Building **value**

ANNUAL FINANCIAL REPORT 2013

Befimmo

Annual Financial Report on the financial statements as at 31 December 2013 and the consolidated financial statements as at 31 December 2013 presented at the Ordinary General Meeting of Shareholders of 29 April 2014 and adopted by the Board of Directors on 28 February 2014.

This Annual Financial Report has been prepared in accordance with the Royal Decree of 7 December 2010.

Any reference to the portfolio, assets, figures or activities of Befimmo should be understood on a consolidated basis, to include those of its subsidiaries, except where clear from the context or expressly stated otherwise.

For the past few years, Befimmo has been standardising its financial reporting and its reporting on Social Responsibility – with a view to improving the quality and comparability of the information – adopting EPRA reporting guidelines and GRI G4 guidelines.

The following explanatory icons are used in this Report:

This icon refers to further information in a specific chapter or page in this Report.

This icon refers to further information on the Befimmo website.

This icon refers to the glossary in the appendix to this Report.

Table of contents

Building value

Profile

Befimmo is a fixed-capital real-estate investment trust (Sicafi) incorporated under Belgian law. It is bound by the relevant legislation, notably the law of 3 August 2012 on certain forms of collective management of investment portfolios, and the Royal Decree of 7 December 2010 on Sicafis. Befimmo is listed on NYSE Euronext Brussels and has been included in the BEL 20 index since March 2009.

Its market capitalisation is currently €1.113 billion. Befimmo offers its shareholders a steady dividend at a yield in line with its risk profile.

Befimmo has a pure-player specialist profile, specialising in investments in quality office buildings located mainly in Brussels, other Belgian cities and the Grand Duchy of Luxembourg. Its portfolio is worth some €2.2 billion and comprises around a hundred office buildings with space totalling over 900,000 m². Income from these buildings is recurring and relatively predictable; two thirds comes from public institutions with a high rating, under leases with an average remaining duration of around 11 years.

Today, Befimmo has a high-quality property portfolio with an occupancy rate of about 95%. To enhance its properties and maintain this high quality over the long term, Befimmo implements an annual investment programme that improves their quality and technical performance, particularly their energy performance.

Befimmo is pursuing its goal of carrying out in a responsible, transparent and sustainable manner the various tasks that make up its core business of real-estate operator: investments and disinvestments, operating its real-estate assets, renovation and construction, seeking tenants and property management.

? “Glossary”

Values

Three core values have been identified through various surveys of Befimmo's team and Board of Directors. These values that mould Befimmo's identity are:

PROFESSIONALISM

this means the strict discipline applied when doing business

COMMITMENT

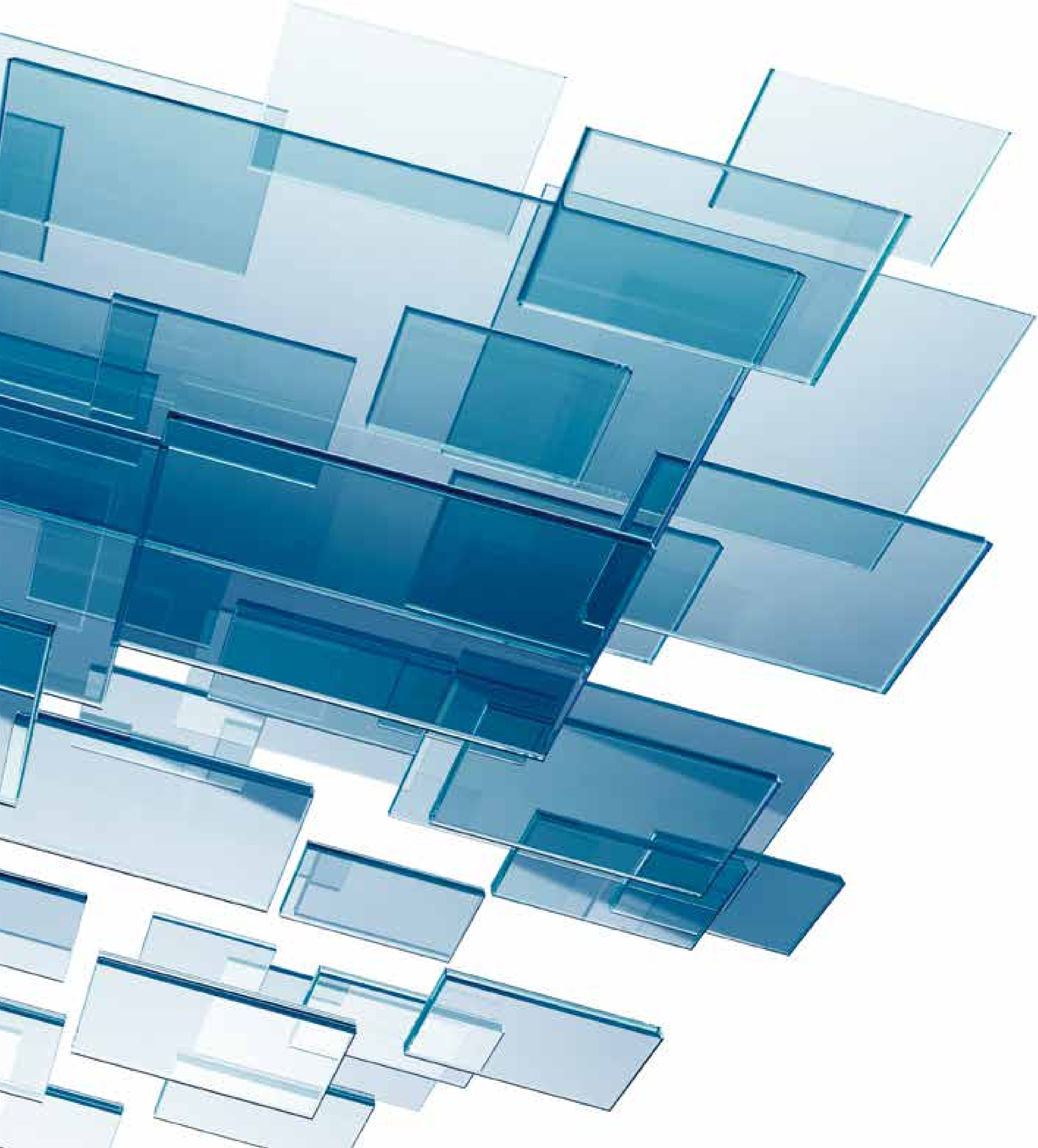
this word reflects the high level of involvement of the team in the Company and its business, its sense of responsibility and its strong ties to the Company

