

Befimmo



Presentation

Dag van de Tips 2018

29 September 2018
www.befimmo.be





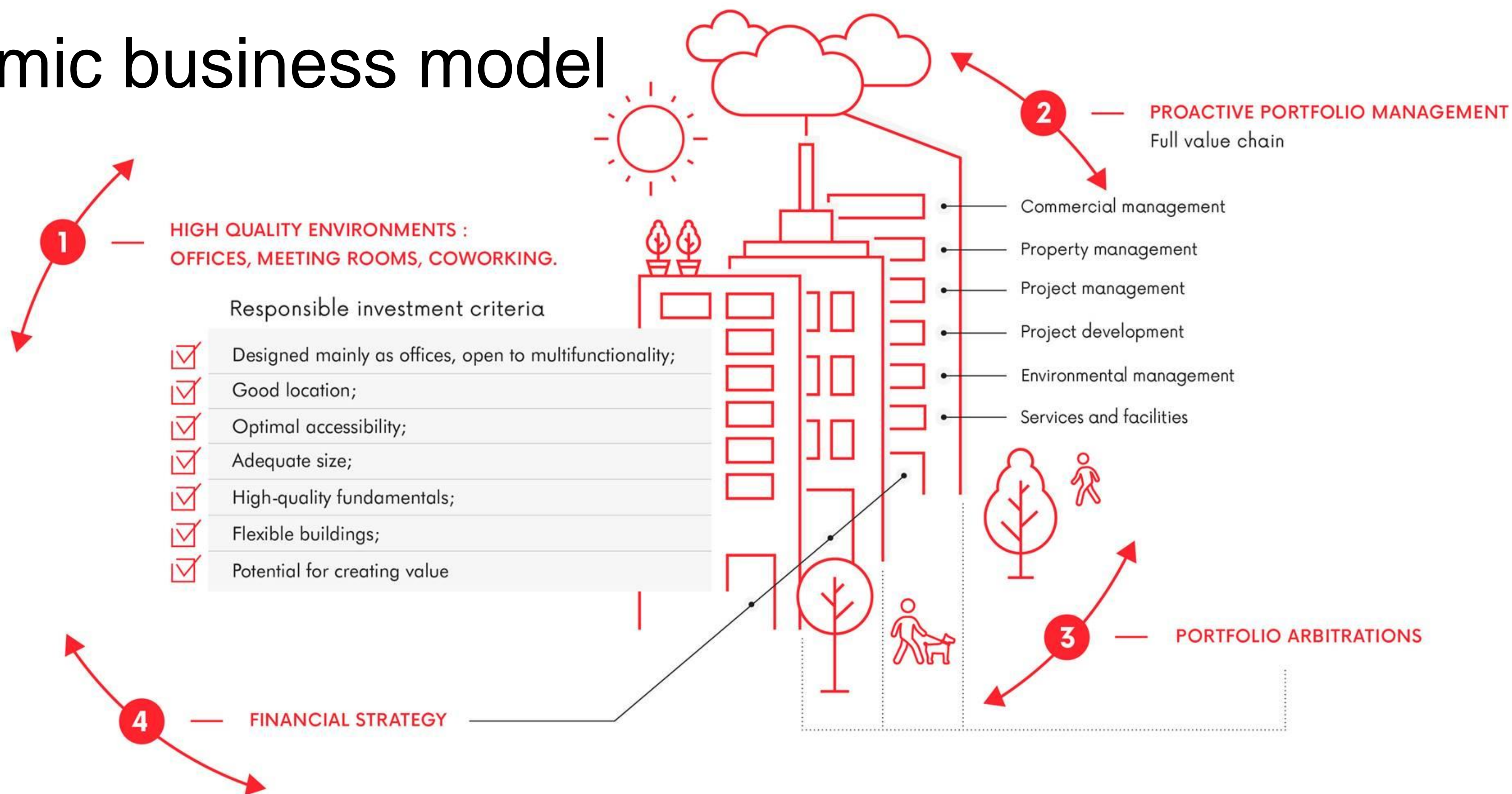
Speaker



Caroline Kerremans

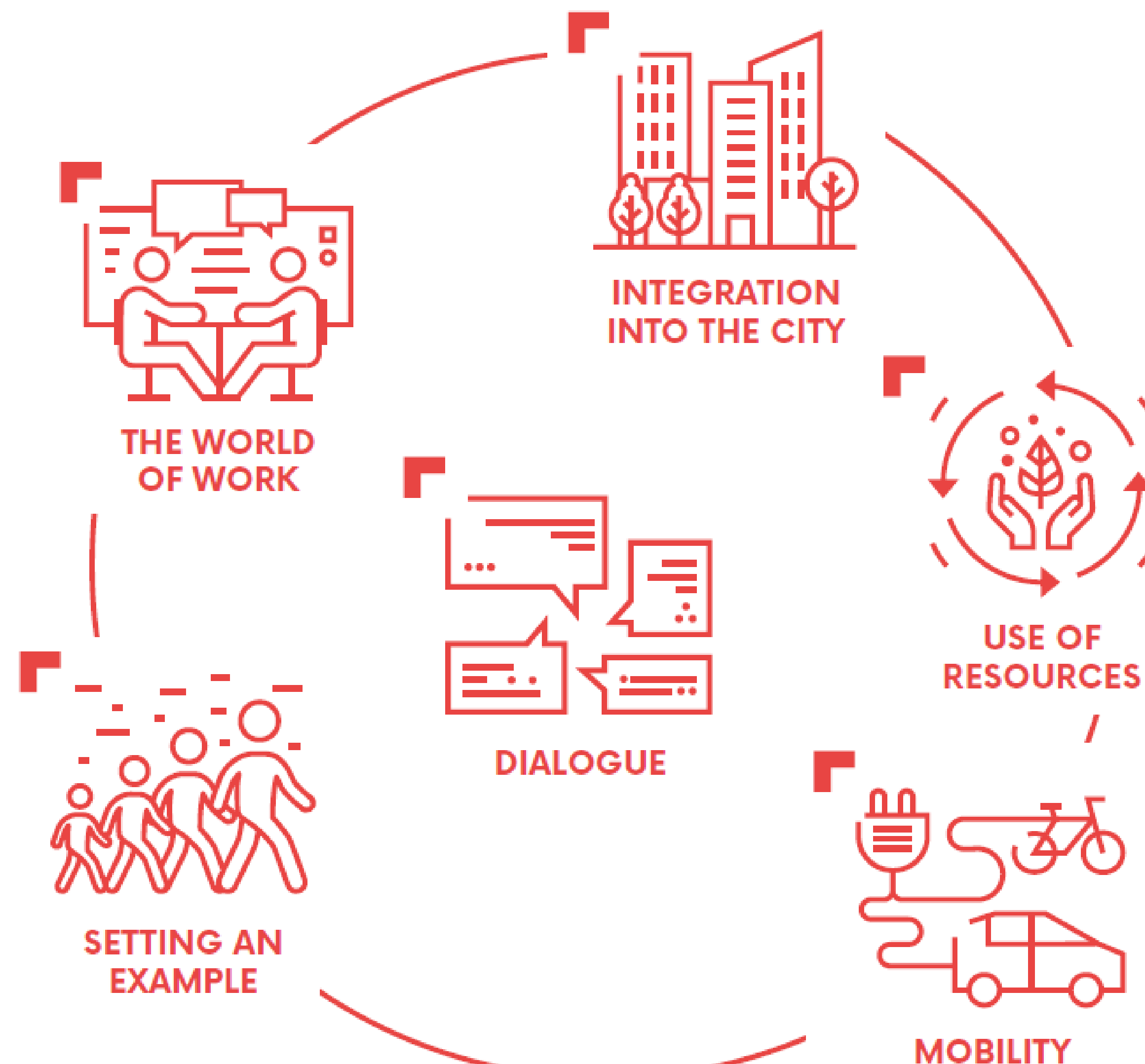
- Head of IR & Communication since 2013
- Extensive experience in IR and communication (of which 8 years in real estate)
- Member of the EPRA IR Committee

Dynamic business model





Strategic axes





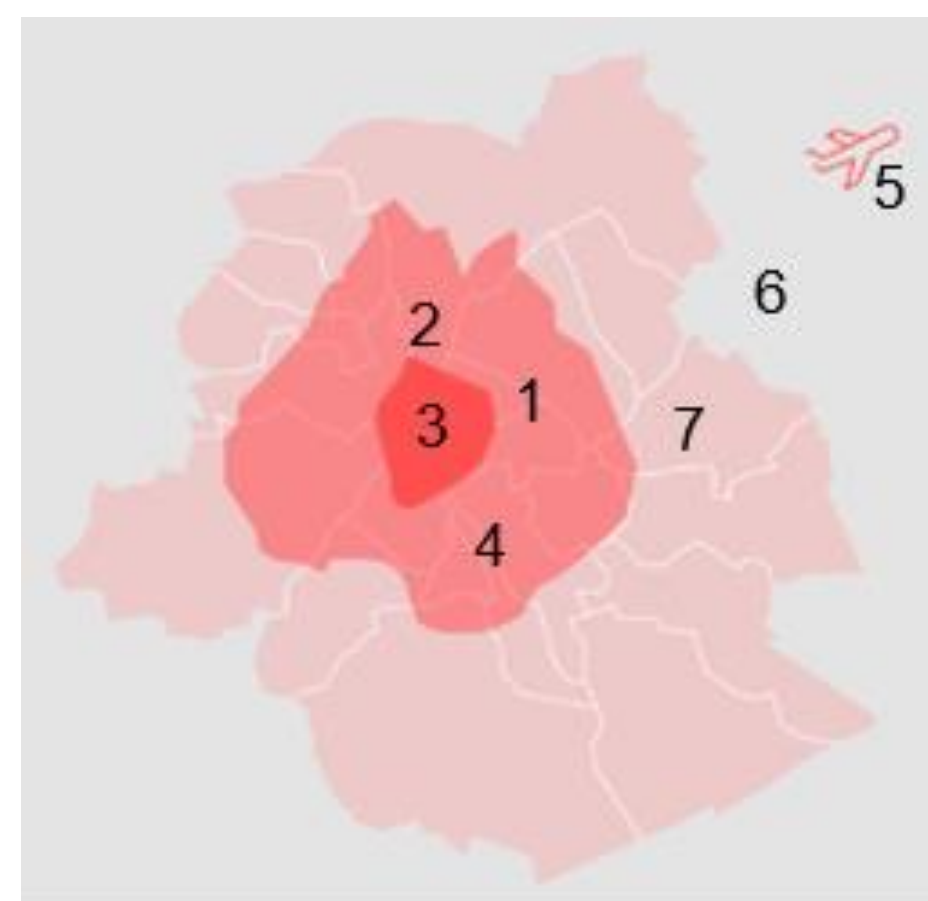
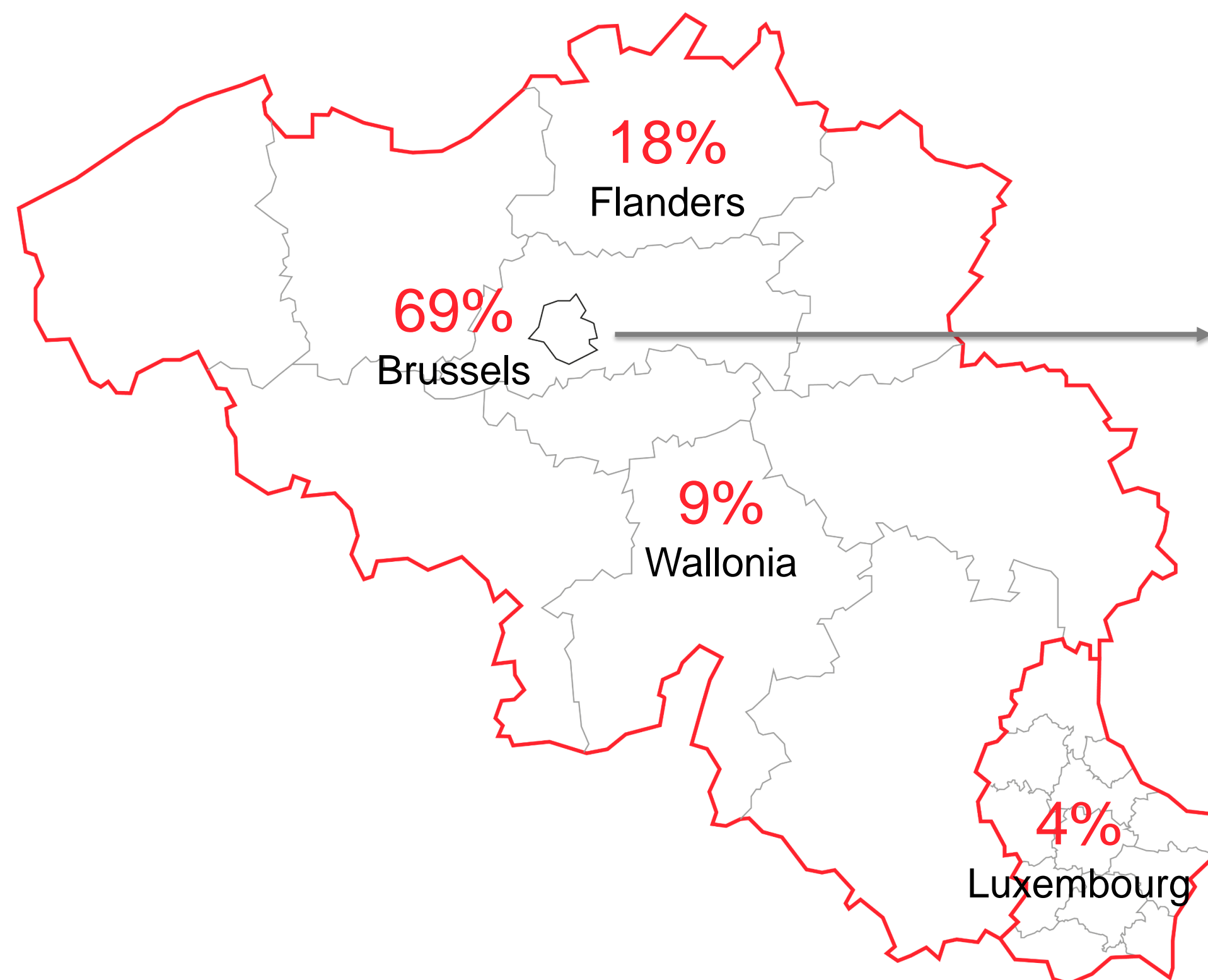
Befimmo strategy

