:		
- Notional rent expiration of rent free periods or other lease incentives	1 764	1 593
- Future rent on signed contracts	2 410	1 292
Topped-up annualised net rents (C)	**145 801**	**135 113**
(in %)		
EPRA Net Initial Yield (A/B)	**5.65%**	**5.78%**
EPRA Topped-up Net Initial Yield (C/B)	**5.81%**	**5.91%**

[(a)] *The scope of the property charges to be excluded for calculating the EPRA Net Initial Yield is defined in the EPRA Best Practices and does not correspond to "property charges" as presented in the consolidated IFRS accounts.*

EPRA VACANCY RATE

(in € thousand)	31.12.2016	31.12.2015
Estimated rental value (ERV) on vacant space (A)	8 372	8 805
Estimated rental value (ERV) (VLE) (B)	146 673	138 743
EPRA vacancy rate of properties available for lease (A)/(B)	**5.71%**	**6.35%**

EPRA LIKE-FOR-LIKE RENTAL GROWTH

Segment	31.12.2016						31.12.2015						Evolution
(in € thousand)	Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties held for sale	Properties that are being constructed or developed[1]	Total net rental income[2]	Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties held for sale	Properties that are being constructed or developed[1]	Total net rental income[2]	Properties owned throughout 2 consecutive years
Brussels CBD and similar	77 672	285			- 214	77 743	77 619	- 4			593	78 208	0.07%
Brussels decentralised	3 333		80		0	3 413	2 173		105			2 278	53.37%
Brussels periphery	7 112				0	7 112	6 859					6 859	3.69%
Wallonia	9 112		- 3		234	9 343	8 835		636[3]		231	9 702	3.13%
Flanders	28 312				16	28 329	28 854		145		217	29 215	-1.88%
Luxembourg city	3 452				0	3 452	5 031					5 031	-31.39%
Total	**128 993**	**285**	**77**	**-**	**36**	**129 391**	**129 371**	**- 4**	**886**	**-**	**1 041**	**131 294**	**-0.29%**
Reconciliation to the consolidated IFRS income statement													
Net rental income related to:													
- Properties booked as financial leases (IAS 17)						- 2						- 2	
- Compensation for early termination of a lease contract in 2015												1 194	
Other property charges						**- 6 608**						**- 5 784**	
Property operating result in the consolidated IFRS income statement						**122 780**						**126 702**	

1. *These are properties that are being constructed or developed for own account in order to be leased.*
2. *The total "Net rental income" defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "Property operating result" of the consolidated IFRS accounts.*
3. *Including the net rental income of the old Paradis Tower in Liège (€437 thousand), which was demolished in 2016.*