TEAM SPIRIT

this expression denotes the cooperation between the various members of the team when carrying out their business, giving one another mutual support when needed

Management report

4



Management report

Letter to the shareholders

Dear Shareholders,
In late 2012, we decided on two significant measures which did not go unnoticed! The first was the transformation of the historic structure from a "Partnership Limited by Shares" to a "Limited Liability Company", and the second, the refocusing of our strategy on our core market, Brussels, the other Belgian towns and cities and Luxembourg city. These two measures were clearly appreciated by the market and our shareholders.

In this context, 2013 clearly lived up to our expectations.

First, in terms of the strategic refocusing, Befimmo completed two investments, typical of the kind of operations it plans to carry out in future: Blue Tower, located on avenue Louise in Brussels, and the Belgian Government Finance Centre in Antwerp, known as AMCA.

With the Blue Tower, a true landmark of the avenue Louise office market, let to some thirty tenants, some world famous, we have achieved high initial and potential yields – 6.9% and 7.5% respectively – without in any way sacrificing quality; quite the contrary. It is thanks to the team of professionals that we have built up over time, capable of managing such intensive investments and creating value in them, that Befimmo has been able to make a difference. Furthermore, the same day that the deal was concluded, many shareholders – some new – supported the operation by refinancing part of it (40%) in shareholders' equity through a private placement.

Regarding the AMCA transaction, we scored a double jackpot: the investment was funded solely from shareholders' equity since it took the form of a contribution in kind, at very attractive yield of 6.4% – close to the yield on the share price, hence with little dilutive effect for the shareholders. In addition, the building is let to the Belgian Government for a remaining term of 16.5 years and the operation boosted the shareholders' equity substantially by more than 10%.

As a result of these two transactions worth a total of around €190 million (10% of the portfolio), boosting the EPRA earnings by some €0.04 per share, in 2013 Befimmo ranked among the major investors in the Belgian office market, while at the same time managing to reduce its relative indebtedness and thus significantly improving its balance sheet ratios.

Moreover, the transformation of our structure has borne fruit in terms of broadening the shareholder base. Since it was announced in October 2012, we noticed that many institutional investors were showing new interest in Befimmo and some of them actually joined the Befimmo shareholders, the highlight being the addition of insurance company AXA Belgium as a major Befimmo shareholder. This is undoubtedly a sign of confidence in our Company and in the strategy that it is pursuing with determination in a market that is still clearly challenging but on the road to recovery, and hence always offering some nice opportunities.
☛ "Key events of the fiscal year"

Indeed, the Brussels office rental market is waiting to see a consolidation of the tentative signs of recovery. The widespread reconversion of office buildings to other uses, combined with the fact that, with few exceptions, developers are no longer building new speculative projects, is leading to a recurring reduction over the past two years in the Brussels office stock. In this context, rental vacancies in Brussels city centre (CBD) have fallen to equilibrium levels (7%). This would bode well if the signs of growth and recovery from the downturn in the euro area are confirmed. Against this background, our

teams have signed leases for 15,000 m² of space, bringing our occupancy rate to 95.2% as at 31 December 2013.
Meanwhile, the investment market rallied in 2013, with more than €1 billion being invested in the office segment, illustrated by a number of major transactions in this market.
☛ "Brussels property market"

Lastly, with the aim of continuously improving its position as a responsible business and property owner, Befimmo initiated a process of recurring dialogue with all its stakeholders (employees, Directors, tenants, investors, public sector, etc.) for a continuous improvement of the positioning as a responsible company and owner.
In a process of continuously improving our Social Responsibility policy, we completed Befimmo's materiality matrix which helped to better identify and prioritise our environmental, economic and social challenges, taking account of the expectations of our internal and external stakeholders. Thanks to this matrix, we have refined our Social Responsibility strategy and implemented specific measures, coupled with qualitative and quantitative objectives.
☛ "Social Responsibility"

These positive factors were reflected in the performance of Befimmo's share price over the year, up 3.3% year-on-year after the distribution of the 2012 final dividend and the 2013 interim dividend, giving shareholders a return of around 10.7% on the share price as at 31 December 2012.
☛ "Befimmo share"

Cash flow (EPRA earnings) for the 2013 fiscal year (€4.22 per share) was much better than expected (€4.03 per share), owing undoubtedly to the receipt of a compensation payment for early termination of a lease, but also to the impact of the Blue Tower and AMCA operations.

The net result per share was €3.97, substantially higher than our forecast of €2.69. The decline in property values was indeed significantly lower than the outlook published on the basis of the changes in values expected by the real-estate experts in December 2012.

