Press release

Regulated information
14 February 2019 | 5.40 PM

Annual results 31.12.2018

Befimmo closes a dynamic and ambitious year

- Strategic acquisition of **Silversquare**, leader and pioneer on the Belgian coworking market
- Announcement of the opening of a Silversquare coworking space in the **Quatuor** project
- **ZIN** (110,000 m² - the successor to the present WTC Towers 1 and 2): permit application in progress
- **Arts 56** (22,000 m²): the Arts 56 building joins Befimmo's portfolio
- **Brederode Corner** (7,000 m²): fully let two years before hand-over
- Strong rental activity (52,693 m²)

- Stable fair value of the property portfolio (-0.21%) at constant perimeter
- EPRA earnings of €3.68 per share, in line with forecasts (€3.64 per share)
- Net result of €3.24 per share
- Net asset value of €56.42 per share
- Loan-to-value ratio of 43.62%

- Confirmation of the proposed final dividend of €0.86 gross per share, payable as from 10 May 2019, bringing the total dividend for the fiscal year to €3.45 gross per share
- Dividend outlook of €3.45 gross per share for the 2019 fiscal year

The Board of Directors of Befimmo SA met on 13 February 2019
to close the annual financial statements as at 31 December 2018.

Contents

Real-estate and financial indicators:
The real-estate indicators of Befimmo are identified with a footnote at their first mention in this press release. The definitions of those indicators are published in Appendix 4 to this press release.
Befimmo is fully committed to standardising its reporting - with a view to improving the quality and comparability of the information - by adopting the EPRA reporting guidelines.

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

1. A dynamic and ambitious year

"2018 has been a dynamic and ambitious year for Befimmo. Our committed and motivated teams have made every effort to create value for all our stakeholders. The good results that we are presenting in this press release are the proof of that. In 2019 we will continue on this basis. With our new subsidiary, Silversquare, we aim to meet the current and future needs of workspace users. Our six strategic axes[1] outline the framework of our activities. Great projects await us!" says Benoît De Blieck, CEO of Befimmo.

In January 2018, Befimmo completed the purchase from AXA Belgium of a 99-year leasehold on the **Arts 56** building (22,000 m², Brussels, Leopold district).

In April 2018, it opened its first 4,000 m² coworking space in the Triomphe building (Brussels, decentralised), only 7 months after the launch of its partnership with **Silversquare**, Belgian leader and pioneer in coworking. Successful cooperation under the partnership led, in late 2018, to the acquisition of a stake in Silversquare and an ambitious plan: the development of the first Belux coworking network.

In **the Brussels North area**, Befimmo continues to prepare for the future. With the Up4North association, it has put in place initiatives designed to revitalise the neighbourhood. Building on the experience and initial results of its work in the association, Befimmo started the permits application process for its new **ZIN** project (110,000 m²), an innovative multifunctional project that will replace the present Towers 1 and 2 of the WTC. Work on the Quatuor project (60,000 m²) is under way. A number of artists will decorate the hoarding of the construction site with works of art throughout the duration of the works. In 2018, Befimmo decided to open a Silversquare coworking space in the Quatuor building. The Quatuor project is a perfect response to the rapidly changing needs of current and future occupants.

In fiscal year 2018, Befimmo signed new leases and renewals for a total floor area of 52,693 m². This sustained rental activity demonstrates that Befimmo is proactively managing its portfolio and offering attractive buildings.
The lease signed for the take-up of the entire **Brederode Corner** building (7,000 m² located in the heart of Brussels), two years before the renovation was completed, is a specific example of Befimmo's ability to create value by redeveloping its strategically located buildings as their leases approach expiry.

The fair value of the portfolio was €2,655.3 million at 31 December 2018, compared with €2,494.4 million at 31 December 2017. The value of the portfolio (excluding acquisitions, investments and divestment) remained broadly stable over the year (a change of -0.21%, or -€5,514 million).

EPRA earnings per share amounted to €3.68 at 31 December 2018 (€3.74 at 31 December 2017), in line with the outlook (€3.64 per share), and the net result was €3.24 per share.

The net asset value was €56.42 per share as at 31 December 2018.

As at 31 December 2018, Befimmo's LTV ratio was 43.62%. The annualised average cost of financing was 2.01% as at 31 December 2018. At the end of the fiscal year, the weighted average duration of the debt was 4.84 years.

Befimmo foresees a dividend of €3.45 gross per share for fiscal year 2019.

1 https://www.befimmo.be/en/who-we-are/about-befimmo/strategic-axes

2. Key events

Strategic acquisition of Silversquare, leader and pioneer on the Belgian coworking market[2]

In December 2018, a year after the founding of the Silversquare @Befimmo joint venture, Befimmo announced the acquisition of a 61% majority stake[3] in Silversquare, a leader in coworking in Belgium.

The acquisition of Silversquare, a young and dynamic coworking player, is fully in line with the evolution of the office property market towards a service-oriented sector.

Thanks to this acquisition, Befimmo will be able to offer a variety of workspace solutions in a hybrid-office model, ranging from conventional offices to buildings devoted entirely to coworking, or a mix of both solutions. Users will enjoy flexibility in terms of time (duration of their contract), workspace (they can easily occupy more or less space depending on their needs) and meeting facilities.

Befimmo's portfolio will become a high-density hybrid office network, aligned with the local economy, and all users will benefit from Silversquare's expertise in community facilitation, networking, events and services. This extensive BeLux network will provide flexible solutions for all users.

This new model allows Befimmo to expand its offering to meet the current needs of the market.

We would recall that Befimmo has reached the following agreement with the shareholders of Silversquare Holding SA:

- immediate acquisition by Befimmo of a 61% majority stake[3] in Silversquare Holding SA; comprising all the shares of the private shareholders managed by Alphastone;
- a buy and sell option structure leading to Befimmo's acquisition of the remaining shares held by the founders. This acquisition should take place over a period of at least five years, during which the founding partners will remain in charge, in their capacity as CEOs, of the further development of the company together with their team.

Who is Silversquare?

By creating its first co-working centre in 2008, Silversquare was a pioneer in the sector in Belgium and Europe. Silversquare stands out from its competitors for anticipating a fundamental evolution of the business. Ten years on, the company manages five spaces, with a floor area of 15,200 m², has more than 1,000 members and generates a turnover of around €5.3 million.

Silversquare offers its members flex and dedicated desks or even private office space to SME's under a membership contract of flexible duration (1 day, 1 month, 1 year, etc.).

Silversquare takes a proactive facilitation approach in its spaces so that they become places that foster knowledge sharing, innovation and networking.

Silversquare organizes trainings, pitches, think tanks and events in an unique atmosphere. This "Open Incubator" approach is specific to Silversquare, turning its centres into genuine urban business hubs.

www.silversquare.eu

2 Please refer to the press release of 6 December 2018 for more information (http://www.befimmo.be/en/investors/publications/press-releases)

3 Despite holding a majority stake of 61% in Silversquare Holding SA, Befimmo did not have exclusive control at 31 December 2018 and therefore Silversquare Holding SA and its subsidiaries are not included in the consolidation as at 31 December 2018. Befimmo does have exclusive control from 1 January 2019.

ZIN - Permit application process ongoing

In 2018, Befimmo applied for a permit for its new ZIN project, located in the North area of Brussels. This project concerns the redevelopment of the site of the present WTC towers 1 and 2. Note that the lease of the Belgian Government, the sole occupant of tower 2, expired on 31 December 2018, while over the past two years, Befimmo has bought all the property rights in rem in tower 1 held by third parties.

ZIN is a multifunctional project of about 110,000 m² above ground, 75,000 m² of which is office space (including a space devoted to coworking), 14,000 m² of housing, 16,000 m² of hotel accommodation, and leisure areas, hospitality and shops.

Thanks to its various functions, integrated with one other, the project will make a fundamental contribution to bringing back a true new dynamic to the North area; the Up4North association is already providing the impetus for it to evolve towards a real lively city district, all week long.

ZIN will be fully integrated into its urban ecosystem and will be open to the city. It is a highly innovative project as much for its architecture as for its design and respect for the environment, notably in terms of energy near-neutrality and circularity.

The well-being of the occupants is central to the project. The office part is fully in line with the principles of the new world of work and will be very flexible in use and in terms of its potential future reallocation.

The work will commence in the first quarter of 2019 and will continue until mid-2023.

As Befimmo has already stated, the office part of the ZIN project is participating in the public tender for works procedure launched by the “Vlaamse Overheid” in 2017. An innovative hotel concept is planned for the hotel part in cooperation with a specialist operator. Meanwhile, the residential part will be rented out.

Up4North

The Up4North association, which brings together the main institutional owners of the North area, has continued its work, under Befimmo’s leadership. The ecosystem created in WTC tower 1 that Befimmo has made available to multiple organisations (a university, architects, start-ups, a library, artists, a conference centre, etc.), bringing added value to the neighbourhood, has helped to raise awareness among stakeholders, including the regional and city public authorities, that the North area is a tremendous asset, so close to the historic centre of the city, and with the largest public-transport hub in the country. Now that the temporary occupation of WTC tower 1 is over, the Up4North ecosystem will soon find a new space in the North area to continue its revitalisation mission.

The district is gradually evolving from a mere transit point for commuters travelling to work to a true destination in the city for the people of Brussels.

Brederode Corner building fully let

Befimmo signed a lease with McKinsey & Company for the take-up of the entire Brederode Corner building, located in the heart of Brussels.

