FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME (IN € THOUSAND) G4-EC1

		Notes	31.12.15	31.12.14
I.	(+) Rental income	5	140 063	139 690
III.	(+/-) Charges linked to letting	6	- 553	- 995
NET RENTAL RESULT			**139 510**	**138 695**
IV.	(+) Recovery of property charges	7	7 486	11 525
V.	(+) Recovery of rental charges and taxes normally paid by tenants on let properties	8	29 188	26 309
VII.	(-) Rental charges and taxes normally paid by tenants on let properties	8	-28 009	-25 834
VIII.	(+/-) Other revenue and charges for letting		646	224
PROPERTY RESULT			**148 820**	**150 919**
IX.	(-) Technical costs	7	-9 787	-14 300
X.	(-) Commercial costs	7	- 911	-1 092
XI.	(-) Charges and taxes on unlet properties	7	-5 235	-3 586
XII.	(-) Property management costs	7	-2 494	-2 828
XIII.	(-) Other property charges	7	-3 691	-5 923
	(+/-) Property charges		**-22 118**	**-27 729**
PROPERTY OPERATING RESULT			**126 702**	**123 189**
XIV.	(-) Corporate overheads	9	-9 930	-11 110
XV.	(+/-) Other operating income and charges	10	-1 675	1 289
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**115 098**	**113 369**
XVI.	(+/-) Gains and losses on disposals of investment properties	11	967	632
XVIII.	(+/-) Changes in fair value of investment properties	12	10 984	9 278
OPERATING RESULT			**127 048**	**123 280**
XX.	(+) Financial income	13	1 066	128
XXI.	(-) Net interest charges	13	-25 288	-25 574
XXII.	(-) Other financial charges	13	-3 415	-2 657
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	13	- 25	-25 194
	(+/-) Financial result		**-27 662**	**-53 298**
PRE-TAX RESULT			**99 386**	**69 982**
XXV.	(-) Corporation tax	14	-1 459	-1 119
	(+/-) Taxes		**-1 459**	**-1 119**
NET RESULT		15	**97 927**	**68 863**
BASIC NET RESULT AND DILUTED (in €/share)			**4.41**	**3.19**
Other comprehensive income - actuarial gains and losses - non-recyclable		33	131	- 530
TOTAL COMPREHENSIVE INCOME			**98 058**	**68 333**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN € THOUSAND)

G4-9

ASSETS		Notes	31.12.15	31.12.14
I.	**Non-current assets**		**2 459 828**	**2 322 040**
A.	Goodwill	16	14 552	14 808
C.	Investment properties	17	2 387 806	2 283 268
D.	Other property, plant and equipment	18	997	709
E.	Non-current financial assets	19	54 809	21 461
F.	Finance lease receivables	20	1 664	1 794
II.	**Current assets**		**40 406**	**31 891**
A.	Properties held for sale	17	484	1 967
B.	Current financial assets	19	1 814	1 740
C.	Finance lease receivables	20	131	128
D.	Trade receivables	21	21 226	20 529
E.	Tax receivables and other current assets	22	12 996	3 562
F.	Cash and cash equivalents	23	215	82
G.	Deferred charges and accrued income	24	3 540	3 883
TOTAL ASSETS			**2 500 234**	**2 353 931**

SHAREHOLDERS' EQUITY AND LIABILITIES		Notes	31.12.15	31.12.14
TOTAL SHAREHOLDERS' EQUITY			**1 265 295**	**1 195 448**
I.	**Equity attributable to shareholders of the parent company**		**1 265 295**	**1 195 448**
A.	Capital	25	323 661	319 066
B.	Share premium account	25	702 548	688 688
C.	Reserves	25	198 497	175 070
D.	Net result for the fiscal year[1]		40 589	12 624
LIABILITIES			**1 234 939**	**1 158 483**
I.	**Non-current liabilities**		**674 530**	**557 623**
B.	Non-current financial debts	26	659 360	534 261
	a. Credit institution		209 080	175 880
	c. Other		450 280	358 381
	Bond issues		*161 910*	*161 842*
	EUPP		*103 813*	*30 000*
	USPP		*182 809*	*164 579*
	Guarantees received		*1 749*	*1 960*
C.	Other non-current financial liabilities	27	15 169	23 362
II.	**Current liabilities**		**560 410**	**600 859**
A.	Provisions	28	2 239	2 854
B.	Current financial debts	26	464 547	514 301
	a. Credit institution		70 797	30 763
	c. Other		393 750	483 538
	Bond issues		-	*110 038*
	Commercial papers		*393 750*	*373 500*
C.	Other current financial liabilities	27	-	161
D.	Trade debts and other current debts	29	56 483	57 277
E.	Other current liabilities	30	4 920	4 607
F.	Accrued charges and deferred income	31	32 221	21 659
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			**2 500 234**	**2 353 931**

1. The difference between the "Net result for the fiscal year" of the Consolidated statement of financial position and the "Net result" of the Consolidated statement of total comprehensive income represents the interim dividend.

CONSOLIDATED CASH FLOW STATEMENT (IN € THOUSAND)

	31.12.15	31.12.14
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	**82**	**1 524**
Operating activities (+/-)		
Net result for the period	97 927	68 863
Result on disposal of investment properties	- 967	- 632
Financial result (excl. changes in fair value of financial assets and liabilities)	27 637	28 104
Taxes	1 459	1 119
Items with no effect on cash flow to be extracted from earnings		
Fair value adjustment for investment properties (+/-)	-10 984	-9 278
Fair value adjustment on non-current financial assets/liabilities booked to earnings (+/-)	25	25 194
Loss of (gain in) value on trade receivables (+/-)	- 50	451
Goodwill impairment	138	-
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)	374	782
Adjustments of provisions and of the pension liabilities without treasury impact (+/-)	- 484	-2 680
Taxes paid	-1 416	-1 124
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	**113 660**	**110 798**
Change in assets items	-8 233	-2 534
Change in liabilities items	9 699	-13 408
CHANGE IN WORKING CAPITAL REQUIREMENTS	**1 466**	**-15 942**
CASH FLOW FROM OPERATING ACTIVITIES	**115 126**	**94 855**
Investments (-) / Disposals (+)		
Investment properties		
Investments	-29 453	-65 806
Disposals	7 036	6 272
Acquisition investment property Rue aux Choux 35 (amount in cash)	-	-4 444
Acquisition of the Gateway project	-68 461	-
Other property, plant and equipment	- 662	- 744
CASH FLOW FROM INVESTMENT ACTIVITIES	**-91 540**	**-64 722**
Financing (+/-)		
Increase (+)/Decrease (-) in financial debts	93 142	18 702
European private bond placements	74 000	30 000
Reimbursement retail bond December 2011	-110 000	-
Interest paid	-27 397	-30 513
Hedging instruments and other financial assets	-24 986	- 493
Final dividend Befimmo of the 2013 fiscal year	-	-17 227
Optional interim dividend of the 2014 fiscal year	-	-31 528
Final dividend Befimmo of the 2014 fiscal year	-19 039	-
Optional interim dividend of the 2015 fiscal year	-38 428	-
Purchase of own shares within the framework of the BE-REIT status change[1]	-	- 413
Sale of own shares	29 711	-
Costs for capital increase (-)	- 456	- 103
CASH FLOW FROM FINANCING ACTIVITIES	**-23 453**	**-31 575**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**132**	**-1 442**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**215**	**82**

With a view to establishing a consolidated cash flow statement in line with the income statement and with industry practice, the Company has decided to book cash flows related to interest payments under "Cash flow from financing activities". The consolidated cash flow statement as at 31 December 2014 is presented taking into account this reclassification, namely by reclassifying the sum of -€31.0 million under "Cash flow from financing activities", from "Cash flow from operating activities" (€28.1 million) and "Cash flow from investment activities" (€2.9 million). Before reclassification, these headings amounted to -€0.5 million, +€66.7 million and -€67.6 million respectively

1.Change of status in a public BE-REIT (SIR/GVV) approved by the Extraordinary General Meeting of shareholders on 21 October 2014.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IN € THOUSAND)

	Capital	Share premium account	Reserves	Net result of the fiscal year	Total shareholders' equity	
EQUITY AS AT 31.12.13	**310 293**	**662 080**	**170 252**	**22 989**	**1 165 614**	
Appropriation of the result	-	-	22 989	-22 989	-	
Dividend distributed	-	-	-17 227	-	-17 227	
Befimmo 2013 final dividend	-	-	-17 227	-	-17 227	
Purchase of own shares within the framework of the BE-REIT status change[1]	-	-	- 413	-	- 413	
Capital increase linked to the contribution in kind of the Rue aux Choux 35 building	2 638	8 057	-	-	10 695	
Interim dividend	6 135	18 551	-	-56 240	-31 554	2
Befimmo 2014 interim dividend	-	-	-	-56 240	-56 240	
Capital increase	6 135	18 551	-	-	24 686	
Total comprehensive income	-	-	- 530	68 863	68 333	
EQUITY AS AT 31.12.14	**319 066**	**688 688**	**175 070**	**12 624**	**1 195 448**	
Appropriation of the result	-	-	12 624	-12 624	-	
Dividend distributed	-	-	-19 039	-	-19 039	
Befimmo 2014 final dividend	-	-	-19 039	-	-19 039	
Private placement of own shares of 30 November 2015	- 403	-	29 711	-	29 308	
Interim dividend	4 998	13 859	-	-57 338	-38 481	3
Befimmo 2015 interim dividend	-	-	-	-57 338	-57 338	
Capital increase	4 998	13 859	-	-	18 857	
Total comprehensive income	-	-	131	97 927	98 058	
EQUITY AS AT 31.12.15	**323 661**	**702 548**	**198 497**	**40 589**	**1 265 295**	

1. Change of status in a public BE-REIT (SIR/GVV) approved by the Extraordinary General Meeting of shareholders on 21 October 2014.
2. The amount of -€31,544 thousand is the sum of the portion of the interim dividend paid in cash plus the withholding tax on the whole of the interim dividend (paid in cash or as a contribution to Befimmo's capital).
3. The amount of -€38,481 thousand is the sum of the portion of the interim dividend paid in cash plus the withholding tax on the whole of the interim dividend (paid in cash or as a contribution to Befimmo's capital).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General business information

Befimmo (“the Company”) is a public BE-REIT (Société Immobilière Réglementée/Gereglementeerde Vastgoedvennootschap). It is organised as a "Société Anonyme" (Limited-Liability Company). Its registered office is at Chaussée de Wavre 1945, 1160 Brussels (Belgium).

The Company closes its fiscal year at 31 December. Befimmo has a 100% holding, directly or indirectly, in its subsidiaries Axento SA, Befimmo Property Services SA, Beway SA, Fedimmo SA, Meirfree SA and Vitalfree SA. All the subsidiaries of Befimmo close their fiscal years at 31 December.

The Company is presenting consolidated financial statements as at 31 December 2015. The Board of Directors of Befimmo SA adopted the financial statements for this fiscal year on 16 February 2016 and authorised its publication on 26 February 2016.

The Company's business is the provision of office premises and associated services.

As at 31 December 2015, the premises provided consisted of quality office buildings in Belgium, mainly in Brussels and in the main Belgian cities, and the Grand Duchy of Luxembourg, two thirds of which are let to public institutions and the remainder to multinationals and Belgian companies.

The Company is listed on Euronext Brussels.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union. Except where otherwise specified, they are denominated in thousands of euros, rounded to the nearest thousand. Accounting policies have been applied consistently to the fiscal years presented.

In preparing its consolidated financial statements as at 31 December 2015, the Company has analysed and, as the case may be, has applied the following new or amended standards and interpretations which entered force during the fiscal year opening on 1 January 2015:

- IFRIC Interpretation 21 – *Levies* which relates to the timing of the recognition of such levies. The impact of this new interpretation lies in the recording of real-estate withholding taxes, and regional and local property taxes. These withholding taxes and levies must indeed be fully recognised at the start of the fiscal year, thereby significantly increasing property charges in the half-yearly report as at 30 June of the fiscal year. This impact is nevertheless neutral on the annual result.
- Annual Improvements to IFRS (2011-2013) which had no impact on the financial statements. These improvements are applicable for annual periods beginning on or after 1 January 2015.

Furthermore, the Company has anticipated the following new or amended standards or interpretations issued before the date that the consolidated financial statements were closed, but with a date of entry into force later than the fiscal period closing at 31 December 2015:

- IFRS 9 – *Financial Instruments* and related amendments that restructure the treatment of financial instruments. The impact of these new provisions is under review and could relate in particular to the evaluation model of impairment losses on trade receivables and the fair value option for financial liabilities. IFRS 9 is applicable for annual periods beginning on or after 1 January 2018 but has not yet been adopted at European level.
- IFRS 15 – *Revenue from Contracts with Customers* which develops the principles of recognition and measurement of revenue by replacing IAS 18 and IAS 11 and related interpretations. The impact of this new standard is under review. However, since the revenue generated by the Group comes mainly from leases that are excluded from the scope of IFRS 15, the potential impacts should be limited. This new standard is applicable for annual periods beginning on or after 1 January 2018 but has not yet been adopted at European level.
- Annual Improvements to IFRS (2010-2012) which should not have any impact on the financial statements. These improvements are applicable for annual periods beginning on or after 1 February 2015.
- Annual Improvements to IFRS (2012-2014) which should not have any impact on the financial statements. These improvements are applicable for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 19 – *Employee Benefits – Employee Contributions* which should not have any impact on the financial statements. These improvements are applicable for annual periods beginning on or after 1 February 2015.
- Amendments to IFRS 11 – *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*, which should not have any impact on the financial statements. These amendments are applicable for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38 – *Property, Plant and Equipment and Intangible Assets – Clarification on Acceptable Methods of Depreciation and Amortisation*, which should not have any impact on the financial statements. These improvements are applicable for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 27 – *Separate Financial Statements – Equity Method*. These amendments will have no impact on the financial statements. These amendments are applicable for annual periods beginning on or after 1 January 2016.
- Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment Entities: Applying the Consolidation Exception*, which should not have any impact on the financial statements. These amendments are applicable for annual periods beginning on or after 1 January 2016 but have not yet been adopted at European level.
- Amendments to IFRS 10 and IAS 28 – *Sales or Contribution of Assets between Investor and its Associate Joint Venture*, which should not have any impact on the consolidated financial statements. The date of entry into force of these amendments was postponed so that adoption at European level was also postponed.
- Amendments to IAS 1 – *Presentation of Financial Statements – Disclosure Initiative*. The potential impact of these amendments on the information provided in the notes is under review. These amendments are applicable for annual periods beginning on or after 1 January 2016.

New standard IFRS 16 - *Leases* published on 13 January 2016 will come into force for fiscal years from 1 January 2019 onwards. This new standard should have a limited impact within the accounts of Befimmo.

Most of Befimmo's assets and liabilities are carried at fair value in the IFRS balance sheet.

The balance sheet assets consist primarily of investment properties, valued by independent experts and carried at fair value. Most other asset items are short-term, so their carrying amount is almost equivalent to their fair value.

The balance sheet liabilities consist mainly of financial borrowings. Borrowings at floating rates have a carrying amount equivalent to their fair value, while fixed-rate loans are either recognised at fair value (estimated by calculating an update of future flows. This exception (fair-value option) was chosen for the United States private placement (USPP) debt only, which has its own specific interest-rate and currency hedging also assessed at fair value) or carried in the accounts at amortised cost (this applies to the two bond issues, the European private placements and the debts related to the assignment of future rents and future usufruct fees). The other liabilities items are short-term, so their carrying amount is almost equivalent to their fair value.

2.2. General principles of consolidation

For reading the financial statements, the following definitions apply:

Subsidiary

A subsidiary controls an investee, pursuant to the IFRS 10 standard §7, i.e. when:

- it has power over the investee;
- it has the right, or is exposed to variable returns from its involvement with the investee; and
- it had the ability to use its power to affect the amount of return it acquires over the investee.

A subsidiary is consolidated by full incorporation from the date on which the Company obtains control. It is deconsolidated on the date on which that control ceases.