As foreseen, these good results allow us to offer you, in addition to the interim dividend of €2.65 (gross per share) paid in December, a final dividend of €0.80 (gross per share). This brings the dividend for the year to €3.45 per share not held by the Group. We are very confident that we should be able to maintain this level of dividend over the coming years.
☛ "Financial results" and "Outlook and dividend forecast"

Over the 2014 fiscal year, we will continue to prepare for the major challenges that lie ahead in the coming years, with the aim of transforming them into opportunities for creating value for Befimmo. These include, in Liège, the development of the large plot located between the new Finance Centre and the railway station which Fedimmo owns and for which it has just launched a call for proposals in consultation with the regional authorities and the city. The site would house some 35,000 m² of mixed projects, combining offices with other uses, the first of which could be built in 2015/2016. Also in Brussels, there are plans to convert the Noord Building, which should be vacated by the tenant in the course of 2017 and we will apply for the permit in the coming months. They also include the future of WTC Tower II in 2019 and, finally, the construction of WTC Tower IV, for which Fedimmo already has a permit.

The construction of the Finance Centre in Liege should be completed in 2014, so that the 25-year lease can commence. The Triomphe I building should welcome its first tenants in 2014 after the major renovation we undertook after the tenant departed. We also strive, of course, to retain our existing tenants by satisfying all their needs in the buildings they occupy. With this aim in mind, we will move ahead with our major investment programme designed in particular to improve the energy performance of our buildings so as to achieve the goals we have set ourselves.
☛ "Key events of the fiscal year – Construction, redevelopment and renovation projects"

Rest assured, dear Shareholders, that we are doing everything in our power to face up proactively to the challenges ahead and that we are confident that the Company's business will continue to grow profitably.

Thank you again for your continued confidence.

Brussels, 28 February 2014.

Benoît De Blieck

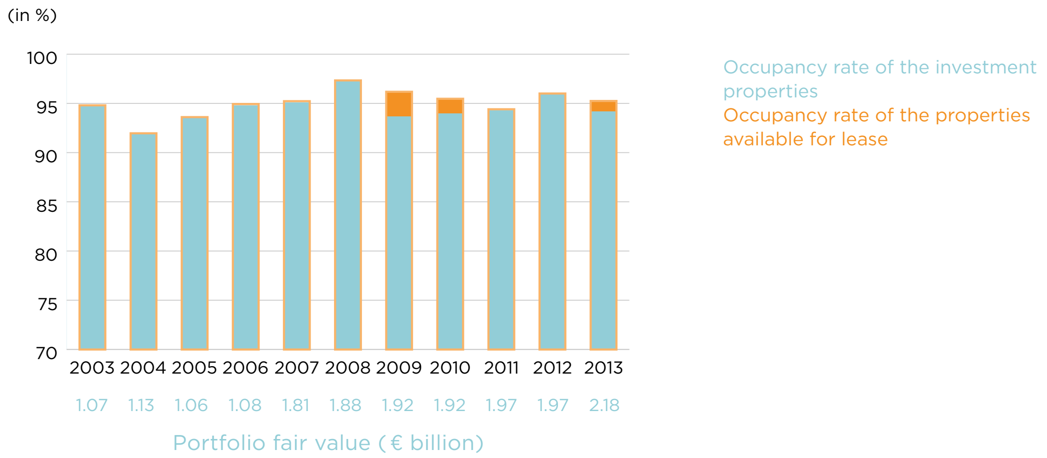
Alain Devos

As permanent representatives of BDB Management SPRLu and Alain Devos SPRL respectively, and Managing Director and Chairman of the Board of Directors respectively.