City centre locations and well-diversified quality tenants

69% in Brussels of which 55% in CBD

Portfolio fair value of

€2.6 billion



- | | | |
|----|------------------|-----|
| 1. | Leopold district | 22% |
| 2. | North area | 16% |
| 3. | Centre | 13% |
| 4. | Louise district | 4% |
| 5. | Airport | 6% |
| 6. | Periphery | 4% |
| 7. | Decentralized | 3% |

Tenants by sector

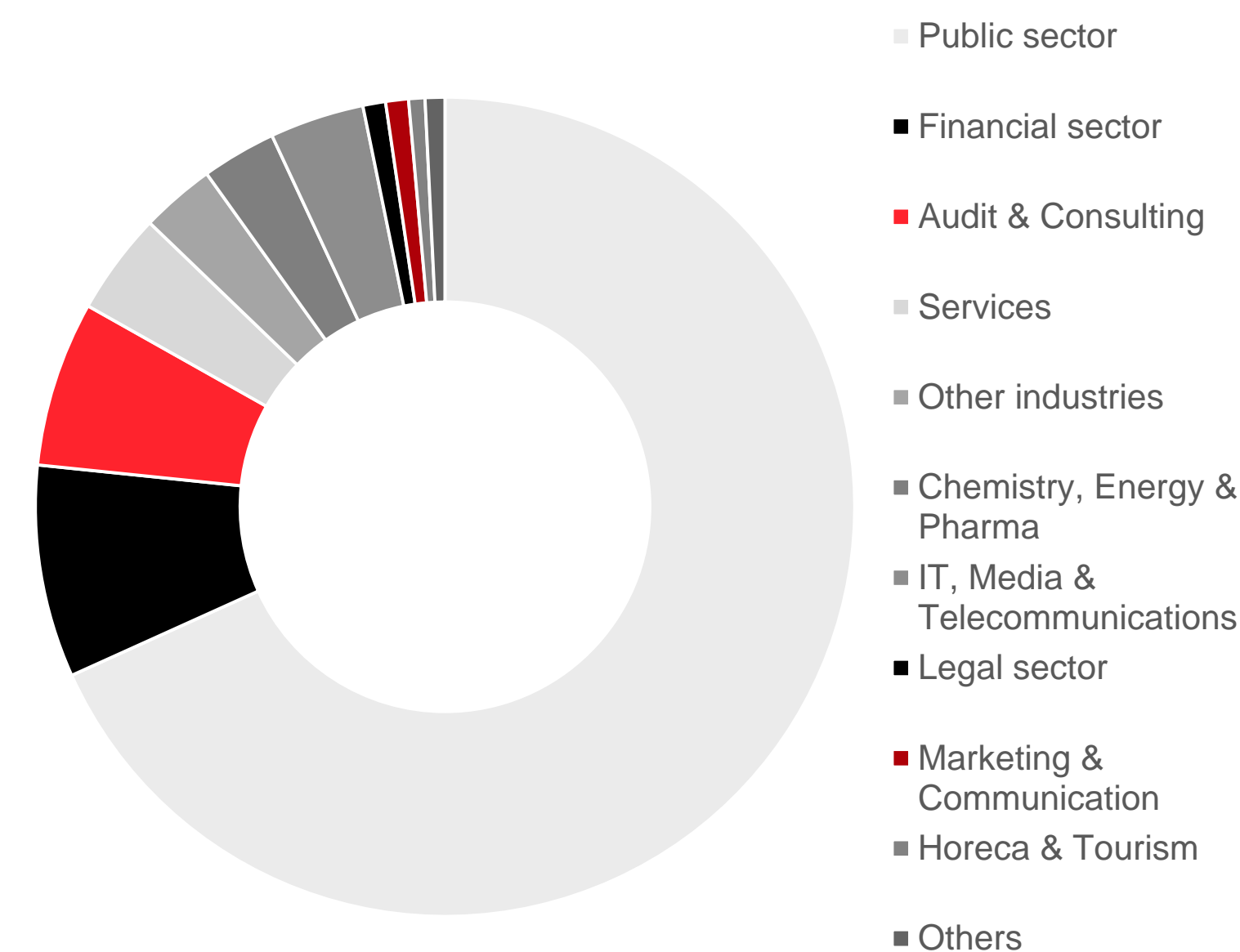




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1

Highlights H1 2018



Key events H1 2018

- Opening of the first Silversquare @Befimmo coworking space in the Triomphe building
- Change in fair value of the property portfolio of -0.30% over the first semester of the fiscal year (excluding the amount of investments and acquisitions)
- Half-yearly EPRA earnings of **€1.91 per share**, in line with forecasts
- Half-yearly net result of **€1.51 per share**
- Net asset value of **€57.28 per share**
- Dividend forecast confirmed (**€3.45 gross per share**) for the 2018 fiscal year
- LTV ratio of **42.16%**
- Average annualised financing cost: **1.97%**
- Weighted average duration of financing: **4.76 yrs**

**EPRA LIKE-FOR-LIKE NET
RENTAL GROWTH**

2.81%

+5.61%

**Return on
shareholder's equity**



2

**Portfolio results
as at 30 June 2018**



Portfolio results | Key figures



	30.06.2018	31.12.2017
Fair value of portfolio (in € million)	2 630.0	2 494.4
Gross initial yield on properties available for lease	5.92%	6.19%
Gross potential yield on properties available for lease	6.25%	6.52%
Spot occupancy rate of properties available for lease	94.05%	94.44%
Weighted average duration of current leases up to next break	7.11 years ⁽¹⁾	7.31 years
Weighted average duration of current leases up to final expiry	7.72 years	7.88 years
Reversion rate of properties available for lease	-11.15% ⁽²⁾	-10.78%
EPRA Vacancy Rate ⁽³⁾	5.61%	5.43%
EPRA Net Initial Yield (NIY)	5.58%	5.82%
EPRA Topped-up NIY	5.74%	5.97%

(1) Excluding the WTC 2, the weighted average duration of leases up to next break would be 7.88 years as at 30 June 2018.

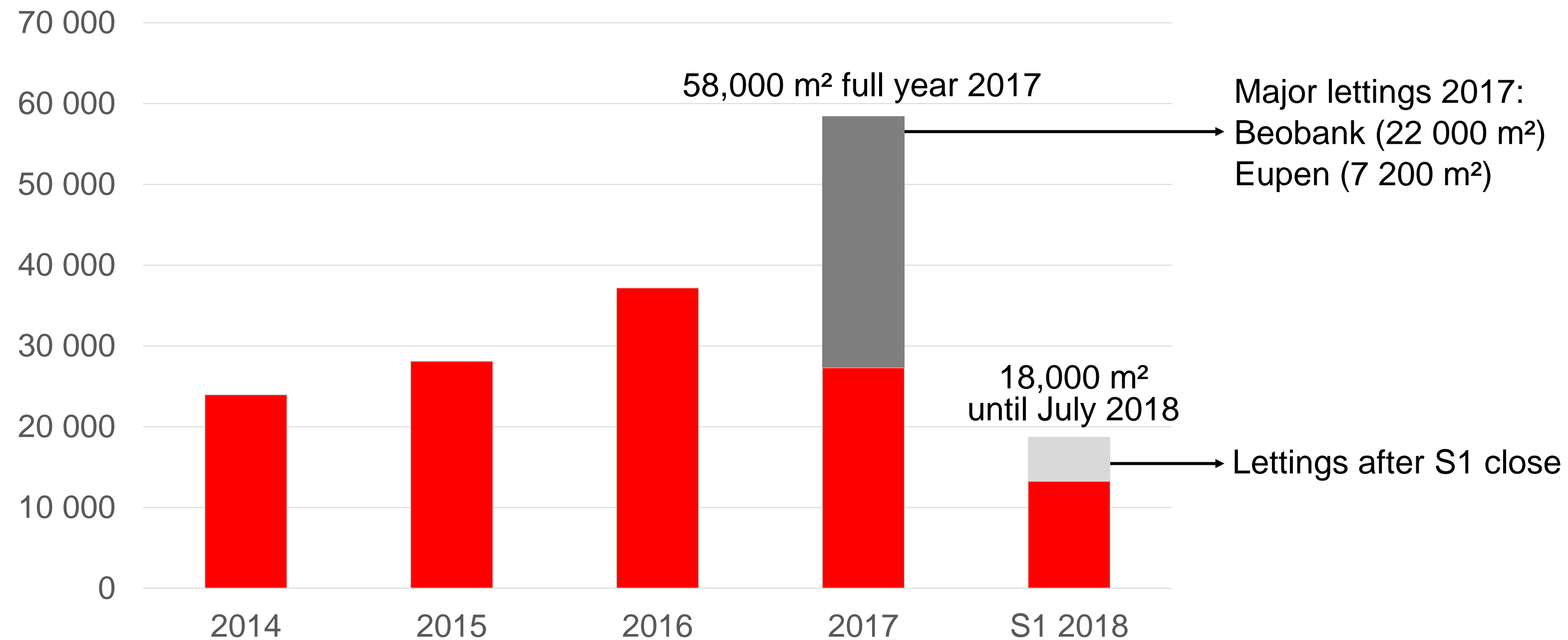
(2) Excluding the WTC 2, the reversion would be -5.83% as at 30 June 2018.

(3) Corresponding to the availability rate of properties available for lease.



Portfolio results | Letting activity

Letting activity over the past 4 years (in m²)



Good letting activity in S1 2018

Brederode Corner | Brussels CBD, Centre

- Full renovation to ensure maximum comfort and flexibility
- Delivery: Q1 2020
- Renovation cost: €20 million