The Brederode Corner (7,000 m²) is currently undergoing a major renovation, due for completion in early 2020. The yield on the total investment value is approximately 5.5%. An “Excellent” BREEAM certification is aimed in the Design phase.

In the words of Benoît De Blieck, CEO of Befimmo, *"This transaction confirms Befimmo's ability to create value by redeveloping its properties on the expiry of the lease. The quality of the building and its location are the key factors for this transaction. This pre-let 2 years before the end of the works illustrates the quality of the offering in Befimmo's portfolio, in a market with a lack of new quality buildings (Grade A)".*

Paradis Express - Sale of a residential building to Yust for a coliving project

This project, right next to the high-speed train station in Liège, involves the construction of an eco-neighbourhood offering a mix of offices (22,100 m²), housing (15,600 m²) and local shops (395 m²). Befimmo is also planning a 4,000 m² Silversquare coworking space on site.

The single permit was issued in April 2018. The construction work is expected to commence during fiscal year 2019. The expected yield on the total investment value should be above 6.0%[4].

In late 2018, Befimmo sold one of the five residential buildings, measuring 5,400 m², off-plan, to specialist operator Gands, developing the Young Urban Style concept (https://www.realis.be/en/projects/yust-young-urban-style). In this way, Befimmo has created a synergy between coworking and coliving, a real bonus to make the site more attractive. This project will help to animate the esplanade - which runs alongside the project from the station to the river; the esplanade is to carry the new Liège tram on which work will begin soon.

This sale has the effect of launching the residential part of the project driven by an operator, which will then facilitate the sale of other residential buildings to one or more specialist developers. The two office buildings are now available to let off-plan.

Eupen Courthouse - Hand-over of the first phase of the works

As a reminder, in 2016, Befimmo was awarded the public tender for works organised by the Buildings Agency, to provide a new courthouse (approx. 7,200 m²) in Eupen.

The first phase of the works, the demolition of the existing building and the reconstruction of a new 5,300 m² complex, was completed in 2018. Phase two, a major renovation of the 1,900 m² existing building, is under way and should be completed by the end of 2019. The 25-year lease for the first phase commenced during the third quarter of financial year 2018. The yield on the total investment value is greater than 5%.

Completion of the purchase of Arts 56[5]

In January 2018, Befimmo completed the purchase from AXA Belgium of a 99-year leasehold on the Arts 56 building, for the sum of some €114 million[6].

The Arts 56 building, totalling 22,000 m² of office space, is currently let to a dozen top-flight tenants on the basis of 3/6/9-year leases. The gross annual rent amounts to some €5 million (a current gross yield of 4.5%).

4 On the office part.
5 Please refer to the press release of 29 January 2018 for more information (http://www.befimmo.be/en/investors/publications/press-releases).
6 In line with the fair value determined by an independent real-estate expert.

Arts 56

3. Property portfolio

Key figures

	31.12.2018	31.12.2017
Fair value of portfolio (in € million)	2 655.3	2 494.4
Gross initial yield on properties available for lease[(a)]	5.98%	6.19%
Gross potential yield on properties available for lease[(a)]	6.29%	6.52%
“Spot” occupancy rate of properties available for lease[(a)]	94.50%	94.44%
Weighted average duration of current leases up to next break[(a)]	6.96 years[(b)]	7.31 years
Weighted average duration of current leases up to final expiry[(a)]	7.52 years	7.88 years
EPRA Vacancy Rate[(c)]	4.28%	5.43%
EPRA Net Initial Yield (NIY)	5,69%	5.82%
EPRA Topped-up NIY	5,87%	5.97%

(a) This is a real-estate indicator. For more information, please consult Appendix 4 to this press release.
(b) Excluding the WTC 2 building, where the lease expired at the end of 2018, the weighted average duration of the leases until their next expiry would be 7.75 years as at 31 December 2018.
(c) Corresponding to the availability rate of properties available for lease, calculated on the basis of the estimated rental value, taking account of signed future leases.

Blue Tower

Ongoing projects

During the 2018 fiscal year, Befimmo invested €50.8 million in its portfolio.

Summary of investments of the fiscal year 2018

	Rental space	Location	Start of the works	Completion	Type	BREEAM certification	Investment realised in 2018 (in € million)	Total investment realised until 31 december 2018	Total investment (in € million)	
Committed ongoing projects							***21.4***			
Brederode Corner	7 000 m²	Brussels CBD, Centre	Q1 2018	Q1 2020	Renovation	Excellent	3.4	4	20	
Eupen - Rathausplatz	7 200 m²	Eupen, Wallonia	Phase 2: Q4 2018	Phase 2: Q4 2019	Renovation and construction	-	3.8	11	14	
Quatuor	60 000 m²	Brussels CBD, North	2018	2020	Construction	Excellent/ Outstanding	14.3	22	157	
Ongoing projects to be committed							***12.6***			
Paradis Express	35 000 m²	Liège, Wallonia	2019	2021	Construction	Excellent	0.8	4	82	[a]
ZIN	110 000 m²	Brussels CBD, North	2020	2023	Demolition and construction	Excellent	10.6	15	-	[b]
WTC 4	53 500 m²	Brussels CBD, North	Implementation of the permit	According to commercialisation	Implementation of the permit	Outstanding	1.3	19	140	
Other works (coworking included)							***16.8***			
Total							**50.8**			

[a] "All-in" construction cost of the project (including other functions than offices).

[b] Befimmo applied for the permit for the ZIN project during the first half of the 2018 fiscal year, and is currently finalising the project. The project construction cost will be published later.

Summary of other ongoing projects

■ **Quatuor (60,000 m²) | Brussels North Area:**

Construction work on the Quatuor project is in progress. The project, open to mixed use, is fully in line with rapidly changing current and future needs of occupants.

Note that about a third of the space (22,000 m²) in the Quatuor building is pre-let to Beobank.

Befimmo has also recently announced the opening of a Silversquare coworking space in the building. In addition to these coworking and office spaces, the Quatuor will be open to the city, linking the historic heart of the city to the North area. It will offer services such as a book store, a fitness room, restaurants, an event space, an internal garden, rooftop terraces, a transient space and much more.

The expected yield on the total investment value would be above 5.30%.

Befimmo is aiming for a BREEAM "Excellent/Outstanding" certification in the Design phase.

Quatuor

Change in fair values[7] of the property portfolio

Offices	Change 2018[(a)] (in %)	Proportion of portfolio[(b)] (31.12.2018) (in %)	Fair value (31.12.2018) (in € million)	Fair value (31.12.2017) (in € million)
Brussels CBD and similar[(c)]	1.28%	54.3%	1 440.6	1 327.7
Brussels decentralised	-12.21%	3.1%	81.7	87.0
Brussels periphery	-19.91%	4.4%	116.5	137.8
Flanders	-2.72%	17.9%	474.3	487.7
Wallonia	3.47%	8.3%	220.2	195.8
Luxembourg city	11.34%	4.6%	122.6	109.9
Properties available for lease	*-0.64%*	*92.5%*	*2 455.8*	*2 345.9*
Properties that are being constructed or developed for own account in order to be leased	*5.58%*	*7.5%*	*199.5*	*148.5*
Investment properties	**-0.21%**	**100.0%**	**2 655.3**	**2 494.4**
Total	**-0.21%**	**100.0%**	**2 655.3**	**2 494.4**

(a) The change over the 2018 fiscal year is the change in fair value between 1 January 2018 and 31 December 2018 (excluding the amount of acquisitions, investments and disinvestment).
(b) The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 December 2018.
(c) Including the Brussels airport zone, in which the Gateway building is situated.

The fair value of Befimmo's consolidated portfolio was €2,655.3 million at 31 December 2018, compared with €2,494.4 million at 31 December 2017.

This change in value incorporates:

- the renovation or redevelopment works (investments) carried out in the portfolio;
- the investments and divestment made;
- the changes in fair value booked to the income statement (IAS 40).

At constant perimeter, the change in the fair value of the portfolio (excluding the amount of acquisitions, investments and disinvestment) amounted to -0.21% during the fiscal year (or -€5.514 million).

Rotation of real-estate experts

In accordance with the obligation to rotate the mandates of the real-estate experts, pursuant to the Royal Decree on BE-REITs of 13 July 2014, new expert mandates have been given to Mr Rod P. Scrivener (National Director - JLL) and Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield).

Comment on changing values

The rotation of the experts within the Befimmo consolidated portfolio broadly confirmed the valuation of the portfolio. The strategic properties available for lease benefited from continued pressure on yields, while the properties available for lease with leases approaching expiry and those located in the periphery and decentralised area of Brussels, accounting for 7.5% of Befimmo's portfolio, underwent value adjustments, especially in the first quarter of the year. Values have since remained more or less stable.

7 These values are established in application of the IAS 40 standard which requires investment properties to be booked at "fair value". 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 10% (Flanders) or 12.5% (Wallonia and Brussels) for buildings with an investment value of less than €2.5 million, and 2.5% for buildings with an investment value of more than €2.5 million. This 2.5% allowance represents the average transaction costs actually paid in these transactions and is derived from an analysis by independent experts of a large number of transactions observed on the market. This accounting treatment is detailed in the press release issued by BeAMA on 8 February 2006 and confirmed in the press release of the BE-REIT Association of 10 November 2016. This rule is also applied for determining the fair value of property located in the Grand Duchy of Luxembourg.