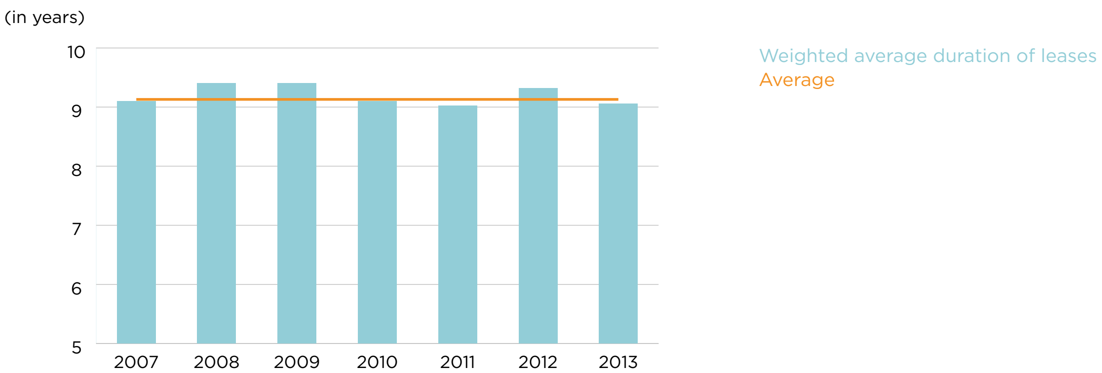
Key figures

Property key figures

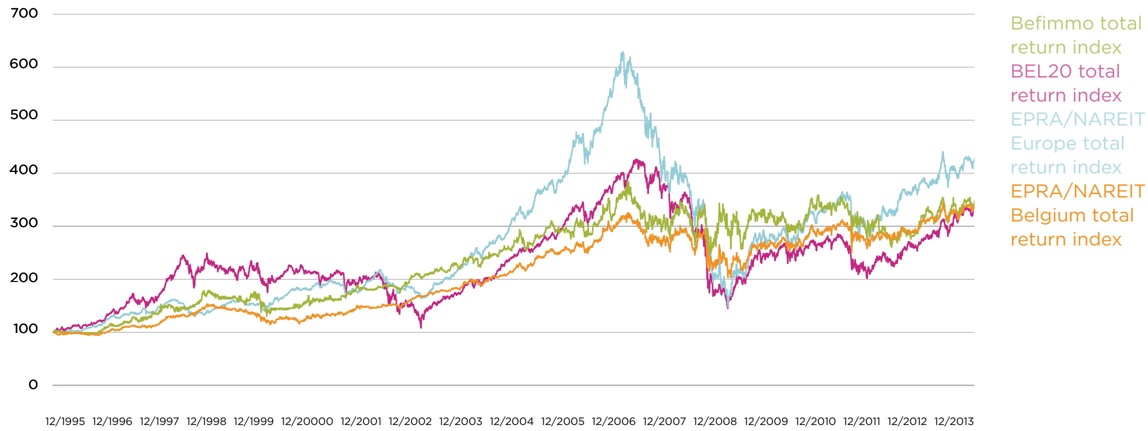
Trend of the occupancy rate over a 10-year period



Trend of the weighted average duration of leases since the acquisition of Fedimmo



Performance of Befimmo's total return index in relation to the total return index of the BEL 20 and EPRA/NAREIT Europe indexes



Financial key figures

	31.12.2013	31.12.2012	31.12.2011[3]	30.09.2010	30.09.2009
Net asset value (in € per share)	54.13	54.10	57.17	60.60	58.87
Net result (in € per share)	3.97	0.44	3.69	2.78	-2.45
Shareholders' equity (in € million)	1 165.6	998.2	1 002.6	1 017.4	988.4
Return on shareholders[1] equity (in €)	3.72	1.03	3.95	2.78	-2.96
Return on shareholders[1] equity (in %)	6.95	1.82	6.85	4.78	-4.31
Debt ratio according to the Royal Decree (in %)	46.56	49.31	45.80	44.08	45.39
Loan-to-value[2] (in %)	45.01	47.75	44.18	40.85	40.81

EPRA key figures

	31.12.2013	31.12.2012	31.12.2011	30.09.2010
EPRA earnings (in € per share)	4.22	4.24	4.18	5.05
EPRA NAV (in € per share)	54.35	54.18	57.37	61.68
EPRA NNNAV (in € per share)	53.37	53.36	57.03	60.26
EPRA Net Initial Yield (NIY) (in %)	6.47	6.35	6.06	6.22
EPRA Topped-up NIY (in %)	6.76	6.53	6.26	-
EPRA vacancy rate (in %)	5.25	4.62	6.13	4.72

Key figures on Befimmo's share

	31.12.2013	31.12.2012	31.12.2011	30.09.2010	30.09.2009
Closing share price (in €)	50.45	48.83	50.28	62.00	62.00
Gross dividend (in €)	3.45	3.45	3.94[6]	3.90	3.36/1.04
Gross yield[4] (in %)	6.84	7.07	7.84	6.29	7.1
Return on share price[5] (in %)	10.70	4.84	-11.16	1.71	4.7
Number of outstanding shares	22 062 701	19 120 709	18 175 440	16 790 103	16 790 103
Number of shares not held by the group	21 534 086	18 452 987	17 538 069	16 790 103	16 790 103

Key figures on Social Responsibility [7]

	31.12.2013	31.12.2012	31.12.2011
Gas | Normalised direct consumption (kWh/m²)	74	79	88
Electricity | Normalised consumption			
Consumption common areas (kWh/m²)	40	43	49
Consumption private areas (kWh/m²)	62	66	51
Water | Normalised consumption (m³/m²)	0.28	0.26	0.22
CO_2e | Direct and indirect emissions (thousand tonnes of CO_2e)	9.74	11.37	11.36

? "Glossary"

(1) Over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment and the participation in the optional dividend.
(2) During the 2013 fiscal year, Befimmo applied a new definition of the LTV ratio: [(nominal financial debts – cash)/fair value of portfolio].
The ratio as at 31 December 2013 and 31 December 2012 are published according to this new definition. Based on the old definition, the ratio as at 31 December 2012 amounted to 48.03%.
(3) 12 months - restated period. In 2011, Befimmo changed the date closing data of its fiscal years. The fiscal year closed at 31 December 2011 counted exceptionnally 15 months. The data published on 31 December 2011 are restated data over 12 months.
(4) Gross dividend/closing share price.
(5) Over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment and the participation in the optional dividend.
(6) On the 2011 fiscal period (15 months), Befimmo distributed a gross dividend of €4.93 per share .
(7) Befimmo's portfolio excluding Fedimmo.

History of Befimmo

POELAERT

MEIR

VITAL

2009
Inclusion in BEL 20 index
Capital increase of €166.6 million

2008
Acquisition of the registered offices of Fortis Banque in Antwerp (Meirfree) and in Leuven (Vitalfree)

2008
Prize-winner in the "Exemplary Buildings 2007" competition for the Empress Court project

2007
Capital increase of €261.2 million

2006
Acquisition of 90% shareholding in Fedimmo

2003
Acquisition of the Poelaert building

2001
Takeover of Sicafi CIBIX SCA

1998
Takeover of WTC SA and Noord Building SA

1997
Takeover of Prifast group

1995
Foundation of Befimmo and listing on the stock market

2013

Integration of property management business

Acquisition and merger of Blue Tower Louise SA and private placement of 637,371 shares

Contribution in kind of the AMCA building by AXA Belgium SA and issue of 2,037,037 shares

