

Interim statement as at 31 March 2019

Befimmo is putting its announced plan into action

During the first quarter:

- ZIN: Befimmo wins the public tender of the Flemish Authorities:
 - The 70,000 m² of office space already pre-let for 18 years
 - Capital gain (IAS 40) of €49 million
- Silversquare: extensions and development of new coworking spaces ongoing
- Fair value of the property portfolio up €68.4 million (+2.56%)
- EPRA earnings of €0.72 per share (group share)
- Net result of €2.86 per share (group share)
- Net asset value of €59.06 per share (group share)

After the close of the first quarter:

- Pavilion:
 - Transaction carried out as part of the dynamic management of the portfolio
 - Distributable capital gain of €14.6 million (€0.57 per share)
- Merger by acquisition of Beway by Befimmo:
 - Creation of capacity for accretive growth

At constant perimeter, EPRA earnings forecasts per share for the fiscal year confirmed

Dividend for the fiscal year unchanged (€ 3.45 per share)

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Consolidation basis:

Since 1 January 2019, Befimmo has the sole control of Silversquare Holding SA, and as a result, Silversquare and its subsidiaries are included in the overall consolidation as of 31 March 2019. The financial indicators are presented on this basis.

Real-estate and financial indicators

The definitions of Befimmo's real-estate indicators are described in Appendix II to the 2018 Annual Financial Report. They are identified in a footnote the first time they occur.

Befimmo has fully committed to standardising its financial and social-responsibility reporting - with a view to improving the quality and comparability of the information - by adopting the EPRA reporting guidelines. The real-estate indicators currently exclude Silversquare.

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 used in this press release are identified in a footnote the first time they occur. The full list of APMs, with their definitions, purpose and relevant reconciliation tables are set out in Appendix II and Appendix III to this press release and are published on Befimmo's website:

<http://www.befimmo.be/en/investors/publications/alternative-performance-measures>.

1. Property portfolio as at 31 March 2019

This chapter includes real estate indicators as of 31 March 2019 (Befimmo perimeter excluding Silversquare).

Key figures of the property portfolio

| | 31.03.2019 | 31.12.2018 |
|---|---------------------------|---------------------------|
| Fair value of portfolio (in € million) | 2 740.7 | 2 655.3 |
| Gross initial yield on properties available for lease ^(a) | 5.46% | 5.98% |
| Gross potential yield on properties available for lease ^(a) | 5.71% | 6.29% |
| “Spot” occupancy rate of properties available for lease ^(a) | 95.22% | 94.50% |
| Weighted average duration of current leases up to next break ^(a) | 7.52 years ^(b) | 6.96 years ^(b) |
| Weighted average duration of current leases up to final expiry ^(a) | 8.17 years | 7.52 years |
| EPRA Vacancy Rate ^(c) | 3.92% | 4.28% |
| EPRA Net Initial Yield (NIY) | 4.94% | 5.69% |
| EPRA Topped-up NIY | 5.17% ^(d) | 5.80% |

^(a) This is a real-estate indicator. For more information, please see Appendix II to the Annual Financial Report 2018.

^(b) Excluding WTC 2, where the lease expired at the end of 2018, the weighted average duration of leases up to the next break would be 7.75 years as at 31 December 2018.

^(c) Corresponding to the availability rate of properties available for lease, calculated based on the ERV taking account of the future signed contracts.

^(d) As of 31 March 2019 the "Future rent on signed contracts" is no longer included in the calculation of the EPRA Topped-up NIY. The percentage as of 31 December 2018 has therefore been restated based on this change.

Key events during the first quarter

The 70,000 m² of offices in the ZIN project (Brussels – North area) fully pre-let to the Flemish authorities

In March 2019, the Flemish authorities awarded¹ Befimmo the public tender for works to design, build and deliver a building in the Brussels' North area. The lease² with the Flemish authorities – for which the rent is being indexed since it was signed - covers 70,000 m² of offices and will commence in 2023 (upon acceptance of the works). The lease has a fixed term of 18 years.

The signing of the lease generates an initial unrealised increase in value of €49 million (IAS 40).

Approximately 3,900 Flemish officials will find a new, inspiring and sustainable workplace in “ZIN in No(o)rd”, completely in line with the principles of the new ways of working.

This transaction is the largest that has taken place on the Brussels office market in over ten years. Thanks to this transaction, 70% of the 132,000 m² of office space currently being redeveloped in the North area is already pre-let four years before hand-over. It is clear evidence once again that Befimmo can create value in its portfolio by redeveloping strategically located assets.

The total construction cost of the project (110.000 m² including the hotel and apartments) is estimated at €375 million. In order to manage the risks of implementation (price, deadline, quality), Befimmo has already concluded an agreement with the general contractor BESIX with a price ceiling.

Apart from the initial work of dismantling specific installations in the old WTC towers, which is already under way, reconstruction will begin in 2020 as soon as the permits have been obtained. They have been applied for, and the process should be completed during the first quarter of 2020.

¹ For more information, please see [the press release of 12 March 2019](#).

² Under the condition precedent that the necessary permits are obtained

The expected initial yield on the entire project, all functions combined, calculated on the investment value (land included) is of the order of 4.5%.