New rentals and lease renewals

In fiscal year 2018, Befimmo signed new leases and renewals for a total floor area of 52,693 m², 48,466 m² of which being offices and 4,227 m² retail and multipurpose space. This figure is up on the 58,393 m² signed in 2017.

Note that the figures for 2017 take account of two major operations (i) the agreement signed with Beobank for the take-up of a tower of 22,000 m² in the Quatuor project (60,000 m²), located in the Brussels North area, and (ii) the award of a public tender for works to provide a new courthouse (approx. 7,200 m²) in Eupen. The figure for 2018 includes the letting of the Brederode Corner building (7,000 m²).

48%[8] of the agreements signed relate to new leases (39 transactions), the remainder being renewals of existing leases (23 transactions).

Significant transactions in fiscal year 2018:

- **Brederode Corner (Brussels Centre):** 6/9-year lease signed with McKinsey & Company, to occupy the entire building (7,000 m²), due to commence in 2020;
- **Axento (Luxembourg):** extension of the lease with Docler Holding and take-up of an additional 500 m² (totalling 4,700 m²) for a 6-year term;
- **Vital (Flanders):** extension of the lease with Parkwind (2,600 m²) for a further 9 years and extension of the lease with BNP Paribas Fortis (6,600 m²) for a further 3 years;
- **Arts 56 (Brussels Leopold district):** extension of the lease with European Banking Federation (2,250 m²) for a further 6 years.

The strong rental activity over the fiscal year is a testament to Befimmo's dynamism and the quality of its portfolio.

Befimmo is pursuing its objective of securing the loyalty of its rental customers by satisfying their needs and offering them buildings with high-end technical systems.

Occupancy rate

The spot occupancy rate of the properties available for lease is slightly up, at 94.50% as at 31 December 2018 (compared with 94.44% as at 31 December 2017).

Weighted average duration of leases[9]

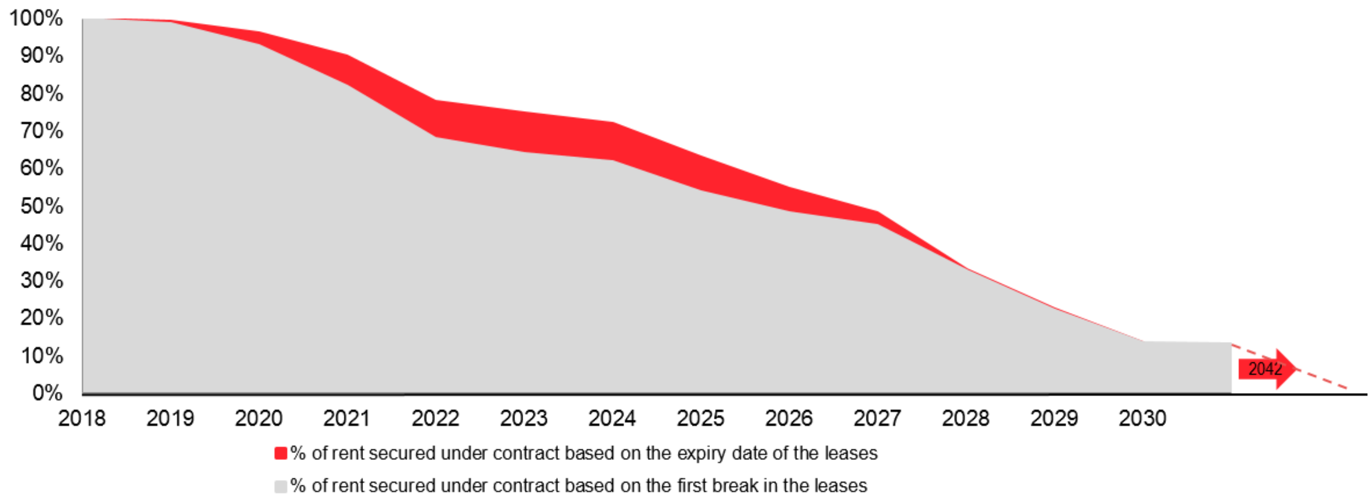
The weighted average duration of the leases until their next maturity is 6.96 years[10] as at 31 December 2018, compared with 7.31 years as at 31 December 2017. The weighted average duration of current leases until their final expiry date was 7.52 years as at 31 December 2018.

8 Based on the number of square metres let.

9 The weighted average duration of current leases is calculated only on the basis of properties available for lease; the leases of buildings at the project stage, which will take effect only on completion of the works, as is the case in particular for the Quatuor project let to Beobank (for 15 years), the Eupen project let to the Buildings Agency (for 25 years), and the Brederode Corner with the 6/9 lease of McKinsey & Company, and are therefore not included in the calculation of this ratio.

10 Excluding the WTC 2 building, where the lease expired at the end of 2018, the weighted average duration of the leases until their next expiry date would be 7.75 years as at 31 December 2018.

Percentage of rent guaranteed under contract on the basis of the remaining term of the leases in the consolidated portfolio[11] (in %)



Overall rental yield

	Properties available for lease		Investment properties[a]	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Gross initial yield	5.98%	6.19%	5.53%	5.85%
Gross potential yield	6.29%	6.52%		

(a) Comprising properties that are being constructed or developed for own account in order to be leased.

Reversion rate

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

The reversion rate of properties available for rent was -11.48%[12] at 31 December 2018 (as against -9.73%[13] at 31 December 2017). This reversion should be viewed in the context of the weighted average duration of leases of 6.96 years.

If the full reversion is realised, the impact on the gross annual current rent under leases as at 31 December 2018 (€ 150.5 million) of the potential negative reversion (-11.48%) of the leases expiring over the next three years would be €4.0 million.

From fiscal year 2019 Befimmo will no longer publish the reversion rate; this highly theoretical ratio does not reflect the reality of the real-estate business, given that the EPRA earnings[14] forecasts for the next three fiscal years presented below (page 27) assume a potential reversion and that other published indicators seem more relevant.

11 Rents for future years are calculated on the basis of the present situation, assuming that each tenant leaves at the first break and that no further lease is signed in relation to the current agreed gross rent as at 31 December 2018.
12 Excluding the WTC 2 building, where the lease expired at the end of 2018, the reversion would amount to -9.07% as at 31 December 2018.
13 The reversion rate as at 31 December 2017 was updated after a formula was corrected.
14 This is an Alternative Performance Measure. For more information, please consult Appendix 3 to this press release.

4. Financial report

Key figures

	31.12.2018	31.12.2017
Number of shares issued	*25 579 214*	*25 579 214*
Average number of shares during the period	*25 579 214*	*25 579 214*
Shareholders' equity (in € million)	1 443.21	1 448.50
Net asset value (in € per share)	56.42	56.63
EPRA NAV[(a)] (in € per share)	57.02	57.03
EPRA NNNAV[(a)] (in € per share)	55.93	56.35
EPRA Like-for-Like Net Rental Growth[(b)] (in %)	2.41%	2.82%
Net result (in € per share)	3.24	5.32
EPRA earnings (in € per share)	3.68	3.74
Average (annualised) financing cost[(c)] (in %)	2.01%	2.08%
Weighted average duration of debts (in years)	4.84	4.73
Debt ratio according to the Royal Decree (in %)	45.76%	41.62%
Loan-to-value[(d)] (in %)	43.62%	39.61%
Return on shareholders' equity[(e)] (in € per share)	3.24	5.33
Return on shareholders' equity[(e)] (in %)	5.79%	9.85%

(a) This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.
(b) Trend of the rental income minus property charges at constant perimeter, calculated on the basis of the "EPRA Best Practices Recommendations".
(c) Including margin and hedging costs. This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.
(d) Loan-to-value ("LTV"): [(nominal financial debts – cash)/fair value of portfolio]. This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.
(e) Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment. This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.

Net asset value as at 31 December 2018

As at 31 December 2018, Befimmo's total net asset value was €1,443.2 million.

The net asset value is therefore €56.42 per share, compared with €56.63 per share as at 31 December 2017.

Changes in the net asset value

	(in € per share)	(in € million)	Number
Net asset value as at 31 December 2017	**56.63**	**1 448.5**	**25 579 214**
Final dividend of the 2017 fiscal year		-22.0	
Other elements of comprehensive income - actuarial gains and losses on pension obligations		0.1	
Interim dividend of the 2018 fiscal year		-66.3	
Net result as at 31 December 2018		82.8	
Net asset value as at 31 December 2018	**56.42**	**1 443.2**	**25 579 214**

EPRA NAV and NNNAV

(in € thousand)	31.12.2018	31.12.2017
Net Asset Value	**1 443 214**	**1 448 504**
Net Asset Value (in € per share)	**56.42**	**56.63**
To include:		
II. Revaluation at fair value of finance lease credit	115	127
To exclude:		
IV. Fair value of financial instruments	14 941	10 143
V. a. Deferred tax	219	-
EPRA NAV	**1 458 489**	**1 458 774**
EPRA NAV (in € per share)	**57.02**	**57.03**
To include:		
I. Fair value of financial instruments	- 14 941	- 10 143
II. Revaluations at fair value of fixed-rate loans	- 12 593	- 7 216
III. Deferred tax	- 219	-
EPRA NNNAV	**1 430 736**	**1 441 415**
EPRA NNNAV (in € per share)	**55.93**	**56.35**