3

Office market

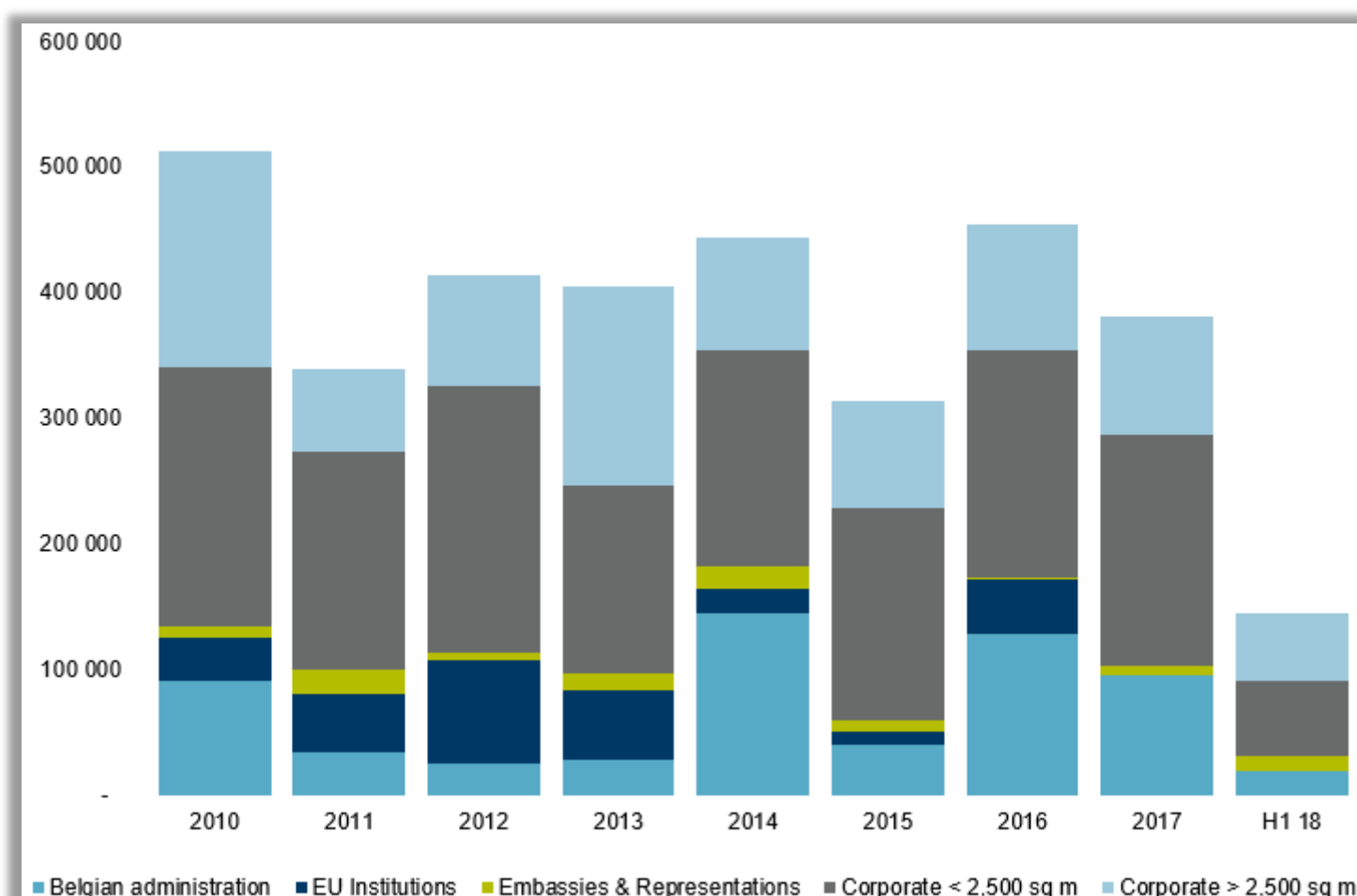




Key figures of the Brussels office market

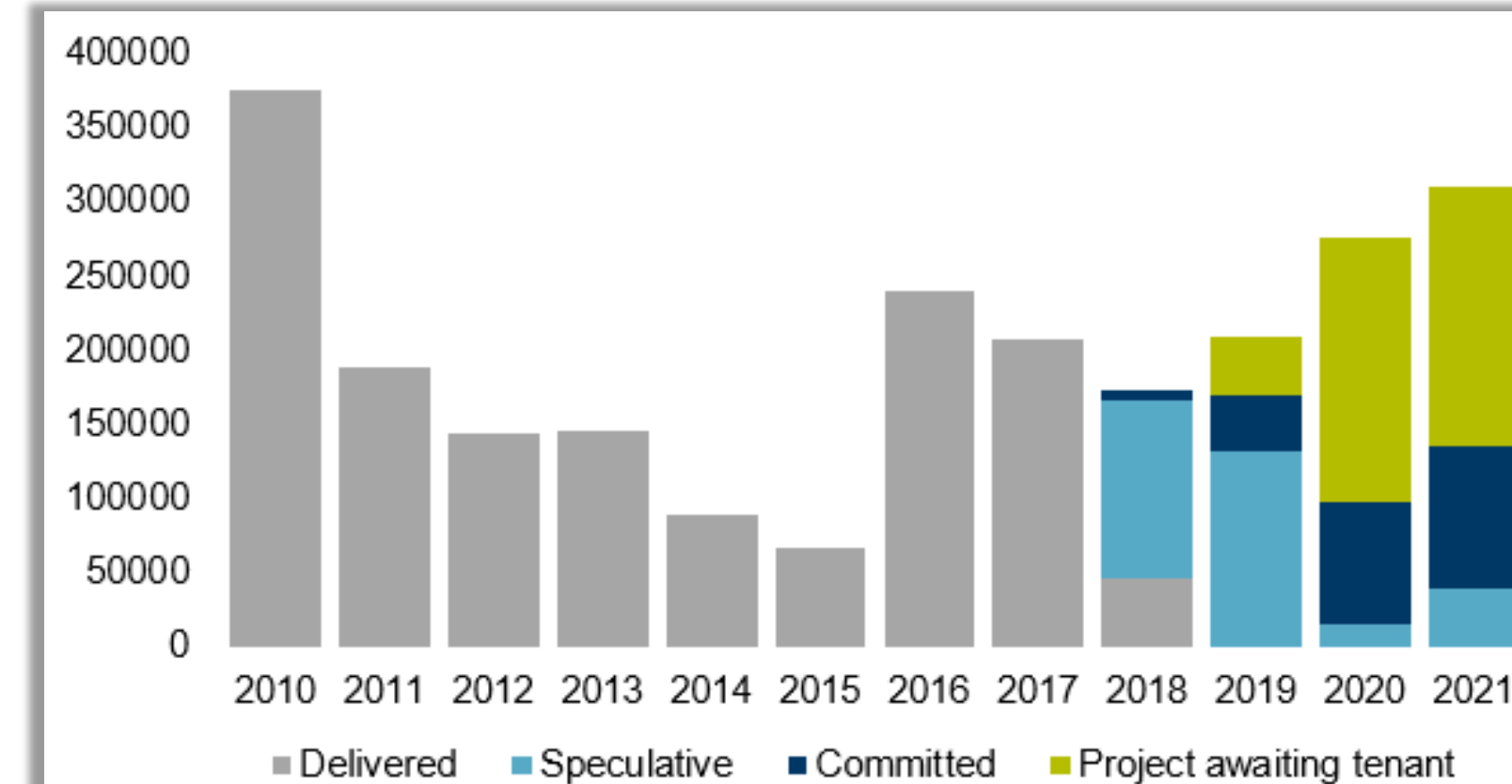
Brussels office market	H1 18	31.12.2017	31.12.2016
Stock (m ²)	13 485 544	13 496 075	13 474 982
Take-up (m ²)	144 025	381 305	454 819
Vacancy (m ²)	1 111 051	1 216 228	1 228 846
Occupancy rate (%)	8.23%	9.01%	9.12%
Prime rent (€/m ² /yr)	305	305	275
Average rent (€/m ² /yr)	158	165	163
Investment volume offices (billion €)	0.994	1 441	1 481
Prime yield (%)	4.40%	4.40%	4.50%
Prime yield (long term) (%)	3.65%	3.65%	3.65%

Brussels take-up by occupant type (m²)

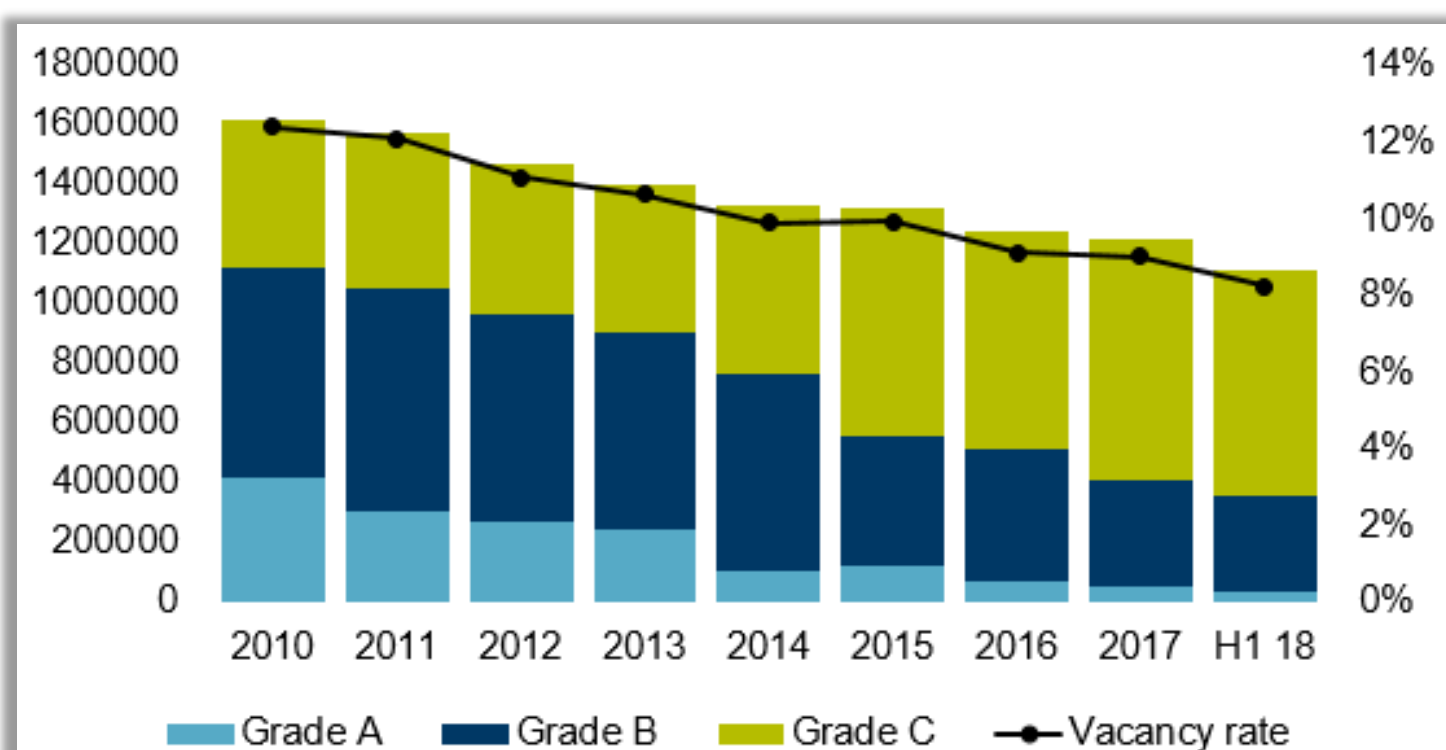


144,025 m²
S1 2018 office
take-up in Brussels

New supply and pipeline, in 000s m²

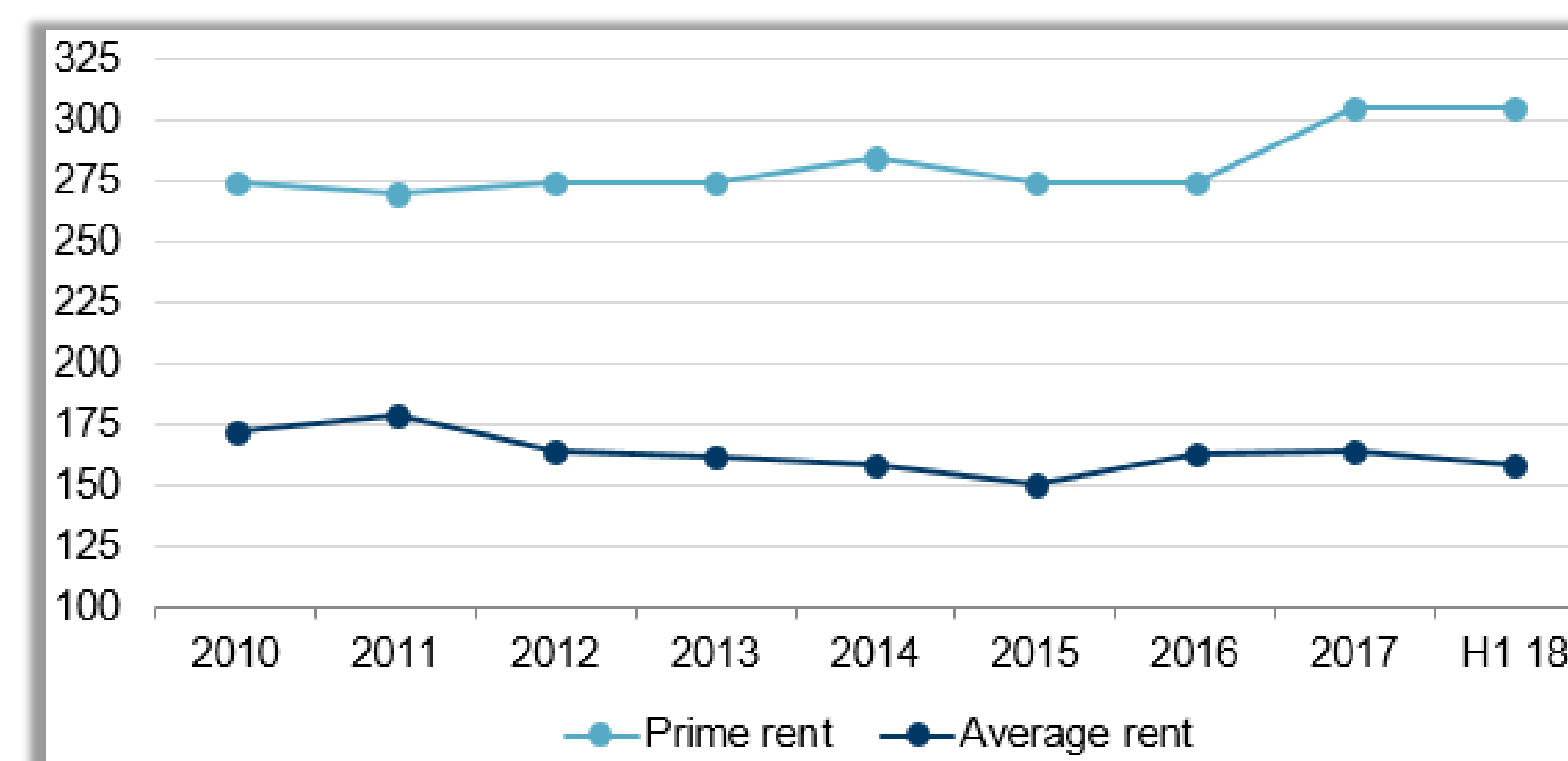


Vacancy by building grade (m²) and Brussels vacancy rate (%)