Please see the following page of the Befimmo website for the description of the project: <https://www.befimmo.be/en/portfolio/zin>

Silversquare: ongoing growth

Silversquare currently operates five coworking spaces, including one in the Triomphe building.

Several new spaces are under development, notably in the Ikaros Business Park and Central Gate buildings, and in the Paradis Express and Quatuor projects.

The next opening is scheduled for the end of the year in the Ikaros Business Park (3,000 m²), located in the Brussels periphery. It is an ideal location for commuters. The Ikaros Business Park is located in Zaventem, close to Nossegem railway station and the airport, and will become a true business campus, with a meeting centre, a wide range of workspace solutions, and services such as a fitness centre, a nursery and a restaurant.

The existing "Europe" and "Stéphanie" coworking spaces are 100% occupied and membership requests keep coming in on a regular basis. Silversquare will substantially extend its spaces at both addresses. In this context, Silversquare is also considering opening new spaces in those neighbourhoods.

Key events after the close of the first quarter

Granting of a 99-year leasehold on the Pavilion building³ (Brussels, Leopold district)

Befimmo has reached an agreement on the assignment of usufruct fees and the grant of a leasehold on the Pavilion building – still occupied by the European Commission for six years - for a total amount of €93 million.

This operation has generated a net distributable capital gain of €14.6 million, €8.4 million⁴ of which will be recorded at 30 June 2019. The exit yield amounts to 4.95%. In 2011, Befimmo acquired the company (and has since absorbed it) that owned this building, which had been renovated in 2005. The IRR amounts to 7.12%.

This transaction, completed at a very convenient time in the building's life cycle, has been carried out as part of the dynamic management of the portfolio⁵ announced in February 2019. Reducing the LTV ratio by -2.06% (in absolute terms and based on data as at 31 December 2018), it will notably contribute to the financing of ongoing redevelopment projects.

Merger by acquisition of Beway by Befimmo

During the Extraordinary General Meeting of 30 April 2019, the proposed merger by absorption of Beway was approved.

Following this merger, 2,659,828 new ordinary Befimmo shares were created. These shares are due to be listed on the stock market on 13 May 2019. The shares will be placed on the market to finance Befimmo's accretive growth operations.

³ For more information, please see [the press release of 29 April 2019](#).

⁴ The unrealised capital gain at 31 December 2018 was €6.2 million.

⁵ For more information, please see page 27 of [the press release on the annual results \(as at 31 December 2018\)](#).

Ongoing projects

Over the first quarter of the fiscal year, Befimmo invested €18.5 million in its portfolio. The main renovation and construction projects are listed in the table below. For more information on these projects, please consult pages 32 to 37 of the Annual Financial Report 2018, which is available on the Befimmo website (www.befimmo.be).

| | Rental space | Location | Start of the works | Completion | Type | BREEAM certification | Investment realised in 2019 (in € million) | Total investment realised until 31 March 2019 | Total investment (in € million) |
|---|------------------------|----------------------|------------------------------|--------------------------------|------------------------------|------------------------|--|---|---------------------------------|
| Committed ongoing projects | | | | | | | 14.4 | | |
| Brederode Corner | 7 000 m ² | Brussels CBD, Centre | Q1 2018 | Q1 2020 | Renovation | Excellent | 3.1 | 8 | 20 |
| Eupen - Rathausplatz | 7 200 m ² | Eupen, Wallonia | Phase 2: Q4 2018 | Phase 2: Q4 2019 | Renovation and construction | - | 0.3 | 11 | 14 |
| Quatuor | 60 000 m ² | Brussels CBD, North | 2018 | 2020 | Construction | Excellent/ Outstanding | 4.5 | 26 | 157 |
| ZIN | 110 000 m ² | Brussels CBD, North | 2020 | 2023 | Demolition and construction | Excellent | 6.4 | 21 | 375 (a) |
| Ongoing projects to be committed | | | | | | | 0.5 | | |
| Paradis Express | 35 000 m ² | Liège, Wallonia | 2019 | 2021 | Construction | Excellent | 0.3 | 5 | 82 (a) |
| WTC 4 | 53 500 m ² | Brussels CBD, North | Implementation of the permit | According to commercialisation | Implementation of the permit | Outstanding | 0.2 | 20 | 140 |
| Other works (coworking included) | | | | | | | 3.6 | | |
| Total | | | | | | | 18.5 | | |

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

Change in fair values⁶ of the property portfolio

| Offices | Change over the quarter ^(a) (in %) | Proportion of portfolio ^(b) (31.03.2019) (in %) | Fair value (31.03.2019) (in € million) | Fair value (31.12.2018) (in € million) |
|---|--|--|--|--|
| Brussels CBD and similar ^(c) | 0.61% | 51.8% | 1 419.1 | 1 440.6 |
| Brussels decentralised | -2.63% | 2.9% | 79.3 | 81.7 |
| Brussels periphery | -0.59% | 4.4% | 119.4 | 116.5 |
| Flanders | 0.20% | 17.3% | 473.5 | 474.3 |
| Wallonia | -0.32% | 8.0% | 219.8 | 220.2 |
| Luxembourg city | 10.18% | 4.9% | 135.0 | 122.6 |
| <i>Properties available for lease</i> | <i>0.76%</i> | <i>89.3%</i> | <i>2 446.1</i> | <i>2 455.8</i> |
| <i>Properties that are being constructed or developed for own account in order to be leased</i> | <i>20.41%</i> | <i>10.7%</i> | <i>294.5</i> | <i>199.5</i> |
| Investment properties | 2.56% | 100.0% | 2 740.7 | 2 655.3 |
| Total | 2.56% | 100.0% | 2 740.7 | 2 655.3 |

^(a) The change over the first quarter of fiscal year 2019 is the change in fair value between 1 January 2019 and 31 March 2019 (excluding the amount of investments and divestments).