Jointly controlled entity

A jointly controlled entity is an entity of which the Company and one or more other shareholders have joint control under a contractual arrangement.

A jointly controlled entity is accounted using the equity method from the date the Company has joint control, and until such time as it ceases.

Business combinations

A business combination is an undertaking over which the Company has significant influence but no controlling interest. It is accounted using the equity method.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated in proportion to the Company's interest in such entities.

Unrealised losses are eliminated in the same way as unrealised gains, but only if there is no indication of any impairment.

2.3. Business combinations and goodwill

When the Company takes control of a business as defined in standard IFRS 3 – *Business Combinations*, the assets, liabilities and any identifiable liabilities of the business acquired are recorded separately at fair value.

The difference between the fair value of the consideration transferred to the vendor and the share of the fair value of the net asset acquired is booked under goodwill on the assets side of the balance sheet.

If that difference is negative (often termed “negative goodwill” or “badwill”), after confirmation of the values, it is booked straight to the income statement.

Costs related with acquisition, such as fees paid to consultants, are expensed directly. Goodwill is subject to an impairment test carried out at least once a year in accordance with IAS 36 – *Depreciation of Assets*.

2.4. Foreign currency

Foreign currency transactions

Foreign currency transactions are recorded initially at the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are then remeasured at closing rate when the financial statements are prepared. Any losses or profits from remeasurement are recognised in the income statement.

Profits or losses arising from foreign currency transactions are recorded in the income statement under "Financial loss or gain".

Foreign operations

In the context of the consolidation, assets and liabilities of operations outside the euro zone are converted into euros at the closing rate when the financial statements are prepared. Income statement items are converted into euros at the average exchange rate for the period.

The resulting translation differences are booked to the equity item "Financial result".

2.5. Intangible assets

Intangible assets are recognised only when it is probable that the expected future economic benefits associated with the asset will flow to the Company and its cost can be measured reliably. They are initially measured at cost, then evaluated by subtracting accumulated depreciation and impairment losses from that cost.

Intangible assets are amortised using the straight-line method to allocate the cost over the best possible estimate of the useful life of the asset. The useful life and amortisation method of intangible assets are reviewed at least at each financial year end.

2.6. Investment properties

2.6.1. General principles

Properties available for lease and under renovation are classed as investment properties.

Investment property is measured initially at its cost, including related transaction costs and non-deductible VAT. For buildings acquired through a merger, split or contribution of a branch of activity, taxes on the potential capital gains on the companies absorbed are included in the cost of the assets. After initial recognition, investment properties are carried at fair value.

Properties that are being constructed or developed for own account, in order to be leased are also valued at fair value.

An independent expert determines the investment value of the property portfolio (also known as "deed-in-hands value"). This valuation is based on the present value of the net rental income in accordance with the International Valuation Standards, established by the International Valuation Standards Committee, as set out in the expert's report. The fair value of the investment property is obtained by subtracting from this investment value the amount of expenses and taxes (registration duties and/or value added tax, notary's expenses, etc.) that the investor has to defray in order to acquire ownership of the property. Based on the various transfer methods in use on the market, the average rate of these transaction costs amounts to 2.5%[1] for properties valued at more than €2.5 million and 10% or 12.5% for properties below that value, depending on their location.

The independent expert establishes the investment value of the real-estate portfolio in detail at the end of each fiscal year. At the end of each quarter, the expert updates the valuation in line with market developments and the specific characteristics of the properties. Any gain or loss arising from a change in fair value is posted in the income statement, including those arising from the first valuation.

2.6.2. Commissions paid to real-estate agents and other transaction costs

The initial carrying value of the assets includes the fees for the acquisition of investment properties. The same applies to the purchase of shares in a property company, a contribution in kind of a property in consideration for new shares, or a contribution of assets through a merger with or takeover of a property company. However, when the transaction establishes a business combination, the costs associated with the transaction are expensed directly in the income statement.

Commissions relating to property rentals are recorded as costs in the income statement.

2.6.3. Works carried out on investment properties

The accounting treatment of works carried out on investment properties depends on the type of work concerned:

Improvement works

This is occasional work to improve the functionality of a building or significantly improve comfort, in order to increase the rent and hence the estimated rental value.

The cost of this work is capitalised within the asset's carrying amount provided and to the extent that the independent expert recognises an appreciation in the value of the property as a result of the work done.

Example: installation of an air-conditioning system where one did not previously exist.

[1] Average transactions costs paid, as recorded by experts on the Belgian market. This accounting method is described at length in the BeAMA press release of 8 February 2006.

Major renovation works

This is work done at the end of a building's life cycle to carry out a thorough renovation of the building using modern techniques, generally retaining the existing structure.

These costs are capitalised within the asset's carrying amount.

In accordance with IAS 23 – *Borrowing Costs*, borrowing costs are capitalised and charged to the balance sheet under the heading "Investment properties", provided that the building in question does not generate income during this period. By the same logic, withholding taxes, levies and other property charges on fully renovated properties that are not earning income are recognised on the assets side of the balance sheet.

Maintenance and repair

Expenditure relating to maintenance and repair work which does not add any extra functionality to or increase the standard of comfort of the building is recorded as charges in the income statement.

2.6.4. Investment property occupied by owner

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

If the Company occupies only a minimal part of the property it owns, the whole property is recognised as an investment property at fair value.

2.7. Other property, plant and equipment

Other tangible assets are recorded at cost, less accumulated depreciation and impairment losses. This cost includes all direct costs and appropriate allocation of indirect costs incurred to bring the asset to working condition for its intended use.

The straight-line depreciation method is applied through the estimated useful life of the assets. The useful life and depreciation method are reviewed at least at each financial year end.

Useful life is defined as follows per main type of asset:

- Computer equipment: 3 years;

  Office furniture and fittings: 5 years;
- Office equipment: 10 years;
- Finance-leased equipment: duration of contract.

2.8. Financial assets

Financial assets are classified in the balance sheet as current or non-current financial assets, based on the intention or probability of realisation within twelve months at the balance sheet date.

There are four types of financial asset: (i) assets held to maturity, (ii) assets at fair value through profit or loss, (iii) assets available for sale and (iv) loans and receivables.

(i) Held-to-maturity assets

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective-interest method.

(ii) Assets at fair value through profit or loss

These assets include:

- assets held for trading, i.e. assets acquired principally for the purpose of selling in the short term;
- assets designated by management to be recognised based on the fair value option in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*.

These two categories of assets are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value are booked to the income statement in the period in which they arise.

(iii) Assets available for sale

These are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Assets available for sale are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in equity. In case of sale or impairment, the accumulated fair-value adjustments already recorded in equity are transferred to the income statement.

(iv) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They arise when the Company provides money directly to a debtor with no intention of trading the receivable.

Loans and receivables are stated at amortised cost, i.e. their carrying amount less appropriate allowance for irrecoverable amounts, plus or minus the cumulative amortisation using the effective-interest method of any difference between the initial amount and the maturity amount. The amount of the allowance is recognised in the income statement.

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to interest-rate and currency risks arising from the financing of its activities. The Company does not hold or issue derivative financial instruments for proprietary trading purposes.

However, derivatives that do not qualify for hedge accounting (IFRS) are recorded as "Permitted hedging instruments to which hedge accounting as defined in IFRS is not applied".

Derivative financial instruments are recognised initially at cost. Subsequently they are stated at fair value. Recognition of any resulting gain or loss depends on whether or not hedge accounting is applied and possibly on the nature of the item being hedged.

At inception of the hedge, the derivative is designated either as (i) a hedge of the fair value of recognised assets or liabilities or of a firm commitment, or (ii) a hedge of future cash flow. Based on these criteria, changes in fair value of derivatives are recorded as follows:

(i) Fair-value hedge

Changes in the fair value of these derivatives are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash-flow hedge

The effective portion of changes in the fair value of these derivatives is recognised in equity.

Amounts accumulated in equity are transferred to the income statement of the periods during which the hedged cash flows affect the income statement.

Gains or losses that are related to the ineffective portion are booked directly to the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the commitment or hedged cash flows are ultimately recognised in the income statement.

When hedged cash flows are no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Even if they do result in an effective economic hedge, certain derivative instruments do not qualify for hedge accounting according to IAS 39 – *Financial Instruments: Recognition and Measurement*. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2.9. Property held for sale

A property is classified as held for sale if it meets the criteria in IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*. Investment property held for sale is valued on the same basis as other investment property.

2.10. Trade receivables

Trade receivables are stated at amortised cost (see section 2.8 (iv) before).

2.11. Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash, have maturity dates at acquisition of three months or less, and are subject to an insignificant risk of change in value.

These items are carried in the balance sheet at their carrying amount or at cost.

2.12. Impairment of assets

The Company reviews the carrying amount of intangible and tangible assets (other than investment properties) at each balance sheet date to determine whether there is any indication of impairment, in which case an impairment test is carried out.

Such a test is carried out systematically every year on the cash-flow generating units (CGUs) or groups of CGUs to which the goodwill has been allocated in the context of a business combination.

An impairment test consists of comparing the carrying amount of an asset or CGU (group of CGUs) with its recoverable amount being the higher of its fair value less costs to sell or its value in use. The value in use is the present value of the estimated future cash flows from the use of an asset or CGU (group of CGUs).

If the carrying amount of an asset or CGU (group of CGUs) exceeds its recoverable amount, the excess is recognised as an impairment loss recorded directly in costs and charged as a priority as a reduction in the goodwill for the CGU (group of CGUs).

An impairment loss is reversed if the recoverable amount of the asset or CGU (group of CGUs) exceeds the carrying amount, with the exception of impairment of goodwill, which is never reversed.

In addition, at each balance sheet date, the Company reviews the carrying value of its other financial assets and, where appropriate, records an appropriate write-down.

2.13. Capital

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends are recognised as a liability when they are declared by the General Meeting of shareholders. Own shares held are recorded at their historical value as a debit in the “Own shares (-)” equity account.

2.14. Interest-bearing borrowings

In general, borrowings are initially recognised for the amount of the proceeds received, net of transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the net proceeds and the redemption value is recognised in the income statement using the effective interest method.

In addition, interest-bearing borrowings subject to a designated fair-value hedge are measured at fair value.

2.15. Trade and other payables

Trade and other payables are stated at amortised cost.

2.16. Employee benefits

The Company has a defined-benefit pension plan. The pension plan is funded by contributions paid by the Company into the pension fund of AG Real Estate OFP and by payment of defined contributions into a group insurance.

A defined-benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on his age, years of service and remuneration.

The amount presented in the balance sheet is based on actuarial calculations (using the projected unit credit method). It is the present value of the defined benefit obligation minus the fair value of the plan assets.

If this amount is positive, a provision will be recorded on the liability side of the balance sheet, representing at this time the complement of the amount the Company would have to pay to its employees at their retirement. Conversely, if the amount is negative, in principle an asset is recognised in the balance sheet provided that the Company can benefit in future by over-funding the plan in this way ("asset ceiling"). The current service cost during the fiscal year, together with the financial cost of the obligations, the interest income of the plan assets and the financial cost of the asset ceiling are recognised in the net result for the fiscal year. Actuarial gains and losses arising from changes in assumptions or related experience, performance of plan assets (net interest amount excluded) as well as the potential impact of the asset ceiling are recognised directly in equity.

Under the group insurance, fixed contributions are paid by the Company and employees to an insurance company. Contributions are recognised as expenses as they fall due, and as such are included in employee costs.

As from the 2016 fiscal year, the following changes were made to the Company’s supplementary pension scheme:

1) Employees in post on 31 December 2015 were offered the choice between continuing on the existing defined-benefits pension plan or moving to a new defined-contribution type group insurance from 1 January 2016. This group insurance involves employer contributions only. Employees who opt for the new defined-contribution scheme benefit from dynamic management of the defined-benefits commitment for their past career.

2) New employees recruited on or after 1 January 2016 are entitled only to the new defined-contribution group insurance.

3) The assets covering the Company's commitments under the defined-benefit scheme were transferred from the pension fund of AG Real Estate OFP to an insurance company, which manages the assets of the new defined-contribution scheme.

The fixed contributions paid under this new group insurance are recognised as expenses as they fall due, and as such are included in personnel costs.

2.17. Provisions

A provision is recognised in the balance sheet when the following three conditions are met:

- there is a present obligation, legal or constructive, as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.18. Income

Rental income from operating leases is recognised in income on an accrual basis over the lease term.

Rental gratuities and other incentives granted to customers are recognised over the first firm period of the lease term, on a straight-line basis. This spreading is offset under the heading "Other operating income and expenses" of the income statement.

2.19. Gain or loss on sales of investment property

The result on disposals of investment property represents the difference between sales proceeds net of transaction costs and the latest reported fair value of the property sold. The result is realised at the time of the transfer of risks and rewards.

2.20. Income taxes

Income taxes for the fiscal year include both current tax and deferred tax. Taxes are recorded in the income statement except where they relate to items recorded directly in equity, in which case they too are recorded in equity. Current tax is the expected tax payable on the taxable income of the year, and any adjustment to tax payable (or receivable) in respect of previous years. It is calculated using tax rates enacted at the balance sheet date.

Deferred taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. This tax is measured using the tax rates expected to apply when the asset is realised or the liability settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable earnings will be available against which the temporary differences can be utilised.

3. Significant accounting judgements and main sources of uncertainty regarding estimates

3.1. Significant judgements regarding the Company's accounting policies

For buildings on a long-term let, except for limited expectations, the Company considered that hardly any of the risks and benefits inherent in the ownership of the assets have been transferred to the tenant and, therefore, that these contracts are simple lease agreements pursuant to IAS 17 – *Leases*.

3.2. Main sources of uncertainty regarding estimates

Estimate of the fair value and of the value in use of investment property

The fair value and, if appropriate, the value in use of investment property are estimated by independent experts in accordance with the principles set out in the accounting policies.

Disputes and uncertainties

The Company is a party to legal proceedings and may be involved in others in future. At the time of writing, Befimmo is involved, as defendant or plaintiff, in a number of legal proceedings which, on the whole (according to the information available to the Company at the date of this Report), are unlikely to have a major impact on Befimmo, as the potential losses are highly unlikely to materialise and/or are of insignificant amounts.

4. Segment information

Befimmo owns a property portfolio consisting entirely of offices[1].

In terms of geographical distribution (based on the fair value of the properties, excluding asset held for sale), most of Befimmo's real-estate portfolio is located in Brussels (67.7%), the remaining 32.3% being in Flanders (20.7%), Wallonia (8.0%) and Luxembourg city (3.6%).

In the Brussels market, a distinction can be made between a number of sub-markets that have experienced different trends in recent years: CBD (Central Business District), Brussels decentralised, Brussels periphery and Brussels airport.

The consolidated Befimmo portfolio is described in more detail in the "Property portfolio" chapter of the management report.

	Brussels centre (CBD)		Brussels decentralised		Brussels periphery		Brussels airport	
(in € thousand)	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
INCOME STATEMENT								
A. Rental income	79 819	79 401	4 953	4 975	9 242	9 326	-	-
B. Property operating result	75 216	71 616	2 203	3 146	7 709	6 980	- 189	-
C. Change in fair value of investment properties	1 100	- 2 959	- 5 865	- 1 552	- 4 191	- 14 173	- 341	-
D. Gains and losses on disposal of buildings	-	-	-	-	-	-	-	-
E. SEGMENT RESULT (= B+C+D)	**76 315**	**68 657**	**- 3 662**	**1 594**	**3 518**	**- 7 194**	**- 531**	**-**
Percentage by segment	55.0%	51.6%	-2.6%	1.2%	2.5%	-5.4%	-0.4%	-
F. Corporate overheads								
G. Other operating income and charges								
H. Financial result								
I. Income tax								
NET RESULT (= E+F+G+H+I)								

	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
BALANCE SHEET								
Assets								
Goodwill	7 391	7 391	-	-	-	-	-	-
Investment properties and assets held for sale	1 305 051	1 289 068	91 849	97 053	144 703	144 324	75 089	-
of which investments and acquisitions during the year	*14 883*	*37 277*	*662*	*5 664*	*4 570*	*6 055*	*75 430*	-
Other assets	-	-	-	-	-	-	-	-
TOTAL ASSETS	**1 312 442**	**1 296 459**	**91 849**	**97 053**	**144 703**	**144 324**	**75 089**	**-**
Percentage by segment	52.5%	55.1%	3.7%	4.1%	5.8%	6.1%	3.0%	-
TOTAL LIABILITIES								
TOTAL SHAREHOLDERS' EQUITY								
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY								

1. Some retail businesses are nevertheless operating on the ground floor of some buildings, but to a very marginal extent.