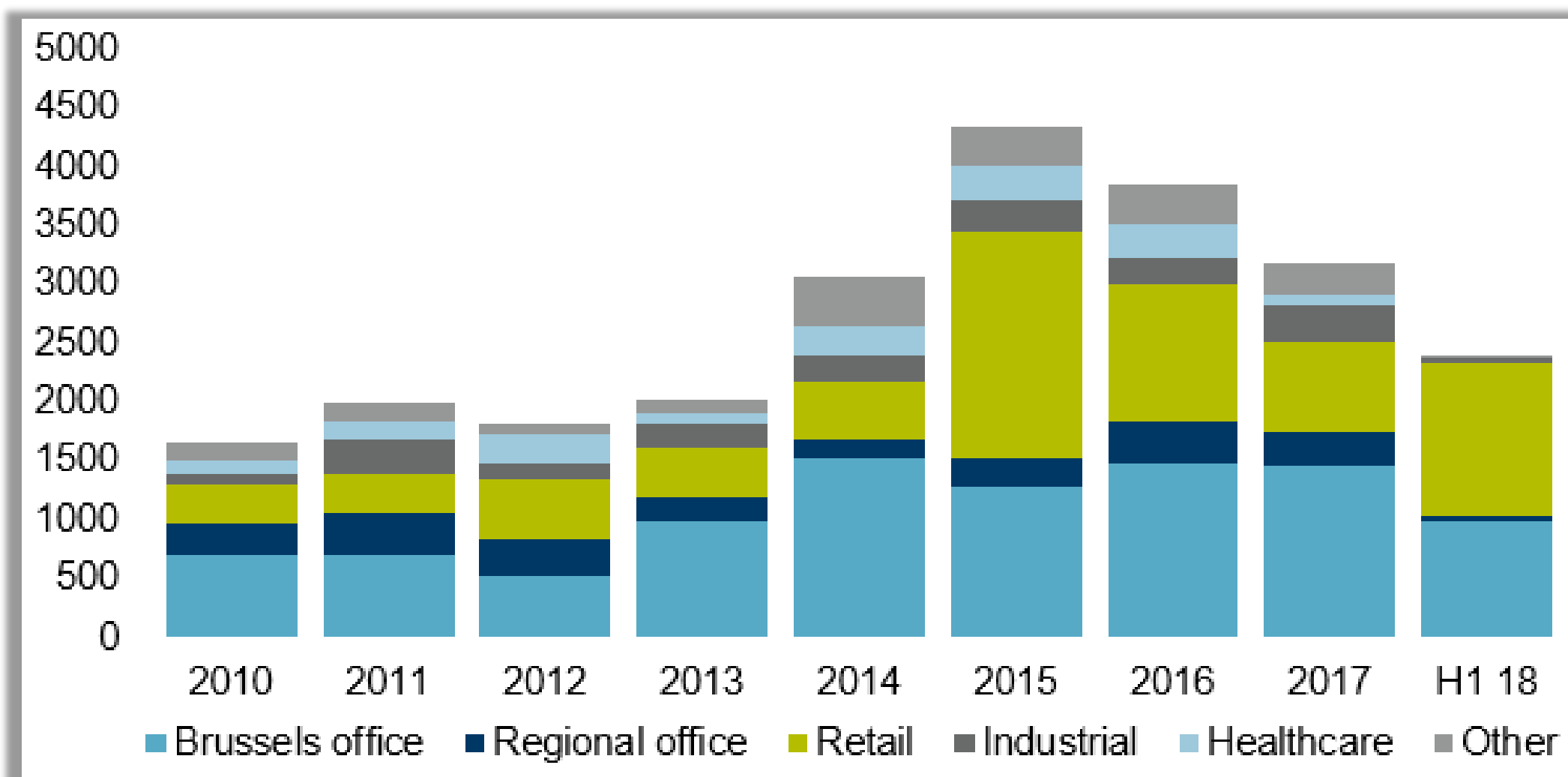
8.23%
S1 2018
vacancy rate

Prime and average rents, in €/m²/year





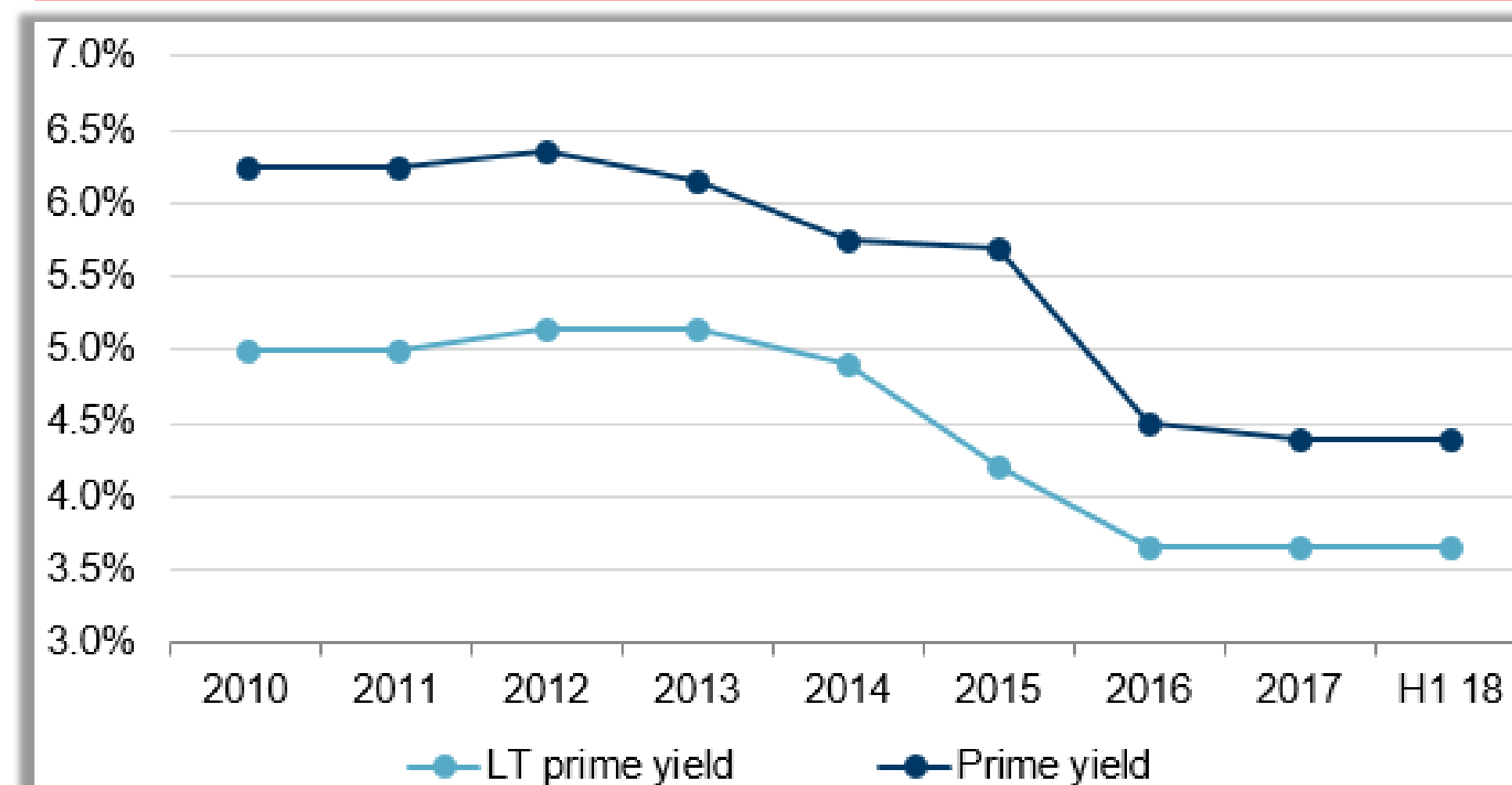
Invested volumes in Belgium, EUR million



€1 billion

S1 2018 Brussels office investment

Prime office yields



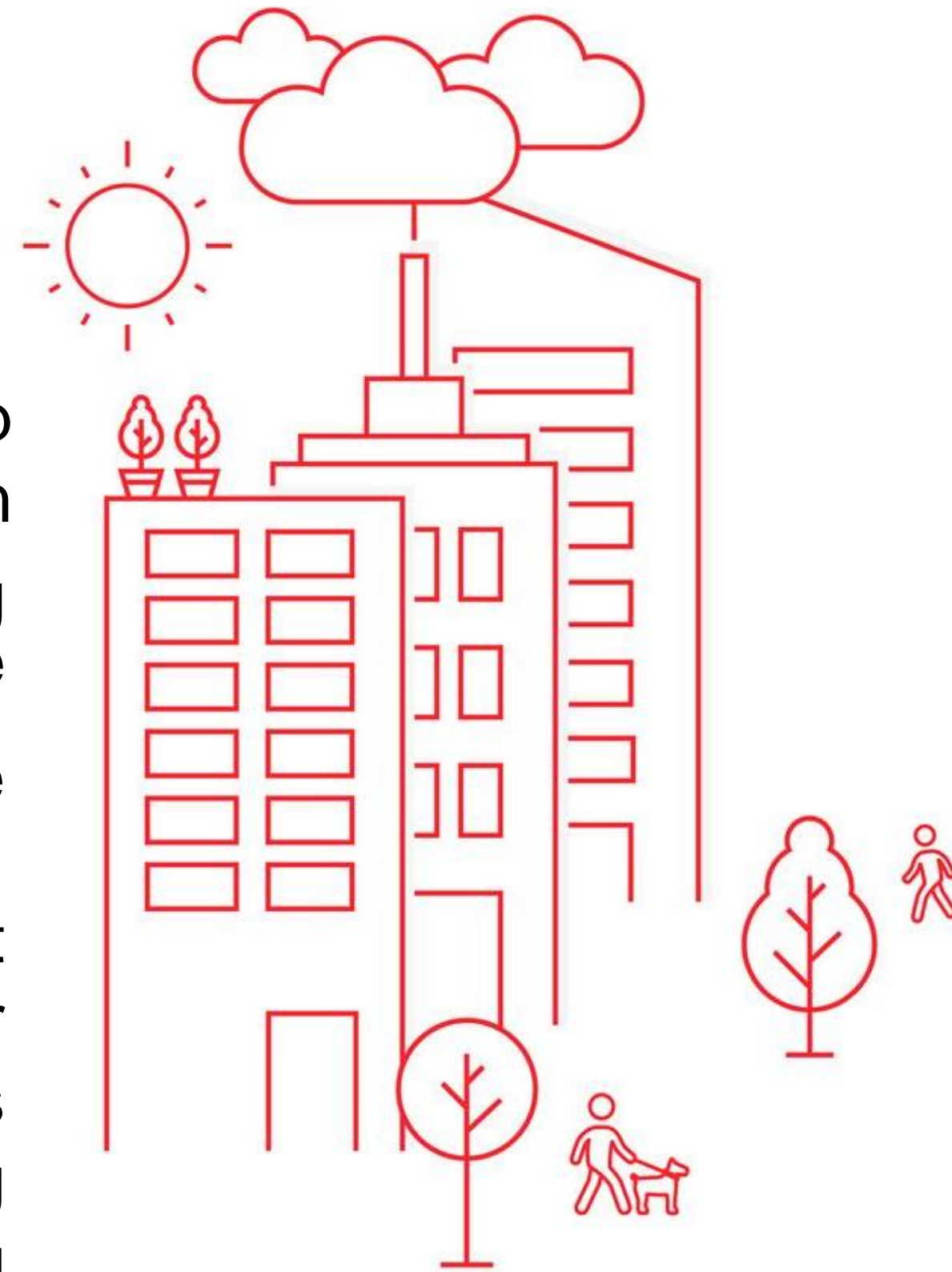
A modern office lounge with large windows, curved seating, and people working. The image is overlaid with a red tint. The text '4' is large and white, with a small white square above it. The text 'Projects and pipeline update' is in white, sans-serif font, positioned to the right of the '4'.