^(b) The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 March 2019.

^(c) Including the Brussels airport zone, in which the Gateway building is situated.

As at 31 March 2019, the fair value of Befimmo's consolidated portfolio was €2,740.7 million, as against €2,655.3 million as at 31 December 2018.

This change in value incorporates:

- the renovation or redevelopment works (investments) carried out in the portfolio;
- the divestments made (the sale of the buildings in Menen and Izegem);
- the changes in fair value booked to the income statement (IAS 40).

At constant perimeter, the value of the portfolio (excluding the amount of investments and divestments) rose during the first quarter of the fiscal year (a change of +2.56% or €68.4 million). Excluding the increase in value related to the pre-letting of the ZIN project, the increase in value of the portfolio would amount to €19.4 million or +0.72%.

⁶ 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.

Occupancy rate, weighted average duration of leases and signed lease agreements

The spot occupancy rate of the properties available for lease amounts to 95.22% as at 31 March 2019 (compared with 94.50% as at 31 December 2018).

The weighted average duration of the leases until their next break is 7.52 years as at 31 March 2019, compared with 6.96 years⁷ as at 31 December 2018. The weighted average duration of current leases until their final expiry is 8.17 years as at 31 March 2019.

Over the first quarter of the fiscal year, Befimmo signed new leases and renewals for a total floor area of 77,605 m², compared with a total floor area of 8,162 m² during the first quarter of fiscal year 2018. This strong increase is due to the pre-letting of the 70,000 m² offices of the ZIN project to the Flemish authorities. Until the lease with the Flemish Administration in the ZIN project commences, and in line with the definitions of the real-estate indicators, this pre-let is not reflected in the real-estate indicators.

Overall rental yield

| | Properties available for lease | | Investment properties ^(a) | |
|-----------------------|--------------------------------|------------|--------------------------------------|------------|
| | 31.03.2019 | 31.12.2018 | 31.03.2019 | 31.12.2018 |
| Gross initial yield | 5.46% | 5.98% | 4.87% | 5.53% |
| Gross potential yield | 5.71% | 6.29% | | |

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

⁷ Excluding WTC 2, where the lease expired at the end of 2018, the weighted average duration of leases up to next break would be 7.75 years as at 31 December 2018.

2. Financial report

Financial key figures

| | 31.03.2019 | 31.12.2018 |
|--|-------------------|-------------------|
| Shareholders' equity (in € million) | 1 510.77 | 1 443.21 |
| Net asset value (in € per share) | 59.06 | 56.42 |
| EPRA NAV ^(a) (in € per share) (group share) | 60.23 | 57.02 |
| EPRA NNAV ^(a) (in € per share) (group share) | 58.30 | 55.93 |
| EPRA Like-for-Like Net Rental Growth ^(b) (in %) | 4.36% | 2.41% |
| Average (annualised) financing cost ^(c) (in %) | 1.99% | 2.01% |
| Weighted average duration of debts (in years) | 4.63 | 4.84 |
| Debt ratio according to the Royal Decree (in %) | 44.78% | 45.76% |
| Loan-to-value ^(d) (in %) | 41.82% | 43.62% |
| | 31.03.2019 | 31.03.2018 |
| | (3 months) | (3 months) |
| <i>Number of shares issued</i> | 25 579 214 | 25 579 214 |
| <i>Average number of shares during the period</i> | 25 579 214 | 25 579 214 |
| Net result (in € per share) (group share) | 2.86 | 0.86 |
| EPRA earnings (in € per share) (group share) | 0.72 | 0.98 |
| Return on shareholders' equity ^(e) (in € per share) | 5.02 | 4.14 |
| Return on shareholders' equity ^(e) (in %) | 8.97% | 7.49% |

^(a) This is an Alternative Performance Measure. For more information, please consult Appendix 3 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 period, 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 March 2019

As at 31 March 2019, Befimmo's total net asset value was €1,510.8 million.

The net asset value is therefore €59.06 per share, compared with €56.42 per share as at 31 December 2018.