Wallonia		Flanders		Luxembourg city		Unallocated amounts		Total	
31.12.15	**31.12.14**	**31.12.15**	**31.12.14**	**31.12.15**	**31.12.14**	**31.12.15**	**31.12.14**	**31.12.15**	**31.12.14**
10 572	10 489	30 315	30 360	5 162	5 140	-	-	**140 063**	**139 690**
8 945	9 175	28 001	27 539	4 818	4 734	-	-	**126 702**	**123 189**
8 508	10 616	9 526	15 528	2 248	1 819	-	-	**10 984**	**9 278**
446	632	521	-	-	-	-	-	**967**	**632**
17 899	**20 423**	**38 047**	**43 066**	**7 066**	**6 554**	**-**	**-**	**138 652**	**133 100**
12.9%	15.3%	27.4%	32.4%	5.1%	4.9%	-	-	**100%**	**100%**
						- 9 930	- 11 110	**- 9 930**	**- 11 110**
						- 1 675	1 289	**- 1 675**	**1 289**
						- 27 662	- 53 298	**- 27 662**	**- 53 298**
						- 1 459	- 1 119	**- 1 459**	**- 1 119**
								97 927	**68 863**
31.12.15	**31.12.14**	**31.12.15**	**31.12.14**	**31.12.15**	**31.12.14**	**31.12.15**	**31.12.14**	**31.12.15**	**31.12.14**
1 514	1 707	5 647	5 710	-	-	-	-	**14 552**	**14 808**
191 614	184 933	493 163	485 287	86 820	84 571	-	-	**2 388 290**	**2 285 235**
2 323	*47 401*	*152*	*630*	*1*	*- 191*	-	-	***98 022***	***96 837***
1 769	1 897	-	-	-	-	95 624	51 991	**97 392**	**53 888**
194 896	**188 537**	**498 810**	**490 997**	**86 820**	**84 571**	**95 624**	**51 991**	**2 500 234**	**2 353 931**
7.8%	8.0%	20.0%	20.9%	3.5%	3.6%	3.8%	2.2%	**100%**	**100%**
						1 234 939	**1 158 483**	**1 234 939**	**1 158 483**
						1 265 295	**1 195 448**	**1 265 295**	**1 195 448**
						2 500 234	**2 353 931**	**2 500 234**	**2 353 931**

5. Rental income

I. Rental income (in € thousand)	31.12.15	31.12.14
Rents	**140 830**	**142 547**
Cost of rent free periods	-1 507	-2 822
Concessions granted to tenants (incentives)	- 262	- 180
Indemnities for early termination of rental contracts	1 001	146
Rental income	**140 063**	**139 690**

This table sets out the various components of rental income. Besides rent, rental income also includes:

- various items relating to the spread of rental gratuities granted and concessions to tenants, booked in accordance with IFRS standards, the effect of which is neutralised in heading XV of the income statement;
- compensation related to early termination of leases.

(in € thousand)	31.12.15	31.12.14
Less than one year	145 041	141 617
One to five years	444 860	438 324
More than five years	688 447	661 915
Rental income	**1 278 348**	**1 241 856**

This table gives details of future rents that Befimmo is certain to receive under ongoing lease agreements. These are unindexed rents that will be received before the next intermediate termination option provided for in the lease agreements.

The amounts Befimmo received for the annual indexing of rents were €0.3 million and €1.2 million for the 2015 and 2014 fiscal years respectively. These amounts depend on the actual level of indexing.

The Befimmo standard lease

The vast majority of Befimmo SA's properties (not including Fedimmo SA's buildings, those let to the Buildings Agency and certain other leases) are let under a standard lease, generally lasting nine years or more and allowing, as the case may be, for early termination at the end of the third or sixth year, subject to six months' notice before expiry.

The leases may not be terminated at any other time and most often may not be tacitly renewed.

Rent is generally payable quarterly or six-monthly in advance. Rents are indexed annually at the anniversary of the contract, with a minimum of the last rent (or, for Buildings Agency leases, the base rent).

In most cases, common and individual charges and insurance premiums are payable by tenants who, in order to cover the amount concerned, pay a quarterly (or half-yearly) provision at the same time as the rent. An account of charges actually incurred is drawn up every year.

Generally speaking, all property and other taxes are also passed on to tenants.

When tenants enter the premises, a detailed inventory is drawn up by an expert. At the end of the lease, the tenants have to surrender the premises in the state described in the inventory, with allowance for normal wear and tear. The surveyor draws up a closing inventory. Tenants have to pay compensation covering the amount of any damage to or unavailability of the premises during repair work.

Tenants may not transfer the lease or sublet the premises without the explicit prior agreement of the lessor. If Befimmo agrees to the transfer of a lease, the transferor and the transferee remain jointly and severally liable to Befimmo.

Each lease is registered.

As a guarantee of performance of their obligations under the lease, most tenants provide an irrevocable rental guarantee that can be called in on first demand.

The Fedimmo standard lease

Most of Fedimmo SA's buildings are let to the Belgian State under a standard lease.

Leases may not be terminated before expiry and are generally long-term. Unless notice is given before the expiry of the term, they are tacitly renewed for a period that varies according to the lease.

The rent is payable six-monthly during the period and is subject to annual indexing, with a minimum of the initial rent.

Rental charges are charged to the tenant under the special conditions and all taxes are payable solely by the tenant.

Inventories are drawn up on entry and departure by two experts, one designated by the lessor and the other by the tenant, with a view to determining the amount of any compensation for damage payable by the tenant to the lessor.

The Belgian Government, as tenant, is not required to provide a rental guarantee. If the lease is transferred to anyone other than a Government department, a rental guarantee must be provided.

The premises may be sublet by the tenant only with the lessor's consent, unless to a State department. If the lease is sublet or transferred, the tenant and sub-tenant or transferee remain jointly and severally bound by all the obligations under the lease agreement.

Leases are registered.

As a guarantee of performance of their obligations under the lease, most tenants (except for the Belgian State and certain representations) provide an irrevocable rental guarantee that can be called in on first demand.

6. Charges linked to letting

III. Charges linked to letting (in € thousand)	31.12.15	31.12.14
Rents payable on rented premises	- 603	- 544
Write-downs on trade receivables	- 385	- 831
Write-back of write-downs on trade receivables	435	379
Charges linked to letting	**- 553**	**- 995**

This table includes the following amounts:

- rent paid for leased premises which were subsequently re-let to customers of the Company;
- write-downs and write-backs on write-downs on trade receivables, realised and unrealised.

(in € thousand)	31.12.15	31.12.14
At less than one year	606	467
One to five years	1 946	1 721
At more than five years	1 222	12 562
Rent paid	**3 775**	**14 750**

This table gives details of future payments that Befimmo is certain to make under ongoing lease agreements signed by Befimmo as lessee (rent of buildings).

The rents shown are assured. The above table takes no account of the annual indexing of the rents. By way of indication, the amounts Befimmo paid related to indexing over the past two years are valued at less than €10,000.

7. Real-estate charges and recovery of real-estate charges

31.12.15 (in € thousand)

AT CHARGE		NET		RECOVERY
IX. Technical costs	**-9 787**		**7 486**	**IV. Recovery of property charges**
Recurrent	-7 659	-2 860	4 799	Recurrent
Repairs	-6 073	-1 656	4 418	Repairs
Total-guarantee charge	-1 010	- 778	231	Total-guarantee charge
Insurance premiums	- 576	- 426	150	Insurance premiums
Non recurrent	-2 128	- 879	1 249	Non recurrent
Major repairs (building companies, architects, engineering offices, etc.)	-1 908	- 847	1 061	Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 220	- 32	55	Recovery of damage expenses
			133	Compensation of damage by insurers
XII. Property management costs	**-2 494**	-1 057	1 437	Property management costs
Fees paid to (external) managers	- 12	1 425	1 437	Management fees received
(Internal) management fees of properties	-2 482	-2 482		
X. Commercial costs	**- 911**	**- 911**		
Agency commissions	- 630	- 630		
Advertising	- 26	- 26		
Fees paid to lawyers and other experts	- 254	- 254		
XI. Charges and taxes on unlet properties	**-5 235**	**-5 235**		
XIII. Other property charges	**-3 691**	**-3 691**		
Property charges	**-22 118**	**-14 633**	**7 486**	**IV. Recovery of property charges**

31.12.14 (in € thousand)

AT CHARGE		NET		RECOVERY
IX. Technical costs	**-14 300**		**11 525**	**IV. Recovery of property charges**
Recurrent	-7 180	-2 334	4 846	Recurrent
Repairs	-5 579	-1 048	4 531	Repairs
Total-guarantee charge	-1 010	- 818	192	Total-guarantee charge
Insurance premiums	- 590	- 468	123	Insurance premiums
Non recurrent	-7 120	-1 915	5 205	Non recurrent
Major repairs (building companies, architects, engineering offices, etc.)	-7 032	-1 875	5 157	Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 88	- 40	47	Recovery of damage expenses
			1	Compensation of damage by insurers
XII. Property management costs	**-2 828**	-1 353	1 475	Property management costs
Fees paid to (external) managers	- 133	1 342	1 475	Management fees received
(Internal) management fees of properties	-2 696	-2 696		
X. Commercial costs	**-1 092**	**-1 092**		
Agency commissions	- 807	- 807		
Advertising	- 26	- 26		
Fees paid to lawyers and other experts	- 259	- 259		
XI. Charges and taxes on unlet properties	**-3 586**	**-3 586**		
XIII. Other property charges	**-5 923**	**-5 923**		
Property charges	**-27 729**	**-16 204**	**11 525**	**IV. Recovery of property charges**

These tables set out, for the 2014 and 2015 fiscal years, the origins of the net real-estate charges borne by the Company.

The “Charges and taxes on unlet properties” increased by €1,649 thousand. The increase is explained firstly by taxes on buildings under renovation (the Brederode 9 and Namur 48 buildings) and, secondly, by the registration for property tax of the old Paradis building (Liège), currently being demolished, plus the registration for the new Tower.

The decrease of €2,232 million in "Other property charges" is explained by a reduction in study costs on real-estate dossiers and also by the booking in 2014 of provisions for non-recurring events.

8. Rental charges and taxes normally paid by tenants on let properties

(in € thousand)	31.12.15	31.12.14
V. Recovery of rental charges and taxes normally paid by tenants on let properties	**29 188**	**26 309**
Rebilling of rental charges invoiced to the landlord	9 595	7 805
Rebilling of withholding taxes and other taxes on let properties	19 593	18 504
VII. Rental charges and taxes normally paid by tenants on let properties	**-28 009**	**-25 834**
Rental charges invoiced to the landlord	-7 487	-6 456
Withholding taxes and other taxes on let properties	-20 522	-19 378
Total	**1 179**	**474**

Most lease agreements provide for rental charges and taxes to be borne by the tenant. Under some leases, however, the terms provide for flat-rate billing of charges, which the owner pays at its own risk, or make the owner liable for certain taxes.

9. Corporate overheads

XIV. Corporate overheads (in € thousand)	31.12.15	31.12.14
Staff costs	-5 276	-4 690
Staff costs (persons under a contract of employment)	*-3 851*	*-2 986*
Remuneration of Directors	*-1 426*	*-1 703*
Operating and communication costs	-2 238	-2 646
IT costs	- 866	- 671
Fees (project research, real-estate experts, legal advice, etc.)	-1 119	-1 991
FSMA and Euronext costs	- 166	- 150
Taxes and non-recoverable VAT	- 264	- 962
Corporate overheads	**-9 930**	**-11 110**

The corporate overheads comprise all costs not directly chargeable to the management, upkeep and maintenance of the properties in the portfolio.

They include the costs of Company staff from the support teams (remuneration, social contributions, etc. of the people bounded by an employment contract, working in a business support function, and the Directors' remuneration), operating costs (office rents, office supplies, etc.), communication and IT costs, and fees paid to various external consultants (legal, technical, financial, fiscal, etc.), notably in the context of specific projects unrelated to the properties in the portfolio.

This heading also includes costs related to the listing of the Company on a public stock exchange (Euronext Brussels) and the costs of the Financial Services and Markets Authority (FSMA) and the taxes specific to the status of a BE-REIT (SIR/GVV).

Company staff		31.12.15	31.12.14
Number of persons under a contract of employment		72	70
Average full-time equivalent during the year		69.06	67.70
Of which:			
Real-estate team	Number of persons under a contract of employment	46.00	46.00
Real-estate team	Average full-time equivalent during the year	43.43	43.90
Support team	Number of persons under a contract of employment	26.00	24.00
Support team	Average full-time equivalent during the year	25.63	23.80

10. Other operating income and charges

XV. Other operating income and charges (in € thousand)	31.12.15	31.12.14
Spread of rent free periods	-1 547	1 178
Others	- 127	111
Other operating income and charges	**-1 675**	**1 289**

This heading includes recurring compensation for the effect of spreading rental gratuities and concessions granted. Spreading of rental gratuities and concessions, recorded in accordance with IFRS standards under rental income, is neutralised here, so that the effect is zero on the Company's net result. The other items under this heading are non-recurring.

11. Gains or losses on disposals of investment properties

XVI. Gains and losses on disposals of investment properties (in € thousand)	31.12.15	31.12.14
Net sale of properties (selling price - transaction costs)	7 036	6 272
Book value of properties sold	-6 069	-5 639
Gains and losses on disposals of investment properties	**967**	**632**

For the 2014 fiscal year, the Company sold five properties in Wallonia (the Rue Pépin 5, 22 and 31 and Rue Henri Lemaître 3 buildings in Namur and the Rue Rennequin-Sualem 28 building in Liège).

Over the 2015 fiscal year, the gains or losses on disposals of investment properties consisted of the sale of the Namur building located avenue de Stassart 9 in Wallonia, the Mons 2 building in Wallonia and Izegem building located Kasteelstraat 19 in Flanders.

12. Changes in fair value of investment properties

XVIII. Changes in fair value of investment properties (in € thousand)	31.12.15	31.12.14
Positive changes in fair value of investment properties	111 827	58 208
Negative changes in fair value of investment properties	-100 844	-48 930
Changes in fair value of investment properties	**10 984**	**9 278**

The changes in fair value of investment properties do not include investments. The “Property portfolio” chapter of the management report contains more information on changes in value.

13. Financial result

	(in € thousand)	31.12.15	31.12.14
(+)	**XX. Financial income**	**1 066**	**128**
(+)	Interests and dividends received	980	42
(+)	Fees for finance leases and similar	86	85
(+/-)	**XXI. Net interest charges**	**-25 288**	**-25 574**
(-)	Nominal interest on loans	-27 275	-25 353
(-)	Reconstitution of the face value of financial debts	- 583	- 447
(-)	Other interest charges	- 56	- 57
(+)	Proceeds of authorised hedging instruments	10 552	10 540
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*10 552*	*10 540*
(-)	Charges of authorised hedging instruments	-7 927	-10 259
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*-7 927*	*-10 259*
(-)	**XXII. Other financial charges**	**-3 415**	**-2 657**
(-)	Bank charges and other commissions	-3 273	-2 657
(-)	Net losses realised on sale of financial assets	- 142	-
(+/-)	**XXIII. Changes in fair value of financial assets and liabilities**	**- 25**	**-25 194**
(+/-)	Authorised hedging instruments	18 205	-4 045
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*18 205*	*-4 045*
(+/-)	Others	-18 230	-21 149
(+/-)	**Financial result**	**-27 662**	**-53 298**

The financial result (excluding changes in the fair value of financial assets and liabilities) was -€27.6 million as at 31 December 2015, compared with -€28.1 million as at 31 December 2014. “Financial income” is up €0.9 million owing to the remuneration by the joint venture Codic Immobel for cash advances for the construction of the Gateway building. “Net interest charges” were slightly down, despite the rise in the volume of the average debt of €75 million, or 7.37% (rising from €1,013 million to €1,087 million in 2015). This is explained by the fall in the average financing cost, from 3.16% in 2014 to 2.66% in 2015, mainly as a result of falling interest rates and the restructuring of certain hedging products. Euribor rates remained at a historic low in 2015 (Euribor 1 month and 3 month rates averaged -0.05%).