Quatuor

Financial results as at 31 December 2018

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

Condensed consolidated income statement

(in € thousand)	31.12.2018	31.12.2017
Net rental result	143 566	142 431
Net rental result excluding spreading	*143 119*	*141 172*
Spreading of gratuities/concessions	*447*	*1 260*
Net property charges[(a)]	-13 588	-11 932
Property operating result	**129 978**	**130 499**
Corporate overheads	-14 282	-12 199
Other operating income and charges	- 447	-1 252
Operating result before result on portfolio	**115 249**	**117 048**
Operating margin[(a)]	***80.3%***	***82.2%***
Gains or losses on disposals of investment properties	343	21 798
Net property result[(a)]	**115 592**	**138 846**
Financial result (excl. changes in fair value of financial assets and liabilites)	-20 545	-19 750
Corporate taxes	- 566	-1 642
Deferred taxes	- 219	-
Net result before changes in fair value of investment properties and financial assets and liabilities[(a)]	**94 263**	**117 455**
Changes in fair value of investment properties	-5 514	13 429
Changes in fair value of financial assets and liabilities	-5 901	5 186
Changes in fair value of financial assets and liabilities and investment properties	**-11 415**	**18 615**
Net result	82 847	136 070
EPRA earnings	94 139	95 657
Net result (in € per share)	**3.24**	**5.32**
EPRA earnings (in € per share)	**3.68**	**3.74**

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

EPRA earnings

(in € thousand)	31.12.2018	31.12.2017
Net result IFRS	**82 847**	**136 070**
Net result IFRS (in € per share)	**3.24**	**5.32**
Adjustments to calculate EPRA earnings	**11 292**	**- 40 413**
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	5 514	- 13 429
II. Result on disposals of investment properties	- 343	- 21 798
VI. Changes in fair value of financial assets and liabilities and close-out costs	5 901	- 5 186
VIII. Deferred tax in respect of EPRA adjustments	219	
EPRA earnings	**94 139**	**95 657**
EPRA earnings (in € per share)	**3.68**	**3.74**

Events with an impact on the perimeter of the Company

The Company's perimeter was modified during fiscal year 2018, mainly by the Arts 56 building joining the portfolio and the acquisition of a stake in Silversquare Holding SA, which was consolidated using the equity method. The Company's perimeter was changed during fiscal year 2017, mainly by the granting of a 99-year leasehold on the Brederode complex and the regrouping of almost all the ownership of WTC towers 1 and 2.

Analysis of the net result

The condensed consolidated income statement includes the data published as at 31 December 2018. The result analysis is based on a comparison with the data as at 31 December 2017.

The **Net rental income** is up on last year (+0.8%). The impact of the end of the lease of the Flemish Community in the Noord Building, that of Starwood in the Brederode Corner building and the leasehold granted on the Brederode complex are offset by the entry into the portfolio of the Arts 56 building, new rentals and indexing. The like-for-like net rental result[15] is up 2.87% on the same period last year.

Net property charges rose from €11.9 million to €13.6 million. This increase arises from various non-recurring items in 2017 and 2018 (severance pay, agents' commissions, recovery of reserve funds and taxes), higher project costs and expansion of the teams.

Overheads amounted to €14.3 million as against €12.2 million in 2017. This change is due mainly to the expansion of IT, and fees for legal and tax advice.

The **Operating result before result on portfolio** stood at €115.2 million at the end of December (-1.5%).

The **Result on the sale of investment properties** (€0.3 million) includes the disposal of the Harelbeke building (in the Fedimmo portfolio). At 31 December 2017, the result on the sale of investment properties of €21.8 million was due mainly to the capital gain realised on the granting of a 99-year leasehold on the Brederode complex.

The **Financial result** (excluding changes in the fair value of financial assets and liabilities) was up 4% at €20.6 million. The impact of the increase in borrowings by almost 10% is largely offset by the lower average cost of financing (2.01%) and interest falling due related to development projects.

As at 31 December 2018, the **Net result** was €82.8 million as against €136.1 million as at 31 December 2017. The change in fair value of the investment properties (excluding acquisitions, divestment and investment) amounted to -€5.5 million, down 0.21% in value. The change in the fair value of the financial assets and liabilities was -€5.9 million, as against +€5.2 million one year earlier.

15 This is an Alternative Performance Measure. For more information, please see Appendix 2 to this press release.

EPRA earnings amounted to €94.1 million as at 31 December 2018, slightly down (-1.6%) on last year. As the number of shares was constant over both periods, **EPRA earnings per share** were also slightly down at €3.68 as against €3.74 last year.

The **Net result per share** was €3.24.

Condensed consolidated balance sheet

(in € million)	31.12.2018	31.12.2017
Investment and held for sale properties	2 655.3	2 494.4
Other assets	79.8 [a]	64.8
Total assets	**2 735.1**	**2 559.1**
Shareholders' equity	1 443.2	1 448.5
Financial debts	1 178.5	1 002.1
non current	735.5	484.3
current[b]	443.0	517.8
Other debts	113.4	108.5
Total equity & liabilities	**2 735.1**	**2 559.1**
LTV	**43.62%**	**39.61%**

[a] Figures as of 31 December 2018 include stake in Silversquare.
[b] According to IAS 1 the commercial paper needs to be recorded as a current liability. It is important to note that the Company has confirmed back-up lines (in excess of one year) for the commercial paper.

Financial structure and hedging policy

The Company puts in place the necessary financing to maintain the best possible balance between cost, maturity and diversification of funding sources.

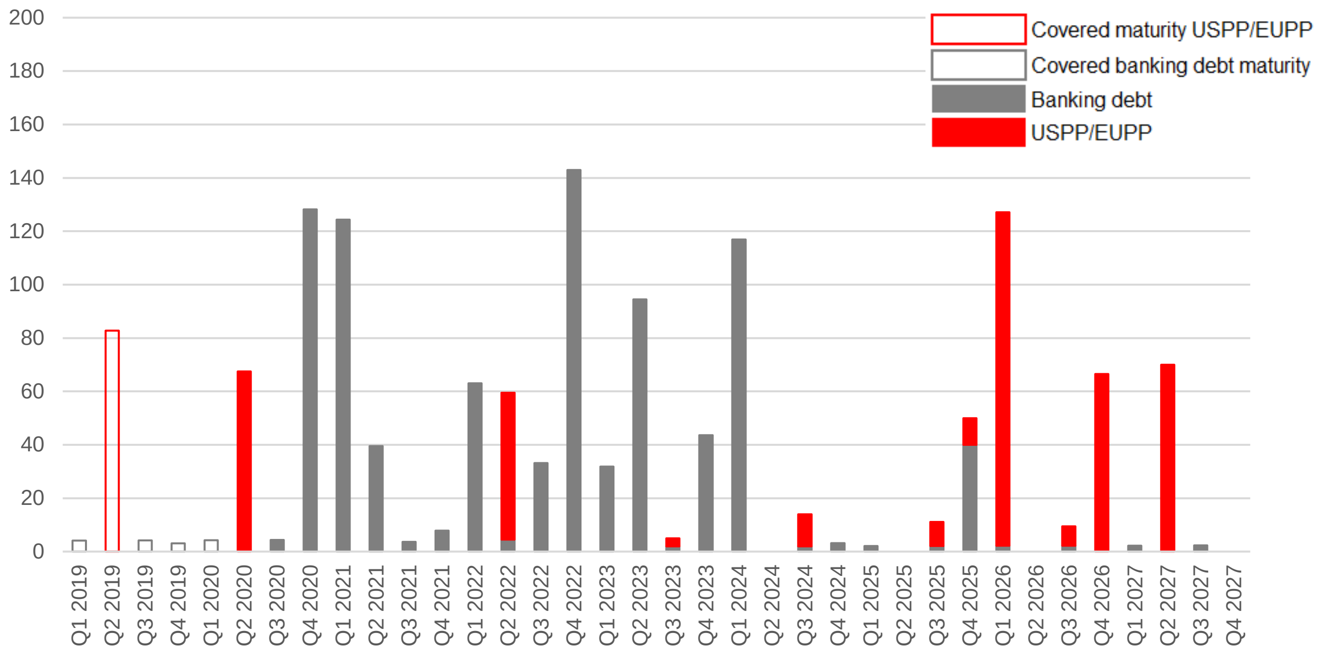
Financing and hedging arranged during the fiscal year

Befimmo carried out the following financing operations during the fiscal year:

- arrangement of two fixed-rate private placements of debt for the amount of €191.5 million over 8 years;
- renegotiation and extension of bank loans for the amount of €62.5 million with a maturity of 5 years and the amount of €40 million with a maturity of 7 years;
- renegotiation of a €50 million financing line with unlimited maturity (with a notice period of 23 months)
- arrangement of two new financing lines of €40 million with a maturity of 5 years and of €18 million with a maturity of 4 years;
- early cancellation of a bank line maturing in 2019 for an amount of €75 million.

On this basis, and all other things being equal, the Company has covered its financing needs until the end of the first quarter of 2020.