Changes in the net asset value

| | (in € per share) | (in € million) | Number of shares |
|--|-------------------|-------------------|-------------------|
| Net asset value as at 31 December 2018 (group share) | 56.42 | 1 443.2 | 25 579 214 |
| Valuation of the put option held by minority shareholders, net of profit attributable to non-controlling interests | | -5.5 | |
| Net result of the period (group share) | | 73.1 | |
| Net asset value as at 31 March 2019 (group share) | 59.06 | 1 510.8 | 25 579 214 |
| | 31.03.2019 | 31.12.2018 | |
| EPRA NAV (in € per share) (group share) | 60.23 | 57.02 | |
| EPRA NNAV (in € per share) (group share) | 58.30 | 55.93 | |

The calculation methods of the EPRA NAV and NNAV are detailed in Appendix 3 to this press release.

Trend of results

| (in € thousand) | 31.03.2019 | 31.03.2018 |
|--|---------------|---------------|
| Net rental result | 35 355 | 36 086 |
| <i>Net rental result excluding spreading</i> | 34 667 | 35 860 |
| <i>Spreading of gratuities/concessions</i> | 688 | 226 |
| Net property charges ^(a) | -6 124 | -2 346 |
| Property operating result | 29 231 | 33 741 |
| Corporate overheads | -4 452 | -3 459 |
| Other operating income & charges | - 688 | - 226 |
| Operating result before result on portfolio | 24 091 | 30 055 |
| Operating margin^(a) | 68.1% | 83.3% |
| Gains or losses on disposals of investment properties | 292 | - |
| Net property result^(a) | 24 383 | 30 055 |
| Financial result (excl. changes in fair value of financial assets and liabilities) ^(a) | -5 457 | -4 831 |
| Corporate taxes | - 691 | - 64 |
| Net result before changes in fair value of investment properties and financial assets and liabilities^(a) | 18 235 | 25 160 |
| Changes in fair value of investment properties | 69 228 | -5 016 |
| Changes in fair value of financial assets and liabilities | -14 075 | 1 800 |
| Changes in fair value of investment properties & financial assets and liabilities | 55 152 | -3 216 |
| Net result | 73 387 | 21 944 |
| Net result (group share) | 73 082 | 21 944 |
| Net result (non-controlling interests) | 306 | - |
| EPRA earnings (group share) | 18 475 | 25 160 |
| Net result (in € per share) (group share) | 2.86 | 0.86 |
| EPRA earnings (in € per share) (group share) | 0.72 | 0.98 |

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

Analysis

The condensed consolidated income statement includes the data published on 31 March 2019. The result analysis is based on a comparison with the data as at 31 March 2018. Note that, for the first time, the data presented at 31 March 2019 include the consolidation of Silversquare Holding SA.

The **Net rental income** is down slightly on last year. The loss of rent related to the end of the lease in the WTC 2 tower (-€3.2 million) is largely offset by the improvement in the performance of the portfolio on a like-for-like basis and by the turnover generated by the Silversquare coworking spaces (€1.65 million).

Net property charges are up, owing mainly to the absence in 2019 of non-recurring elements (€1.5 million) recorded in the first quarter of the 2018 fiscal year and the management costs of the Silversquare coworking spaces (€1.18 million).

Corporate overheads are €4.45 million as against €3.46 million in 2018. This change is due to the expansion of the team and the integration of the Silversquare Holding SA.

The **Operating result before result on portfolio** amounted to €24.1 million at the end of March 2019, compared with €30.1 million at 31 March 2018.

The lower **operating margin** is linked to seasonal effects in both the first quarter results of 2018 and 2019, and the transitional period of the development of the Quatuor and ZIN projects. It is also linked to the change in Befimmo's frame of reference following the integration of co-working activities. For the year the margin should be established, at constant scope at about 75%.

The **Gains or losses on disposal of investment properties** (€0.3 million) includes the disposal, in the first quarter, of the Menen and Izegem buildings (in the Fedimmo portfolio).

The **Financial result** (excluding changes in the fair value of financial assets and liabilities) amounted to -€5.5 million, compared to 31 March 2018, owing mainly due to the higher volume of nominal debt.

As at 31 March 2019, the **Net result** was €73.4 million as against €21.9 million as at 31 March 2018. The change in fair value of the portfolio (and excluding the amount of investments and divestments) amounted to +€68.4 million, an increase of +2.56% by value. The change in the fair value of the financial assets and liabilities was -€14.1 million, as against +€1.8 million one year earlier, as a result of the fall in interest rates at the end of the quarter.

EPRA earnings amounted to €18.5 million as at 31 March 2019, or €0.72 per share. It contains non-recurring effects, but is however (on a like-for-like basis) well in line with the forecast for the year.

The **Net result per share** is €2.86.

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 first quarter

The Company acquired a payer IRS with a notional value of €50 million and a maturity of 10 years.

At 31 March 2019, Befimmo's financial structure had the following main characteristics:

- confirmed credit facilities for a total sum of €1,420.68 million (64.2% of which were bank loans), €1,148.1 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 44.78%⁸ (compared with 45.76% as at 31 December 2018);
- an LTV ratio of 41.82%⁹ (compared with 43.62% as at 31 December 2018);
- a weighted average duration of the debt of 4.63 years (as against 4.84 years as at 31 December 2018);
- 85.5% of total borrowings at fixed rates (including IRS);
- an average (annualised) financing cost (including hedging margin and costs) of 1.99% over the first three months of the fiscal year, compared with 2.01% for fiscal year 2018.

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.

