



Befimmo



## 2014 Half-Yearly Results

August 2014 | Analysts Meeting

# Building Value



# H1 2014 RESULTS

**Building Value is about Befimmo**

# H1 2014 - Highlights

## Consolidated income statement

	30.06.2014	30.06.2013
Net rental result	68 877	68 709
Net property charges	7 495	4 197
<b>Property operating result</b>	<b>61 383</b>	<b>64 517</b>
Corporate overheads	-4 809	-4 815
Other operating income and charges	910	- 243
<b>Operating result before result on portfolio</b>	<b>57 484</b>	<b>59 459</b>
<b>Operating margin</b>	<b>83.5%</b>	<b>86.5%</b>
Gains or losses on disposals of investment properties	410	188
<b>Net property result</b>	<b>57 893</b>	<b>59 647</b>
Financial result (excl. changes in fair value of financial assets and liabilities)	-13 963	-14 228
Corporate taxes	- 523	- 396
<b>Net result before changes in fair value of investment properties and financial assets and liabilities</b>	<b>43 408</b>	<b>45 023</b>
Changes in fair value of investment properties	11 006	-7 331
Changes in fair value of financial assets and liabilities	-15 827	6 378
<b>Changes in fair value of financial assets and liabilities and investment properties</b>	<b>-4 821</b>	<b>- 953</b>
<b>Net result</b>	<b>38 586</b>	<b>44 071</b>
Net result (group share)	38 586	44 071
Net result - minority interests	-	-
EPRA earnings (group share)	42 998	44 836
<b>Net result (€/share) (group share)</b>	<b>1.79</b>	<b>2.35</b>
<b>Net current result (€/share) (group share)</b>	<b>2.02</b>	<b>2.40</b>
<b>EPRA earnings (€/share) (group share)</b>	<b>2.00</b>	<b>2.39</b>

- \* Compensation for early termination of a lease in 2013 [+€3.7 million]
- \* Negative impacts of departure by tenants and of the spreading of gratuities [-€0.8 million] aren't fully compensated by the positive effects of rent indexation and new leases (±6,555 m<sup>2</sup>)
- \* Change in the portfolio perimeter (BTL, AMCA, etc.) [+€4.8 million]

In line with forecasts

Sale of a non-strategic building Pépin 5 in 2014 [± 2,000 m<sup>2</sup>]

- \* Increase of average financial debt: €1,004.2 million vs. €958 million [+4.8%]
- \* Decline in average financing costs
- \* Increase of amount of interim interests activated for various investment projects

Stable fair value of portfolio [+0.49%]: It reflects the quality of the portfolio

Decrease due to a decline in the interest rate curve

\* EPRA earnings in line with forecasts [2014e: 3.90€/share]

# Strong Financials

## Condensed Consolidated Balance Sheet

(€ million - consolidated figures)	30.06.2014	31.12.2013
Investment and held for sale properties	2 247.6	2 184.1
Other assets	71.5	65.2
<b>Total assets</b>	<b>2 319.0</b>	<b>2 249.4</b>
Shareholders' equity	1 185.8	1 165.6
Financial debts	1 022.8	978.7
non current	673.0	709.6
current	349.7 <sup>(a)</sup>	269.1
Other debts	110.4	105.1
<b>Total equity &amp; liabilities</b>	<b>2 319.0</b>	<b>2 249.4</b>
<b>LTV</b>	<b>45.54%</b>	<b>45.01%</b>

(a) Of which €329 million is commercial paper with long term backup confirmed bank facilities.

# Quality Property Portfolio

Stable H1 2014

## Key portfolio figures

**Fair value:** 2,247.6 million €

**Surface:** 923,057 m<sup>2</sup>

### Geographical Breakdown:

67.7% Brussels CBD |  
28.5% Fl. & Wal. | 3.8% Lux.