2012

Start of the construction works of the new Finance center, Paradis Tower, in Liège

Closing of a private placement of notes in the United States (US Private Placement for an equivalent amount of €150 million)

Transformation of Befimmo SCA in a Limited Liability Company

2013

“EPRA Financial Reporting Gold Award” and the “EPRA Sustainability Reporting Silver Award” prizes for the Annual Financial Report 2012

Recertification of the Environmental Management System (EMS) (ISO 14001 certified)

Completion of the first materiality matrix and development of Befimmo’s Social Responsibility policy

2011

Purchase of the shares of Ringcenter SA

Bond issue for an amount of €162 million maturing in April 2017

Second bond issue for an amount of €110 million maturing in December 2015

2012

First BREEAM Post-Construction and In-Use certification

Prize-winner in the “Exemplary Buildings 2012” competition for the WTC IV project

2010

Disposal of the Empress Court building

Disposal of the Kattendijkdok building

2011

“2011 BREEAM Award Category Europe Offices” prize for the Froissart project

First EPB certification (Energy Performance of Buildings)

2010

Prize-winner in the “Exemplary Buildings 2009” competition for the Science-Montoyer project

Start of the telemonitoring installation for energy consumption in the buildings of the portfolio

First BREEAM Design certification

Set-up of an Environmental Management System (EMS) (ISO 14001 certified)

2009

First communication as per Global Reporting Initiative (GRI)

AMCA

PAVILION

SCIENCE-MONTOYER

? “Glossary”

Identity and strategy

Befimmo is a professional property operator, specialising in providing offices in Belgium and the Grand Duchy of Luxembourg. With the revenue its buildings generate, Befimmo aims to create value for its shareholders and to provide them with a solid dividend at a return consistent with the Company's risk profile.

Befimmo works proactively in its portfolio and gives priority to constantly maintaining its properties at a high level of quality to keep them attractive to their occupants over the long term and thereby guarantee their sustainability so as to give them an optimum position on the market.

01
Continuous and proactive improvement of the existing portfolio

- Rents
- Property management
- Development for own account
  Construction & renovation
  Value creation of its land

02
Value-creating growth over the long-term

- Investment criteria:
  Prime locations
  High quality and flexible buildings
  Solid tenants

03
Property disposals

- Non-strategic buildings

Integrated Social Responsibility policy

Real-estate strategy

01 Continuous and proactive improvement of the existing portfolio

Befimmo proactively manages its relationship with its rental customers. The **commercial** team builds a relationship of trust with rental customers and helps to maintain a high occupancy rate in the portfolio. The portfolio of customers includes top-class tenants, two thirds of whom are public institutions interested in long-term leases, and the remainder are well-diversified Belgian companies and multinationals.

The integration of the **property management** business, in May 2013, is enabling Befimmo to cement even closer relationships with its tenants. By directly managing any problem related to the occupation of a building, Befimmo improves tenants' comfort.

Over the years, Befimmo has put together a technical team to manage the **construction** of new buildings and the **renovation** of existing buildings for its rental customers. This strategy of ongoing renovation and building goes hand-in-hand with a proactive environmental policy; between 6% and 10% of the cost of a new building or major renovation is linked to sustainable investments.

02 Value-creating growth over the long-term

The **investment** side of Befimmo's business is driven by the creation of value for its shareholders.
The Company focuses on investment projects in quality office buildings with the following minimum characteristics:
- a location where scarcity generates value;
- buildings that are of sufficient critical size, well-equipped and flexible;
- an appropriate lease to quality tenants;
- compliant with due diligence checks (urban development, technical, environmental, legal and tax aspects);
- potential to create value.

Befimmo may also adopt proactive positions, taking on certain marketing risks (for example by letting buildings acquired but still under construction), and forming appropriate partnerships with real-estate developers or building contractors in order to cover any risks involved in completion (cost, deadlines, quality). Finally, Befimmo may also consider forming partnerships for certain real-estate transactions that exceed its own investment capacity.

03 Property disposals

Befimmo takes care to dispose of any property in its portfolio that no longer fits its strategy.

Financial strategy

Befimmo strives to obtain finance from the best available sources. The Company arranges the necessary finance in due time, seeking a balance between cost, duration and diversification of its sources of finance. It keeps its loan-to-value ratio at around 45% to 50%, consistent with its defensive earnings profile. Moreover, it focuses on controlling costs and balancing its debt structure. To ensure liquidity while limiting financing costs, in order to protect its result and EPRA earnings against a rapid rise in interest rates above certain thresholds, Befimmo regularly adjusts its borrowing structure and hedging policy.

Integrated Social Responsibility policy

Befimmo has integrated the principles of **Social Responsibility** into its strategy, and these are reflected in the environmental, economic and social aspects of its day-to-day operations. Since 2008, it has gradually moved from a qualitative environmental policy to a genuine Social Responsibility policy with quantifiable and measurable objectives.