8. The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.

9. Loan to value (LTV) = [(nominal financial debts – cash)/fair value of portfolio].

3. Governance

During the Ordinary General Meeting of 30 April 2019, Mr Vincent Querton was appointed as Independent Director for a term of two years, ending at the closing of the 2021 Ordinary General Meeting.

Mr. Querton (1961) holds a law degree (UCL) and an MBA from INSEAD-CEDEP (Fontainebleau). Vincent Querton has acknowledged experience in the banking and real- estate sector in Belgium and abroad. He was Chief Operating Officer of Fortis Real State (which became AGRE) from 1996 to 2002 (during that time he was President of Devimo and member of the Management Board of Interparking) and was then active with Jones Lang LaSalle (JLL) from 2003 to February 2017 as International Director and CEO Benelux. Since October 2017, he has been CEO of BE-REIT Ascencio, specialising in the retail sector (commercial areas located mainly on the outskirts of cities).

The renewal of the following mandates has been proposed and approved during the Ordinary General Meeting of 30 April 2019:

- Renewal of the mandate of Mr Benoît De Blicq, as an Executive Director, for a period of three years, ending at the closing of the 2022 Ordinary General Meeting.
- Renewal of the mandate of Mr Benoît Godts, as a Non-executive Director, linked to a shareholder, for a period of two years, ending at the closing of the 2021 Ordinary General Meeting.

The mandate of Mr Hugues Delpire has expired at the Ordinary General Meeting of 30 April 2019. We wish to recognize the importance and quality of the work that Mr Delpire has accomplished and thank him for eight years of intense and always constructive contributions.

Since 7 May 2019 the Audit Committee is composed of:

- Sophie Goblet, Chairman of the Audit Committee, Independent Director
- Sophie Malarme-Lecloux, Independent Director
- Benoît Godts, Non-Executive Director, linked to a shareholder

Since this same date, the Appointment and Remuneration Committee of Befimmo SA is composed of:

- Etienne Dewulf, Chairman of the Appointment and Remuneration Committee
- Alain Devos, Non-Executive Director, Chairman of the Board of Directors
- Vincent Querton, Independent Director

4. Befimmo share

Share key figures

| | 31.03.2019 | 31.12.2018 |
|---|------------|------------|
| Closing price (in €) | 52.50 | 48.55 |
| Asset value (in € per share) | 59.06 | 56.42 |
| Premium or discount compared to the asset value | -11.11% | -13.95% |
| Return on share price ^(a) | 6.76% | -2.93% |

^(a) Calculated over a 12-month period ending at the closing of the period, taking into account the gross dividend reinvestment.

5. Dividend forecast

All other things being equal, the Board of Directors confirms the dividend forecast of €3.45¹⁰ gross per share for the current fiscal year.

6. Forthcoming publications

On 29 March 2019, Befimmo published its Annual Financial Report 2018, which is available on its website: www.befimmo.be.

| | |
|--|---|
| Publication of the Half-Yearly Financial Report 2019 | Thursday 18 July 2019 ^(a) |
| Interim statement as at 30 September 2019 | Thursday 24 October 2019 ^(a) |

^(a) Publication after closing of the stock exchange.

¹⁰ The gross dividend of €3.45 per share could be paid as an interim dividend of €2.59 in December 2019 and a final dividend of €0.86 in May 2020.

Befimmo, a Belgian Real-Estate Investment Trust (B-REIT), listed on Euronext Brussels, is a real-estate operator specialising in quality workspace. These Befimmo Environments are located in Brussels, in Belgian towns and cities and in 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 tenants inspiring workspaces and related services in buildings that are sustainable in terms of architecture, location and respect for the environment.

By creating such added value for its users, Befimmo also creates value for its shareholders. At 31 March 2019, the fair value of its portfolio was €2.7 billion.



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7. Appendix 1

Consolidated income statement (in € thousand)

| | 31.03.19 | 31.03.18 |
|--|----------------|---------------|
| I. (+) Rental income | 35 223 | 36 026 |
| III. (+/-) Charges linked to letting | 132 | 60 |
| NET RENTAL RESULT | 35 355 | 36 086 |
| IV. (+) Recovery of property charges | 1 312 | 4 500 |
| V. (+) Recovery of rental charges and taxes normally paid by tenants on let properties | 21 036 | 22 809 |
| VII. (-) Rental charges and taxes normally paid by tenants on let properties | -22 970 | -22 661 |
| VIII. (+/-) Other revenue and charges for letting | 139 | 52 |
| PROPERTY RESULT | 34 872 | 40 786 |
| IX. (-) Technical costs | -1 892 | -3 121 |
| X. (-) Commercial costs | - 57 | - 183 |
| XI. (-) Charges and taxes on unlet properties | -1 302 | -1 751 |
| XII. (-) Property management costs | - 646 | - 656 |
| XIII. (-) Other property charges | -1 743 | -1 335 |
| (+/-) Property charges | -5 641 | -7 046 |
| PROPERTY OPERATING RESULT | 29 231 | 33 741 |
| XIV. (-) Corporate overheads | -4 452 | -3 459 |
| XV. (+/-) Other operating income and charges | - 688 | - 226 |
| OPERATING RESULT BEFORE RESULT ON PORTFOLIO | 24 091 | 30 055 |
| XVI. (+/-) Gains and losses on disposals of investment properties | 292 | - |
| XVIII. (+/-) Changes in fair value of investment properties | 69 228 | -5 016 |
| OPERATING RESULT | 93 610 | 25 039 |
| XX. (+) Financial income | 163 | 228 |
| XXI. (-) Net interest charges | -5 070 | -4 488 |
| XXII. (-) Other financial charges | - 550 | - 572 |
| XXIII. (+/-) Changes in fair value of financial assets and liabilities | -14 075 | 1 800 |
| (+/-) Financial result | -19 532 | -3 032 |
| PRE-TAX RESULT | 74 078 | 22 008 |
| XXV. (-) Corporation tax | - 691 | - 64 |
| (+/-) Taxes | - 691 | - 64 |
| NET RESULT | 73 387 | 21 944 |
| TOTAL COMPREHENSIVE INCOME (group share) | 73 082 | 21 944 |
| NON-CONTROLLING INTERESTS | 306 | - |
| BASIC NET RESULT AND DILUTED (€/share) (group share) | 2.86 | 0.86 |