4

Projects and
pipeline
update

The new work environment

Rooftop
Vegetable garden
(Activity based) offices, learning
centre
Coworking & meeting centre
Restaurant
Bar
Showers & lockers
Bike parking
eCar parking



- Flexibility
(time & space)
- Mobility
- Networking



Projects and pipeline update | Silversquare @Befimmo



Befimmo

Expertise & assets

SILVER SQUARE

Expertise & community

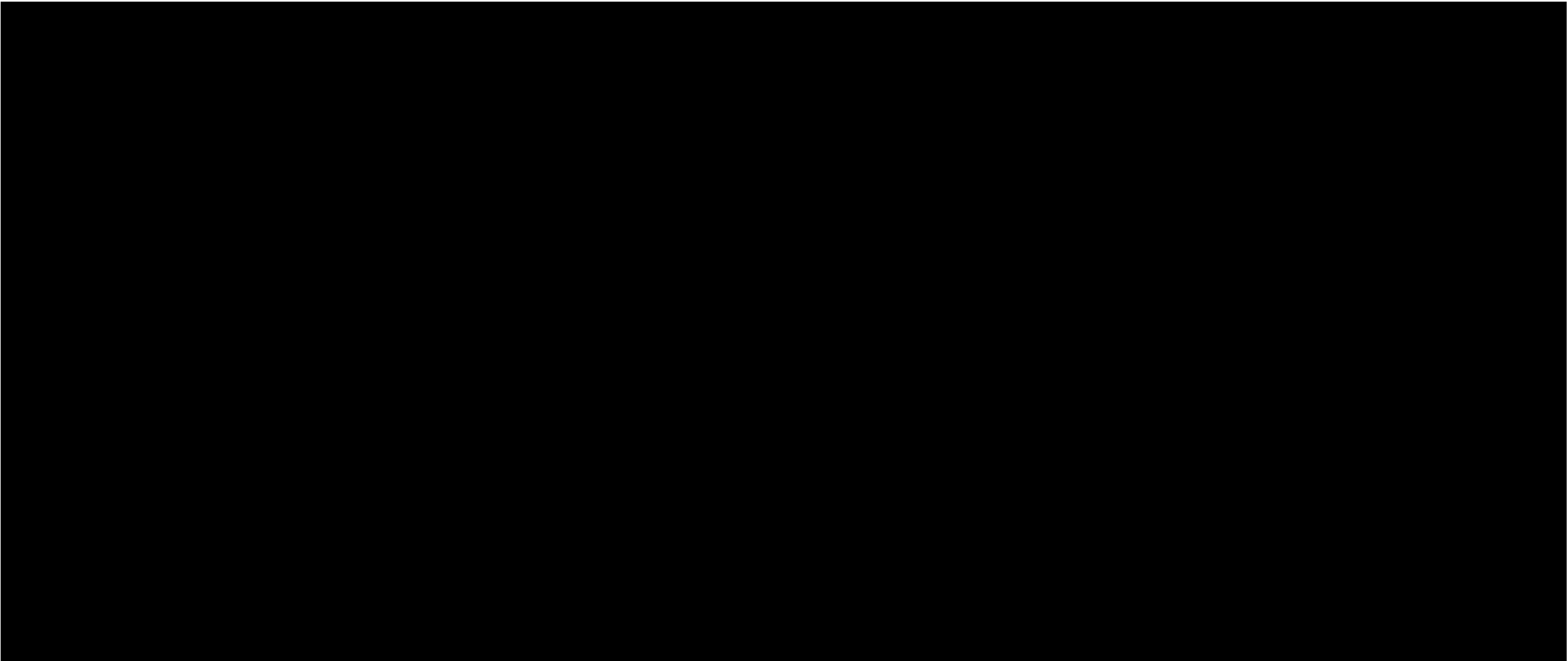
VISION CONVERGENCE
SAME VALUES
ONE AMBITION

SILVER SQUARE
AT Befimmo





Projects and pipeline update | Silversquare @Befimmo



Brussels North area: opportunities in a good timing



Befimmo is active partner of UP4North, a local association with the major real-estate investors of the North area

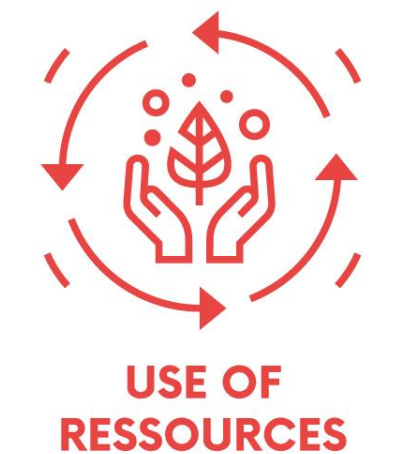
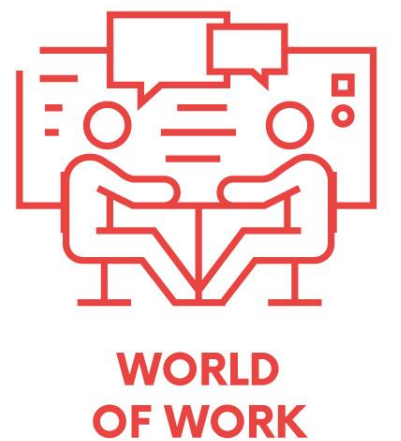
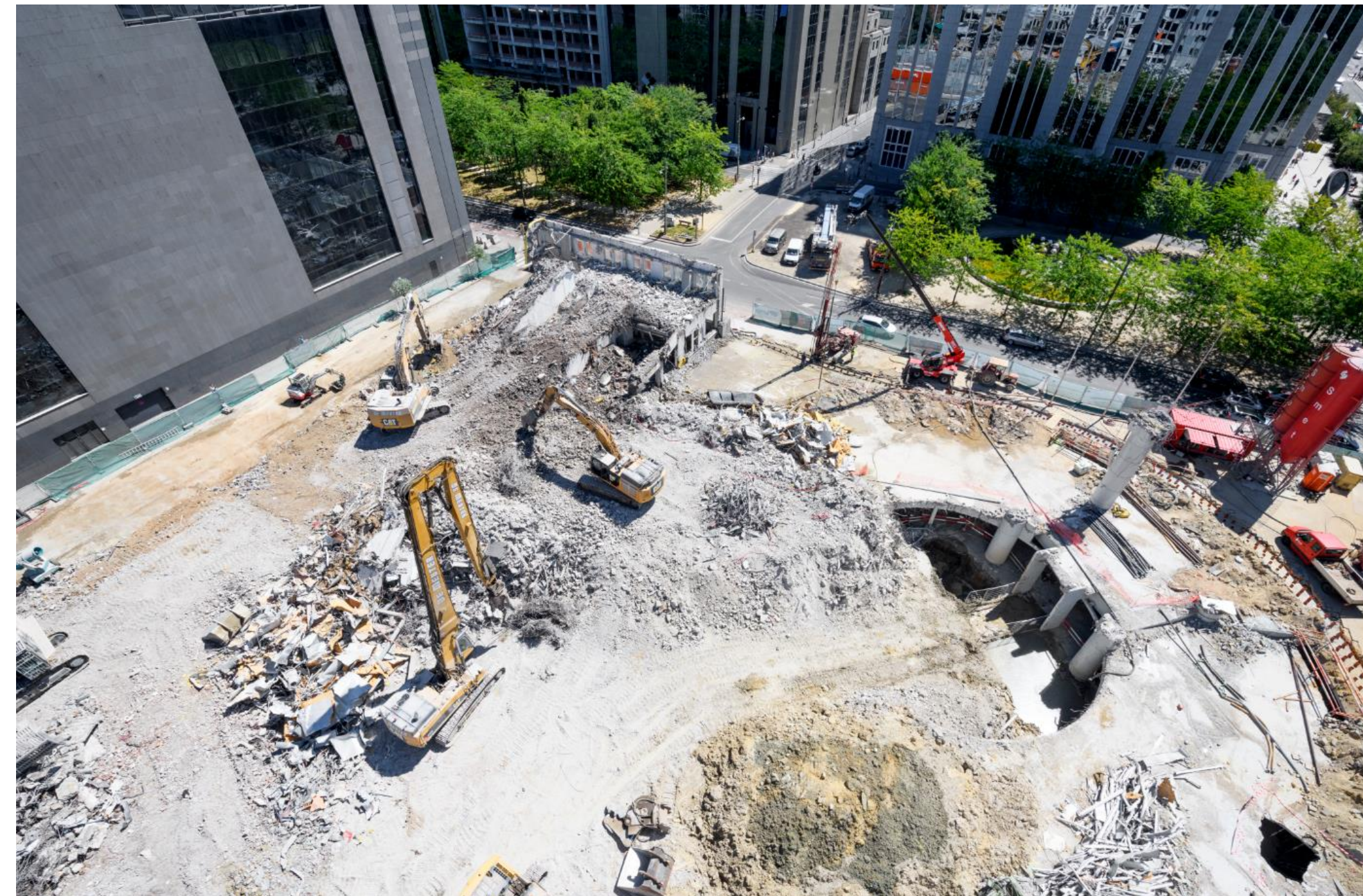
Mission:

- Give a new impetus to the North area
- Towards a resolutely forward looking mixed neighborhood

North area projects on track



- 1/3 prelet (22,000 m²)
- Works started early 2018, delivery as from 2020
- Indicative construction cost: €157 million, yield on total investment⁽¹⁾ should be above 5.3%
- www.quatuor.brussels



⁽¹⁾ Land included.
The full portfolio pipeline is published on page 7 of the Half-Yearly Report.

North area projects on track



- Redevelopment of WTC 1 & 2 (lease expiry WTC 2: end 2018)
- Permit application introduced in S1 2018
- Development of a multifunctional site covering 110,000 m² above ground, about:
 - 80,000 m² of office space
 - 14,000 m² of housing
 - 16,000 m² of hotel, as well as hospitality and retail space
- Innovative project in terms of architecture, design and sustainability
- Works should take place from 2019 to 2023

Active participation in Up4North⁽¹⁾



INTEGRATION
INTO THE CITY



WORLD
OF WORK



DIALOGUE



USE OF
RESSOURCES

⁽¹⁾ Local association with the major real-estate investors of the North area (<http://www.labnorth.be/en>).
The full portfolio pipeline is published on page 7 of the Half-Yearly Report.

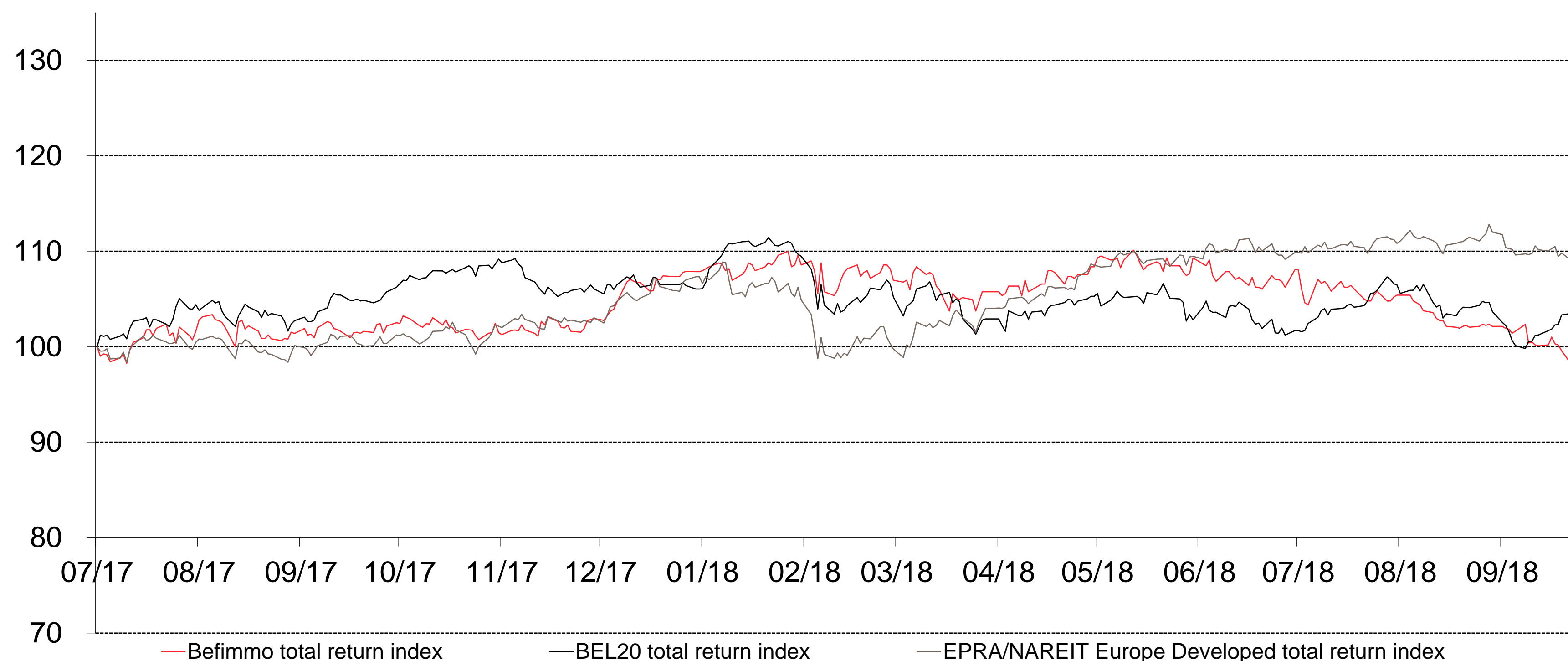
5

Share performance
and dividend
policy



Share performance

Performance of Befimmo's total return index in relation to the total return index of the BEL20 and EPRA Developed Europe Index⁽¹⁾



6.7%

Befimmo annualized
gross return as at
25 September 2018

GROSS DIVIDEND YIELD OF

7.07%

**on a share price of €48.80
as at 25 September 2018**

⁽¹⁾ Source: KBC Securities.

At constant perimeter

3-year EPRA Earnings forecast

Figures as published in the Annual Financial Report 2017

(in € thousand)	Realised	Forecasts		
	2017	2018	2019	2020
EPRA earnings	95 657	93 031	84 381	81 453
EPRA earnings (in € per share)	3.74	3.64	3.26	3.12
Average number of shares	25 579 214	25 590 782	25 855 514	26 122 985



“Befimmo's large distributable reserves could be used to supplement the more moderate EPRA earnings while these projects are being redeveloped in order to ensure the sustainability of the current dividend policy.”

Message of the Chairman and the CEO, available on the Befimmo website.