With the aim of continuously improving its position as a **responsible business** and **property owner**, Befimmo has initiated a process of recurring dialogue with all its stakeholders (tenants, investors, public sector, Directors, employees, etc.). Befimmo seeks to strike a balance between the expectations of its stakeholders and the challenges it regularly faces. Accordingly, it has identified and prioritised a dozen environmental, economic and social challenges grouped into four major themes: the **environment**, its **team**, its **tenants** and **governance**. For each of these challenges, Befimmo undertakes to act on important initiatives both in its own interests and for the society in which it operates. The response to these challenges takes the form of specific measures, long-term objectives described in detail in the CSR Programme prepared in cooperation with the management and the team.
"Social Responsibility"

@ www.befimmo.be

Key events of the fiscal year

INVESTMENTS AND DISINVESTMENTS

ACQUISITION OF BLUE TOWER LOUISE BRUSSELS | CBD

In April 2013 Befimmo and its subsidiary Fedimmo acquired Blue Tower Louise SA(1), owner of the Blue Tower office building, based on a current yield of 6.9%, valuing the building deed-in-hands at €78.5 million. The Blue Tower is a true landmark of the Brussels office market with excellent visibility on Avenue Louise. It has approximately 24,000 m² of office space, 330 m² of retail space, 1,260 m² of archives and 300 parking spaces. The building, which has BREEAM In-Use certification rated "Good", is nearly 90% let to some 40 prestigious tenants, based on "conventional" (3/6/9-year) lease agreements with expiries well spread over the next years.

At the same time as this acquisition, Befimmo completed a private placement(2) of the 637,371 own shares held by its subsidiaries at a price of €49 per share to raise €31.2 million in capital, thereby significantly reducing the impact of this acquisition on its LTV(3).

With this financing, the annual positive impact of this acquisition on EPRA earnings was estimated at around €0.06 per share (for a full year).

The Extraordinary Meeting of shareholders of 6 September 2013 approved the merger by absorption of Blue Tower Louise SA by Befimmo, leading to the issue of 528,615 own shares.

"Deed-in-hands" value:
€78.5 million

Surface:
24,000 m² of office space

Current yield:
6.9%

BREEAM certification In-Use "Good"

Private placement of 637,371 treasury shares at €49/share

(1) For more information, please see the press release published on 18 April 2013 on the Befimmo website (www.befimmo.be).
(2) For more information, please see the press releases published on 18 April 2013 on the Befimmo website (www.befimmo.be).
(3) Loan-to-value ("LTV") = [(nominal financial debts – cash)/fair value of portfolio].

"AXA Belgium's decision to propose such contribution to Befimmo and, consequently, to become a major shareholder of the Company, is fully in line with its investment strategy and came naturally, not only for Befimmo's development and portfolio management capacities in "prime" office space, but also because of AXA Belgium's confidence in Befimmo's expertise, values and the expertise of its executive team and employees."

Guy VAN WYMERSCH-MOONS | General Manager Real Estate | AXA Belgium S.A.

CONTRIBUTION IN KIND OF THE AMCA BUILDING BY AXA BELGIUM | ANTWERP

In July 2013 Befimmo acquired the AMCA building[(4)] – as a contribution in kind by AXA Belgium – at Italiëlei 4, 2000 Antwerp, in the highly sought-after Het Eilandje[(5)] district. This building, erected in 1992, has around 58,000 m² of total office space, 1,500 m² of archives and 500 parking spaces. The whole building is let for a residual fixed term of 16.5 years to the Buildings Agency (Finance Centre).

The building has an agreed value of €110 million, in line with the fair value determined by an independent real-estate expert.

This new investment is in line with Befimmo's pure-player strategy both for its prime location, visibility and secure long-term revenue from the public sector and for its potential for conversion in one of the finest locations in Antwerp.

After this contribution, Befimmo strengthened the structure of its balance sheet by increasing its equity, within the limits of the authorised capital, by €110 million[(6)], creating 2,037,037 new shares priced €54 each. Following the capital increase, AXA Belgium became a Befimmo shareholder with a stake of 9.6%.

With this financing, the slightly dilutive effect of the acquisition on the EPRA earnings per share was estimated at around €0.02, more than offset by the very low cost of the capital increase and the advantage of significantly reducing Befimmo's LTV.

SALE OF THE MONS I BUILDING

As announced, Befimmo sold the Mons I building, at rue Joncquois 118, 7000 Mons, for around €8 million. In 2012, the occupant, the Walloon Regional Ministry of Infrastructure and Transport, exercised its option to purchase the building. This operation has an overall neutral impact on the income statement, as the expert valuation of the property was in line with the exercise price of the option.

SALE OF THE TRIOMPHE III BUILDING BRUSSELS DECENTRALISED

On 11 December 2013, Befimmo sold the Triomphe III building at Avenue Arnaud Fraiteur 25, 1050 Ixelles. This office building was vacant and its potential for conversion did not match Befimmo's strategy as a specialist in offices, so it was sold to a developer to be repurposed as student accommodation. Since the agreed selling price of €6.8 million was in line with the latest fair value of the property, the sale has a relatively neutral impact on the result for the year.

(4) For more information, please see the press releases published on 18 June 2013 and 10 July 2013 on the Befimmo website (www.befimmo.be).
(5) "Het Eilandje" is an old port area in Antwerp, located between the old town and the present-day port.
(6) €29.6 million of which in share capital and the remaining €80.4 million as an issue premium.

CONSTRUCTION, REDEVELOPMENT AND RENOVATION PROJECTS

	Location	Surface	Type	Completion	Occupancy	Investment (€ million)
Brederode 13	Brussels CBD	13 400 m²	Renovation	2nd quarter 2014	Let	26
Ikaros Phase II	Brussels periphery	3 100 m²	Renovation	May 2014	To let	5
New Finance Centre (Paradis Tower)	Liège	39 000 m²	Construction	End 2014	Let	95
Triomphe I	Brussels decentralised	11 500 m²	Renovation	April 2014	To let	11
WTC Tower IV	Brussels North	56 400 m²	Construction	Standby Launch if committed	To let	150 Estimated cost

In addition to construction and redevelopment projects, Befimmo continually invests in its buildings by renovating them or improving their energy performance.