**Tenants:** 68% public | 32% private

**Occupancy rate:** 95.4%

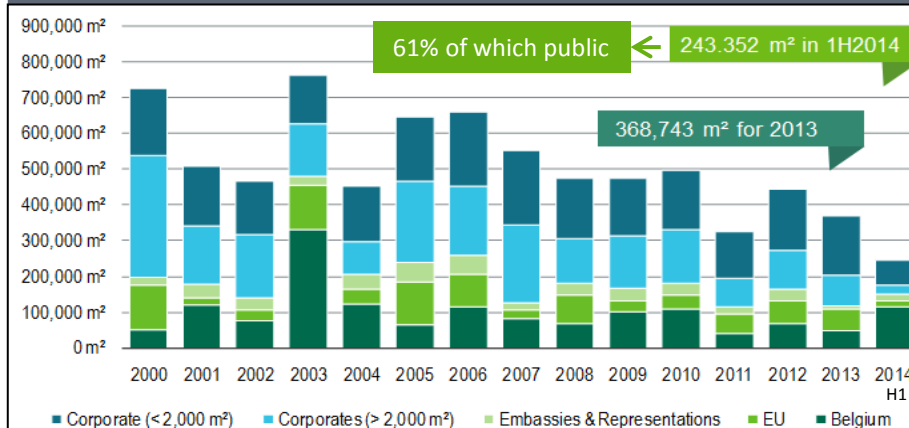
**Duration:** 8.8 yr.