Maturities of commitments by quarter (in € million)

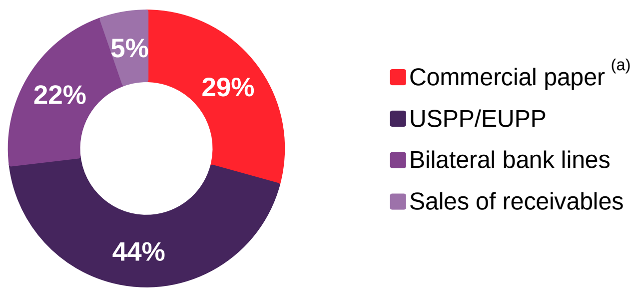


Main characteristics of the financial structure

At 31 December 2018, Befimmo's financial structure had the following main characteristics:

- confirmed credit facilities for a total amount of €1,422.4 million (64.3% of which were bank loans), €1,158.8 million of which were in use. The volume of unused lines is determined on the basis of the Company's liquidity criteria, taking account of the maturities of the financing agreements and commitments planned for the coming years;
- a debt ratio of 45.76%[16] (compared with 41.62% as at 31 December 2017);
- an LTV ratio of 43.62%[17] (compared with 39.61% as at 31 December 2017);
- a weighted average duration of the debt of 4.84 years (as against 4.73 years as at 31 December 2017);
- 85.0% of total borrowings at fixed rates (including IRS);
- an average financing cost (including hedging margin and costs) of 2.01% over the year, compared with 2.08% for fiscal year 2017.

Debt distribution



(a) With confirmed bank lines in excess of one year as a back-up.

On 16 May 2018, the Standard & Poor's rating agency confirmed the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.

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

To reduce its financing costs, Befimmo has a commercial paper programme of a maximum amount of €600 million, €339.5 million of which was in use as at 31 December 2018 for short-term issues and €51.25 million for long-term issues. For short-term issues, this programme has backup facilities consisting of the various credit lines arranged. The documentation for this programme also covers the European private placements of debt.

Hedging the interest rate and exchange-rate risk

Befimmo holds a portfolio of instruments to hedge (i) the interest-rate risk, consisting of IRS, CAPs, SWAPTIONs and COLLARs[18], and (ii) the exchange-rate risk on its fixed-rate United States private placement (USPP) by holding Cross Currency Swaps.

Under its hedging policy, Befimmo restructured a series of IRSs over the year, thereby extending the duration of its hedging portfolio. The restructuring related to a total notional amount of €200 million, thereby enabling to create an initial hedge basis for fiscal years 2027 and 2028. It has also arranged a new payer IRS for €50 million with a maturity of 10 years and a Swaption of €30 million enabling or obliging to enter a payer IRS.

In addition, following the private debt placement arranged in March 2018, and to avoid freezing a fixed interest rate on a notional amount that is too high at a particular moment in time, Befimmo arranged a swap issue on half the amount raised. In the same context, it also cancelled two short-term hedging instruments so as to maintain a short-term equivalent hedging ratio (two IRS with a total notional amount of €50 million).

With the package of instruments in place, the Company's hedge ratio amounts to 92.7%[19] as at 31 December 2018. The hedge ratio remains above 70% until the second quarter of 2020 and above 50% until the first quarter of 2023 inclusive.

Evolution of the portfolio of hedging instruments and fixed-rate debts

Annual average		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
CAP	Notional (€ million)	90	47	20	0	-	-	-	-	-	-
	Average rate (in %)	0.78%	0.87%	1.15%	1.15%	-	-	-	-	-	-
FLOOR	Notional (€ million)	20	20	20	0	-	-	-	-	-	-
	Average rate (in %)	0.55%	0.55%	0.55%	0.55%	-	-	-	-	-	-
Fixed-rate financing (incl. IRS)	Notional (€ million)	957	945	908	870	812	745	676	541	343	77
	Average rate [(a)] (in %)	1.00%	1.02%	1.02%	0.98%	0.93%	0.89%	0.97%	0.97%	1.05%	0.99%

(a) Average fixed rate excluding credit margin and including options on swaps (SWAPTIONS) considered at the maximum rate.

18 Subscription to a COLLAR places a ceiling on the rise in interest rates (CAP), but also involves an undertaking to pay a minimum rate (FLOOR).
19 Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAPs)/total borrowings.

5. Corporate governance

Composition of the Board of Directors of Befimmo

The General Meeting of 24 April 2018 appointed Mrs Anne-Marie Baeyaert definitively as an independent Director, for a term of two years, expiring at the Ordinary General Meeting of 2020.

The same General Meeting appointed Mr Wim Aurousseau as a non-executive Director, for a term of two years, expiring at the Ordinary General Meeting of 2020.

6. Befimmo share

Key figures

	31.12.2018	31.12.2017
Number of shares issued	*25 579 214*	*25 579 214*
Average number of shares during the period	*25 579 214*	*25 579 214*
Highest share price (in €)	54.60	55.74
Lowest share price (in €)	46.70	50.31
Closing share price (in €)	48.55	53.55
Number of shares traded[(a)]	12 356 776	15 277 286
Average daily turnover[(a)]	48 458	59 911
Free float velocity[(a)]	66.25%	78.66%
Distribution ratio (in relation to the EPRA earnings)	93.74%	92.25%
Gross dividend[(b)] (in € per share)	3.45	3.45
Gross yield[(c)]	7.11%	6.44%
Return on share price[(d)]	-2.93%	6.98%

(a) Source: Kempen & Co. Based on trading on all platforms.
(b) Subject to a withholding tax of 30%.
(c) Gross dividend divided by the closing share price.
(d) Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment.

Evolution of the share price

The Befimmo share closed on 31 December 2018 at €48.55, as against €53.55 one year previously. Assuming the reinvestment of the dividend distributed in 2018, the annual return on share price amounts to -2.93%.
On 13 February 2019 the share price closed at €50.00.

Over the 23 years since its listing, the share has offered a total annualised return of 6.83%[20].
As at 31 December 2018, the Befimmo share was trading with a discount of 13.95%. Befimmo's market capitalisation stood at €1,241,870,840.

Based on transactions recorded on all market platforms, the Befimmo share offers good liquidity, with an average daily volume of around 48,458 shares, which corresponds to a free-float velocity of the order of 66.25% over the year.

20 Assuming the reinvestment of the gross dividend (source: KBC Securities).

7. Dividend for the 2018 fiscal year

Distribution of the interim dividend

As announced in October 2018, Befimmo paid out an interim dividend for the 2018 fiscal year as from 20 December 2018. This interim dividend amounted to €2.59 gross[21] per share and was paid out in cash upon presentation of coupon No 36.

Final dividend for the 2018 fiscal year

The agenda of the Ordinary General Meeting of shareholders to be held on 30 April 2019, at which the accounts for the 2018 fiscal year are to be approved, will include a proposal for the distribution of a final dividend of €0.86 gross[21] per share.

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

8. Calendar 2019

Online publication of the Annual Financial Report 2018	Friday 29 March 2019
Ordinary General Meeting of the fiscal year closing as at 31 December 2018	Tuesday 30 April 2019
Payment of the final[a] dividend of the 2018 fiscal year on presentation of coupon No 37	
- Ex-date	*Wednesday 8 May 2019*
- Record date	*Thursday 9 May 2019*
- Payment date	*Friday 10 May 2019*
Interim statement as at 31 March 2019	Thursday 9 May 2019[b]
Publication of the half-yearly results and the Half-Yearly Financial Report 2019	Thursday 18 July 2019[b]
Interim statement as at 30 September 2019	Thursday 24 October 2019[b]
Payment of the interim[c] dividend of the 2019 fiscal year on presentation of coupon No 38	
- Ex-date	*Wednesday 18 December 2019*
- Record date	*Thursday 19 December 2019*
- Payment date	*Friday 20 December 2019*
Publication of the annual results as at 31 December 2019	Thursday 13 February 2020[b]
Online publication of the Annual Financial Report 2019	Friday 27 March 2020
Ordinary General Meeting of the fiscal year closing as at 31 December 2019	Tuesday 28 April 2020
Payment of the final[a] dividend of the 2019 fiscal year on presentation of coupon No 39	
- Ex-date	*Wednesday 6 May 2020*
- Record date	*Thursday 7 May 2020*
- Payment date	*Friday 8 May 2020*

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

21 Based on a 30% withholding tax.

9. Outlook and dividend forecast[22]

The Auditor has confirmed that its revision of the EPRA earnings budgeted for the years 2019, 2020 and 2021 has been completed as to the substance and has not revealed any material correction to be made to the information included in this press release.

The financial outlook for the next three fiscal years is based on information available at the closure of the annual accounts (principally existing agreements) and on Befimmo's assumptions and assessments of certain risks.

EPRA earnings outlook

Following the holding acquired[23] in Silversquare Holding SA, in December 2018, Befimmo will henceforth establish its outlook on the basis of two business units:

- the real-estate operator business;
- the coworking business.

Only the real-estate operator business is comparable to the previously published outlook and Befimmo will continue to publish it for three years.

As far as the coworking business is concerned, given its specific profile as a service activity, the outlook for its contribution to the Befimmo EPRA earnings group share will be presented for one year only. i.e. for this press release, fiscal year 2019.

The forecasts assume a stable scope of the property assets and equity perimeter.

The forecasts also include disposals of properties in the Fedimmo portfolio that are no longer strategic and whose leases are nearing expiry.

Furthermore, in the context of the dynamic management of Befimmo's portfolio, an illustration of other property disposals is set out on page 27 of this press release. This scenario is not included in the calculation of the EPRA earnings outlook for the next three years.

The forecasts do not take account of external growth.