Eager to meet the needs of its tenants, keep its properties attractive and at a high level of quality, and to ensure the highest possible occupancy rate in the portfolio, over the year Befimmo invested some €54.8 million overall in investment works in its buildings.

The Company spent a further €8.8 million on maintenance, repairs and rehabilitation in its portfolio.

BUILDING THE NEW FINANCE CENTRE AT RUE PARADIS IN LIÈGE

In early 2009 the Buildings Agency signed a 25-year fixed-term lease with Fedimmo for a building to be erected (39,000 m²) at rue Paradis in Liège under a public development contract. This building is to house the officials of the Federal Public Finance Service, who will move into a building that satisfies the highest technical and energy performance standards. Furthermore, the tower was rated “Excellent” at the Design stage of its BREEAM certification. The tower is under construction with a view to handing over the building to its tenants at the end of 2014.

The total investment value for this project is around €95 million and it will generate rental income of some €6 million per year at the start of the lease.

Energy performance:

K value: 37
K: 45 is the standard for the Walloon Region

E value: 60
E: 80 is the standard for the Walloon Region

Dedicated costs: 7.4%

BREEAM “Excellent” in the Design phase

At this point, only one action for annulment of the permit, confirmed in February 2012, is still ongoing following the decisions of the Council of State rejecting one by one the various appeals lodged for suspension and cancellation, the latest being issued on 28 January 2014, rejecting the SNCB's request for the cancellation of the permit. Befimmo confidently awaits the decision of the Council of State on the last appeal still pending.

Finally, since the search of the Befimmo/Fedimmo headquarters by the judicial police, among others, on 14 March 2013[1], there have been no further developments. For all intents and purposes, Befimmo and its subsidiary Fedimmo would point out that they have scrupulously observed all the legal procedures in relation to this case.

PARADIS LIÈGE PREPARATION OF PHASE 2

In consultation with the City of Liège and the Walloon Region, in October 2013 Fedimmo launched a call for projects[2] on the subject of a mixed real-estate project (around 35,000 m² of offices and housing) on the remainder of the plot of some 1.3 hectares, adjacent to the new Finance Centre which is also owned by Fedimmo. This project opens up new opportunities for creating value in the coming years.

WTC IV PROJECT BRUSSELS | CBD NORTH AREA

In late 2012 Fedimmo obtained the administrative permits (planning and environmental permits) needed to build Tower IV of the WTC complex located in the North area of Brussels, a "passive" tower[3] of almost 55,000 m². It is a new building, completely independent of the other three towers of the complex that is especially efficient and sustainable in the broad sense, in that its design anticipates the forthcoming legislation on energy and environmental aspects. It was rated "Outstanding" in its BREEAM Design-phase certification.

The "all-in" construction cost of this project is of the order of €150 million.

Passive tower meeting the requirements of the Brussels region applicable in 2015

K value: 26
K: 45 standard of the Brussels Capital Region

E value: 40
E: 75 is the standard for the Brussels Capital Region

Dedicated costs: 6.0%

It is expected to be rated "Excellent" in its BREEAM Design-phase certification (after construction)

Since the permits have been obtained, this project is fully available to let off-plan to major tenants, whether public or private. Except for the preparatory work, however, Fedimmo does not intend to commence construction before the occupancy risk is sufficiently covered.

"Glossary"

(1) For more information, please see the press release published on 14 March 2013 on the Befimmo website (www.befimmo.be).
(2) For more information, see the website at: http://www.liege-appel-a-projets.be/.
(3) As per the Brussels legislation that will apply from 2015.

BREDERODE 13 BRUSSELS | CBD

In 2011, Befimmo agreed a new 15-year lease with the Linklaters law firm to extend the lease on the building at rue Brederode No 13 (13,400 m^2) which it has now occupied for nearly 30 years.

Under the agreement, this prestigious building, ideally located in the Brussels city centre, is being fully renovated at a total cost of some €26 million. Many alterations are in progress to improve the building's energy performance, such as the fitting of new windows with high-insulation glazing units, roof insulation and heat exchangers for the ventilation units. In addition, to enhance the sustainability impact of the project, installations such as rainwater recovery systems to supply the toilets and green roofs have been fitted. Befimmo was awarded a rating of "Very Good" in the BREEAM Design-phase certification for this building.

Work began in early September 2012 and should be completed during the first half of 2014. The new lease will commence when the renovation is complete. After this works, the contribution of this investment to EPRA earnings is estimated at €0.09 per share.

The neighbouring buildings, located at rue Brederode 9 and rue de Namur 48, currently leased and occupied by Linklaters, will then be vacated. They will be available to let during 2016 after a renovation costing an estimated €10 million.

TRIOMPHE I BRUSSELS DECENTRALISED

In May 2013, following the departure of the tenant of its Triomphe I building, Befimmo began a major renovation programme, at a cost of some €10.7 million, for an expected rental income of some €1.9 million per year. The work will enhance the comfort and performance of the building, notably by renovating the interior finishings and replacing the glazing units, creating a new entrance hall and landscaping the areas around the building. The renovation programme is aiming for a rating of "Very Good" in the BREEAM Design-phase certification.

Accordingly, from April 2014, this building, which enjoys excellent visibility alongside Boulevard du Triomphe, will be ready to house tenants looking for flexible and efficient office space.

IKAROS BUSINESS PARK | PHASE II BRUSSELS PERIPHERY ZAVENTEM

After the renovation of buildings 17/19 in the Ikaros Business Park, which are now around 70% let, in August 2013 Befimmo began a major renovation of buildings 21/23 and 25/27 in Phase II of the Ikaros complex, due for completion in May 2014. The overall budget for the investments in these properties was €5 million, for an expected annual rental income of some €390,000 and should allow a "Very Good" rating in the BREEAM certification.