The change in fair value of the financial assets and liabilities was -€0.02 million for fiscal year 2015. The item "Authorised hedging instruments" mainly includes gains recognised on the Cross Currency Swaps (CCS) of €18.52 million (CVA/DVA included). The capital gains recorded on CCS offset the losses recorded on the USPP debt, valued at fair value and included in the sub-heading “Others”.

The change in fair value of the financial assets and liabilities was -€25.2 million for fiscal year 2014. Apart from the losses suffered, mainly on the IRS (-€17.5 million), the item "Authorised hedging instruments" includes gains on the CCS of €16.5 million.

As required by IFRS 7 – *Financial Instruments: Disclosures*, the following table allows a distinction to be made between the types of financial assets and liabilities behind the financial charge or revenue reflected in the financial result of the fiscal year closed.

(in € thousand)	TOTAL		Financial assets or liabilities at fair value through profit or loss		Loans and receivables		Financial liabilities valued at amortised cost	
	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
Financial income	**1 066**	**128**	-	-	1 066	128	-	-
Net interest charges	**-25 288**	**-25 574**	-4 795	-6 524	- 56	- 56	-20 437	-18 994
Other financial charges	**-3 415**	**-2 657**	- 142	-	-	-	-3 273	-2 657
Changes in fair value of financial assets and liabilities	**- 25**	**-25 194**	- 25	-25 121	-	-72	-	-
Total result on financial assets/liabilities	**-27 662**	**-53 298**	**-4 962**	**-31 646**	**1 010**	**- 1**	**-23 710**	**-21 652**

14. Income taxes

The income tax burden is broken down as follows:

XXV. Corporation tax (in € thousand)	31.12.15	31.12.14
Current taxes for fiscal year	-1 335	-1 122
Adjustment of current taxes from previous periods	- 124	3
Corporation tax	**-1 459**	**-1 119**

Befimmo is a Limited-Liability Company with the status of public BE-REIT (SIR/GVV). This status entitles the Company to pay Belgian corporation tax (at the standard rate of 33.99%) on a reduced tax base, i.e. mainly on its non-allowable expenses.

The subsidiaries Fedimmo SA and Beway SA have the status of institutional BE-REIT and are therefore also subject to the same tax regime as Befimmo SA.

Befimmo Property Services SA, Meirfree SA and Vitalfree SA are subject to standard Belgian corporation tax. They are subject to the standard rate of corporation tax (33.99%) on their taxable income.

Axento SA is subject to standard Luxembourg corporation tax. It is subject to the standard rate of corporation tax on its taxable income.

The estimated amount of corporation tax payable for the 2015 fiscal year, of €1.34 million, was fully provisioned. The taxable base consists mainly of regional and municipal taxes paid by the Company that are not allowable expenses.

15. Result per share

Result for the fiscal year (in € thousand)	31.12.15	31.12.14
NUMERATOR		
Net result for the fiscal year	97 927	68 863
DENOMINATOR		
Shares not held by the group at the end of the period (in units)	23 021 293	22 138 280
Weighted average of shares in circulation during the period (in units)	22 198 549	21 570 715
Net result per share (basic and diluted) (in €)	**4.41**	**3.19**
Dividend for the fiscal year		
Interim dividend (gross)	57 338	56 240
Final dividend (gross)	19 798 [1]	19 039 [2]
Gross dividend for the fiscal year	**77 136**	**75 739**
Total gross dividend per share not held by the group	3.4500	3.4500

1. Amount subject for approval by the Ordinary General Meeting of shareholders of 26 April 2016.
2. The amount in the Annual Financial Report 2014 was the maximum amount.

The result per share is calculated by dividing the net result by the weighted average number of shares not held by the group during the fiscal year concerned.

Since Befimmo has no diluting instruments, the basic and diluted results are identical.

16. Goodwill

Befimmo's acquisition of Fedimmo in 2006 generated goodwill from the positive difference between the acquisition cost (including transaction costs) and Befimmo's share of the fair value of the net asset acquired. This goodwill, recorded on the assets side of the consolidated financial statements, represents the future financial advantages associated with the synergies, optimisations and development prospects of a geographically diversified property portfolio. A reduction in goodwill of €118 thousand was recorded on the sale of two buildings (the buildings Namur located at avenue de Stassart 9 and Izegem located as Kasteelstraat 19). The goodwill associated with the properties sold was reversed and incorporated into the calculation of the result of the sale. During the 2015 fiscal year, another reduction in the value of the goodwill of €138 thousand was recorded in the Wallonia segment, following the impairment test explained hereafter. The table hereafter illustrates the change in value of the goodwill over the fiscal year:

(in € thousand)	31.12.15	31.12.14
COST		
Opening balance	**15 156**	**15 774**
Reductions linked to assets sold during the period	- 118	- 618
Closing balance	**15 039**	**15 156**
DECREASE IN VALUE		
Opening balance	**- 349**	**-**
Write-downs posted during the period	- 138	- 349
Closing balance	**- 487**	**- 349**
CARRYING AMOUNT		
Opening balance	**14 808**	**15 774**
Closing balance	**14 552**	**14 808**

The goodwill has been allocated to the groups of cash-flow generating units (CGUs) that will benefit from the synergies of the acquisition. In the case of the Fedimmo portfolio, this corresponds to the groups of properties broken down according to their geographical location. This breakdown of goodwill by geographical segment is illustrated in the table hereafter.

Segment (in € thousand)	Goodwill	Carrying amount (including 100% goodwill)	Value in use	Impairment
Brussels centre	597	30 808	30 902	-
Brussels Leopold district	2 108	127 571	128 375	-
Brussels North area	4 685	255 168	256 247	-
Wallonia	1 514	56 861	56 723	- 138
Flanders	5 647	263 609	264 207	-
Total portfolio	**14 552**	**734 016**	**736 453**	**- 138**

Impairment test

At each balance sheet date, the goodwill is subject to an impairment test (conducted on the groups of buildings to which it was allocated on the basis of geographical segments), comparing the carrying amount of the groups of buildings (including the goodwill allocated at 100%) with their value in use. The value in use of the groups of buildings is assessed by the real-estate expert on the basis of a calculation for updating the cash flows generated by these buildings, based on assumptions in accordance with standard IAS 36 – *Impairment of assets*.

This value in use is less than the investment value of the properties for UGT Wallonia. The result of the test carried out at 31 December 2015 (shown in the table above) indicates that an impairment of €138 thousand should be booked because the value in use for this sector is less than the book value. This depreciation was booked at 31 December 2015.

Sensitivity test

The method for calculating the fair value of investment property by independent experts relies on making several specific assumptions, mainly the rate of updating the cash flows generated by the buildings and the residual value of each building.

The sensitivity was tested of the value of the goodwill to changes in the rates of updating the cash flows generated by the groups of buildings to which the goodwill was allocated. It appears that a 1% increase in the discount rates used would result in an additional impairment of €15,308 to the value of the goodwill.

17. Investment properties and assets held for sale

As required by standard IAS 40, properties that are being constructed or developed for own account in order to be leased are included under investment properties. This category covers properties under construction or undergoing a major renovation and earning no income over that period, or those which by their nature do not generate income (land).

C. Investment properties (in € thousand)	**31.12.15**	**31.12.14**
Properties available for lease	2 230 420	2 222 603
Others - Properties that are being constructed or developed for own account in order to be leased	157 386	60 665
Investment properties	**2 387 806**	**2 283 268**

As at 31 December 2015, "Others - Properties that are being constructed or developed for own account in order to be leased" included the Brederode 9, Namur 48, Guimard, Gateway and the lands Paradis Express and WTC IV.

A. Assets held for sale (in € thousand)	**31.12.15**	**31.12.14**
Investment properties	484	1 967
Assets held for sale	**484**	**1 967**

As at 31 December 2015, this heading comprised the Chênée building located at rue Large 59.

(in € thousand)	
Carrying value as at 31.12.2013	**2 184 142**
of which: - Investment properties	*2 184 142*
- Assets held for sale	-
Acquisitions	15 025
Other investments	81 812
Disposals	- 5 021
Changes in fair value	9 278
Carrying value as at 31.12.2014	**2 285 235**
of which: - Investment properties	*2 283 268*
- Assets held for sale	*1 967*
Acquisitions	75 430
Other investments	22 592
Disposals	- 5 951
Changes in fair value	10 984
Carrying value as at 31.12.2015	**2 388 290**
of which: - Investment properties	*2 387 806*
- Assets held for sale	*484*

In the course of the 2014 fiscal year, Befimmo acquired the Rue aux Choux 35 building in Brussels, by contribution in kind. The building has a conventional value of €15.2 million, in line with the fair value determined by an independent real-estate expert.

During the first half of fiscal year 2015, Beway SA, a 100% Befimmo subsidiary, acquired the Gateway project, located in the Brussels airport area, by acquiring the leasehold on the land for a remaining term of 98 years, and the freehold of the existing building and the buildings in the process of completion. The Company will become the owner of all the new buildings as the work progresses. At 31 December 2015, the amount invested in the building amounts to €75.4 million.

During the 2014 fiscal year, Befimmo invested a total of €81.8 million in its buildings, the majority of which was spent building the new Finance Centre in Liège (Paradis Tower) (€47.0 million) and renovating the Brederode 13 building (€10.1 million).

In 2015, the amount invested in the Befimmo and Fedimmo portfolio amounted to €22.6 million; among other projects, it invested in WTC IV (€7.10 million) for which the permit has been implemented. It also continued with the renovation of the Brederode 9 and Namur 48 buildings (€4.08 million) and started the Guimard project (€0.5 million).

Finally, in 2014, Befimmo also sold five buildings in Wallonia (the Rue Pépin 5, 22 and 31 and Rue Henri Lemaître 3 buildings in Namur and the Rue Rennequin-Sualem 28 building in Liège). During the 2015 fiscal year, the Company sold two buildings in Wallonia (the buildings Mons 2 and Namur located at avenue de Stassart 9) and one building in Flanders, Izegem located at Kasteelstraat 19. From 1 January 2015 until they were sold, these three buildings contributed €0.21 million to property operating income.

18. Other property, plant and equipment

D. Other property, plant and equipment (in € thousand)	31.12.15	31.12.14
Property, plant and equipment for own use	997	709
Other property, plant and equipment	**997**	**709**

19. Non-current and current financial assets

E. Non-current financial assets (in € thousand)	31.12.15	31.12.14
Assets at fair value through profit and loss	49 979	15 284
Authorised hedging instruments - level 2	49 979	15 284
Option - CAP	*542*	*258*
Forward - IRS	*13 681*	*10 032*
Forward - CCS	*35 756*	*4 994*
Loans and receivables	2 694	4 041
Others	2 136	2 136
Non-current financial assets	**54 809**	**21 461**

B. Current financial assets (in € thousand)	31.12.15	31.12.14
Loans and receivables	1 814	1 740
Current financial assets	**1 814**	**1 740**

The heading "Assets at fair value through profit or loss" reflects the valuation at fair value of the financial derivatives in accordance with IAS 39 – *Financial instruments: recognition and measurement*, which have a positive value. Otherwise, their value is entered in the equivalent heading under liabilities (see note 27 to these financial statements). Befimmo does not practice hedge accounting for the financial hedging instruments it holds. Accordingly, these instruments are regarded as trading instruments as per IFRS and the difference in value recorded over the fiscal year is recognised in the income statement under section XXIII of the financial result – “Changes in fair value of financial assets and liabilities”. The derivatives were valued as at 31 December 2015 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13, as described in note 32 to these financial statements. The CVAs and DVAs of the financial hedging instruments are calculated on the basis of listed bonds or, alternatively, credit default swaps of counterparty banks and listed Befimmo bonds.

The fair value of the financial instruments is determined purely using (directly or indirectly) observable data, but which are not prices quoted on an active market. The IRS, CCS and CAP contracts therefore belong to level 2 of the fair-value hierarchy, as defined in standard IFRS 7 – *Financial instruments: disclosures*.

The fair value of these contracts is determined at the balance sheet date. Befimmo obtained this information from an independent specialist company. Befimmo also checks them for consistency through consistency checks with counterparty financial institutions (fair value excluding CVAs/DVAs).

Finally, we note that although the instruments in question are considered trading instruments under IFRS, they are intended solely for hedging the risk of changing interest and currency rates, and not for speculative purposes.

The heading “Loans and receivables” includes various amounts to be recovered from counterparties of the Company. The main one is linked to the method of payment by the Walloon Region following the sale of the Mons 1 building in 2013.

To cover commitments made in 2012 by Blue Tower Louise SA vis-à-vis Aedifica, notably the commitment to carry out certain alterations to the structure of the basement of the Blue Tower building (see paragraph 35.1.7 hereafter), a guarantee of €2.1 million was set aside in favour of Aedifica and is the principal amount under the heading "Others".

20. Finance lease receivables

This heading relates to finance lease agreements (as per standard IAS 17) and at 31 December 2015 includes mainly the asset embodied in the building in Wandre. The fair value of this asset is €1,943 thousand, compared with its value at amortised cost of €1,770 thousand.

21. Trade receivables

Trade receivables arise through rent or billing of taxes or rental charges. The quantitative description of the principal risks (see note 32.A to these financial statements) includes a section on the credit risk, which analyses the Company's exposure to such debts on account of the counterparty or of the maturity.

22. Tax receivables and other current assets

E. Tax receivables and other current assets (in € thousand)	**31.12.15**	**31.12.14**
Taxes	11 254	517
Salary and social charges	61	-
Others	1 681	3 044
Tax receivables and other current assets	**12 996**	**3 562**

The amount of the sub-heading "Taxes" consists mainly of VAT to be recovered, which is linked to the construction of the Gateway building. The amount of the sub-heading "Others" consists mainly of a receivable of €1.7 million which neutralises a provision related to ongoing litigation, existing prior to the acquisition of Ringcenter SA (Pavilion building), the outcome of which will have no impact on the Company.

23. Cash and cash equivalents

F. Cash and cash equivalents (in € thousand)	**31.12.15**	**31.12.14**
Available values	215	82

As the Company is structurally indebted, available funds are limited, consisting mainly of positive balances in the Company's various bank accounts.

24. Deferred charges and accrued income

G. Deferred charges and accrued income (in € thousand)	**31.12.15**	**31.12.14**
Prepaid property charges	78	247
Prepaid interest and other financial charges	190	522
Others	3 271	3 114
Deferred charges and accrued income	**3 540**	**3 883**

This heading covers:

- real-estate charges paid in advance;
- interest and other financial charges paid in advance, primarily related to the commercial paper programme;
- under the sub-heading "Others": mainly receivable financial products related firstly to a receiver's IRS agreed when arranging the bond loan in April 2011 (€2.1 million), and secondly to the CCS agreed when arranging the USPP (€0.6 million). The characteristics of these instruments are set out in the table in note 32 to these financial statements.