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

23 For more information, please see page 4 of this press release.

Assumptions

A. Real-estate operator activity

General assumptions

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

	Realised	Assumptions		
	2018	2019	2020	2021
External assumptions on which the Company cannot exert any influence				
Evolution of the health index (annual average)	1.77%	1.69%	1.60%	1.70%
Average of Euribor 1- and 3-month interest rates	-0.35%	-0.32%	-0.19%	0.04%
Internal assumptions on which the Company can at least exert a partial influence				
Impact of the health index on rents (on an annual basis)	1.68%	1.93%	1.60%	1.70%
Perception ratio of rents[a]	94.78%	95.99%	95.61%	95.00%
Average financing cost (including margin and hedging costs)	2.01%	2.10%	1.91%	1.87%

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

- The indexing rates applied to rents are based on forecast changes in the health index established by the Planning Office (Bureau du Plan) (five-year plan published in June 2018 and update of the short-term outlook in September 2018).
- The interest rates are the average of the forecast Euribor 1 and 3-month rates established by a major Belgian financial institution and market rates ("forward" rates) over the next three fiscal years. These forecasts were made in mid-January 2019.
- Assumptions about rent collection rates are made on the basis of an individual assessment of each lease. This is the ratio of the net income realised (2018) or budgeted (2019 onwards) to potential income.
- The average financing cost covers all financial charges, including the theoretical linear amortisation of premiums paid for the purchase of hedging instruments.

Real-estate assumptions

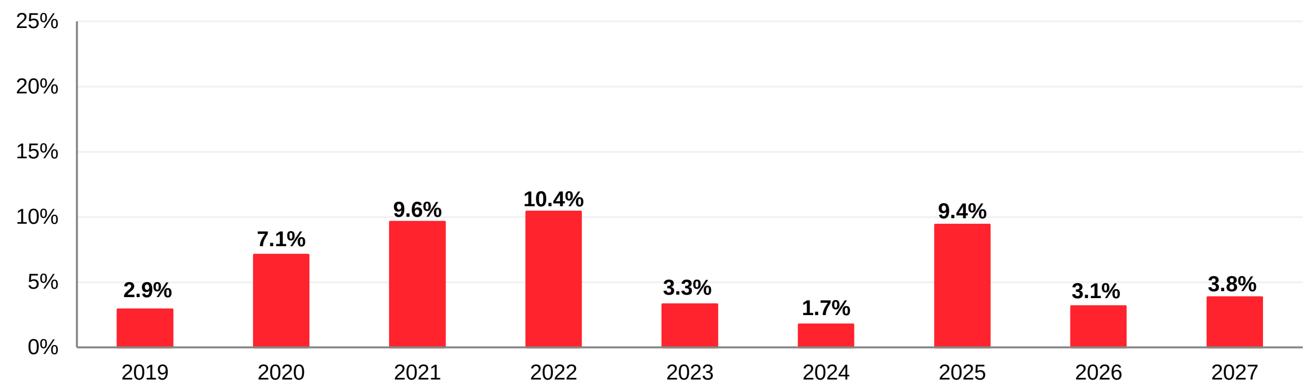
In addition to general market trends, Befimmo has incorporated into its forecasts the actual characteristics of its buildings, mainly in terms of rental situation (notably the residual duration of the leases), potential reversion of the rents and the need to renovate the buildings (technical and environmental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

Expiry of leases

The graph hereafter illustrates the full-year impact (as %) of the lease expiries (first possible break) on current leases as at 31 December 2018. This impact is calculated on the basis of the annual current rent as at 31 December 2018. Each percentage corresponds to the sum of the annual rent for the leases that have an intermediate or final expiry date falling during the year[24].

24 The rents of leases expiring in December are included in the year following their expiry (the lease in the WTC 2 building is not included anymore in the figures).

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

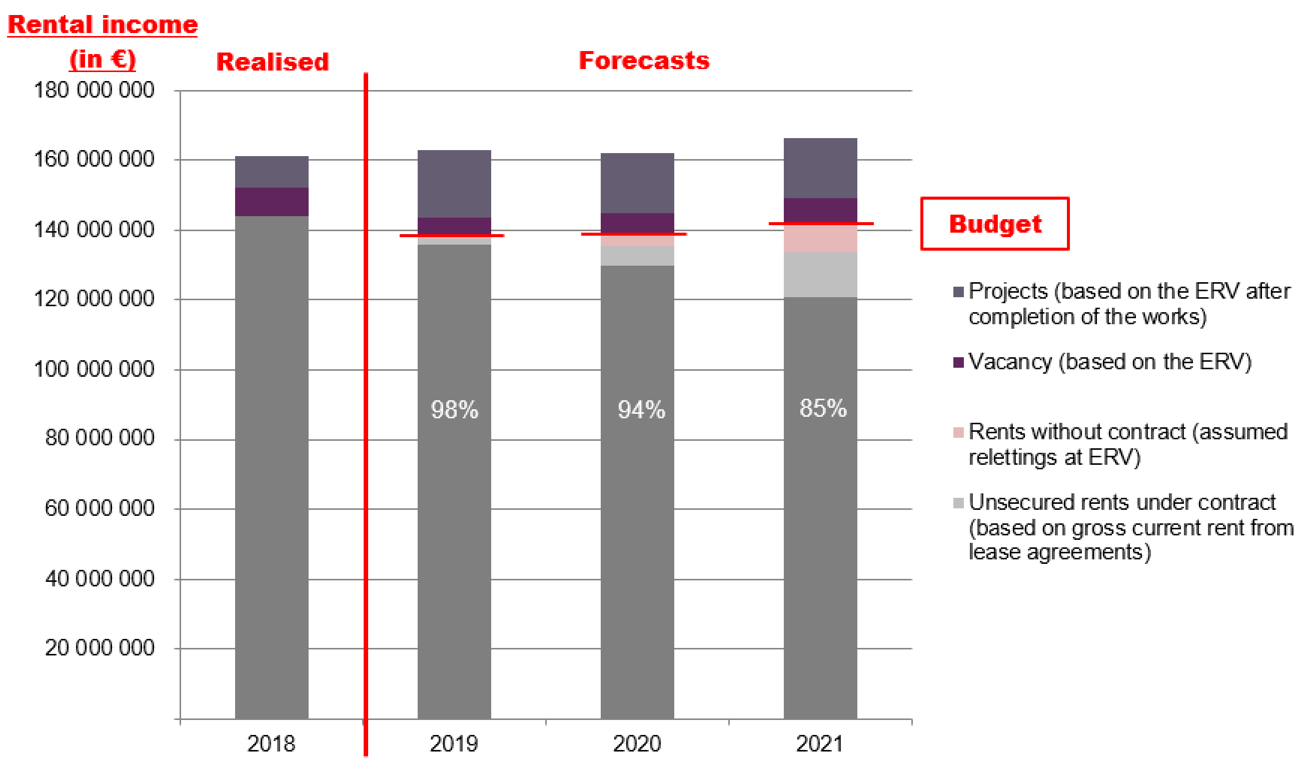


Income guaranteed under contract

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

For example, for the 2019 fiscal year, this graph shows that the budgeted income is 98% guaranteed under contracts. In the same year, 2% of budgeted income is therefore under unsecured contracts (owing to an expiry) and/or based on reletting assumptions.

Income guaranteed under contract



Work planned and estimated over the next three years

	Rental space	Location	Type	Forecasts (in € million)			
				2019	2020	2021	
Brederode Corner	7 000 m²	Brussels CBD, Centre	Renovation	16.3	0.5	-	
Eupen - Rathausplatz	7 200 m²	Eupen, Wallonia	Renovation and construction	3.0	-	-	
Paradis Express	35 000 m²	Liège, Wallonia	Construction	15.7	32.7	15.9	[a]
Quatuor	60 000 m²	Brussels CBD, North	Construction	59.3	69.5	3.3	
WTC 4	53 500 m²	Brussels CBD, North	Implementation of the permit According to commercialisation	1.0	1.0	5.8	
ZIN	110 000 m²	Brussels CBD, North	Demolition and construction	16.4	45.0	86.0	
Other investments				*26.7*	*10.7*	*16.6*	
Total				**138.4**	**159.4**	**127.6**	

[a] "All-in" construction cost of the project (including other functions than offices).

B. Coworking activity

For fiscal year 2019, the outlook shows the expected contribution (EPRA earnings group share) of the coworking business in the existing spaces and only the new spaces planned in buildings in the Befimmo portfolio.

Silversquare currently operates five coworking spaces with a total floor area of 15,000 m² and in 2019 is to open a space in Ikaros Park (in the Befimmo portfolio).

The investments needed to set up the new spaces have been earmarked, and they are gradually being occupied.

Each space is analysed individually on the basis of its specific characteristics and the number of flex spaces, dedicated offices and meeting spaces made available to members. The structure of the operating costs is linked to it.

EPRA earnings forecast

	(in € thousand)	Realised 2018	2019	Forecasts 2020	2021
Real-estate operator	Rental income	144 067	137 831	138 306	141 802
	Charges linked to letting	- 501	- 565	- 661	- 667
	Net rental result	**143 566**	**137 267**	**137 645**	**141 135**
	Net property charges	-13 588	-13 674	-15 861	-15 647
	Property operating result	**129 978**	**123 592**	**121 784**	**125 488**
	Corporate overheads	-14 282	-14 949	-15 840	-16 162
	Other operating income and charges (excl. goodwill impairment)[a]	- 447	- 531	-3 051	-3 184
	Operating result before result on portfolio	**115 249**	**108 113**	**102 894**	**106 142**
	Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs)	-20 545	-22 609	-21 885	-24 213
	Corporate taxes	- 566	-1 031	-1 143	-1 340
	EPRA earnings	**94 139**	**84 473**	**79 866**	**80 589**
	EPRA earnings (in € per share)	**3.68**	**3.30**	**3.12**	**3.15**
CW	**Contribution to the EPRA earnings of the coworking activity (in € per share) (group share)**	**N/A[b]**	**0.05**		
TOTAL	**Total EPRA earnings (in € per share) (group share)**	**3.68**	**3.35**		
	Average number of shares	*25 579 214*	*25 579 214*	*25 579 214*	*25 579 214*

[a] This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this press release.
[b] The coworking activity in the context of the partnership (till 6 December 2018) was considered in the real-estate activity of Befimmo.