2018 DIVIDEND
FORECAST

€3.45
GROSS/SHARE



Q & A





Appendices



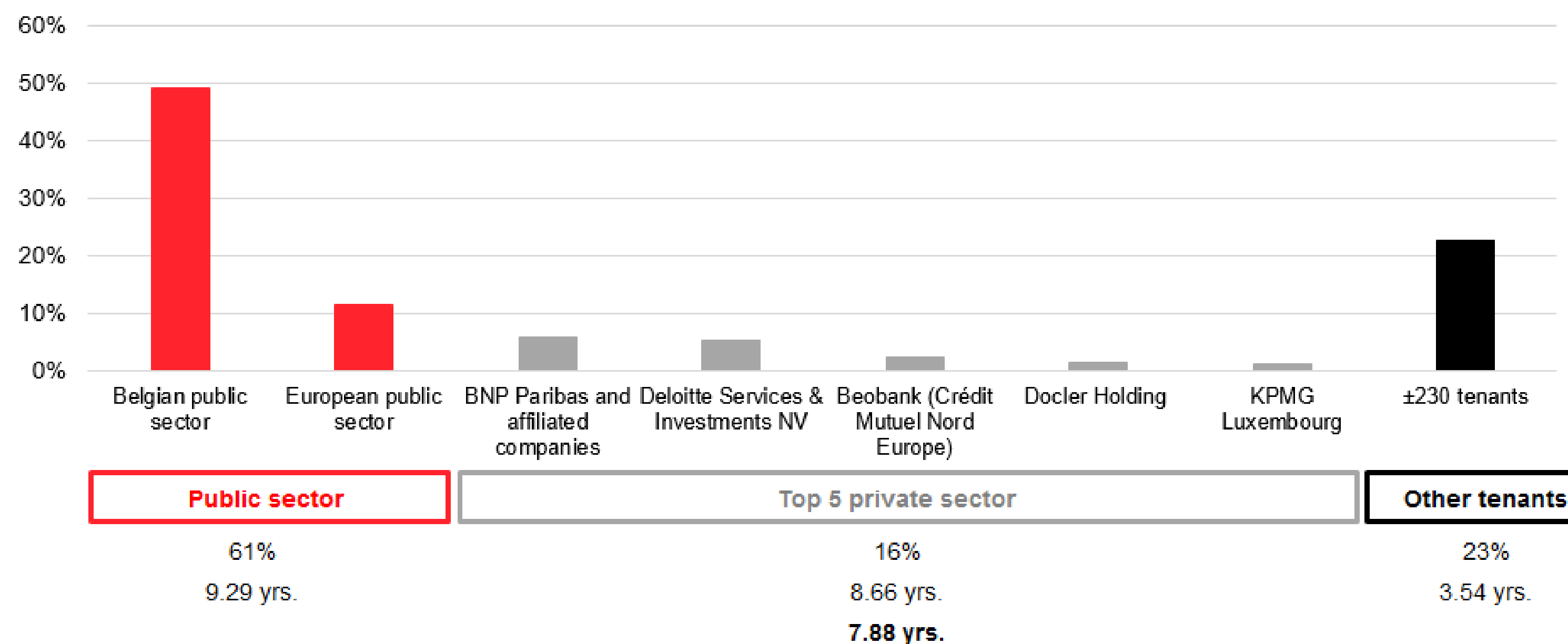


Appendices | Portfolio results

Top tenants as at 30 June 2018

(% of current contractual gross rent) and duration (up to first break) excl. WTC 2⁽¹⁾

100% =
€132 million



7.88 yrs

Average duration of leases
as at 30 June 2018
(excl. WTC 2)

-5.83%

Reversion rate as at
30 June 2018
(excl. WTC 2)

⁽¹⁾ Expiry in December 2018.

Offices

	Change over the semestre ⁽¹⁾ (in %)	Proportion of portfolio ⁽²⁾ (30.06.2018) (in %)	Fair value (30.06.2018) (in € million)	Fair value (31.12.2017) (in € million)	Fair value (30.06.2017) (in € million)
Brussels CBD and similar ⁽³⁾	1.94%	55.1%	1 448.8	1 327.7	1 289.8
Brussels decentralised	-13.60%	3.0%	79.3	87.0	88.5
Brussels periphery	-20.01%	4.3%	112.8	137.8	143.6
Flanders	-2.38%	18.1%	476.3	487.7	490.5
Wallonia	3.65%	7.7%	202.9	195.8	196.8
Luxembourg city	3.43%	4.3%	113.8	109.9	102.7
<i>Properties available for lease</i>	-0.54%	92.5%	2 433.9	2 345.9	2 311.9
<i>Properties that are being constructed or developed for own account in order to be leased</i>	3.19%	7.5%	196.1	148.5	165.2
Investment properties	-0.30%	100.0%	2 630.0	2 494.4	2 477.1
Total	-0.30%	100.0%	2 630.0	2 494.4	2 477.1

⁽¹⁾ The change over the 2017 fiscal year is the change in fair value between 1 January 2018 and 30 June 2018 (excluding the amount of acquisitions and investments).

⁽²⁾ The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 30 June 2018.

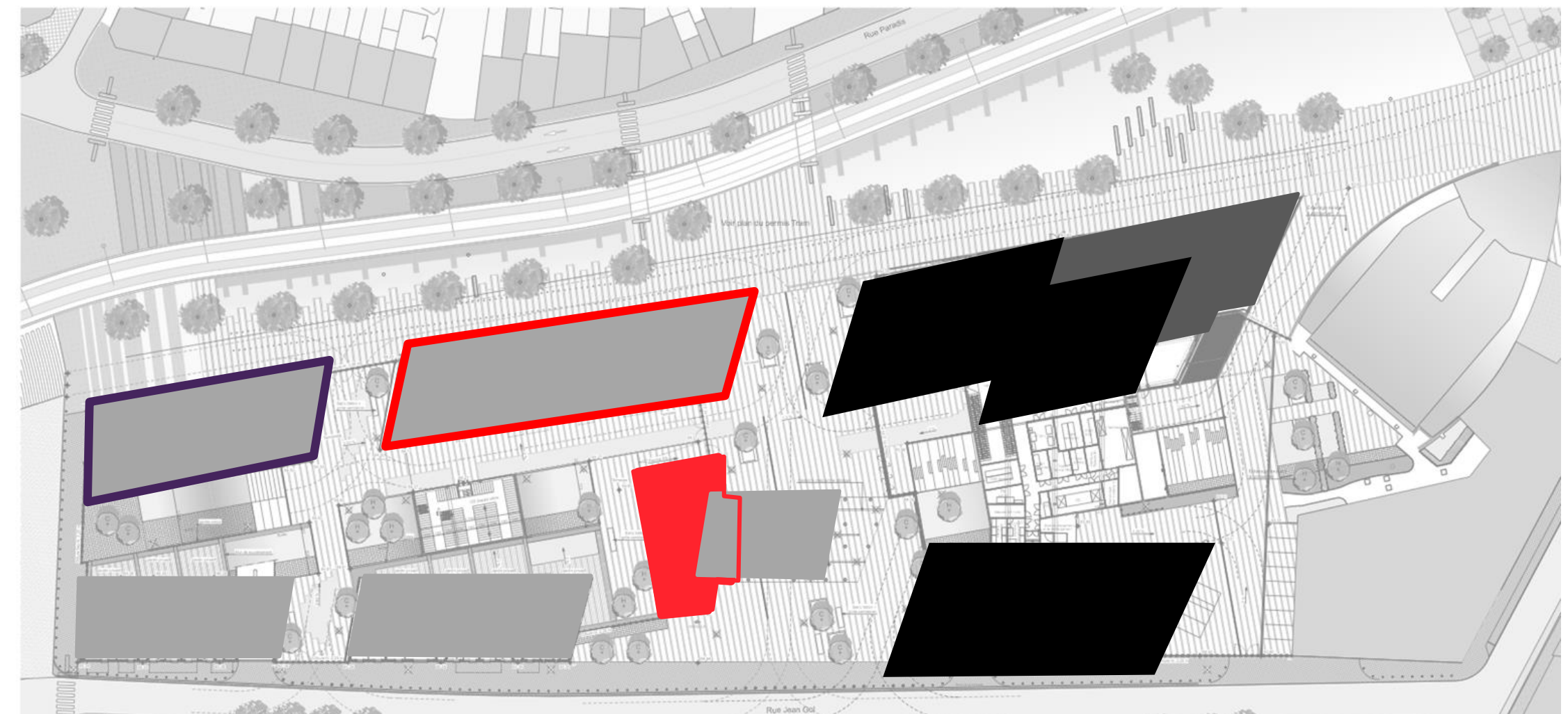
⁽³⁾ Including the Brussels airport zone, in which the Gateway building is situated.

- Stable portfolio value (change in fair value of -0.11% over Q2 2018)
- Over the first half of 2018, €29.2 million invested in works in the portfolio

Paradis Express | Liège (Wallonia)

A new eco-friendly neighborhood

- 35,000 m² of which 21,000 m² offices
- Estimated construction cost: €82 million⁽¹⁾
- Yield on total investment should exceed 6%⁽²⁾
- Permit obtained
- Works: 2019 - 2021



Offices | 2 buildings (21,000 m²)

Residential | 5 buildings
(170 apartments)

Retail

Complementary functions



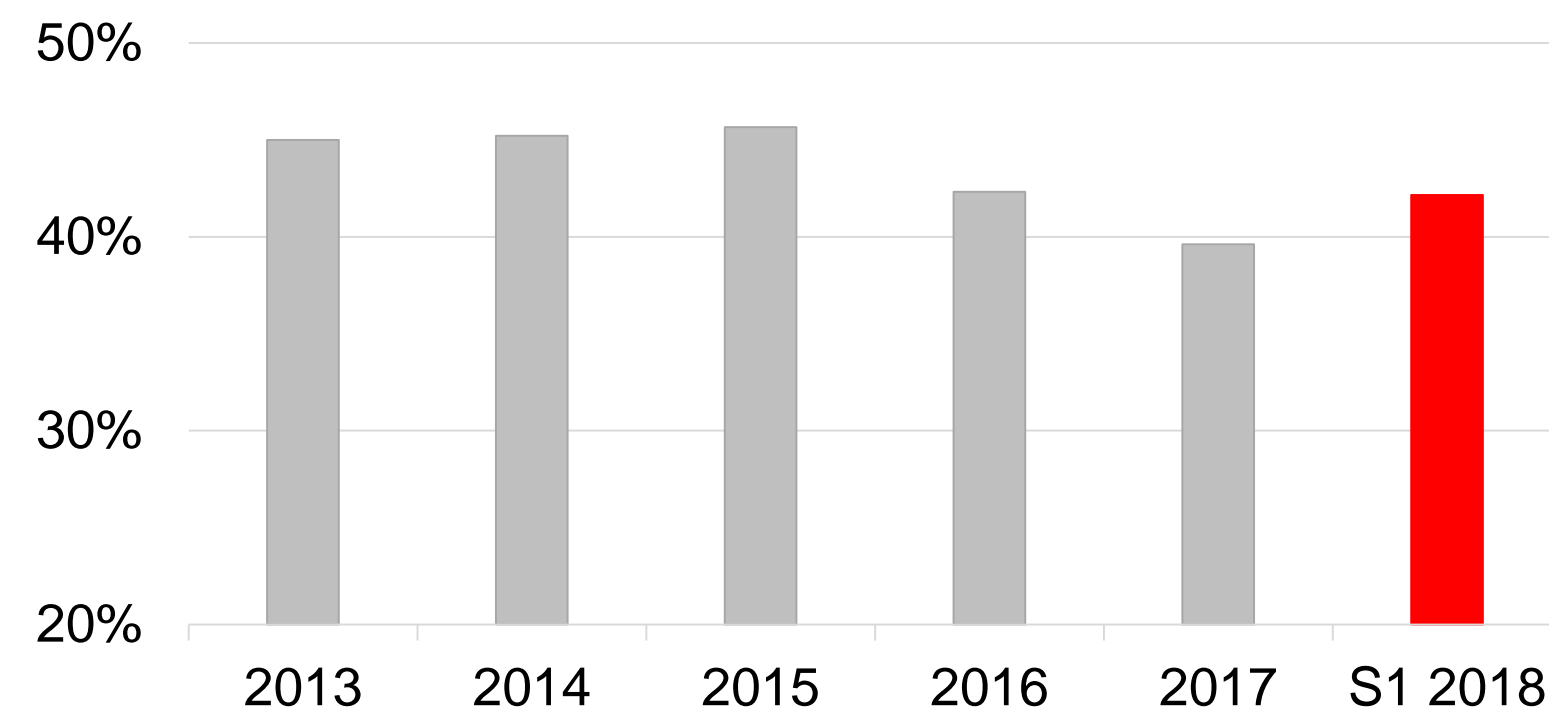
INTEGRATION
INTO THE CITY



⁽¹⁾ Construction cost including other functions than offices.