**Reversion rate:** -10.4%

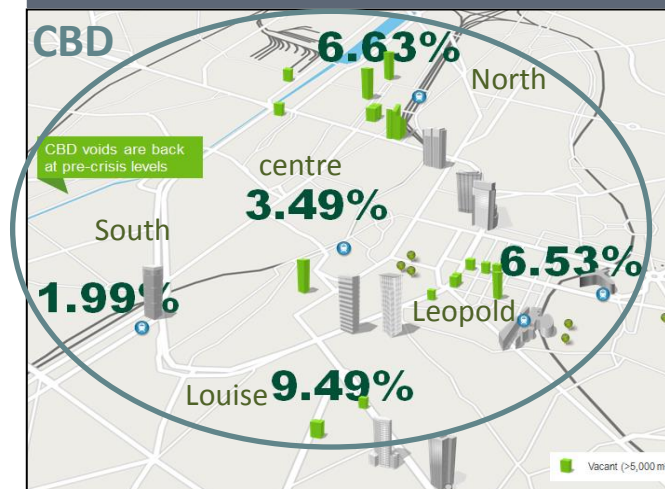
**Initial Yield:** 6.76%

**Potential Yield:** 7.09%

## Office demand remains slow

## Vacancy decreases thanks to reconversion



**Vacancy rates lower in CBD: 5.8%**

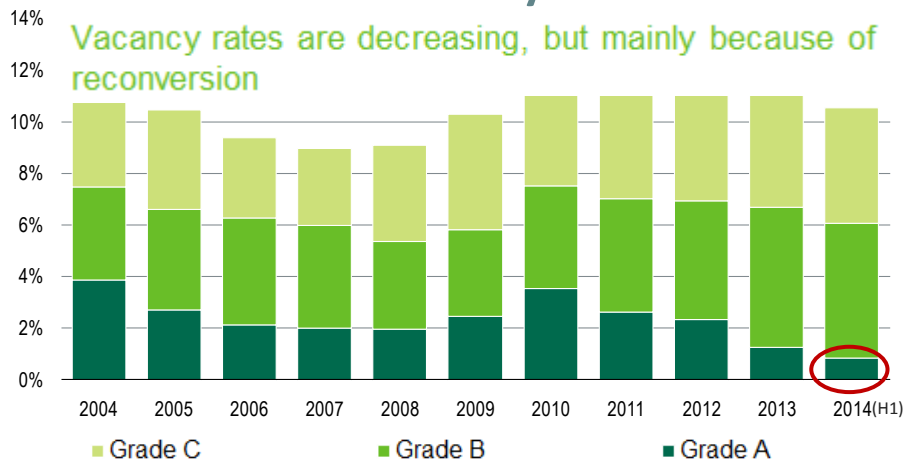
**Brussels office vacancy rate: 10.5%**

# Brussels Office Market

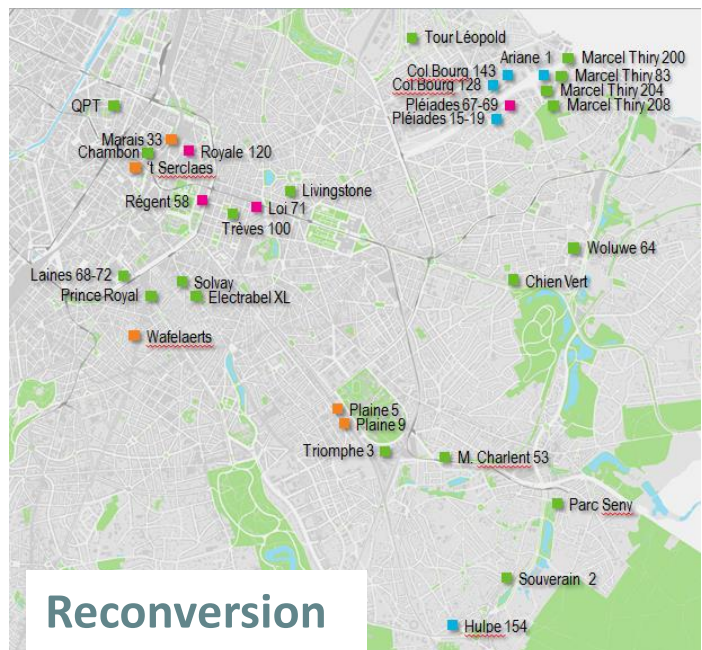
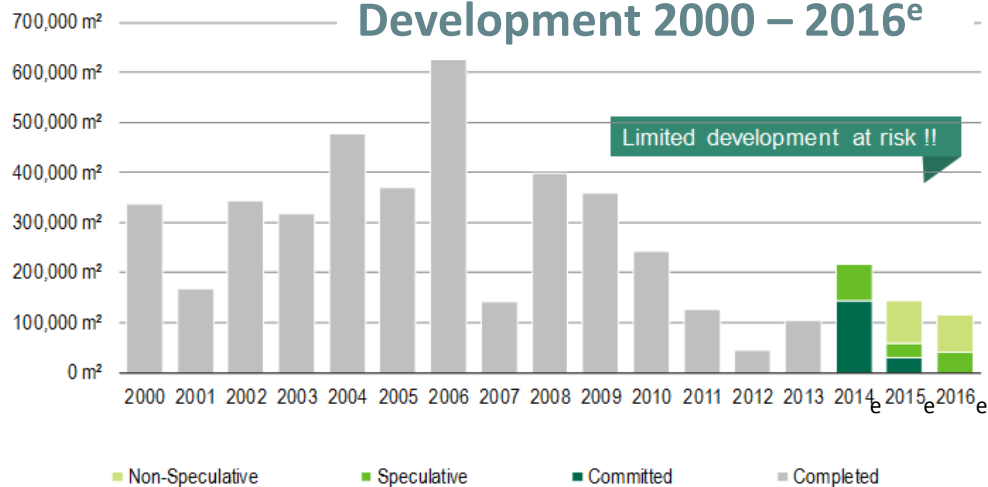
Vacancy rates are decreasing, but mainly because of reconversion & Limited development