Dynamic management of the portfolio

Befimmo plans to increase rotation in its portfolio. Indeed, certain assets benefit from added value created by the team and simultaneously from a compression of real-estate yields. Selling them off would allow the value of the investment to be recovered and subsequently reinvested, and the capital gains to be crystallised.

By way of indication, an illustrative sale of assets amounting to some €100 million in mid-2019 could have the following impacts:

(€ per share)	2019	2020	2021
Forecasted EPRA earnings	*3.30*	*3.12*	*3.15*
Impact on EPRA earnings (loss building contribution)	-0.07	-0.15	-0.14
Capital gain on investment value	0.84	0	0
Cumulated impact on distribution capacity	**0.77**	**0.62**	**0.48**

The capital gains realised in relation to the investment value (the sum of the capital gain realised on the latest fair value and unrealised gains previously recognised) would help to cover the absence of contributions to EPRA earnings of the properties sold over a period of more than four years, sufficient time to make new investments creating value in line with the strategy.

Note that this scenario is not included in the calculation of the EPRA earnings forecast for the next three years.

Borrowings and LTV

In normal operation, Befimmo's LTV ratio would be around 50%, as Befimmo takes care to control the use of its borrowing capacity. Finally, the forecast nominal net debt was €1,303 million at the end of 2019.

Taking into account the assumption of dynamic portfolio management (example of a sale of €100 million of assets – see paragraph above), the LTV ratio would be reduced by around 2% (based on forecasts as of 31 December 2018).

Dividend forecast for the 2019 fiscal year

The assumptions used for making forecasts indicate that, at constant perimeter, EPRA earnings of about €3.35 per share should be achieved in the 2019 fiscal year.

All other things being equal and based on these forecasts, Befimmo foresees a gross dividend of €3.45[25] per share for the 2019 fiscal year. It may again be paid via an interim dividend of €2.59 gross per share in December 2019 and a final dividend of €0.86 gross per share in May 2020. Based on a share price of €48.55 and based on the net asset value of €56.42 as at 31 December 2018, this dividend would give a gross yield of 7.11% on share price and 6.11% on net asset value.

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

25 Subject to a decision of Ordinary General Meeting

Befimmo, a Regulated Real-Estate Investment Trust (BE-REIT), listed on Euronext Brussels, is a real-estate operator specialising in office buildings, meeting centres and coworking spaces. Those Befimmo Environments are located in Brussels, the Belgian cities and the Grand Duchy of Luxembourg. With its subsidiary, Silversquare, Befimmo aims to develop a Belux network of interconnected workspaces.

As a company that is human, a corporate citizen, and responsible, Befimmo offers its occupants contemporary office spaces and related services in buildings that are sustainable in terms of architecture, location and respect for the environment.

By creating added value for its users, Befimmo also creates value for its shareholders. At 31 December 2018, the fair value of its portfolio was €2.6 billion.

Contact :

Befimmo SA

Caroline Kerremans | Head of IR & Communication
Chaussée de Wavre 1945 - 1160 Bruxelles | 1945 Waversesteenweg - 1160 Brussel
T : +32(0)2 679 38 60 | c.kerremans@befimmo.be | www.befimmo.be

10. Appendix 1

Consolidated income statement (in € thousand)

		31.12.18	31.12.17
I.	(+) Rental income	144 067	143 161
III.	(+/-) Charges linked to letting	- 501	- 729
NET RENTAL RESULT		**143 566**	**142 431**
IV.	(+) Recovery of property charges	9 771	6 364
V.	(+) Recovery of rental charges and taxes normally paid by tenants on let properties	30 852	30 122
VII.	(-) Rental charges and taxes normally paid by tenants on let properties	-29 068	-28 166
VIII.	(+/-) Other revenue and charges for letting	716	1 661
PROPERTY RESULT		**155 837**	**152 412**
IX.	(-) Technical costs	-12 160	-10 758
X.	(-) Commercial costs	-1 998	-1 055
XI.	(-) Charges and taxes on unlet properties	-2 723	-2 270
XII.	(-) Property management costs	-2 618	-2 728
XIII.	(-) Other property charges	-6 360	-5 101
	(+/-) Property charges	**-25 858**	**-21 912**
PROPERTY OPERATING RESULT		**129 978**	**130 499**
XIV.	(-) Corporate overheads	-14 282	-12 199
XV.	(+/-) Other operating income and charges	- 447	-1 252
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**115 249**	**117 048**
XVI.	(+/-) Gains and losses on disposals of investment properties	343	21 798
XVIII.	(+/-) Changes in fair value of investment properties	-5 514	13 429
OPERATING RESULT		**110 078**	**152 275**
XX.	(+) Financial income	889	622
XXI.	(-) Net interest charges	-18 911	-17 625
XXII.	(-) Other financial charges	-2 522	-2 747
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	-5 901	5 186
	(+/-) Financial result	**-26 446**	**-14 564**
PRE-TAX RESULT		**83 632**	**137 711**
XXV.	(-) Corporate tax	- 785	-1 642
	Corporate tax	*- 566*	*-1 642*
	Deferred tax	*- 219*	*-*
	(+/-) Taxes	**- 785**	**-1 642**
NET RESULT		**82 847**	**136 070**
BASIC NET RESULT AND DILUTED (€/share)		**3.24**	**5.32**
Other comprehensive income - actuarial gains and losses - non-recyclable		111	357
TOTAL COMPREHENSIVE INCOME		**82 958**	**136 427**

Consolidated balance sheet (in € thousand)

ASSETS		31.12.18	31.12.17
I.	**Non-current assets**	**2 700 743**	**2 532 477**
A.	Goodwill	14 217	14 281
B.	Intangible assets	899	-
C.	Investment properties	2 655 324	2 494 360
D.	Other property, plant and equipment	1 021	2 436
E.	Non-current financial assets	27 497	19 498
F.	Finance lease receivables	1 784	1 902
II.	**Current assets**	**34 398**	**26 651**
B.	Current financial assets	10 004	1 874
C.	Finance lease receivables	139	136
D.	Trade receivables	21 454	21 067
E.	Tax receivables and other current assets	52	1 688
F.	Cash and cash equivalents	591	254
G.	Deferred charges and accrued income	2 157	1 632
TOTAL ASSETS		2 735 140	2 559 128

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.18	31.12.17
TOTAL SHAREHOLDERS' EQUITY		**1 443 214**	**1 448 504**
I.	**Equity attributable to shareholders of the parent company**	**1 443 214**	**1 448 504**
A.	Capital	357 871	357 871
B.	Share premium account	792 641	792 641
C.	Reserves	276 104	228 172
D.	Net result for the fiscal year	16 597	69 820
LIABILITIES		**1 291 926**	**1 110 624**
I.	**Non-current liabilities**	**760 478**	**505 008**
A.	Provisions	728	3 673
B.	Non-current financial debts	735 519	484 255
	a. Credit institution	297 319	153 553
	c. Other	438 200	330 702
	EUPP	*356 957*	*165 966*
	USPP	*77 714*	*161 916*
	Guarantees received	*3 529*	*2 820*
C.	Other non-current financial liabilities	21 881	17 080
D.	Trade debts and other non-current debts	2 130	-
F.	Deferred tax - liabilities	219	-
II.	**Current liabilities**	**531 448**	**605 616**
A.	Provisions	5 039	5 592
B.	Current financial debts	443 012	517 832
	a. Credit institution	13 674	47 332
	c. Other	429 338	470 500
	USPP	*89 838*	-
	EUPP	-	*15 000*
	Commercial papers	*339 500*	*455 500*
C.	Other current financial liabilities	2 140	5
D.	Trade debts and other current debts	54 289	52 359
E.	Other current liabilities	4 099	2 491
F.	Accrued charges and deferred income	22 870	27 337
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2 735 140	2 559 128

11. Appendix 2

Glossary of the “Alternative Performance Measures”

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

Reconciliation tables of the “Alternative Performance Measures”

Average (annualised) financing cost

(in thousand €)	31.12.2018	31.12.2017
Interest paid	22 137	20 661
Annualised interest paid (A)	22 137	20 661
Annualised nominal financial debts (B)	1 103 790	993 650
Average (annualised) financing cost (A/B)	**2.01%**	**2.08%**

Loan-to-value

(in thousand €)	31.12.2018	31.12.2017
Nominal financial debts (A)	1 158 792	988 393
II. F. Cash and cash equivalents (B)	591	254
I. C. Investment properties (D)	2 655 324	2 494 360
II. A. Assets held for sale (E)	-	-
Fair value of portfolio at the closing date (C = D+E)	**2 655 324**	**2 494 360**
Loan-to-value (A-B)/C	**43.62%**	**39.61%**

Net rental result in “Like-for-Like”

(in thousand €)	31.12.2018	31.12.2017
Net rental result (A)	143 566	142 431
Net rental result linked to change in perimeter (B)	5 850	1 403
Net rental result on properties not available for lease (C)	897	8 020
Net rental result in « Like-for-Like » (A-B-C)	**136 819**	**133 008**

Net result before changes in fair value of investment properties and financial assets and liabilities