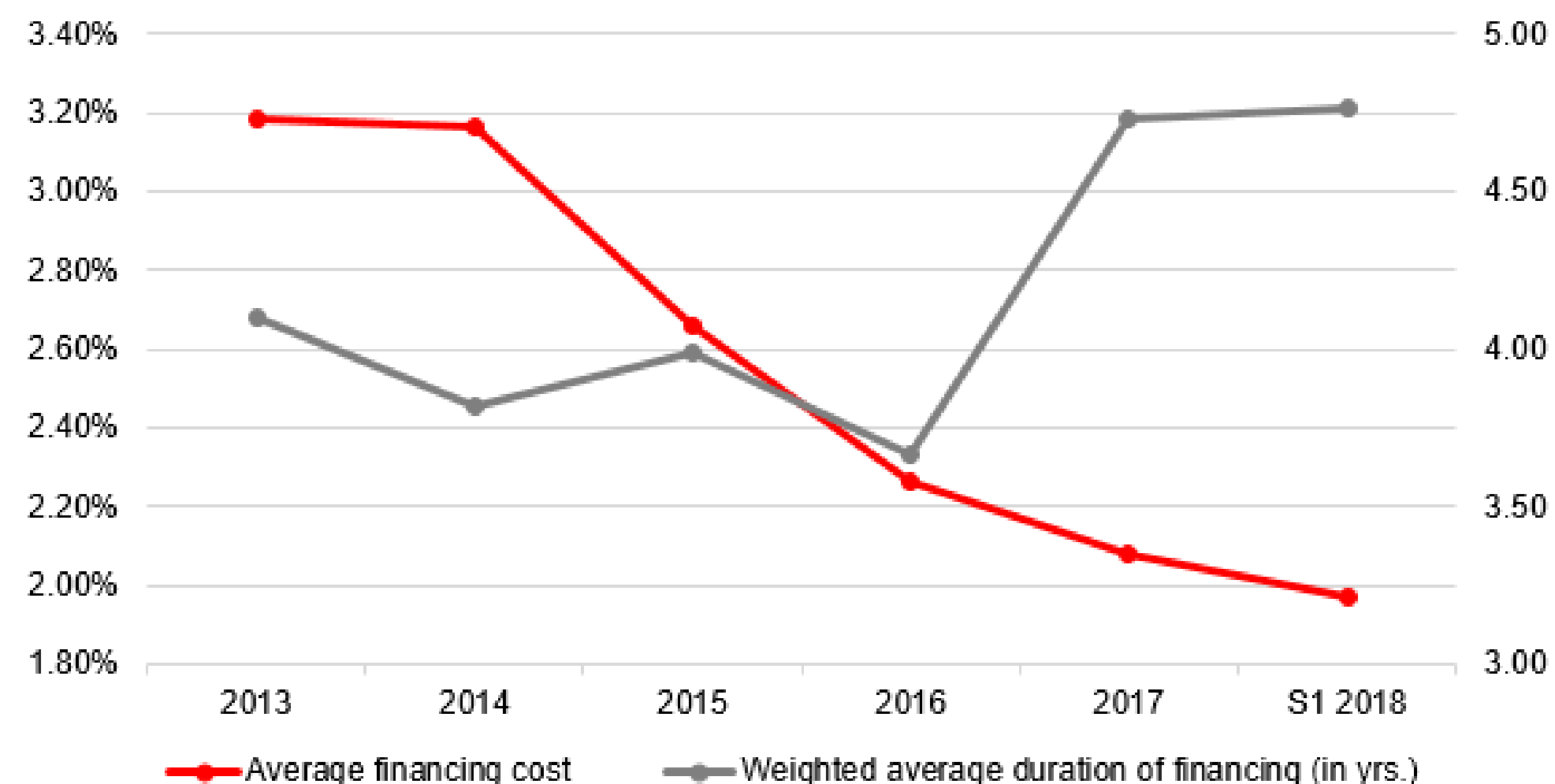
⁽²⁾ Land included - calculated on the office investment (€50 million).

Evolution of LTV ratio

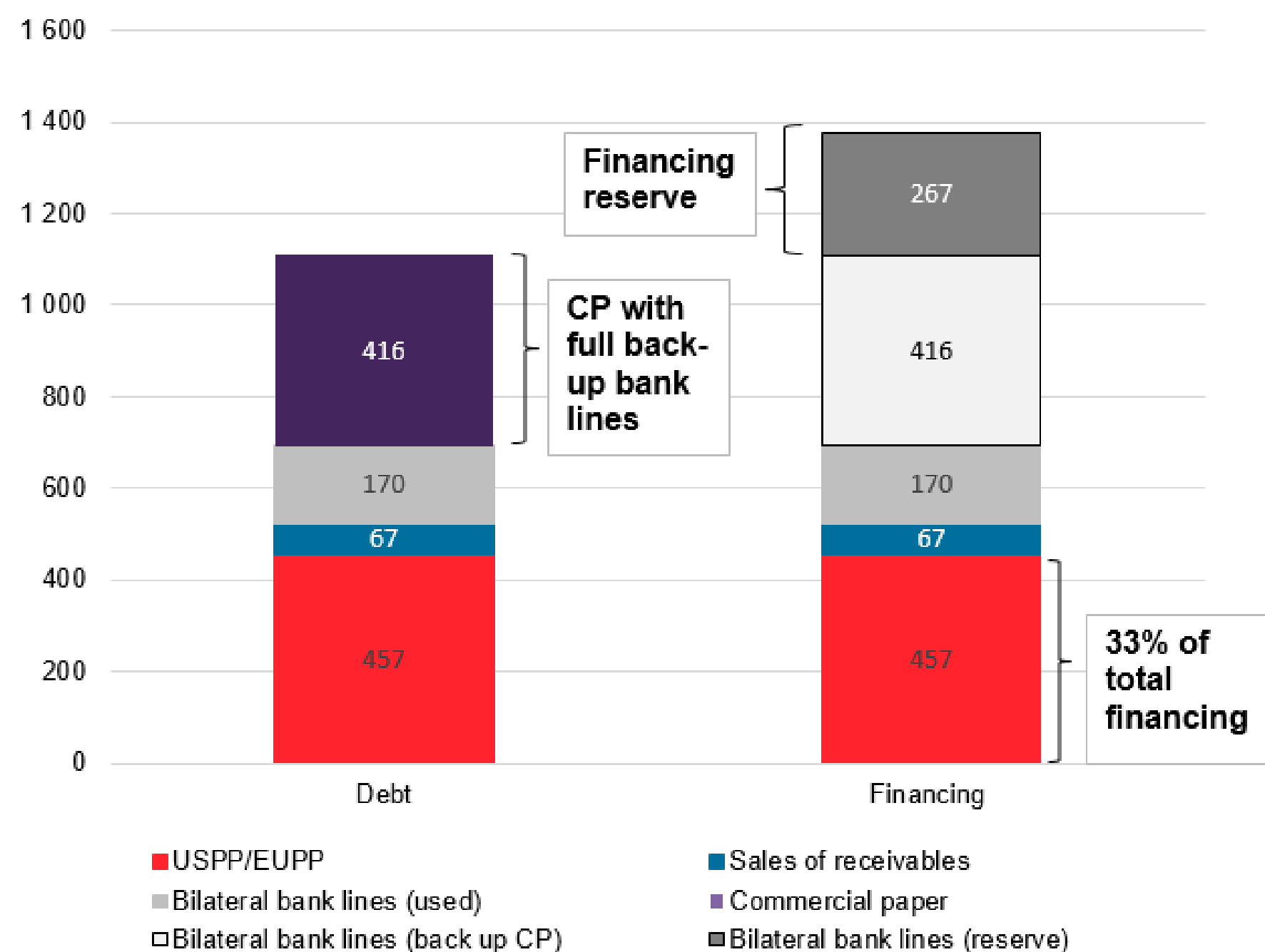


- Large remaining headroom to covenants
- BBB/Stable/A-2 rating by Standard & Poor's since 2007 (confirmed as at 16 May 2018)
- LTV ratio of **42.16%**
- Average annualised financing cost: **1.97%**
- Weighted average duration of financing: **4.76 yrs.**

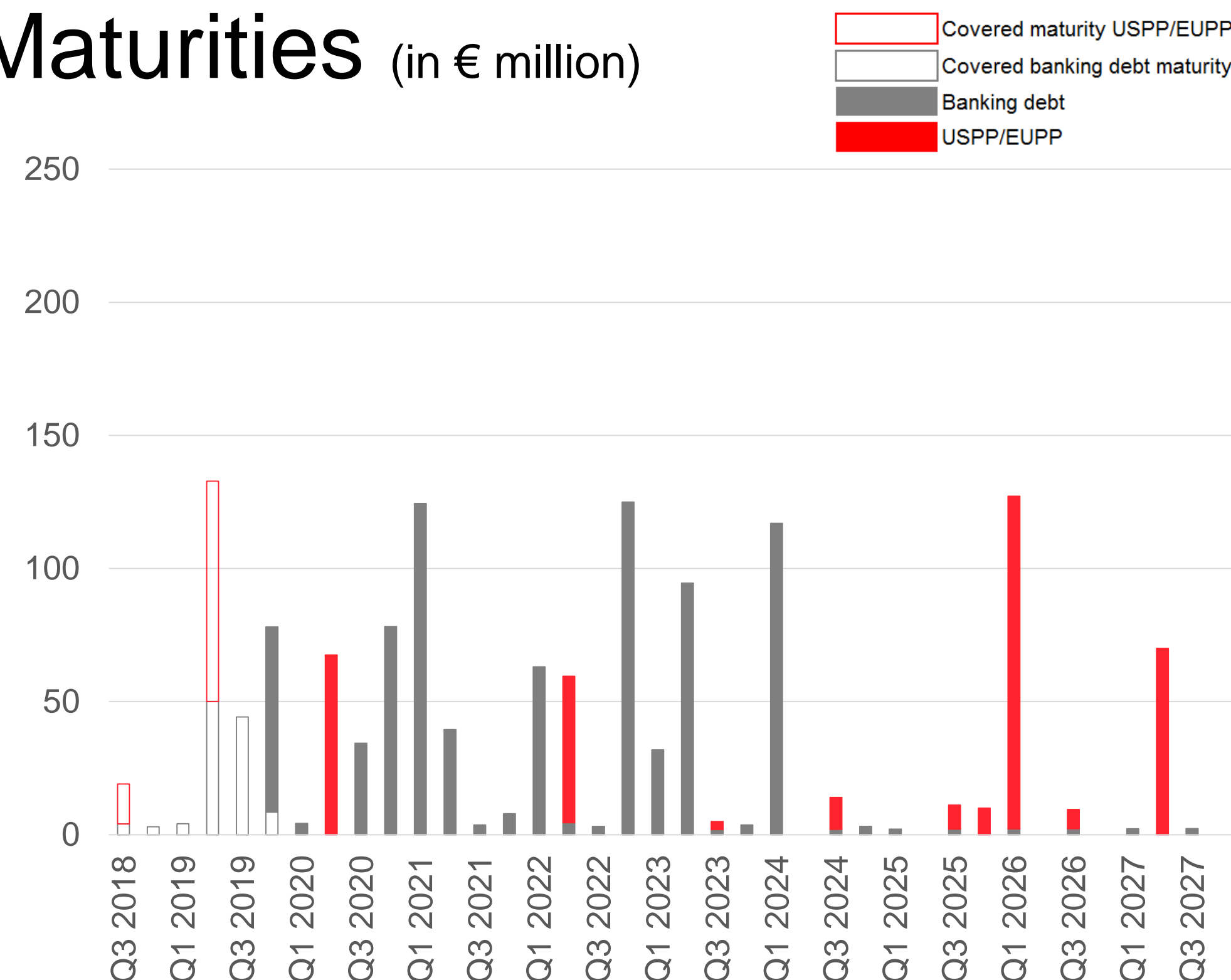
Evolution of financing cost & debt duration



Financing sources (in € million)



Maturities (in € million)



- Confirmed credit facilities: €1,376.1 million (€1,108.9 million in use)
- The Company has covered its financing needs until the end of Q3 2019

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

Annual average		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
CAP	Notional (€ million)	160	92	47	20	0	-	-	-	-	-
	Average rate (in %)	1.15%	0.81%	0.87%	1.15%	1.15%	-	-	-	-	-
FLOOR	Notional (€ million)	20	20	20	20	0	-	-	-	-	-
	Average rate (in %)	0.55%	0.55%	0.55%	0.55%	0.55%	-	-	-	-	-
Fixed-rate financing (incl. IRS)	Notional (€ million)	856	840	828	792	753	696	629	560	431	293
	Average rate ⁽¹⁾ (in %)	1.01%	1.03%	1.06%	1.05%	1.02%	0.95%	0.91%	1.02%	1.02%	1.08%

94.1%
Hedge ratio

**HEDGING POLICY TO
HEDGE DECREASING PART
OF DEBT OVER A 10-YR
PERIOD**

The forecasted hedge ratio remains above 70% until the first quarter of 2020 included and above 50% until the second quarter of 2022 included.

⁽¹⁾ Average fixed rate excluding credit margin and including options on swaps (SWAPTIONS) considered at the maximum rate.

	30.06.2018 (6 months)	31.12.2017 (12 months)	30.06.2017 (6 months)
Number of shares issued	25 579 214	25 579 214	25 579 214
Average number of shares during the period	25 579 214	25 579 214	23 692 223
Highest share price (in €)	54.60	55.74	54.12
Lowest share price (in €)	51.50	50.31	50.31
Closing share price (in €)	52.80	53.55	52.06
Number of shares traded ⁽¹⁾	6 348 531	15 277 286	9 050 262
Average daily volume ⁽¹⁾	52 037	59 911	71 262
Free float velocity ⁽¹⁾	33%	79%	47%
Distribution ratio (in relation to the EPRA earnings)	-	92%	-
Gross dividend ⁽²⁾ (in € per share)	-	3.45	-
Gross yield ⁽³⁾	6.53%	6.44%	6.63%
Return on share price ⁽⁴⁾	8.28%	6.98%	-3.36%

⁽¹⁾ Source: Kempen & Co. Based on trading on all platforms.