25. Capital and reserves

(in € thousand)			31.12.15	31.12.14
A. Capital			**323 661**	**319 066**
(+)		Subscribed capital	334 464	329 413
(-)		Costs of capital increase	-10 803	-10 347
B. Share premium account			**702 548**	**688 688**
C. Reserves			**198 497**	**175 070**
(+)	(a)	Legal reserve	1 295	1 295
(+/-)	(b)	Reserve for the balance of changes in fair value of investment properties	105 017	93 634
(-)	(c)	Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-40 237	-37 889
(+/-)	(e)	Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS	-11 001	-9 039
(-)	(h)	Reserve for own shares	-	-29 678
(+/-)	(j)	Reserve for actuarial gains and losses for the defined benefit pension plan	- 112	- 243
(+/-)	(m)	Other reserves	19 818	19 818
(+/-)	(n)	Result brought forward from previous years	123 716	137 173

The capital and issue premiums were increased this year on 18 December 2015, under the optional interim dividend declared by Befimmo's Board of Directors on 19 November 2015 (€18.9 million – net of fees). These headings were also affected by the activation of expenses related to the sale of some of Befimmo's own shares on 30 November 2015.

Reserves are presented before the appropriation of the result for the fiscal year. In addition to the appropriation of the result for the previous fiscal year (€12.6 million) and the payment of the final dividend for 2014 (-€19 million), reserves were also impacted in 2015 by:

- The result of the sale of own shares (impact of +€29.7 million) recognised directly in reserves;
- the result recognised directly in equity under IAS 19 R representing the actuarial gains and losses of the defined benefit pension plans (impact of €0.1 million).

26. Current and non-current financial debts

B. Non-current financial debts (in € thousand)	31.12.15	31.12.14
Credit institutions	209 080	175 880
Other	450 280	358 381
Bond issues	*161 910*	*161 842*
EUPP	*103 813*	*30 000*
USPP	*182 809*	*164 579*
Guarantees received	*1 749*	*1 960*
Non-current financial debts	**659 360**	**534 261**

B. Current financial debts (in € thousand)	31.12.15	31.12.14
Credit institutions	70 797	30 763
Other	393 750	483 538
Commercial papers	*393 750*	*373 500*
Bond issues	*-*	*110 038*
Current financial debts	**464 547**	**514 301**

At constant perimeter, taking account of the gradual financing of the Gateway building and the renegotiation of a bilateral facility for the sum of €100 million conducted in early 2016, the Company has covered its financing needs until the end of the first quarter of 2017. Indeed, although the commercial paper should be recorded as a current liability as per IAS 1, the Company has confirmed bank lines in excess of one year as a backup for the commercial paper.

The headings “Credit institutions” (non-current and current) cover all the bank financing held by the Company. Therefore, these headings also include the three financing deals involving the assignment of future usufruct credits or fees.

The heading "Other – Bond issues" includes the notional amount of the bond issue in April 2011 of €162 million.

In accordance with IFRS, the costs of issuing this bond are spread over the financing term. Similarly, the difference between the issue price and accountable par is spread over the life of the loan and booked to the financial result.

The heading "Other - EUPP" includes the debt linked to the European private placements of €104 million, €59 million of which are at a fixed rate and €45 million are at floating rates. The European private placements made in 2015 amount to €74 million. Under IFRS, the costs related to the issue of the floating-rate placement are spread over the term of the financing.

The heading "Other – USPP" covers the USPP debt, arranged in May 2012, measured at fair value.

The heading “Other – Commercial paper” covers the outstanding commercial paper issued by the Company at the balance sheet date.

The heading “Other – Guarantees received” covers the amount of rental guarantees received in cash from tenants in the Company’s property portfolio. Their carrying amount is equivalent to their fair value.

As mentioned under Significant Accounting Policies, the value of the recorded assets and liabilities approximates to their fair value, except for:

- the financing relating to the assignments of receivables from future rents/future usufruct fees, structured at fixed rates, of a residual total at 31 December 2015 of €85.7 million;
- the bond issue;
- the European private placements at fixed rates.

The fixed rates and margins set for these long-term borrowings may no longer correspond to the current market rates and margins, giving rise to a difference between the carrying amount of the liabilities on the face of the balance sheet and their fair values. The table below compares, for information purposes, the carrying amount of the fixed-rate borrowings (excluding the USPP debt which is already carried at fair value) with their fair value at the end of the 2015 fiscal year.

The fair value of the assigned receivables for future rents/future usufruct fees and for the European private debt placements is estimated by updating the future expected cash flows using the 0-coupon yield curve for 31 December 2015, plus a margin to take account of the Company's credit risk (level 2). The fair value of the bond issue is, in turn, obtained from the quoted market prices (level 1).

The fair value of this financing is given in the table below as an indication.

(in € thousand)	Level in IFRS	Fair value	Book value
Retail bond	1	168 181	161 910
EUPP	2	59 842	59 000
Sales of receivables	2	94 077	85 729

27. Other non-current and current financial liabilities

C. Other non-current financial liabilities (in € thousand)	31.12.15	31.12.14
Authorised hedging instruments	15 169	23 362
Hedging instruments at fair value through profit and loss - level 2	15 169	23 362
Option - CAP and COLLAR	*1 698*	*1 548*
Forward - IRS	*13 471*	*21 814*
Forward - CCS	*-*	*-*
Other non-current financial liabilities	**15 169**	**23 362**

C. Other current financial liabilities (in € thousand)	31.12.15	31.12.14
Authorised hedging instruments	-	161
Hedging instruments at fair value through profit and loss - level 2	-	161
Forward - IRS	*-*	*161*
Other current financial liabilities	**-**	**161**

The headings “Other non-current financial liabilities” and “Other current financial liabilities” reflect solely the fair value of the financial instruments, as per IAS 39 – *Financial instruments: recognition and measurement*, which have a negative value. Otherwise, their value is recognised in the equivalent category of the assets (see note 19 to these financial statements). Befimmo does not practice hedge accounting for the financial hedging instruments it holds. Accordingly, these instruments are regarded as trading instruments as per IFRS and the difference in value recorded over the fiscal year is recognised in the income statement under section XXIII of the financial result – “Changes in fair value of financial assets and liabilities”. The derivatives were valued as at 31 December 2015 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13, as described in note 32 to these financial statements. The CVAs and DVAs of the financial hedging instruments are calculated on the basis of listed bonds or, alternatively, credit default swaps of counterparty banks and Befimmo bonds.

The fair value of the financial instruments is determined purely using (directly or indirectly) observable data, but which are not prices quoted on an active market. The IRS, CCS and COLLAR contracts therefore belong to level 2 of the fair-value hierarchy, as defined in standard IFRS 7 – *Financial instruments: disclosures*.

The fair value of these contracts is determined at the balance sheet date. Befimmo obtained this information from an independent specialist company. Befimmo also checks them through consistency checks with counterparty financial institutions (fair value excluding CVAs/DVAs).

Finally, we note that although the instruments in question are considered trading instruments under IFRS, they are intended solely for hedging the risk of changing interest and currency rates, and not for speculative purposes.

28. Provisions

A. Current provisions (in € thousand)	31.12.15	31.12.14
Pensions	-	412
Others	2 239	2 442
Current provisions	**2 239**	**2 854**

In 2015, this heading mainly includes a provision for an ongoing dispute that pre-dates the acquisition of Ringcenter SA (Pavilion building), the outcome of which will have no impact on the Company (a debt of an equivalent amount is recorded in the accounts – note 22 to these financial statements). It also contains a provision for legal compliance work.

29. Trade debts and other current debts

D. Trade debts and other current debts (in € thousand)	31.12.15	31.12.14
Other	56 483	57 277
Suppliers	*21 359*	*20 523*
Tenants	*10 156*	*16 012*
Tax, salaries and social charges	*24 967*	*20 741*
Trade debts and other current debts	**56 483**	**57 277**

The heading "Other" consists of three sub-headings:

- suppliers: this covers the amounts owed to various suppliers of goods and service providers;
- tenants: relates to amounts received as deposits for provisions for common charges prepaid by tenants;
- taxes, remuneration and social charges: consists mainly of the amounts of debts related to taxes and withholding charges owed by the Company. As at 31 December 2015, an amount of €14.1 million alone accounts for the withholding tax payable on the interim dividend distributed in late December 2015.

30. Other current liabilities

This heading essentially covers a debt of €2.5 million as part of an agreement related to the impact of an investment project on existing contractual obligations and debts payable related to Befimmo share coupons and attendance tokens of the Company Directors.

31. Accrued charges and deferred income

F. Accrued charges and deferred income (in € thousand)	31.12.15	31.12.14
Property income received in advance	23 987	13 728
Interest and other financial charges accrued and not yet due	8 228	7 916
Others	6	15
Accrued charges and deferred income	**32 221**	**21 659**

This heading consists principally of:

- Income from properties collected in advance, in according with the terms of the leases, where the amount of the rents concerned relates to subsequent periods. Previously, pre-payments of rents were recognised as pre-payments on the liabilities side of the balance sheet under the heading “Trade payables”;
- Financial interest and charges accrued but not yet due, notably interest on the bonds issued in April 2011 (€4.9 million), on other fixed-rate financing (€1.9 million) and on financial hedging instruments (€0.5 million).

32. Quantitative description of the principal risks of the financial assets and liabilities

The quantitative description of the principal risks below complements the chapter on "Risk factors" on page 2 of the management report.

A. Credit risk

Please see pages 31 and 32 of the management report for a breakdown of Befimmo’s portfolio of tenants.

The following tables show the maximum amounts of the Company’s exposure to credit risk, at the balance sheet date, by category of counterparty.

31.12.15 (in € thousand)	TOTAL	Bank	Corporate	State	Other
Non-current financial assets					
E. Non-current financial assets	**54 809**	52 110	4	2 694	1
F. Finance lease receivables	**1 664**	-	-	1 638	25
Current financial assets					
B. Current financial assets	**1 814**	420	48	1 347	-
C. Finance lease receivables	**131**	-	-	131	-
D. Trade receivables	**21 226**	742	10 737	9 747	-
E. Other current assets	**1 681**	-	1 681	-	-
F. Cash and cash equivalents	**215**	214	-	-	1
Total financial assets	**81 541**	**53 486**	**12 470**	**15 557**	**27**

31.12.14 (in € thousand)	TOTAL	Bank	Corporate	State	Other
Non-current financial assets					
E. Non-current financial assets	**21 461**	17 415	4	4 041	1
F. Finance lease receivables	**1 794**	-	-	1 769	25
Current financial assets					
B. Current financial assets	**1 740**	392	-	1 347	1
C. Finance lease receivables	**128**	-	-	128	-
D. Trade receivables	**20 529**	670	9 351	10 508	-
E. Other current assets	**3 044**	-	1 681	1 363	-
F. Cash and cash equivalents	**82**	82	-	-	1
Total financial assets	**48 778**	**18 558**	**11 036**	**19 157**	**27**

All the financial assets in the above table are in the "Loans and receivables" category, as per IAS 39, except for the heading “Financial hedging instruments” (regarded as trading instruments under IFRS) which accounts for most of the “Non-current financial assets” and which are recognised at fair value through the income statement. Note that the fair value of the financial instruments takes account of Befimmo's credit risk against its counterparty banks and that of its counterparties against Befimmo, as per IFRS 13. Except for the heading “Hedging instruments”, the financial assets in the table above are classed as level 2 according to IFRS 13.

To limit the counterparty risk, in the context of its property rental business and also for investment or disinvestment transactions or works, Befimmo has received the following guarantees:

(in € thousand)		31.12.15	31.12.14
Rental guarantees for leases	Blocked accounts/bank guarantees	14 817	15 781
Rental guarantees for leases	Guarantees received in cash	1 749	1 960
Guarantees for investment work	Blocked accounts	26 263	27 219
Guarantees for acquisitions	Bank guarantees	16 000	16 000
Guarantees received at the close of the fiscal year		**58 829**	**60 959**

Befimmo regularly monitors the recovery of its receivables. The details of due dates for trade receivables at the balance sheet date are as follows:

Ageing balance of trade receivables (in € thousand)	> 3 months		1 to 3 months	< 1 months	Unexpired	Total
Non-doubtful debtors	4 210		737	420	15 838	**21 204**
Doubtful debtors	1 674		94	1	-	**1 769**
Provisions for doubtful debtors	-1 651		- 94	- 1	-	**-1 746**
As at 31.12.15	**4 232**	[1]	**737**	**420**	**15 838**	**21 226**
Non-doubtful debtors	1 902		1 390	1 101	16 090	**20 483**
Doubtful debtors	1 231		-	714	-	**1 945**
Provisions for doubtful debtors	-1 231		-	- 667	-	**-1 898**
As at 31.12.14	**1 902**	[1]	**1 390**	**1 147**	**16 090**	**20 529**

Befimmo bears the final risk of trade debts.

A debt repayment plan has been arranged for certain tenants in arrears. At the end of 2015, there were no significant repayment plans.

Furthermore, write-downs of €384,712 were recorded during the 2015 fiscal year (as against €830,584 in 2014); while €434,524 of write-downs were also written back in 2015 (as against €379,450 in 2014).

B. Risks related to financing, financial hedging instruments and their valuation

Please see:

- page 51 of the management report for a description of Befimmo's financial structure and especially its policy of refinancing and interest-rate and currency hedging; and
- See page 6 of the management report for an analysis of the sensitivity of the result to changes in interest rates.

(in € thousand)	31.12.15	31.12.14
Variable-rate borrowings	173 125	87 326
Bilateral credit lines	*128 312*	*87 326*
EUPP	*44 813*	*-*
Fixed-rate borrowings	484 486	444 975
USPP	*182 809*	*164 579*
Bond issue	*161 910*	*161 842*
Assignment of future receivables	*80 767*	*88 554*
EUPP	*59 000*	*30 000*
Guarantees received	1 749	1 960
B. Non-current financial debts	**659 360**	**534 261**
Variable-rate borrowings	459 586	399 517
Bilateral credit lines	*65 836*	*26 017*
Commercial papers	*393 750*	*373 500*
Fixed-rate borrowings	4 962	114 784
Assignment of future receivables	*4 962*	*4 746*
Bond issue	*-*	*110 038*
B. Current financial debts	**464 547**	**514 301**
Total borrowings	**1 123 907**	**1 048 562**

During 2015, Befimmo arranged a bilateral line with a banking institution for an amount of €30 million and also renegotiated the legal and financial conditions for bilateral lines with three banks for an overall amount of €415 million. During 2015 it also realised European private placements of debt totalling €74 million overall. In addition, the maximum amount of the commercial paper programme was increased to €600 million.

At constant perimeter, taking account of the gradual financing of the Gateway building and the renegotiation of a bilateral facility for the amount of €100 million conducted in early 2016, the Company has covered its financing needs until the first quarter of 2017.

As at 31 December 2015, the funding available to the Company consisted primarily[2] of:

- a number of bilateral credit lines totalling €838 million falling due in September/November/December 2016 (€198 million), December 2017 (€75 million), March 2018 (€50 million) and January/July/November 2019 (€250 million), September/December 2020 (€230 million) and June 2021 (€35 million);
- a bond issue in April 2011 for €162 million and a term of 6 years;

1. Most of this amount is owed by public institutions.
2. The amounts given are the notional amounts, excluding the impact of spreading the cost of issuing debt and recovery of par value.

- a United States private placement (USPP) at fixed rates in US Dollar and Pound Sterling arranged in May 2012 for an amount equivalent to €150.3 million maturing in 2019 (€82.77 million) and 2020 (€67.49 million);
- European private bond placements at fixed rates in € for a total amount of €59 million, of which €15 million maturing in 2018, €10 million maturing in 2022, €3 million maturing in 2023, €12 million maturing in 2024 and €19 million maturing in 2025;
- a European private bond placement at variable rates in € for a total amount of €45 million maturing in April 2022;
- various fixed-rate loans, with a residual total of some €85.7 million, corresponding to the assignment of future rents or future usufruct fees (unindexed) on four buildings in the Fedimmo portfolio and two in the Befimmo SA portfolio.

In order to reduce its financing costs, Befimmo has a commercial paper programme for up to €600 million. As at 31 December 2015, €393.75 million were in use under this programme for short term issues. The programme has backup facilities consisting of the various credit lines described above.