Consolidated balance sheet (in € thousand)

| ASSETS | 31.03.19 | 31.12.18 |
|---|------------------|------------------|
| I. Non-current assets | 2 811 127 | 2 700 743 |
| A. Goodwill | 23 687 | 14 217 |
| B. Intangible assets | 938 | 899 |
| C. Investment properties | 2 758 788 | 2 655 324 |
| Fair value of portfolio (Silversquare excluded) | 2 740 652 | 2 655 324 |
| Right of use - Fair value of Silversquare leases | 18 136 | - |
| D. Other property, plant and equipment | 6 344 | 1 021 |
| E. Non-current financial assets | 19 566 | 27 497 |
| F. Finance lease receivables | 1 803 | 1 784 |
| II. Current assets | 57 398 | 34 398 |
| B. Current financial assets | 12 264 | 10 004 |
| C. Finance lease receivables | 70 | 139 |
| D. Trade receivables | 38 781 | 21 454 |
| E. Tax receivables and other current assets | 261 | 52 |
| F. Cash and cash equivalents | 1 840 | 591 |
| G. Deferred charges and accrued income | 4 181 | 2 157 |
| TOTAL ASSETS | 2 868 524 | 2 735 140 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | 31.03.19 | 31.12.18 |
| TOTAL SHAREHOLDERS' EQUITY | 1 510 773 | 1 443 214 |
| I. Equity attributable to shareholders of the parent company | 1 510 773 | 1 443 214 |
| A. Capital | 357 871 | 357 871 |
| B. Share premium account | 792 641 | 792 641 |
| C. Reserves | 287 179 | 276 104 |
| D. Net result for the fiscal year | 73 082 | 16 597 |
| II. Non controlling interests | - | - |
| LIABILITIES | 1 357 752 | 1 291 926 |
| I. Non-current liabilities | 696 577 | 760 478 |
| A. Provisions | 728 | 728 |
| B. Non-current financial debts | 652 339 | 735 519 |
| a. Credit institution | 194 537 | 297 319 |
| c. Other | 457 802 | 438 200 |
| C. Other non-current financial liabilities | 34 967 | 21 881 |
| D. Trade debts and other non-current debts | 7 915 | 2 130 |
| F. Deferred tax - liabilities | 627 | 219 |
| II. Current liabilities | 661 175 | 531 448 |
| A. Provisions | 4 916 | 5 039 |
| B. Current financial debts | 539 685 | 443 012 |
| a. Credit institution | 7 708 | 13 674 |
| c. Other | 531 977 | 429 338 |
| C. Other current financial liabilities | 1 890 | 2 140 |
| D. Trade debts and other current debts | 68 591 | 54 289 |
| E. Other current liabilities | 2 320 | 4 099 |
| F. Accrued charges and deferred income | 43 773 | 22 870 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 2 868 524 | 2 735 140 |

8. 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 €) | 31.03.2019 | 31.03.2018 |
|--|--------------|--------------|
| Interest paid | 5 821 | 5 228 |
| Annualised interest paid (A) | 23 284 | 20 912 |
| Annualised nominal financial debts (B) | 1 172 163 | 1 083 000 |
| Average (annualised) financing cost (A/B) | 1.99% | 1.93% |

Loan-to-value

| (in thousand €) | 31.03.2019 | 31.12.2018 |
|--|------------------|------------------|
| Nominal financial debts (A) | 1 148 101 | 1 158 792 |
| II. F. Cash and cash equivalents (B) | 1 840 | 591 |
| I. C. Investment properties (D) | 2 740 652 | 2 655 324 |
| II. A. Assets held for sale (E) | - | - |
| Fair value of portfolio at the closing date (C = D+E) | 2 740 652 | 2 655 324 |
| Loan-to-value (A-B)/C | 41.82% | 43.62% |