## Evolution in vacancy rates

Vacancy rates are decreasing, but mainly because of reconversion

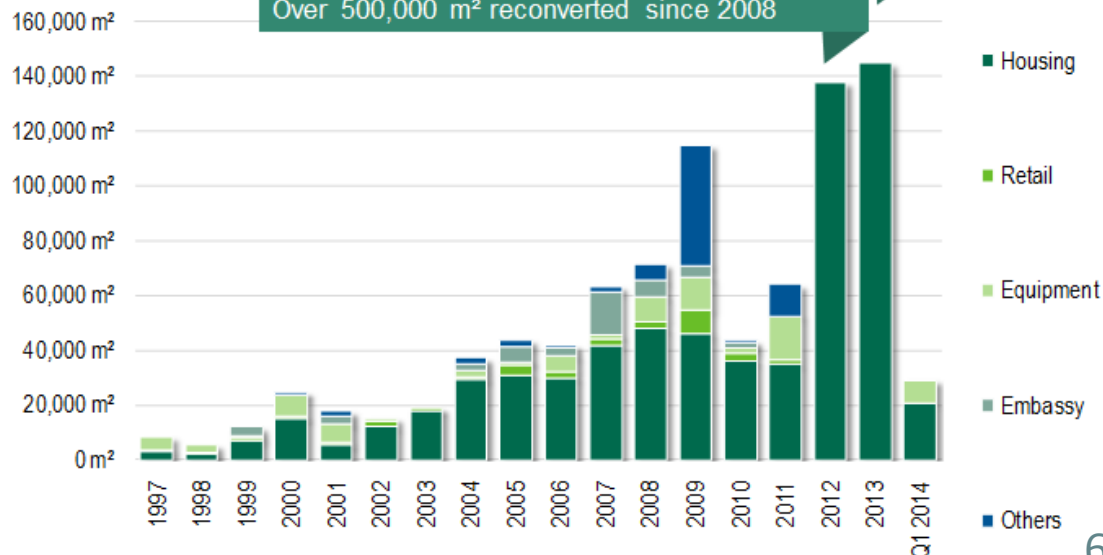


## Development 2000 – 2016<sup>e</sup>



Another 125,000 m² of reconversion in 2013

Over 500,000 m² reconverted since 2008



# Strong Financials

## Net Asset Value | EPRA NAV and NNNAV

Net asset value stable at **€ 55.07** per share

(€ million)	
<b>Net asset value as at 31 December 2013</b>	<b>1 165.6</b>
Payment of final dividend of the 2013 fiscal year (distributed in May 2014)	-17.2
Other elements of comprehensive income - actuarial gains and losses on pension obligations	-1.1
Net result as at 30 June 2014	38.6
<b>Net asset value as at 30 June 2014</b>	<b>1 185.8</b>

(€ thousand)	30.06.2014	31.12.2013
<b>Net Asset Value (group share)</b>	<b>1 185 833</b>	<b>1 165 614</b>
<b>Net Asset Value (€/share) (group share)</b>	<b>55.07</b>	<b>54.13</b>
To include:		
II. Revaluation at fair value of finance lease credit	118	28
To exclude:		
IV. Fair value of financial assets and liabilities	16 147	4 688
<b>EPRA NAV (group share)</b>	<b>1 202 098</b>	<b>1 170 330</b>
<b>EPRA NAV (€/share) (group share)</b>	<b>55.82</b>	<b>54.35</b>
To include:		
I. Fair value of financial assets and liabilities	- 16 147	- 4 688
II. Revaluations at fair value of fixed-rate loans	- 24 307	- 16 404
<b>EPRA NNNAV (group share)</b>	<b>1 161 645</b>	<b>1 149 238</b>
<b>EPRA NNNAV (€/share) (group share)</b>	<b>53.94</b>	<b>53.37</b>