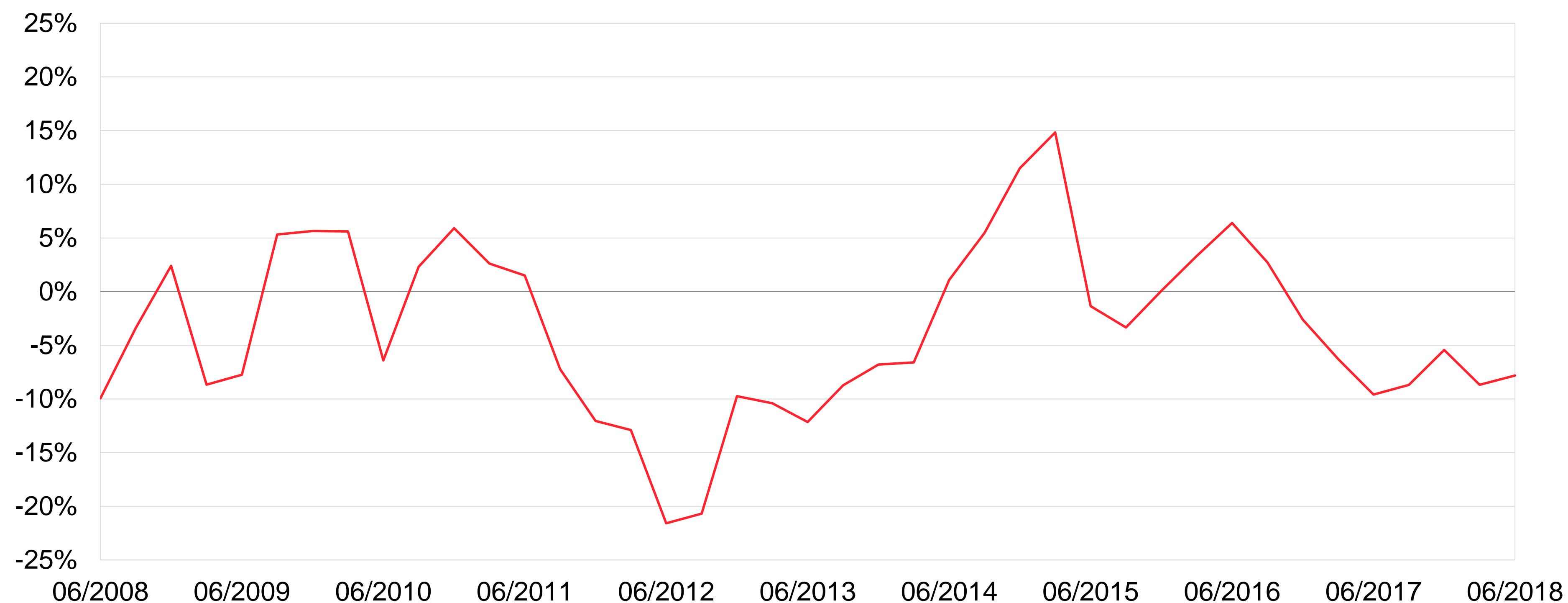
⁽²⁾ Subject to a withholding tax of 30% as from January 2017.

⁽³⁾ Gross dividend divided by the closing share price.

⁽⁴⁾ Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, and where applicable the capital increase.



Premium/discount to NAV (10 year period until 30 June 2018)

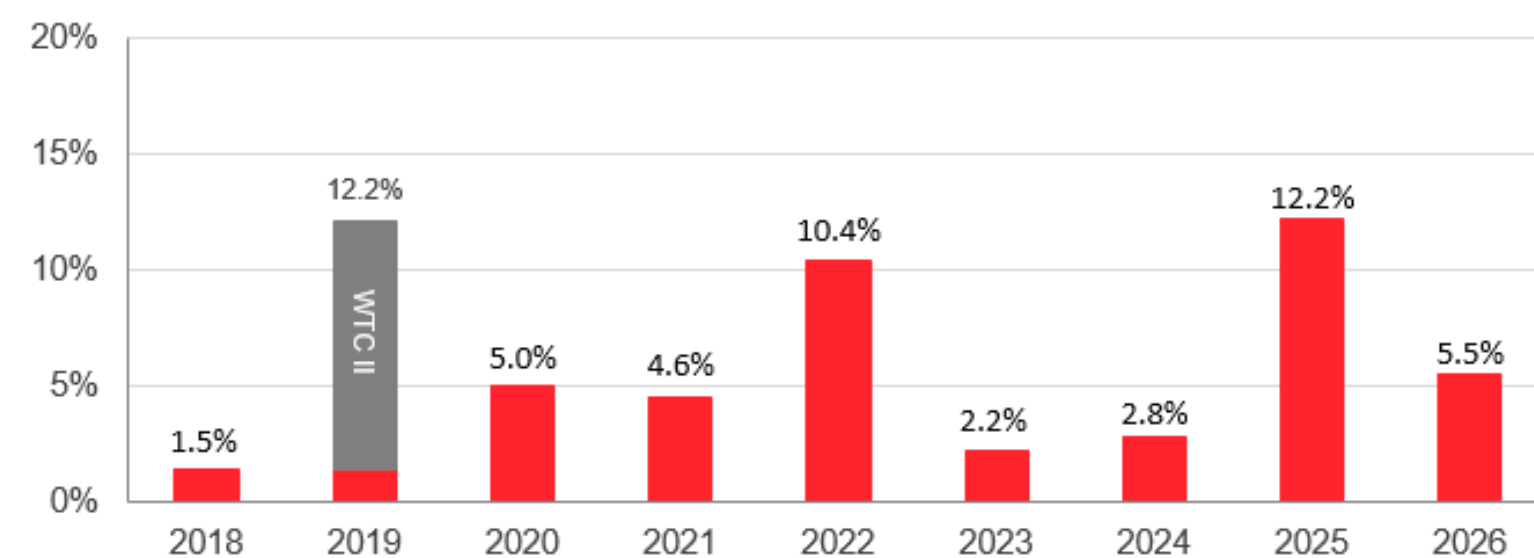


Portfolio outlook and main portfolio assumptions

At constant perimeter

Expiry of leases (first break)⁽¹⁾ – Full year impact (in %)

Figures as published in the Annual Financial Report 2017



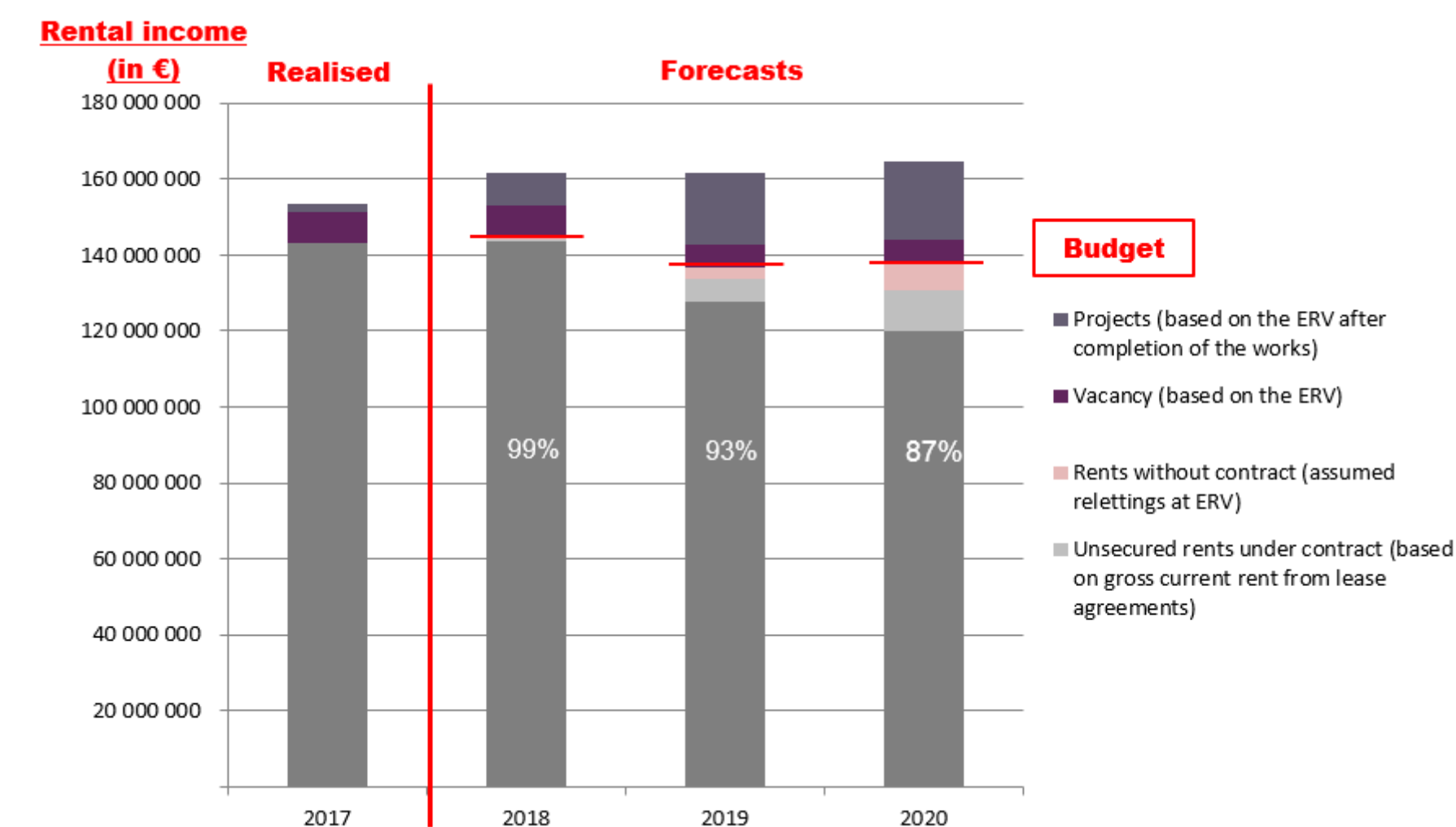
Work planned and estimated in the next three years

	Rental space	Location	Type	Forecasts (in € million)		
				2018	2019	2020
Brederode Corner	6 500 m²	Brussels CBD, Centre	Renovation	12.4	6.2	-
Eupen - Rathausplatz	7 200 m²	Eupen, Wallonia	Renovation and construction	4.2	2.5	-
Ikaros Business Park	4 750 m²	Brussels, periphery	Renovation	8.1	-	-
Quatuor	60 000 m²	Brussels CBD, North	Demolition Noord Building and construction Quatuor	21.7	43.5	51.7
Paradis Express	35 000 m²	Liège, Wallonia	Construction	17.1	40.0	20.7 ⁽²⁾
"Future ex-WTC 1 & 2"	110 000 m²	Brussels CBD, North	Demolition and construction	10.2	17.4	40.4
WTC 4	53 500 m²	Brussels CBD, North	Implementation of the permit According to commercialisation	3.3	5.4	-
Other investments (coworking included)				22.7	16.2	11.8
Total				100.8	131.2	124.7

⁽¹⁾ This graph doesn't take into account the lease in the Noord Building, currently being demolished (preceding the construction of the Quatuor).

⁽²⁾ "All-in" construction cost of the project (including other functions than offices).

Contractually secured rent





Appendices | Calendar 2018/2019

Interim statement as at 30 September 2018	Thursday 25 October 2018 ⁽¹⁾
Payment of the interim ⁽²⁾ dividend of the 2018 fiscal year on presentation of coupon No 36	
- <i>Ex-date</i>	<i>Tuesday 18 December 2018</i>
- <i>Record date</i>	<i>Wednesday 19 December 2018</i>
- <i>Payment date</i>	<i>from Thursday 20 December 2018</i>
Publication of the annual results as at 31 December 2018	Thursday 7 February 2019 ^(b)
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 ⁽³⁾ dividend of the 2018 fiscal year on presentation of coupon No 37	
- <i>Ex-date</i>	<i>Wednesday 8 May 2019</i>
- <i>Record date</i>	<i>Thursday 9 May 2019</i>
- <i>Payment date</i>	<i>from Friday 10 May 2019</i>

(1) Publication after closing of the stock exchange.

(2) Subject to a decision of the Board of Directors.

(3) Subject to a decision of Ordinary General Meeting.



Disclaimer



This presentation is made for the sole benefit of financial analysts and qualified institutional investors and is not to be considered as an incentive to invest or as an offer to acquire Befimmo shares under any laws of European countries or the USA or Canada.

The information provided herein is extracted from Befimmo annual reports, half-yearly reports and press releases but does not reproduce the whole content of these documents, which prevail and ought to be analyzed before any recommendation or operation regarding Befimmo shares is made.

This presentation contains statements and estimates about anticipated future performances. These statements and estimates are not to be construed as implying a commitment from Befimmo to achieve them. Whether or not they will actually be achieved depends on a number of factors which are beyond the reach of Befimmo's control, such as developments in the real estate and financial markets.

Such statements and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct.

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