In addition, the application of the interest rate hedging policy, described on pages 52 and 53 of the management report, has led the Company to acquire the following financial hedging instruments (as at 31 December 2015) from financial institutions:

			CURRENCY		€				
	Level in IFRS	Class in IFRS	Notional amount (millions)	Interest rate	Notional amount (millions)	Interest rate	Period of hedge		Reference interest rate
CAP bought	2	Option			25	3.50%	Jan. 2012	Jan. 2016	Euribor 1 month
CAP bought	2	Option			25	2.00%	Jan. 2013	Jan. 2019	Euribor 3 month
CAP bought	2	Option			25	1.00%	Feb. 2013	Feb. 2017	Euribor 3 month
CAP bought	2	Option			50	1.50%	Sept. 2013	Sept. 2017	Euribor 3 month
CAP bought	2	Option			50	1.50%	Jan. 2014	Jan. 2017	Euribor 3 month
CAP bought	2	Option			25	2.25%	Jan. 2014	Oct. 2018	Euribor 3 month
CAP bought	2	Option			20	1.50%	Feb. 2014	Feb. 2018	Euribor 3 month
CAP bought	2	Option			15	1.30%	May 2014	May 2018	Euribor 3 month
CAP bought	2	Option			15	0.75%	Jan. 2015	Jan. 2020	Euribor 3 month
CAP bought	2	Option			15	0.30%	Jan. 2015	Jan. 2019	Euribor 3 month
CAP bought	2	Option			30	0.50%	July 2015	July 2020	Euribor 3 month
CAP bought	2	Option			25	0.85%	July 2015	July 2020	Euribor 3 month
CAP bought	2	Option			20	3.50%	Jan. 2012	Jan. 2017	Euribor 3 month
FLOOR[3] sold	2	Option			20	1.51%	Jan. 2012	Jan. 2017	Euribor 3 month
CAP bought	2	Option			30	2.25%	July 2012	Jan. 2019	Euribor 1 month
FLOOR[3] sold	2	Option			30	0.82%	July 2012	Jan. 2019	Euribor 1 month
CAP bought	2	Option			20	1.15%	Jan. 2016	Jan. 2022	Euribor 3 month
FLOOR[3] sold	2	Option			20	0.55%	Jan. 2016	Jan. 2022	Euribor 3 month
Receiver's IRS	2	Forward			100	3.12%	April 2011	Apr. 2017	Euribor 3 month
Payer's IRS	2	Forward			25	1.51%	July 2012	July 2021	Euribor 1 month
Payer's IRS	2	Forward			25	1.41%	Dec. 2017	Sept. 2022	Euribor 3 month
Payer's IRS	2	Forward			25	1.57%	Dec. 2017	Sept. 2022	Euribor 3 month
Payer's IRS	2	Forward			20	1.58%	Jan. 2018	Jan. 2024	Euribor 3 month
Payer's IRS	2	Forward			15	0.84%	May 2014	May 2019	Euribor 3 month
Payer's IRS	2	Forward			15	1.40%	July 2014	Jan. 2024	Euribor 3 month
Payer's IRS	2	Forward			15	1.08%	Sept. 2015	Sept. 2024	Euribor 3 month
Payer's IRS	2	Forward			25	0.50%	Jan. 2016	Jan. 2024	Euribor 3 month
Payer's IRS	2	Forward			25	0.49%	Jan. 2016	Apr. 2025	Euribor 3 month
Payer's IRS	2	Forward			25	0.47%	Jan. 2016	July 2024	Euribor 3 month
Payer's IRS	2	Forward			25	0.41%	Jan. 2016	Jan. 2024	Euribor 3 month
Payer's IRS	2	Forward			25	0.41%	Jan. 2016	Apr. 2025	Euribor 3 month
Payer's IRS	2	Forward			25	0.42%	Jan. 2016	July 2024	Euribor 3 month
Payer's IRS	2	Forward			25	0.72%	Jan. 2016	Jan. 2024	Euribor 3 month
Payer's IRS	2	Forward			20	0.84%	Oct. 2015	Oct. 2024	Euribor 3 month
Payer's IRS	2	Forward			30	0.91%	Oct. 2015	Oct. 2025	Euribor 3 month
Payer's IRS	2	Forward			20	0.81%	Oct. 2015	Oct. 2024	Euribor 3 month
Payer's IRS	2	Forward			20	0.79%	Feb. 2016	Feb. 2025	Euribor 3 month
Payer's IRS	2	Forward			30	0.85%	Feb. 2016	Feb. 2026	Euribor 3 month
Payer's IRS	2	Forward			40	3.90%	Jan. 2016	Jan. 2018	Euribor 3 month
Receiver's IRS	2	Forward			40	3.90%	Jan. 2016	Jan. 2018	Euribor 3 month
Payer's IRS	2	Forward			20	0.11%	Jan. 2016	Jan. 2018	Euribor 3 month
Payer's IRS	2	Forward			30	0.12%	Jan. 2016	Jan. 2018	Euribor 3 month
Receiver's IRS	2	Forward			30	0.12%	Jan. 2016	Jan. 2018	Euribor 3 month
Payer's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 month
Receiver's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 month
CCS[4]	2	Forward	75 USD	4.83%	56	2.77%	May 2012	May 2019	Fix USD for Fix EUR
CCS[4]	2	Forward	22 GBP	4.90%	26	2.76%	May 2012	May 2019	Fix GBP for Fix EUR
CCS[4]	2	Forward	90 USD	5.05%	67	2.92%	May 2012	May 2020	Fix USD for Fix EUR

3. Buying a COLLAR places a ceiling on the rise in interest rates (CAP), but also involves an undertaking to pay a minimum rate (FLOOR).
4. The interest rates in € are margin inclusive for the CCS. The rates are applicable as from 1 June 2015.

The hedging policy is implemented by recurring purchases of option or IRS type hedging instruments. We would remind the reader that the CCS were concluded in March 2012 to hedge the currency risk related to the conclusion of the USPP, denominated in Pound Sterling and US Dollar.

As at 31 December 2015, the hedging ratio was 77.20%. The hedge ratio of the hedging instruments active from the first week of January 2016 is 96.9%.

The situation of the hedging instruments as at 31 December 2014 is set out below.

			CURRENCY		€				
	Level in IFRS	Class in IFRS	Notional amount (millions)	Interest rate	Notional amount (millions)	Interest rate	Period of hedge		Reference interest rate
CAP bought	2	Option			25	3,50%	Jan. 2012	Jan. 2016	Euribor 1 month
CAP bought	2	Option			25	2.00%	Jan. 2013	Jan. 2019	Euribor 3 month
CAP bought	2	Option			25	1.00%	Febr. 2013	Febr. 2017	Euribor 3 month
CAP bought	2	Option			50	1.50%	Sept. 2013	Sept. 2017	Euribor 3 month
CAP bought	2	Option			50	1.50%	Jan. 2014	Jan. 2017	Euribor 3 month
CAP bought	2	Option			25	2.25%	Jan. 2014	Oct. 2018	Euribor 3 month
CAP bought	2	Option			20	1.50%	Febr. 2014	Febr. 2018	Euribor 3 month
CAP bought	2	Option			15	1.30%	May 2014	May 2018	Euribor 3 month
CAP bought	2	Option			15	0.75%	Jan. 2015	Jan. 2020	Euribor 3 month
CAP bought	2	Option			15	0.30%	Jan. 2015	Jan. 2019	Euribor 3 month
CAP bought	2	Option			20	3.50%	Jan. 2012	Jan. 2017	Euribor 3 month
FLOOR[1] sold	2	Option			20	1.51%	Jan. 2012	Jan. 2017	Euribor 3 month
CAP bought	2	Option			30	2.25%	July 2012	Jan. 2019	Euribor 1 month
FLOOR[1] sold	2	Option			30	0.82%	July 2012	Jan. 2019	Euribor 1 month
Receiver's IRS	2	Forward			100	3.12%	April 2011	April 2017	Euribor 3 month
Payer's IRS	2	Forward			35	2.04%	Sept. 2011	March 2015	Euribor 1 month
Payer's IRS	2	Forward			25	1.51%	July 2012	July 2021	Euribor 1 month
Payer's IRS	2	Forward			25	1.41%	Sept. 2013	Sept. 2022	Euribor 3 month
Payer's IRS	2	Forward			25	1.57%	Sept. 2013	Sept. 2022	Euribor 3 month
Payer's IRS	2	Forward			15	0.84%	May 2014	May 2019	Euribor 3 month
Payer's IRS	2	Forward			20	1.58%	July 2014	July 2022	Euribor 3 month
Payer's IRS	2	Forward			15	1.40%	July 2014	Jan. 2024	Euribor 3 month
Payer's IRS	2	Forward			15	1.08%	Sept. 2015	Sept. 2024	Euribor 3 month
Payer's IRS	2	Forward			40	3.90%	Jan. 2016	Jan. 2018	Euribor 3 month
Receiver's IRS	2	Forward			40	3.90%	Jan. 2016	Jan. 2018	Euribor 3 month
Payer's IRS	2	Forward			40	2.84%	Jan. 2016	Jan. 2021	Euribor 3 month
Payer's IRS	2	Forward			30	2.99%	Jan. 2016	Jan. 2022	Euribor 3 month
CCS	2	Forward	75 USD	4.83%	56	4.54%	May 2012	May 2019	Fix USD for Fix EUR
CCS	2	Forward	22 GBP	4.90%	26	4.53%	May 2012	May 2019	Fix GBP for Fix EUR
CCS	2	Forward	90 USD	5.05%	67	4.77%	May 2012	May 2020	Fix USD for Fix EUR

Befimmo does not practice hedge accounting for the financial hedging instruments it holds. These instruments are therefore regarded as trading instruments under IFRS, and changes in their fair value are booked entirely to the income statement. Even if the instruments in question are considered trading instruments under IFRS, they are intended solely for hedging the risk of rising interest rates, and not for speculative purposes.

The fair value of hedging instruments is defined using data that are indirectly observable, but which are not prices quoted on an active market. The IRS, CCS, CAP and COLLAR contracts therefore belong to level 2 of the fair-value hierarchy, as defined in standard IFRS 7 – *Financial Instruments*: *Disclosures*.

The fair value of these contracts is determined at the balance sheet date. The derivatives were valued as at 31 December 2015 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13. The CVAs and DVAs of the financial hedging instruments are calculated on the basis of listed bonds or, alternatively, Credit Default Swaps of counterparty banks and Befimmo bonds.

Befimmo obtained this information from an independent specialist company. Befimmo also checks them through consistency checks with counterparty financial institutions (fair value excluding CVAs/DVAs).

1. The sale of a FLOOR implies a commitment to pay a minimum interest rate. A FLOOR is sold only at the same time as a CAP is purchased, for the same notional amount and equivalent maturity. The combined purchase of a CAP and sale of a FLOOR is a COLLAR.

The fair values of the various classes of hedging instruments are set out below:

(in € thousand)		Balance sheet item as of 31.12.2015	
Classification by IFRS	Level in IFRS	I.E.b. Assets at fair value through the result	I.C. & II.C. Other current and non current financial liabilities
Option	2	542	-1 698
Forward	2	13 681	-13 471
CCS	2	35 756	-
		49 979	**-15 169**

(in € thousand)		Balance sheet item as of 31.12.2014	
Classification by IFRS	Level in IFRS	I.E.b. Assets at fair value through the result	I.C. & II.C. Other current and non current financial liabilities
Option	2	258	-1 548
Forward	2	10 032	-21 975
CCS	2	4 994	-
		15 284	**-23 523**

The Company does not offset the value of its financial instruments booked to the assets and liabilities in the balance sheet. The financial assets and financial liabilities shown in the financial situation are therefore gross amounts.

ISDA agreements with counterparties on financial instruments allow hedging instruments recognised as assets to be offset against those carried as liabilities in the event of default. No collateral was exchanged between the parties.

The potential effect of the offsetting contracts on the hedging instruments is set out below:

Effect of enforceable netting agreements[2] (in € thousand)	I.E.b. Assets at fair value through the result		I.C. & II.C.Other current and non current financial liabilities	
	31.12.15	31.12.14	31.12.15	31.12.14
Total financial hedging instruments recognised in balance sheet	50 838	15 374	15 346	24 295
Enforceable netting	-15 346	-14 639	-15 346	-14 639
Net amount	**35 492**	**735**	**-**	**9 657**

The USPP debt included in the balance sheet item I.B.c. is recognised at fair value (level 2). The fair value option under IAS 39 was adopted, the debt being covered by specific interest-rate and exchange hedging and also measured at fair value. The fair value of the USPP debt is determined by updating future cash flows on the basis of the observed market interest rate curves (in US Dollar and Pound Sterling) at the closing date of these accounts, plus the credit margin. The notional amount determined in this way is converted at the closing exchange rate to obtain the fair value in Euro.

In accordance with the Significant Accounting Policies, changes in the value of the derivatives held by the Company (hedging instruments or otherwise) taking place during the accounting year are described in the following table:

(in € thousand)	Initial fair value	Acquisitions and disposals during the period	Changes in fair value in the profit and loss account	Net losses realised on sale of financial assets	Final fair value
31.12.15 fiscal year	-8 240	24 986	18 205	- 142	34 809
31.12.14 fiscal year	-4 688	493	-4 045	-	-8 240

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

- The acquisition of seven IRS for a total notional amount of €175 million covering the period from January 2016 to January 2024 (€75 million), to July 2024 (€50 million) and to April 2025 (€50 million); the average rate of the IRS is 0.4872%;
- The acquisition of two CAP at 0.50% (€30 million) and 0.85% (€25 million) respectively, covering a period of five years starting in July 2015;
- The acquisition of a COLLAR at (0.5475% - 1.15%) (€20 million) covering a period of six years starting in January 2016;
- The extension of two existing IRS for an additional seven and eight years (for a notional total of €50 million) originally maturing at the end of 2017.

In addition, during fiscal year 2015, Befimmo restructured several IRS (for a notional total of €140 million) and its Cross Currency Swaps (for a notional total of €150 million) by investing their hedging levels at market rates.

In early 2016, Befimmo set up two IRS for a notional amount of €55 million and maturing at the end of 2025.

2. The amounts €50,838 thousand and €15,346 thousand are excluding CVA/DVA.

C. Financial liquidity risk

Please see page 7 of the management report for a description of the financial liquidity risk.

The residual (weighted) average duration of Befimmo's financing is 3.99 years. The tables below illustrate the maturities of the financial liabilities held by the Company.

LIABILITIES (31.12.15)	Total	< 1 year	1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**659 360**	-	523 839	135 521
Current financial liabilities				
B. Current financial debts	**464 547**	464 547	-	-
D. Trade debts and other current debts	**33 126**	33 126	-	-
E. Other current liabilities	**4 920**	4 920	-	-
Total financial liabilities	**1 161 954**	**502 594**	**523 839**	**135 521**

LIABILITIES (31.12.14)	Total	< 1 year	1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**534 261**	-	389 208	145 052
Current financial liabilities				
B. Current financial debts	**514 301**	514 301	-	-
D. Trade debts and other current debts	**37 786**	37 786	-	-
E. Other current liabilities	**4 607**	4 607	-	-
Total financial liabilities	**1 090 956**	**556 695**	**389 208**	**145 052**

The financial liabilities in the table are classed as level 2 according to IFRS 13 and are carried at amortised cost, with the exception of the USPP debt, valued at fair value at the closing date. According to IFRS 13, debt carried at fair value belongs to level 2, with the exception of the retail bond which is level 1.

33. Employee benefits G4-EC2 G4-EC3

As at 31 December 2015, Befimmo's staff are covered by a defined-benefit pension plan. The plan provides for payment of a retirement pension, calculated on the basis of the final salary and seniority, and a survivor's pension. At the member's request, benefits may be paid as a lump sum.

The pension plan is funded by contributions paid into the pension fund of AG Real Estate OFP and by payment of defined contributions into a group insurance. The plan provides for the payment of contributions by members above a certain salary level.

The pension plan in place is exposed to various risks including the interest rate risk, credit risk, liquidity risk, the risk associated with equity markets, currency risk, inflation risk, management risk, risk of changes in statutory pensions and the risk related to changing life expectancies.

An actuarial valuation is made every year in accordance with IAS 19 by independent actuaries.