# Strong Financials

## Active debt management

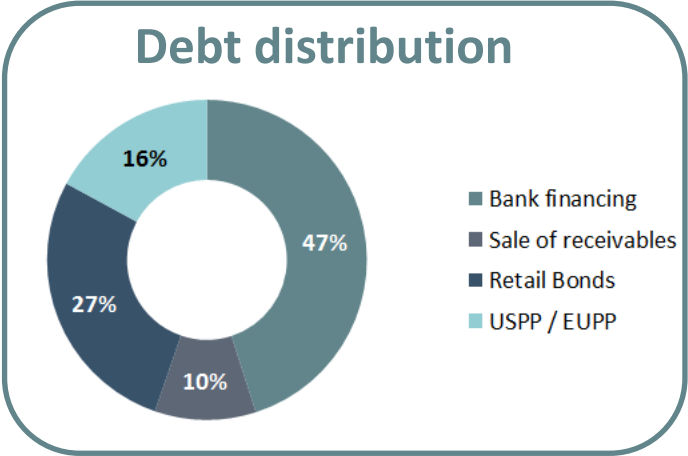
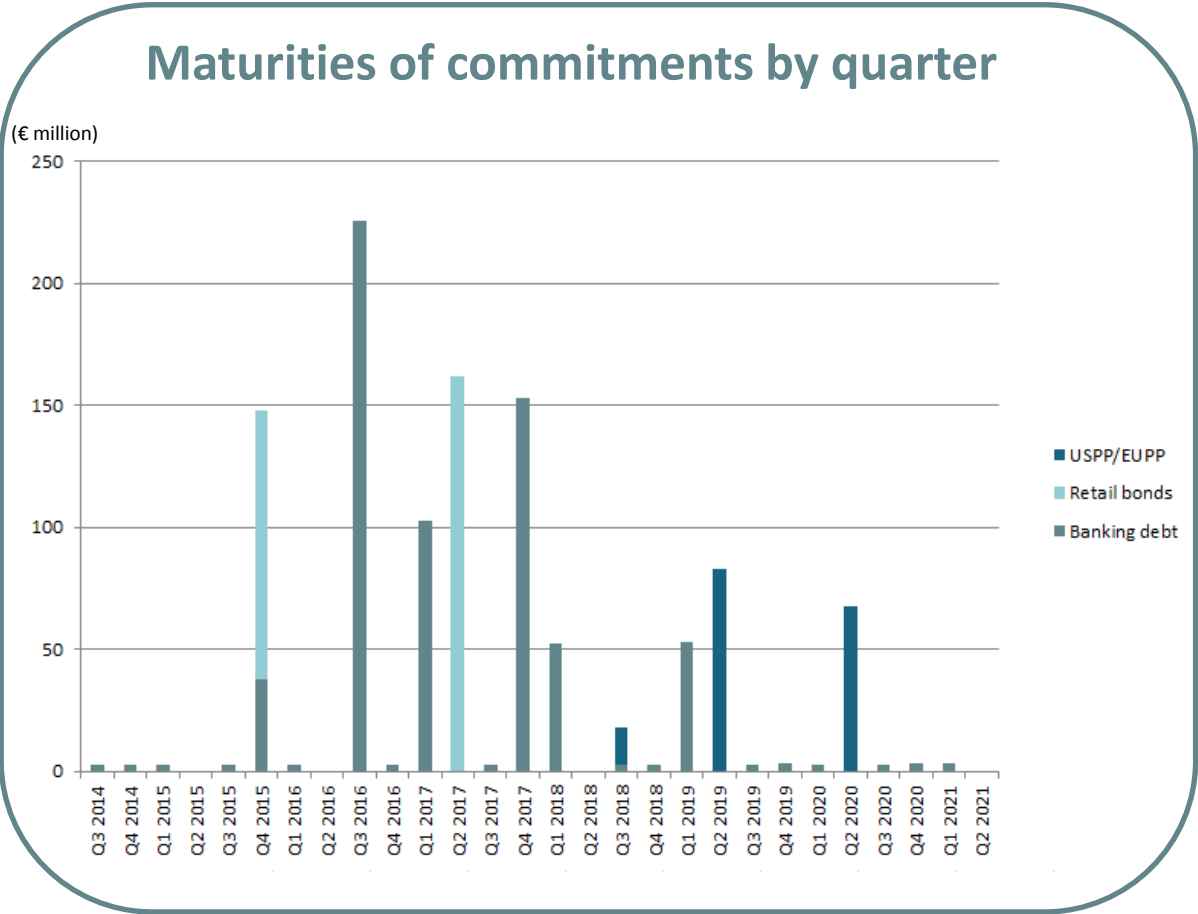
- LTV of **45.54%**
- Weighted average debt duration of **3.7 years**
- Financing costs (incl. margin & cost of hedging): **3.16%**
- Confirmed credit facilities for a total amount of €1,148.0 million, €1,024.5 million of which are drawn (including additional bank loan for an amount of €50 million signed in H1 2014)
- Hedge ratio: **107.2%** - 'Effective' hedge ratio: **83.8%**
- Fixed-rate debts (incl. IRS): **58.4%**
- Large remaining 'headroom' to covenants
- BBB/Stable/A-2 rating by Standard & Poor's (on 13 May 2014)