Net rental result in “Like-for-Like”

| (in thousand €) | 31.03.2019 | 31.03.2018 |
|---|---------------|---------------|
| Net rental result (A) | 35 355 | 36 086 |
| Net rental result linked to change in perimeter (B) | 2 952 | 1 000 |
| Net rental result on properties not available for lease (C) | 213 | 4 310 |
| Net rental result in « Like-for-Like » (A-B-C) | 32 190 | 30 777 |

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

| (in thousand €) | 31.03.2019 | 31.03.2018 |
|--|---------------|---------------|
| Net result (A) | 73 387 | 21 944 |
| XVIII. Changes in fair value of investment properties (B) | 69 228 | -5 016 |
| XXIII. Changes in fair value of financial assets and liabilities (C) | -14 075 | 1 800 |
| Net result before changes in fair value of investment properties and financial assets and liabilities (A-B-C) | 18 235 | 25 160 |

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

| (in thousand €) | 31.03.2019 | 31.03.2018 |
|---|---------------|---------------|
| Financial result (A) | -19 532 | -3 032 |
| XXIII. Changes in fair value of financial assets and liabilities (B) | -14 075 | 1 800 |
| Net losses realised on financial assets and liabilities: close-out costs (C) | - | - |
| Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs) (A-B-C) | -5 457 | -4 831 |

Net property result

| (in thousand €) | 31.03.2019 | 31.03.2018 |
|--|---------------|---------------|
| Operating result before result on portfolio | 24 091 | 30 055 |
| XVI. Gains or losses on disposals of investment properties | 292 | - |
| Net property result | 24 383 | 30 055 |

Operating margin

| (in thousand €) | 31.03.2019 | 31.03.2018 |
|---|--------------|--------------|
| Operating result before result on portfolio (A) | 24 091 | 30 055 |
| Net rental result (B) | 35 355 | 36 086 |
| Operating margin (A/B) | 68.1% | 83.3% |

Other operating income and charges (excluding goodwill impairment)

| (in thousand €) | 31.03.2019 | 31.03.2018 |
|---|--------------|--------------|
| XV. Other operating income and charges (A) | - 688 | - 226 |
| Goodwill impairment (B) | - | - |
| Other operating income and charges (excluding goodwill impairment) (A-B) | - 688 | - 226 |

Net property charges

| (in thousand €) | 31.03.2019 | 31.03.2018 |
|---|---------------|---------------|
| IV. Recovery of property charges | 1 312 | 4 500 |
| V. Recovery of rental charges and taxes normally paid by tenants on let properties | 21 036 | 22 809 |
| 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 | -22 970 | -22 661 |
| VIII. Other revenue and charges for letting | 139 | 52 |
| IX. Technical costs | -1 892 | -3 121 |
| X. Commercial costs | - 57 | - 183 |
| XI. Charges and taxes on unlet properties | -1 302 | -1 751 |
| XII. Property management costs | - 646 | - 656 |
| XIII. Other property charges | -1 743 | -1 335 |
| Net property charges | -6 124 | -2 346 |

9. Appendix 3

Tables of the EPRA indicators¹¹

EPRA earnings

| (in € thousand) | 31.03.2019 | 31.03.2018 |
|---|-----------------|---------------|
| Net result IFRS (group share) | 73 082 | 21 944 |
| Net result IFRS (in € per share) (group share) | 2.86 | 0.86 |
| Adjustments to calculate EPRA earnings | - 54 607 | 3 216 |
| To exclude: | | |
| I. Changes in fair value of investment properties and properties held for sale | - 69 076 | 5 016 |
| II. Result on disposals of investment properties | - 292 | - |
| VI. Changes in fair value of financial assets and liabilities and close-out costs | 14 075 | - 1 800 |
| VIII. Deferred tax in respect of EPRA adjustments | 408 | - |
| X. Non-controlling interests in respect of the above | 277 | - |
| EPRA earnings (group share) | 18 475 | 25 160 |
| EPRA earnings (in € per share) (group share) | 0.72 | 0.98 |

EPRA NAV & NNNAV

| (in € thousand) | 31.03.2019 | 31.12.2018 |
|---|------------------|------------------|
| Net Asset Value (group share) | 1 510 773 | 1 443 214 |
| Net Asset Value (in € per share) (group share) | 59.06 | 56.42 |
| To include: | | |
| II. Revaluation at fair value of finance lease credit | 123 | 115 |
| To exclude: | | |
| IV. Fair value of financial instruments | 29 016 | 14 941 |
| V. a. Deferred tax | 627 | 219 |
| To include/exclude : | | |
| Adjustments in respect of non-controlling interests | - | - |
| EPRA NAV (group share) | 1 540 539 | 1 458 489 |
| EPRA NAV (in € per share) (group share) | 60.23 | 57.02 |
| To include: | | |
| I. Fair value of financial instruments | - 29 016 | - 14 941 |
| II. Revaluations at fair value of fixed-rate loans | - 19 656 | - 12 593 |
| III. Deferred tax | - 627 | - 219 |
| To include/exclude : | | |
| Adjustments in respect of non-controlling interests | - | - |
| EPRA NNNAV (group share) | 1 491 240 | 1 430 736 |
| EPRA NNNAV (in € per share) (group share) | 58.30 | 55.93 |

¹¹ The definitions of the EPRA indicators are published on page 79 of the Annual Financial Report 2018. Source: EPRA Best Practices (www.epra.com).