During fiscal year 2015, the following changes were made to the Company's supplementary pension scheme:

1) Employees in post on 31 December 2015 were offered the choice between, on the one hand, continuing on the existing defined-benefits pension plan or, on the other hand, moving to a new defined-contribution type group insurance from 1 January 2016. This group insurance involves employer contributions only.

2) New employees recruited on or after 1 January 2016 are entitled only to the new defined-contribution group insurance. In accordance with Belgian law, defined-contribution pension schemes are subject to a minimum rate of return guaranteed by the employer (1.75% for 2016).

3) The assets covering the Company's commitments under the defined-benefit scheme were transferred from the pension fund of AG Real Estate OFP to an insurance company, which manages the assets of the new defined-contribution scheme.

The current value of the obligation and assets has evolved as follows:

(in € thousand)	Present value of the obligation	Fair value of plan assets	Total (asset)/ deficit	Effect of asset ceiling[1]	Net (asset)/ liability
As at 31 December 2013 (restated IAS 19R)	**7 027**	**-7 060**	**- 34**	**34**	**0**
Service cost in profit and loss					
Current service cost (net of employee contributions)	752	0	752		752
Past service cost (including effect of curtailments)	0	0	0		0
Settlement (gain)/loss	0	0	0		0
Net interest on the net liability/(asset) in profit and loss					
Interest cost on defined benefit obligation/income on plan assets/ interest on asset ceiling	270	- 260	11		11
Components of defined benefit cost recognised in profit and loss	1 022	- 260	762		762
Actuarial (gain)/loss arising from					
Changes in demographic assumptions			0		0
Changes in financial assumptions	1 028		1 028		1 028
Experience adjustments	- 113		- 113		- 113
Return on plan assets (excluding amounts in net interest)		- 350	- 350		- 350
Change in effect of the asset ceiling (excluding amounts in net interest)				- 34	- 34
Remeasurements of the net liability/(asset) in 'Other comprehensive income'	914	- 350	564	- 34	530
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**1 936**	**- 610**	**1 327**	**- 34**	**1 293**
Employee contributions	47	- 47	0		0
Employer contributions		- 881	- 881		- 881
Benefit payments from plan assets	- 204	204	0		0
Direct benefit payments by employer					0
Cash flows	**- 156**	**- 725**	**- 881**		**- 881**
As at 31 December 2014	**8 807**	**-8 395**	**412**	**0**	**412**
Service cost in profit and loss					
Current service cost (net of employee contributions)	1 081		1 081		1 081
Past service cost (including effect of curtailments)	- 398		- 398		- 398
Settlement (gain)/loss					
Net interest on the net liability/(asset) in profit and loss					
Interest cost on defined benefit obligation/income on plan assets/ interest on asset ceiling	197	- 177	21		21
Components of defined benefit cost recognised in profit and loss	880	- 177	703		703
Actuarial (gain)/loss arising from					
Changes in demographic assumptions					
Changes in financial assumptions	- 549		- 549		- 549
Experience adjustments	- 95		- 95		- 95
Return on plan assets (excluding amounts in net interest)		129	129		129
Change in effect of the asset ceiling (excluding amounts in net interest)				384	384
Remeasurements of the net liability/(asset) in 'Other comprehensive income'	- 644	129	- 516	384	- 131
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**235**	**- 48**	**187**	**384**	**572**
Employee contributions	60	- 60	0		0
Employer contributions		- 984	- 984		- 984
Benefit payments from plan assets	- 150	150	0		0
Direct benefit payments by employer					
Cash flows	**- 90**	**- 894**	**- 984**		**- 984**
As at 31 December 2015	**8 953**	**-9 337**	**- 384**	**384**	**0**

1. If a net asset exists, it will not be recognised.

The cost of services provided, calculated in accordance with IAS 19 R, is included under "Corporate overheads" of the IFRS income statement.

The effective rate of return of the assets for the 2015 fiscal year is 3.41%, calculated by weighting the rates of return on the pension fund and the group insurance. The plan assets are broken down as follows:

a) Group insurance (class 21): €2,718 thousand;

b) Pension fund: €6,619 thousand, of which 31% is invested in shares, 56% in bonds and 13% in cash and other investments.

The duration of the pension obligations for active plan members is 23 years. The pension obligations are funded based on the projected credit units method. The actual yield of the assets over the fiscal year was positive at €677 thousand. For the 2014 fiscal year, it was positive at €610 thousand.

The main actuarial assumptions are summarised below:

	31.12.15	31.12.14
Discount rate	2.25%	2.00%
Expected rate of salary increase	3.00%	3.00%
Expected yield rate of plan assets	2.25%	2.00%
Expected rate of pension increase	1.70%	1.70%
Mortality table	MR-5/FR-5	MR-5/FR-5

Befimmo expects to contribute an estimated €1,491 thousand for the 2016 fiscal year.

We also analysed the sensitivity of the pension obligation to changes in the various assumptions:

Parameters	Assumption	Impact on the present value of the obligation
Discount rate	0.50%	Decrease of 10.85%
Discount rate	-0.50%	Increase of 12.25%
Inflation rate	0.50%	Increase of 12.00%
Inflation rate	-0.50%	Decrease of 10.75%
Growth rate of wages	0.50%	Increase of 9.90%
Growth rate of wages	-0.50%	Decrease of 10.15%
Life expectancy	+ 1 year	Increase of 3.95%

34. Changes in fair value of investment properties: information in accordance with IFRS 13

In line with IFRS, Befimmo values its property portfolio at fair value determined by experts. The fair value of a building is its investment value, including registration fees and other transaction costs (also known as "deed-in-hands value") as calculated by an independent expert, minus a standard allowance of 2.5%[2] for property with an investment value exceeding €2.5 million and 10% or 12.5% depending on the Region, for property with an investment value of less than €2.5 million. This 2.5% allowance is derived from an analysis by independent experts of a large number of transactions observed on the market, and represents the average transaction costs actually paid in these transactions.

A. Valuation at fair value as at 31 December 2015

Investment properties (in € thousand)	Total	Level 3
Properties available for lease	**2 230 420**	**2 230 420**
Brussels centre (CBD)	1 226 002	1 226 002
Brussels decentralised	91 849	91 849
Brussels periphery	144 703	144 703
Flanders	493 163	493 163
Wallonia	187 882	187 882
Luxembourg city	86 820	86 820
Others - Properties that are being constructed or developed for own account in order to be leased	**157 386**	**157 386**
TOTAL INVESTMENT PROPERTIES	**2 387 806**	**2 387 806**

2. Average transactions costs paid, as recorded by experts on the Belgian market. This accounting method is described in detail in the BeAMA press release of 8 February 2006.

B. Valuation techniques used for level 3

All properties in the portfolio were classified from the first application of IFRS 13 in category level 3 (“fair value based primarily on unobservable inputs") as defined by the standard.

The public BE-REIT’s independent experts use several valuation techniques to determine the fair value of the properties in the portfolio:

- The method of updating the future cash flows generated by the building: this technique requires the net rental income generated by the building to be valued on an annual basis for a given period. At the end of this period, a residual value is calculated taking into account the expected condition of the property. In Befimmo's panel of experts, this technique is applied in two variants:
  - A "conventional" method which estimates future income based on current leases and any assumptions about renegotiation, indexed annually according to an assumption based on market outlook and updated at a rate reflecting both the state of the property and financial markets and quality of the tenant. The residual value is calculated by capitalising an estimated income from reletting the building, minus an amount for works, rental vacancy and marketing costs estimated for reletting on the basis of the defined assumptions.
  - A method known as "Term & Reversion", involving the calculation of the present value of contractually secure income at the valuation date, and the residual value at the end of current contracts. The present value of the income is calculated on the basis of non-indexed income updated at a rate that excludes inflation, while the residual value is calculated for each individual area, similarly to the conventional method, also updated at a rate that excludes inflation.
- The income capitalisation method: this method involves capitalising the estimated rental value of the building using a capitalisation rate in line with the property market. The capitalisation rate is chosen on the basis of an analysis of comparable market data, including publicly available information for the sector concerned. The rate is the expected rate of return for potential investors on the valuation date. The resulting value is then adjusted for the (positive or negative) differential between the hypothetical rent used and the rent from current leases, as well as assumptions about works and/or anticipated rental vacancies in the building on the expiry of the current leases.

These valuation methods are applied to buildings in the portfolio, assuming that they are used optimally ("highest and best use") at appropriation level (e.g. an office building with more potential value in retail use is valued taking account of the potential value created by that use).

In general, the results obtained using these various valuation methods are then compared with market benchmarks, particularly in terms of unit price per square metre or initial yields on ongoing leases.

For projects under development, their value is generally calculated using the income capitalisation method, namely the capitalisation of an estimated rental value of the project after its renovation/construction is complete, possibly corrected by a rental gain or loss if the project is already pre-let, minus from the amount of work still to be done before the building can be handed over.

C. Change in value of the portfolio over the fiscal year (level 3)

(in € thousand)	
Opening balance as of 31 December 2014	**2 285 235**
Gains/losses recognised in profit and loss	
- realised :	967
- non-realised :	10 984
Investments	22 592
Acquisitions	75 430
Disposals	- 6 918
Transfer between levels	-
Opening balance as of 31 December 2015	**2 388 290**

No transfers between levels (1, 2 and 3) were made during the year.

D. Quantitative information regarding fair value measurement on the basis of "unobservable inputs"

Quantitative information on the valuation of the fair value based on unobservable data (Level 3)

OFFICES	Fair value as at 31.12.15 (in € thousand)	Valuation techniques	Unobservable data	Interval			(weighted average)
Brussels centre (CBD)	1 226 002	Cashflow discount	Annual rent	138 €/m²	-	317 €/m²	(184 €/m²)
			Discount rate	1.00%	-	7.00%	(1.53%)
			Capitalisation rate of the residual value	5.00%	-	7.95%	(5.65%)
		Capitalisation method	Annual rent/ rental value	155 €/m²	-	275 €/m²	(195 €/m²)
			Capitalisation rate	4.90%	-	6.09%	(5.04%)
Brussels decentralised	91 849	Cashflow discount	Annual rent		-		-
			Discount rate		-		-
			Capitalisation rate of the residual value		-		-
		Capitalisation method	Annual rent/ rental value	70 €/m²	-	150 €/m²	(133 €/m²)
			Capitalisation rate	6.05%	-	12.20%	(6.55%)
Brussels periphery	144 703	Cashflow discount	Annual rent		-		-
			Discount rate		-		-
			Capitalisation rate of the residual value		-		-
		Capitalisation method	Annual rent/ rental value	70 €/m²	-	125 €/m²	(105 €/m²)
			Capitalisation rate	6.60%	-	9.00%	(7.56%)
Flanders	493 163	Cashflow discount	Annual rent	61 €/m²	-	139 €/m²	(110 €/m²)
			Discount rate	1.00%	-	3.29%	(1.61%)
			Capitalisation rate of the residual value	5.24%	-	7.00%	(6.47%)
		Capitalisation method	Annual rent/ rental value	70 €/m²	-	115 €/m²	(108 €/m²)
			Capitalisation rate	5.10%	-	10.00%	(5.29%)
Wallonia	187 882	Cashflow discount	Annual rent	109 €/m²	-	148 €/m²	(137 €/m²)
			Discount rate	1.00%	-	1.80%	(1.58%)
			Capitalisation rate of the residual value	7.00%	-	8.00%	(7.20%)
		Capitalisation method	Annual rent/ rental value	60 €/m²	-	75 €/m²	(68 €/m²)
			Capitalisation rate	8.50%	-	9.50%	(8.90%)
Luxembourg city	86 820	Cashflow discount	Annual rent		-		-
			Discount rate		-		-
			Capitalisation rate of the residual value		-		-
		Capitalisation method	Annual rent/ rental value		-		(396 €/m²)
			Capitalisation rate		-		(5.75%)
Others - Properties being constructed or developed for own account in order to be leased	157 386	Capitalised net revenue less cost of the remaining work	Capitalised net income	3 667 €/m²	-	4 732 €/m²	(3 942 €/m²)
			Annual rent	165 €/m²	-	265 €/m²	(194 €/m²)
			Capitalisation rate	4.05%	-	5.60%	(4.85%)
			Costs of the remaining work	1 238 €/m²	-	2 210 €/m²	(1 858 €/m²)
TOTAL fair value as at 31.12.15	**2 387 806**						

E. Sensitivity of the valuation to changes in key "unobservable inputs"

A change of + or -5% in the estimated rental values of properties in the portfolio would result in a change in the fair value of the portfolio of the order of +€94.8 million and -€95.7 million respectively.

A change of + or -50 basis points in the updating and capitalisation rates (used for both the income capitalisation method and the discounted future cash flows) generate a change in fair value of the portfolio of the order of -€190.4 million and +€224.2 million respectively.

It is important to note that the levels of estimated rental value and yield of buildings can influence one another. This correlation has not been taken into account in the above sensitivity test, however, which assumes that these two parameters rise and fall independently.

F. Valuation process

To meet the requirements for preparing the Company's quarterly financial statements, the property portfolio is also valued on a quarterly basis as follows:

- At the end of the quarter, the Company sends the experts detailed information on the transactions carried out during the quarter, mainly in terms of rentals (area let, rents agreed, duration of leases, investments to be made, etc.) but also of any acquisitions or disposals of properties.
- The Company then meets each expert to discuss the information provided and their perceptions of the property market, and answer any questions that the experts might have about properties in the portfolio.
- The experts then incorporate this information into their valuation models. Based on their experience of the market and any transactions (leases, acquisitions, etc.) taking place on the market, they retain or adjust the valuation parameters used in their models, mainly in terms of estimated rental values, rates of return (discount and/or capitalisation rates), assumptions about rental vacancies or investments to be made in the buildings.
- The experts then give their individual valuations of the property portfolio based on these calculations. These are then subject to various checks in Befimmo's investment department, to help the Company understand the assumptions used by the experts in their calculations. These assumptions are also shared with the Befimmo management team.
- The summary table of the individual property valuations is passed on to the accounts department to enter the quarterly revaluation of the portfolio in the accounts.
- The values recorded are subject to checks by the Audit Committee and the Auditor before Befimmo's Board of Directors closes the financial statements.

35. Commitments

35.1. Commitments to third parties

35.1.1. Commitments to tenants

Befimmo has a commitment under the lease with the Buildings Agency for the Poelaert building, to make available to the lessee, from the date of the ninth anniversary of the lease taking effect, the sum of €1 million to cover light refurbishment work.

Befimmo is also committed under the lease with the Buildings Agency for the AMCA building, to provide the lessee with €110,000 excluding VAT each year to cover refurbishment work.

35.1.2. Commitments to purchasers of properties to be sold

The Belgian Government also has an option to purchase the new Finance Centre, Paradis Tower in Liège, at the end of the 27.5-year lease.

35.1.3. Purchase undertaking

Beway SA has given an undertaking to the joint venture Codic Immobel, to acquire the buildings of the Gateway building in Zaventem, gradually as the development proceeds, and to pay the balance upon provisional handover of the building, expected in the fourth quarter of 2016. The acquisition represents a total investment of some €140 million, €75.4 million of which have already been booked.

35.1.4. Commitments to approved building contractors and design teams

Commitments entered into by Befimmo with approved building contractors:
Befimmo's main contractual commitments with approved building contractors and design teams amount to some €11.8 million including VAT. These commitments mainly concern the Brederode 9/Namur 48, the Blue Tower, the Guimard and the Media buildings.

Commitments entered into by Fedimmo with approved building contractors:
Fedimmo's main contractual commitments with approved building contractors and design teams amount to some €1.2 million including VAT. These commitments relate mainly to the Paradis Tower (the new Finance Centre) and the WTC Tower IV project.

Commitments entered into by Befimmo Property Services:
The main commitments entered into by Befimmo Property Services relate to the various contracts for maintenance, upkeep and total guarantee, cleaning and guarding of the buildings it manages on behalf of Befimmo. These commitments vary in length depending on the contracts and account for some €5 million including VAT annually. These services are mostly billed to tenants under the heading of common charges.