# Strong Financials

## Well balanced financing structure

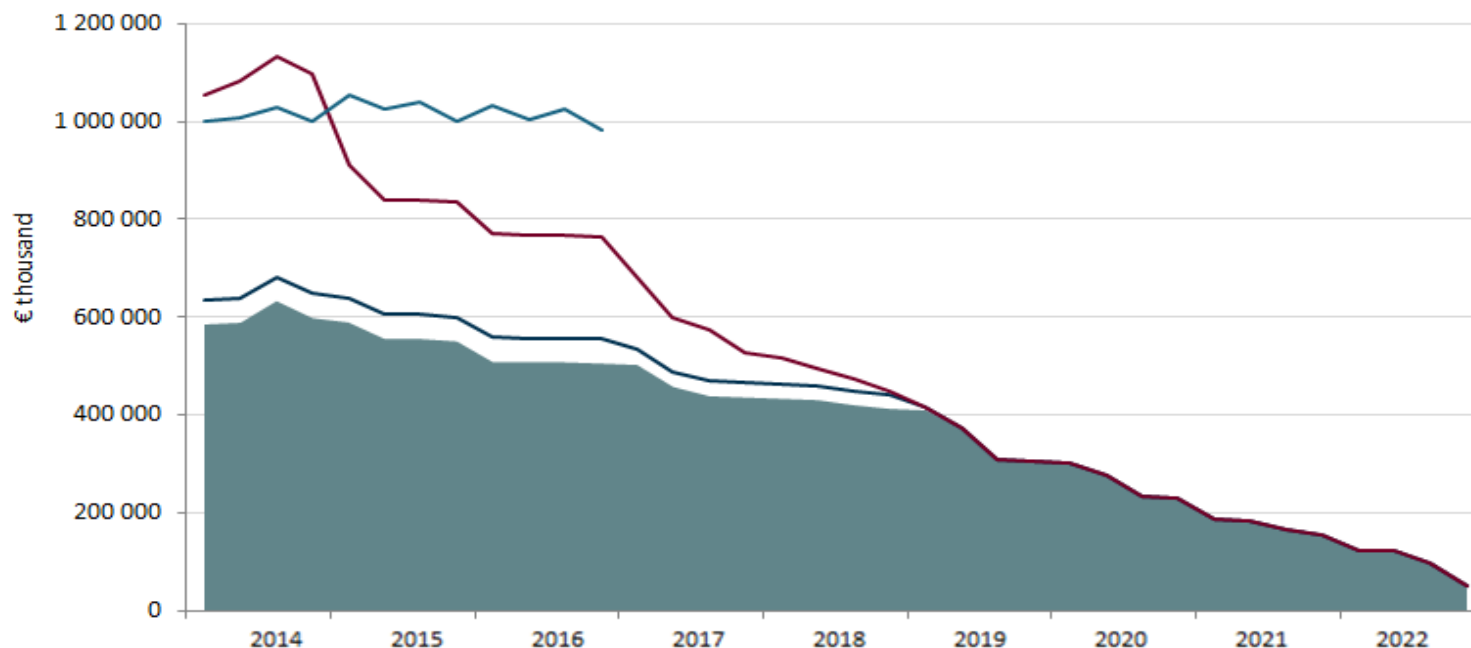
Amend and extend of existing bank lines



# Strong Financials

## Pragmatic hedging policy

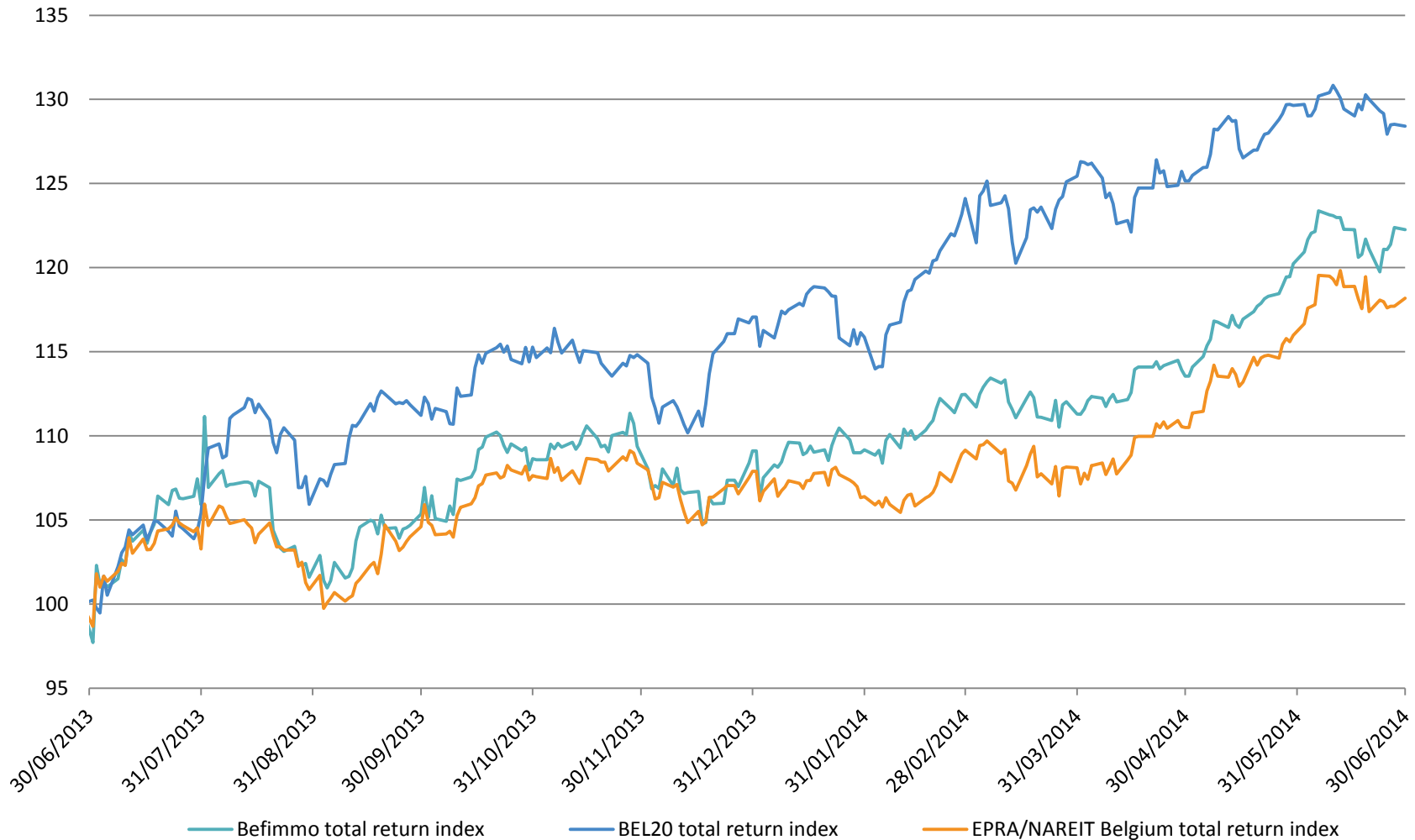
### Evolution of the portfolio of hedging instruments and fixed-rate debts