(in thousand €)	31.12.2018	31.12.2017
Net result (A)	82 847	136 070
XVIII. Changes in fair value of investment properties (B)	-5 514	13 429
XXIII. Changes in fair value of financial assets and liabilities (C)	-5 901	5 186
Net result before changes in fair value of investment properties and financial assets and liabilities (A-B-C)	**94 263**	**117 455**

Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs)

(in thousand €)	31.12.2018	31.12.2017
Financial result (A)	-26 446	-14 564
XXIII. Changes in fair value of financial assets and liabilities (B)	-5 901	5 186
Net losses realised on financial assets and liabilities: close-out costs (C)	0	0
Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs) (A-B-C)	**-20 545**	**-19 750**

Net property result

(in thousand €)	31.12.2018	31.12.2017
Operating result before result on portfolio	115 249	117 048
XVI. Gains or losses on disposals of investment properties	343	21 798
Net property result	**115 592**	**138 846**

Operating margin

(in thousand €)	31.12.2018	31.12.2017
Operating result before result on portfolio (A)	115 249	117 048
Net rental result (B)	143 566	142 431
Operating margin (A/B)	**80.3%**	**82.2%**

Other operating income and charges (excluding goodwill impairment)

(in thousand €)	31.12.2018	31.12.2017
XV. Other operating income and charges (A)	- 447	-1 252
Goodwill impairment (B)	-	-
Other operating income and charges (excluding goodwill impairment) (A-B)	**- 447**	**-1 252**

Net property charges

(in thousand €)	31.12.2018	31.12.2017
IV. Recovery of property charges	9 771	6 364
V. Recovery of rental charges and taxes normally paid by tenants on let properties	30 852	30 122
VI. Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-	-
VII. Rental charges and taxes normally paid by tenants on let properties	-29 068	-28 166
VIII. Other revenue and charges for letting	716	1 661
IX. Technical costs	-12 160	-10 758
X. Commercial costs	-1 998	-1 055
XI. Charges and taxes on unlet properties	-2 723	-2 270
XII. Property management costs	-2 618	-2 728
XIII. Other property charges	-6 360	-5 101
Net property charges	**-13 588**	**-11 932**

12. Appendix 3

Tables of the EPRA indicators[26]

EPRA earnings

(in € thousand)	31.12.2018	31.12.2017
Net result IFRS	**82 847**	**136 070**
Net result IFRS (in € per share)	**3.24**	**5.32**
Adjustments to calculate EPRA earnings	**11 292**	**- 40 413**
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	5 514	- 13 429
II. Result on disposals of investment properties	- 343	- 21 798
VI. Changes in fair value of financial assets and liabilities and close-out costs	5 901	- 5 186
VIII. Deferred tax in respect of EPRA adjustments	219	
EPRA earnings	**94 139**	**95 657**
EPRA earnings (in € per share)	**3.68**	**3.74**

EPRA NAV & NNNAV

(in € thousand)	31.12.2018	31.12.2017
Net Asset Value	**1 443 214**	**1 448 504**
Net Asset Value (in € per share)	**56.42**	**56.63**
To include:		
II. Revaluation at fair value of finance lease credit	115	127
To exclude:		
IV. Fair value of financial instruments	14 941	10 143
V. a. Deferred tax	219	-
EPRA NAV	**1 458 489**	**1 458 774**
EPRA NAV (in € per share)	**57.02**	**57.03**
To include:		
I. Fair value of financial instruments	- 14 941	- 10 143
II. Revaluations at fair value of fixed-rate loans	- 12 593	- 7 216
III. Deferred tax	- 219	-
EPRA NNNAV	**1 430 736**	**1 441 415**
EPRA NNNAV (in € per share)	**55.93**	**56.35**

EPRA Vacancy rate

(in € thousand)	31.12.2018	31.12.2017
Estimated rental value (ERV) on vacant space (A)	5 994	7 680
Estimated rental value (ERV) (VLE) (B)	140 145	141 561
EPRA Vacancy rate of properties available for lease (A)/(B)	**4.28%**	**5.43%**

26 The definitions of the EPRA indicators are published in the Annual Financial Report 2017 on page 67. Source: EPRA Best Practices (www.epra.com).

EPRA Net Initial Yield (NIY) & Topped-up (NIY)

(€ thousand)	31.12.2018	31.12.2017
Investment properties and properties held for sale	2 655 324	2 494 360
To exclude:		
Properties that are being constructed or developed for own account in order to be leased	- 199 512	- 148 482
Properties held for sale	-	-
Properties available for lease	2 455 813	2 345 878
To include:		
Allowance for estimated purchasers' cost	61 777	59 382
Investment value of properties available for lease (B)	**2 517 590**	**2 405 260**
Annualised cash passing rental income	147 928	145 644
To exclude:		
Property charges[a]	- 4 685	- 5 567
Annualised net rents (A)	**143 243**	**140 077**
To include:		
- Notional rent expiration of rent free periods or other lease incentives	2 710	2 362
- Future rent on signed contracts	1 899	1 266
Topped-up annualised net rents (C)	**147 852**	**143 706**
(in %)		
EPRA Net Initial Yield (A/B)	**5.69%**	**5.82%**
EPRA Topped-up Net Initial Yield (C/B)	**5.87%**	**5.97%**

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

EPRA Cost ratio

(in € thousand)	31.12.2018	31.12.2017
Net administrative and operating expenses in the income statement	**-28 371**	**-24 852**
III. (+/-) Rental charges	- 501	- 729
Net property charges	-13 588	-11 932
XIV. (-) Corporate overheads	-14 282	-12 199
XV. (+/-) Other operating income and charges	- 447	-1 252
Exclude:		
i. Impact of the spreading of gratuities	447	1 260
ii. Negative goodwill/goodwill impairment	-	-
EPRA costs (including direct vacancy costs) (A)	**-28 371**	**-24 852**
XI. (-) Charges and taxes on unlet properties	2 723	2 270
EPRA costs (excluding direct vacancy costs) (B)	**-25 648**	**-22 583**
I. (+) Rental income	144 067	143 161
Gross rental income (C)	**144 067**	**143 161**
EPRA Cost ratio (including direct vacancy costs) (A/C)[a]	**19.69%**	**17.36%**
EPRA Cost ratio (excluding direct vacancy costs) (B/C)[a]	**17.80%**	**15.77%**

[a] Il s'agit d'une Alternative Performance Measure.

EPRA Like-for-Like net rental growth

Segment	31.12.2018						31.12.2017						Evolution
(in € thousand)	Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties held for sale	Properties that are being constructed or developed[a]	Total net rental income[b]	Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties held for sale	Properties that are being constructed or developed[a]	Total net rental income[b]	Properties owned throughout 2 consecutive years
Brussels CBD and similar	77 618	5 093	- 10		1 342	84 043	76 110	77	716		6 818	83 721	1.98%
Brussels decentralised	3 620					3 620	3 538					3 538	2.30%
Brussels periphery	6 483					6 483	6 247					6 247	3.79%
Wallonia	9 506	156	0		- 9	9 652	9 918		18		10	9 947	-4.16%
Flanders	28 944		191		- 12	29 122	28 015		273		- 23	28 266	3.31%
Luxembourg city	5 112					5 112	4 367					4 367	17.07%
Total	**131 282**	**5 249**	**181**	**-**	**1 321**	**138 033**	**128 195**	**77**	**1 008**	**-**	**6 805**	**136 085**	**2.41%**
Reconciliation to the consolidated IFRS income statement													
Net rental income related to:													
- Properties booked as financial leases (IAS 17)						- 12						- 10	
- Non recurring element: restitution of reserve funds						602						1 489	
Other property charges						- 8 645						- 7 065	
Property operating result in the consolidated IFRS income statement						**129 978**						**130 499**	

[a] These are properties that are being constructed or developed for own account in order to be leased.
[b] The total “Net rental income” defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the “Property operating result” of the consolidated IFRS accounts..

13. Appendix 4

Glossary of real-estate indicators

Gross current rent from lease agreements

The annualised total of the rents of current leases at the balance sheet date, not taking account of current gratuities or rents under leases commencing after the balance sheet date concerned.

Potential rent

The gross current rent from lease agreements as defined above, plus the estimated rental value of unoccupied space at the balance sheet date.

Gross current yield on properties available for lease

The ratio between the gross current rent from lease agreements and the “deed-in-hands” value of properties available for lease.

Gross potential yield on properties available for lease

The ratio between the potential rent and the "deed-in-hands" value of properties available for lease.

Current gross yield on investment properties

The ratio between the gross current rent from lease agreements and the "deed-in-hands" value of investment properties.

Spot occupancy rate of properties available for lease

The ratio between the estimated rental value of space occupied at the balance sheet date and the total estimated rental value of properties available for lease.

Weighted average duration of current leases until their next break

The ratio of (i) the sum of the gross current rents from lease agreements for each lease of properties available for lease multiplied by their respective remaining duration from the balance sheet date to their next break and (ii) the total gross current rent from lease agreements of properties available for lease.

Weighted average duration of current leases until final expiry

The ratio of (i) the sum of the gross current rents from lease agreements for each lease of properties available for lease multiplied by their respective remaining duration from the balance sheet date to their final expiry date and (ii) the total gross current rent from lease agreements of properties available for lease.

Reversion of properties available for lease

The potential for revising the rents of the portfolio of properties available for lease in relation to the estimated rental value of the portfolio, expressed as a percentage and calculated using the following formula: the ratio between the total estimated rental value of properties available for lease and the potential rent of properties available for lease.