EPRA Vacancy rate

| (in € thousand) | 31.03.2019 | 31.12.2018 |
|--|--------------|--------------|
| Estimated rental value (ERV) on vacant space (A) | 5 466 | 5 994 |
| Estimated rental value (ERV) (VLE) (B) | 129 457 | 140 145 |
| EPRA Vacancy rate of properties available for lease (A)/(B) | 4.22% | 4.28% |

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

| (€ thousand) | 31.03.2019 | 31.12.2018 |
|--|------------------|------------------------------|
| Investment properties and properties held for sale | 2 740 652 | 2 655 324 |
| To exclude: | | |
| Properties that are being constructed or developed for own account in order to be leased | - 294 526 | - 199 512 |
| Properties held for sale | - | - |
| Properties available for lease | 2 446 126 | 2 455 813 |
| To include: | | |
| Allowance for estimated purchasers' cost | 61 394 | 61 777 |
| Investment value of properties available for lease (B) | 2 507 520 | 2 517 590 |
| Annualised cash passing rental income | 131 514 | 147 928 |
| To exclude: | | |
| Property charges ^(a) | - 7 604 | - 4 685 |
| Annualised net rents (A) | 123 910 | 143 243 |
| To include: | | |
| - Notional rent expiration of rent free periods or other lease incentives | 5 616 | 2 710 |
| - Future rent on signed contracts ^(b) | - | - |
| Topped-up annualised net rents (C) | 129 526 | 145 953^(b) |
| (in %) | | |
| EPRA Net Initial Yield (A/B) | 4.94% | 5.69% |
| EPRA Topped-up Net Initial Yield (C/B) | 5.17% | 5.80%^(b) |

^(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.

^(b) As of 31 March 2019, Befimmo no longer include the rent "Future rent on signed contracts" in the calculation of the EPRA Topped-up NIY. The percentage as of 31 December 2018 has therefore been restated based on this change.

EPRA Cost ratio

| (in € thousand) | 31.03.2019 | 31.03.2018 |
|---|----------------|---------------|
| Net administrative and operating expenses in the income statement | -10 292 | -5 745 |
| III. (+/-) Rental charges | 132 | 60 |
| Net property charges | -6 124 | -2 346 |
| XIV. (-) Corporate overheads | -4 452 | -3 459 |
| XV. (+/-) Other operating income and charges | - 688 | - 226 |
| Exclude: | | |
| i. Impact of the spreading of gratuities | 688 | 226 |
| Exclude: | | |
| vi. Investment Property depreciation | 152 | - |
| EPRA costs (including direct vacancy costs) (A) | -10 292 | -5 745 |
| XI. (-) Charges and taxes on unlet properties | 1 302 | 1 751 |
| EPRA costs (excluding direct vacancy costs) (B) | -8 990 | -3 994 |
| I. (+) Rental income | 35 223 | 36 026 |
| Gross rental income (C) | 35 223 | 36 026 |
| EPRA Cost ratio (including direct vacancy costs) (A/C)^(a) | 29.22% | 15.95% |
| EPRA Cost ratio (excluding direct vacancy costs) (B/C)(a) | 25.52% | 11.09% |

^(a) This is an Alternative Performance Measure.

EPRA Like-for-Like net rental growth

| Segment | 31.03.2019 | | | | | | 31.03.2018 | | | | | | Evolution |
|--|---|--------------|-----------|--------------------------|---|--|---|--------------|-----------|--------------------------|---|--|--------------|
| | 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) | |
| (in € thousand) | | | | | | | | | | | | | |
| Brussels CBD and similar | 15 746 | 1 082 | | | 27 | 16 855 | 15 147 | 1 032 | | | 5 879 | 22 058 | 3.95% |
| Brussels decentralised | 578 | | | | | 578 | 495 | | | | | 495 | 16.60% |
| Brussels periphery | 2 272 | | | | | 2 272 | 1 813 | | | | | 1 813 | 25.32% |
| Wallonia | 2 425 | | | | 167 | 2 592 | 2 376 | 0 | | - 8 | | 2 368 | 2.06% |
| Flanders | 7 311 | | 4 | | 22 | 7 337 | 7 256 | 38 | | - 6 | | 7 287 | 0.76% |
| Luxembourg city | 1 403 | | | | | 1 403 | 1 406 | | | | | 1 406 | -0.20% |
| Total | 29 735 | 1 082 | 4 | - | 216 | 31 037 | 28 494 | 1 032 | 37 | - | 5 865 | 35 428 | 4.36% |
| Reconciliation to the consolidated IFRS income statement | | | | | | | | | | | | | |
| Net rental income related to: | | | | | | | | | | | | | |
| - Properties booked as financial leases (IAS 17) | | | | | | 0 | | | | | | - 1 | |
| - Acquisition of Silversquare | | | | | | 464 | | | | | | 0 | |
| Other property charges | | | | | | - 2 270 | | | | | | - 1 687 | |
| Property operating result in the consolidated IFRS income statement | | | | | | 29 231 | | | | | | 33 741 | |

^(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.