Annual average		2014	2015	2016	2017	2018	2019	2020	2021	2022
CAP	Notional (€ M)	490	294	261	136	60	2	-	-	-
	Average rate (%)	2.90	2.01	1.81	1.79	2.12	2.25	-	-	-
FLOOR	Notional (€ M)	50	50	50	31	30	2	-	-	-
	Average rate (%)	1.09	1.09	1.09	0.83	0.82	0.82	-	-	-
Fixed-rate financing (incl. IRS)	Notional (€ M)	601	563	507	458	424	349	261	172	97
	Average rate (%)	2.24	2.23	2.42	2.35	2.30	2.38	2.45	2.39	2.42

# Solid Share

Return on Befimmo share over one year: **22.35%**



Annualised return on Befimmo share over 19-year period: **7.6%**

# Solid Share

## Key figures

Data per share	2014 H1	2013 Q1-Q4	2012 Q1-Q4
Number of shares issued	22 062 701	22 062 701	19 120 709
Number of shares not held by the group	21 534 086	21 534 086	18 452 987
Average number of shares not held by the group during the period	21 534 086	19 923 168	17 687 471
<b>Share price (in €)</b>			
Highest	56.18	54.11	53.71
Lowest	49.14	47.30	42.72
Closing	55.67	50.45	48.83
Net asset value (in €)	55.07	54.13	54.10
Premium and discount (in %)	1.09	-6.80	-9.74
Gross dividend (in €)	-	3.45	3.45
Gross yield (in %)	-	6.84%	7.07%
Return on shareholder's equity (in %) <sup>(a)</sup>	6.23	6.95	1.82
Return on share price (in %) <sup>(a)</sup>	22.35	10.70	4.84
<b>Velocity</b>			
	<b>All platforms</b>	<b>All platforms</b>	<b>Euronext</b>
Average daily volume	42 000	36 000	20 300
Free float velocity	35%	61%	36%

(a) Calculated for a shareholder investing in Befimmo within the last 12 months and opted for payment of interim dividend in shares.

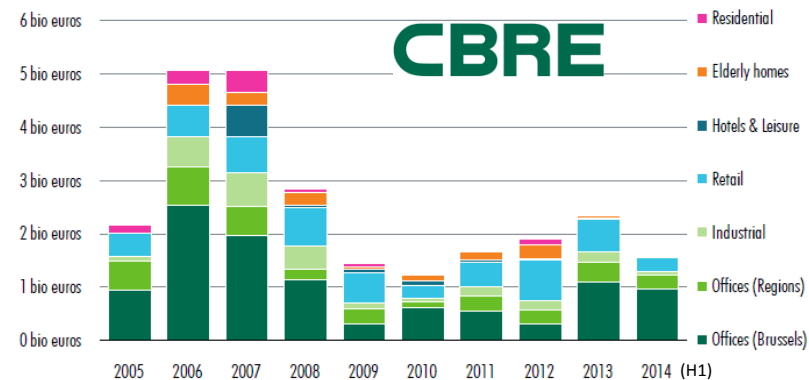
# What's next?