35.1.5. Marketing agreements

Befimmo, Fedimmo and Axento have commitments with a number of agents, under rental and/or sale agreements, to pay fees in line with usual market rates.

35.1.6 Commitments to third parties

Befimmo, Fedimmo and Axento might decide to make binding rental or investment offers that are still valid at the closing date of the fiscal year.

35.1.7. Other commitments

Under the agreements reached in 2012 between Aedifica and Blue Tower Louise SA, Befimmo gave a number of commitments to Aedifica, notably to carry out some work to alter the structure of the basements of the Blue Tower building to enable Aedifica to carry out its plan to build a residential building. To cover its commitments, Befimmo lodged a guarantee of €2,131 million including VAT (as an escrow account) in favour of Aedifica.

Befimmo and Fedimmo also have commitments for periods of one to three years under specific contracts such as the surveying of the buildings (for the quarterly valuation of the property portfolio), property management services for the Axento building, contracts for the provision of services in certain buildings, agreements for renting parking spaces to third parties, and insurance policies.

As part of a private international competitive call for projects for the development of a plot of land in Liège (Paradis Express), Fedimmo has undertaken to compensate some contest participants up to a maximum of €75,000, if the project is not executed.

35.2. Restrictions on assignment

None of the buildings in the Company's portfolio is mortgaged or subject to any other restriction on realisation or assignment, save only the standard provisions contained in several loan agreements (property intended for letting may not be sold to or bought by a company in the group). These restrictions have no impact on the value of the properties concerned.

Similarly, none of the Company's property assets is subject to any restriction on the recovery of income.

However, to enable Befimmo and Fedimmo to take advantage of attractive financing terms, future rents of five buildings have been assigned to a financial institution and the future usufruct fees for one building have been assigned to a financial institution. Ownership of these buildings may not therefore be transferred without the prior consent of the assignee of the rent or the early repayment of the financial liability. These arrangements concern the Poelaert building and Pavilion complex in the Befimmo portfolio and four buildings in the Fedimmo portfolio: avenue des Arts, rue du Gouvernement Provisoire and rue Lambermont in Brussels, and Majoor Vandammestraat in Knokke.

35.3. Guarantees given

(in € thousand)		31.12.15	31.12.14
Guarantees for investment work	Bank guarantee	102 052	10 562
Guarantees issued at the close of the fiscal year		**102 052**	**10 562**

Fedimmo issued two guarantees in the context of the project to build the new Finance Centre, Paradis Tower in Liège. The first, amounting to €5.4 million in favour of the Buildings Agency, to guarantee the performance of the development contract concluded on 31 March 2009 for the provision of a building to house the Federal Public Finance Service in Liège. This guarantee was paid-up to 50% in early January 2015. The second, amounting to €5.1 million in favour of the City of Liège, to guarantee the performance of all the work and planning charges applicable to the single permit issued for the construction of the new building.

In the context of the acquisition of the Gateway building, which has yet to be completed, the Company has issued a bank guarantee in favour of the joint venture Codic Immobel to cover the payment (including VAT) for the remaining constructions. The amount of the guarantee is reduced by the amount of the payments made, and stood at €94.2 million at 31 December 2015.

36. Related-party transactions

The table below shows the remuneration of the Directors and Executive Officers of Befimmo SA.

FISCAL YEAR 31.12.15 (in €) Name	Short-term benefits (salaries, bonuses)[1]	Post-employment benefits (pension, etc.)
SPRL Alain Devos (until 28 April 2015) / Alain Devos (as from 28 April 2015)	143 000	
SPRL A.V.O. Management, represented by Annick Van Overstraeten	83 000	
Sophie Goblet	75 000	
Sophie Malarme-Lecloux (nominated on 28 April 2015)	45 000	
Benoît Godts	82 500	
Roude BVBA (until 28 April 2015) / Jacques Rousseaux (as from 28 April 2015)	80 000	
Marc VH-Consult BVBA, represented by Marcus Van Heddeghem (end of mandate on 28 April 2015)	12 500	
SPRL Etienne Dewulf (until 28 April 2015) / Etienne Dewulf (as from 28 April 2015)	94 000	
Guy Van Wymersch-Moons	62 500	
Kadees BVBA, represented by Kurt de Schepper	60 000	
Hugues Delpire	93 000	
Managing Director, represented by SPRLu BDB Management (until 28 April 2015) / Benoît De Blieck (as from 28 April 2015)	726 059	48 933
variable portion	*225 000*	
Other Executive Officers	1 227 878	215 157
variable portion	*283 308*	
Total	**2 784 437**	**264 090**

FISCAL YEAR 31.12.14 (in €) Name	Short-term benefits (salaries, bonuses) [1]	Post-employment benefits (pension, etc.)
Arcade Consult BVBA, represented by André Sougné (end mandate 29 April 2014)	15 000	
Hugues Delpire	69 500	
SPRL Alain Devos, represented by Alain Devos	121 250	
Benoît Godts	64 500	
Roude BVBA, represented by Jacques Rousseaux	72 500	
Marc VH-Consult BVBA, represented by Marcus Van Heddeghem	63 500	
SPRL Etienne Dewulf, represented by Etienne Dewulf	76 000	
Sophie Goblet	55 000	
Guy Van Wymersch-Moons	52 500	
Kadees BVBA, represented by Kurt de Schepper (nominated on 29 April 2014)	40 000	
SPRL A.V.O. Management, represented by Annick Van Overstraeten (nominated on 29 April 2014)	50 500	
Managing Director, represented by SPRLu BDB Management - Benoît De Blieck	715 000	
variable portion	*200 000*	
Other Executive Officers	989 012	154 077
variable portion	*248 852*	
Total	**2 384 262**	**154 077**

Post-employment benefits are described in the note on employee benefits.

Relationships with entities of AG Insurance are described in the chapter "Corporate governance statement".

The Company did not grant any other long-term benefits during the 2014 or 2015 fiscal years.

1. Short-term benefits are fixed and variable remuneration, and any other miscellaneous components and benefits (including social charges).

STATUTORY AUDITOR'S REPORT

Befimmo NV/SA

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2015

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of total comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited the consolidated financial statements of Befimmo NV/SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 2,500,234 (000) EUR and the consolidated income statement shows a consolidated net profit (group share) for the year then ended of 97,927 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of Befimmo NV/SA give a true and fair view of the group's net equity and financial position as of 31 December 2015, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 25 March 2016

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

STATUTORY STATEMENT OF TOTAL COMPREHENSIVE INCOME (IN € THOUSAND)

		31.12.15	31.12.14
I.	(+) Rental income	87 856	88 698
III.	(+/-) Charges linked to letting	- 536	- 945
NET RENTAL INCOME		**87 319**	**87 753**
IV.	(+) Recovery of property charges	6 328	6 686
V.	(+) Recovery of rental charges and taxes normally payable by tenants on let properties	20 689	18 067
VII.	(-) Charges and taxes normally paid by tenants on let properties	-19 510	-17 641
VIII.	(+/-) Other revenue and charges for letting	607	212
PROPERTY RESULT		**95 433**	**95 078**
IX.	(-) Technical costs	-7 560	-8 371
X.	(-) Commercial costs	- 786	- 975
XI.	(-) Charges and taxes on unlet properties	-5 005	-3 814
XII.	(-) Property management costs	-1 645	-1 485
XIII.	(-) Other property charges	-1 382	-2 820
	(+/-) Property charges	**-16 378**	**-17 463**
PROPERTY OPERATING RESULT		**79 054**	**77 614**
XIV.	(-) Corporate management costs	-6 179	-8 492
XV.	(+/-) Other operating income and charges	- 286	1 472
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**72 589**	**70 594**
XVI.	(+/-) Gains or losses on disposals of investment properties	- 4	-
XVIII.	(+/-) Changes in fair value of investment properties	-26 720	-11 507
OPERATING RESULT		**45 864**	**59 088**
XX.	(+) Financial income	40 804	33 579
XXI.	(-) Interest charges	-23 212	-25 334
XXII.	(-) Other financial charges	-3 124	-2 604
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	38 581	4 998
	(+/-) Financial result	**53 049**	**10 638**
PRE-TAX RESULT		**98 913**	**69 726**
XXIV.	(-) Corporation tax	-1 018	- 858
	(+/-) Taxes	**-1 018**	**- 858**
NET RESULT		**97 895**	**68 868**
TOTAL BASIC NET RESULT AND DILUTED PER SHARE		**4.41**	**3.19**
Other comprehensive income - actuarial gains and losses - non-recyclable		131	- 530
TOTAL COMPREHENSIVE INCOME		**98 026**	**68 338**

The Statutory Auditor's report gives unqualified approval to the statutory accounts of Befimmo SA.

STATUTORY STATEMENT OF FINANCIAL POSITION (IN € THOUSAND)

ASSETS		31.12.15	31.12.14
I.	**Non-current assets**	**2 301 571**	**2 241 487**
C.	Investment properties	1 360 170	1 375 860
D.	Other property, plant and equipment	696	543
E.	Non-current financial assets	940 705	865 084
II.	**Current assets**	**140 746**	**51 240**
B.	Current financial assets	114 625	32 288
D.	Trade receivables	18 833	12 157
E.	Tax receivables and other current assets	1 681	3 050
F.	Cash and cash equivalents	117	38
G.	Deferred charges and accrued income	5 489	3 706
TOTAL ASSETS		**2 442 317**	**2 292 727**

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.15	31.12.14
SHAREHOLDERS' EQUITY		**1 265 263**	**1 195 448**
A.	Capital	323 661	319 066
B.	Share premium account	702 548	688 688
C.	Reserves	198 497	175 066
D.	Net result for the fiscal year	40 557	12 628
LIABILITIES		**1 177 054**	**1 097 278**
I.	**Non-current liabilities**	**633 965**	**514 644**
B.	Non-current financial debts	618 796	491 282
	a. Credit institution	168 903	132 969
	c. Other	449 893	358 313
	Bond issues	*161 910*	*161 842*
	USPP	*182 809*	*164 579*
	EUPP	*103 813*	*30 000*
	Guarantees received	*1 362*	*1 892*
C.	Other non-current financial liabilities	15 169	23 362
II.	**Current liabilities**	**543 089**	**582 634**
A.	Provisions	2 160	2 600
B.	Current financial debts	470 663	513 006
	a. Credit institution	68 063	28 147
	c. Other	402 600	484 860
	Commercial papers	*393 750*	*373 500*
	Bond issues	-	*110 038*
	Other	*8 850*	*1 321*
C.	Other current financial liabilities	-	161
D.	Trade debts and other current debts	38 575	43 810
	b. Other	38 575	43 810
E.	Other current liabilities	2 000	1 842
F.	Accrued charges and deferred income	29 690	21 214
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2 442 317**	**2 292 727**

The Statutory Auditor's report gives unqualified approval to the statutory accounts of Befimmo SA.

NOTE ON STATUTORY SHAREHOLDERS' EQUITY

The reader is invited to go to page 56 of the management report to consult the chapter "Appropriation of result".

The changes in equity before and after the proposed appropriation of the result for the 2015 fiscal year are as follows:

(in € thousand)	A. Capital	a. Subscribed capital (+)	b. Costs of capital increase (-)	B. Share premium account	C. Reserves	a. Legal reserve (+)
31.12.2014 SHAREHOLDERS' EQUITY (Before appropriation of result)	**319 066**	329 413	- 10 347	**688 688**	**175 066**	1 295
Appropriation of result 2014 in the reserves					**12 628**	
Payment of the final dividend of the 2014 fiscal year					**- 19 039**	
31.12.2014 SHAREHOLDERS' EQUITY (After appropriation of result)	**319 066**	329 413	- 10 347	**688 688**	**168 655**	1 295
Private placement of own shares of 30 November 2015	**- 403**		- 403		**29 711**	
Interim dividend of the 2015 fiscal year						
Capital increase following the interim optional dividend	**4 998**	5 051	- 54	**13 859**		
Other comprehensive income					**131**	
31.12.2015 SHAREHOLDERS' EQUITY (Before appropriation of result)	**323 661**	334 464	- 10 803	**702 548**	**198 497**	1 295
Appropriation of result 2015 in the reserves[1]					**40 557**	
Payment of the final dividend of the 2015 fiscal year[1]					**- 19 798**	
31.12.2015 SHAREHOLDERS' EQUITY (After appropriation of result)	**323 661**	334 464	- 10 803	**702 548**	**219 255**	1 295

1. Subject for approval by the Ordinary General Meeting of shareholders of 26 April 2016.

b. Reserve for the balance of changes in fair value of investment properties (+/-)	c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties (-)	e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS (+/-)	h. Reserve for own shares (-)	j. Reserve for actuarial gains and losses for the defined benefit pension plan (+/-)	m. Other reserves (+/-)	n. Result brought forward from previous years (+/-)	D. Result for the fiscal year	TOTAL SHAREHOLDERS' EQUITY
106 710	- 33 609	- 9 039	- 27 447	- 243	19 818	117 580	**12 628**	**1 195 448**
- 11 507	- 995	- 1 962				27 092		
						- 19 039		
95 203	- 34 604	- 11 001	- 27 447	- 243	19 818	125 633	-	
			27 447			2 264		
							- 57 338	
				131				
95 203	- 34 604	- 11 001	-	- 112	19 818	127 897	**40 557**	**1 265 263**
- 23 153	599	9 127				7 677		
						- 19 798		
118 356	- 34 004	- 1 873	-	- 112	19 818	115 776	-	

The table below is presented after appropriation of the result to reserves.

Shareholders' equity that cannot be distributed according to article 617 of the Code of Company Law (in € thousand)		31.12.15	
NET ASSETS		**1 265 263**	
(+)	Paid-up capital or, if greater, subscribed capital	334 464	
(+)	Share premium account unavailable for distribution according to the articles of association	643 790	1
(+)	Reserve of the positive balance of the changes in fair value of the investment properties	118 356	2
(-)	Reserves for estimated transaction costs resulting from hypothetical disposal of investment properties	- 34 004	
(+/-)	Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	- 1 873	3
(+/-)	Reserve for actuarial gains and losses of the defined benefit pension plan	- 112	
(+)	Other reserves declared non-distributable by the General Meeting of Shareholders	3 633	
(+)	Legal reserve	1 295	
TOTAL NON-DISTRIBUTABLE SHAREHOLDERS' EQUITY		**1 065 549**	
BALANCE		**199 713**	

Obligation to distribute dividends according to the Royal Decree of 13.07.2014 concerning BE-REIT (SIR/GVV) (in € thousand)		31.12.15	
NET RESULT		**97 895**	
(+)	Depreciation	275	
(+)	Writedowns	366	
(-)	Writeback of writedowns	- 435	
(+/-)	Other non-cash elements	-17 316	
(+/-)	Result on the disposal of property assets	4	
(+/-)	Changes in fair value of investment properties	6 345	3
CORRECTED RESULT (A)		**87 135**	
(+/-)	Realised gains and losses[4] on property assets during the year	- 4	
(-)	Realised gains and losses[4] on property assets during the year, exonerated from the obligation to distribute if reinvested within 4 years		
(+)	Realised gains on property assets previously exonerated from the obligation to distribute and that were not reinvested within 4 years		
NET GAINS ON REALISATION OF PROPERTY ASSETS NON-EXONERATED FROM THE DISTRIBUTION OBLIGATION (B)		**- 4**	
TOTAL (A+B) X 80%		**69 704**	
DECREASE IN BORROWINGS (-)		**-**	
OBLIGATION TO DISTRIBUTE		**69 704**	

1. The amount of €643,790 thousand included in the calculation under article 617 represents the non-distributable issue premiums. The difference of €58,758 thousand in relation to the total amount of issue premiums was made distributable by the approval of the Meeting.
2. Calculated on the basis of the fair value of the properties, including the changes in fair value of the investment properties of the subsidiaries.
3. Including change in fair value of the USPP debt, which is compensated by changes in fair value of the associated Cross Currency Swaps.
4. In relation to the acquisition value, increased by the capitalised renovation costs.