## Befimmo continues:

- to carry out renovation & construction works in order to create value
- to pursue its objective of maintaining a high occupancy rate and securing the loyalty of its rental customers by continuing to focus on satisfying their needs and by offering more technically efficient buildings than the market
- to study many investment opportunities in a more liquid investment market



BELGIUM INVESTMENT VOLUME



Moreover, in the coming weeks, Befimmo will have to take a position regarding the **SIR/GVV status**



**Benoît De Blicq, CEO of Befimmo since 1999**

**Laurent Carlier, CFO of Befimmo since 2006**

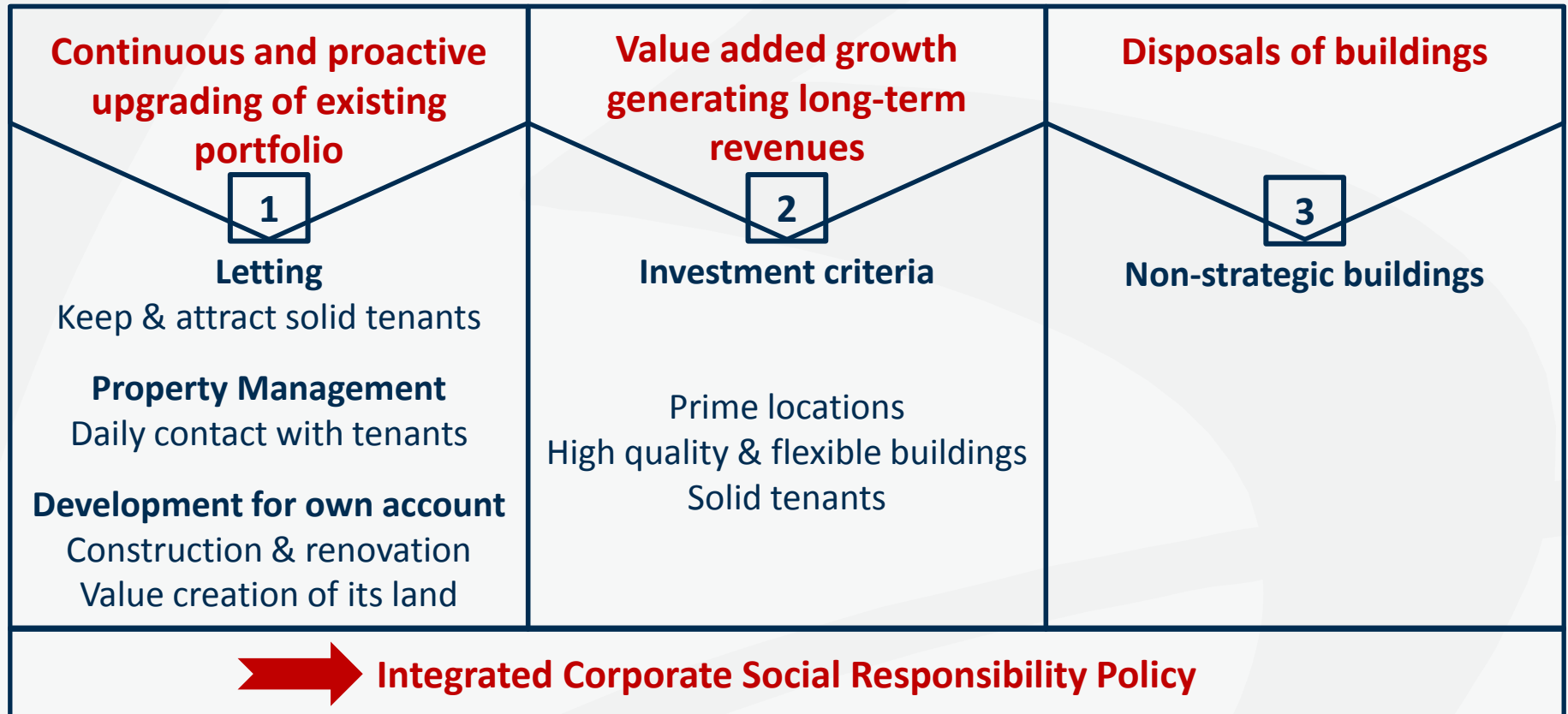
# Q & A

# PURE PLAYER INVESTOR



Befimmo

Focus on **quality offices** located in **Brussels**, other **Belgian cities** and Grand Duchy of Luxembourg



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**Befimmo**

**BEFIMMO SA**

**Registered Office**

**Chaussée de Wavre 1945, 1160 Brussels**

**Register of companies (RPM - RPR): 0 455 835 167**

**Tel.: +32 2 679 38 60 - Fax: +32 2 679 38 66**

**email: [contact@befimmo.be](mailto:contact@befimmo.be) - [www.befimmo.be](http://www.befimmo.be)**