OTHER INVESTMENTS

Befimmo carried out other work during the year, including the fitting-out of space in Central Gate (Brussels | CBD) to accommodate new tenants, renovating the facades and approaches of Planet II in Zaventem (Brussels periphery) and the installation of air conditioning in Phase III of Ikaros Business Park in Zaventem (Brussels periphery), at a total cost of €3.4 million.

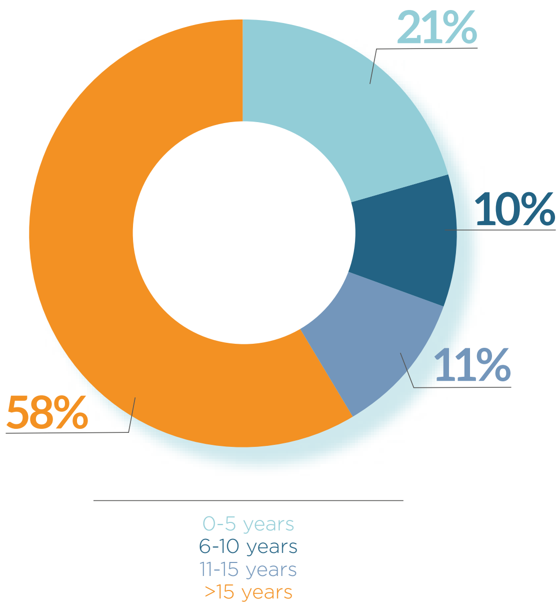
ENERGY INVESTMENTS

Between 6% and 10% of the cost of the major renovation projects was invested to improve the energy performance of the buildings in response to current and future legislation and also to its tenants' expectations.

In addition, under its multiannual investment programme to improve the energy performance of its operational buildings (Befimmo's portfolio excluding Fedimmo), Befimmo invested a total amount of €1.8 million over the fiscal year.

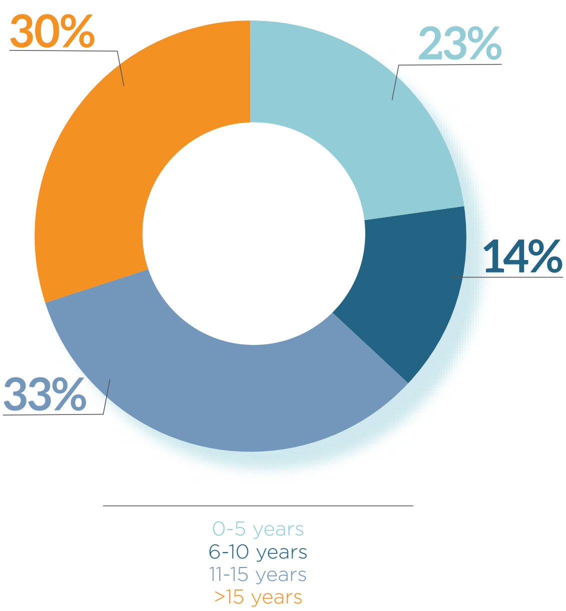
These investments related mainly to the optimisation and upgrade of common technical installations (lighting, boilers, ventilation units, air conditioning systems, etc.) with a view to making more rational use of energy in the Befimmo portfolio.

Breakdown of portfolio by age class[1]
(based on the fair value as at 31 December 2013)



This graph shows the breakdown of the Befimmo portfolio (investment properties excluding land) by age group. The buildings are divided according to their year of construction or, where applicable, to the year in which they last underwent a major renovation, defined as substantial investment work on the building's envelope, structure and/or primary installations. After a major renovation, the building is considered to begin a new life cycle.

Renovation planning of the portfolio
(breakdown based on the m² as at 31 December 2013)



This graph shows the breakdown of the Befimmo portfolio (investment properties excluding land) in accordance with the estimated building renovation programme. The breakdown is based on the estimated period, taking account of the age of the buildings and their rental situation, in which a major renovation is to be carried out. After the renovation, the building is considered to begin a new life cycle. The EPRA earnings outlook published hereafter takes account of the renovation programme.
"Outlook and dividend forecast"

(1) Publication pursuant to Annex B to the Royal Decree of 7 December 2010.

Property portfolio

FAIR VALUE OF THE PROPERTY PORTFOLIO (1)

Fair value of Befimmo's consolidated portfolio by geographical area

Offices	Change 2013(2) (in %)	Proportion of portfolio(3) (31.12.2013) (in %)	Fair value (31.12.2013) (€ million)	Fair value (31.12.2012) (€ million)
Brussels centre (CBD)	-1.01	54.4	1 187.9	1 144.8
Brussels decentralised	-5.63	3.3	71.8	101.2
Brussels periphery	-0.46	7.0	152.4	147.0
Flanders	0.47	21.5	469.1	356.8
Wallonia	-5.67	3.4	73.9	78.3
Luxembourg city	1.66	3.8	82.9	81.8
Properties available for lease	*-0.94*	*93.3*	*2 038.1*	*1 909.9*
Properties that are being constructed or developed for own account in order to be leased	*5.71*	*6.7*	*146.0*	*50.8*
Investment properties	**-0.53**	**100.0**	**2 184.1**	**1 960.7**
Properties held for lease	**-0.05**	**-**	**-**	**7.9**
Total	-0.53	100.0	2 184.1	1 968.6

The fair value of Befimmo's consolidated portfolio was €2,184.1 million at 31 December 2013, compared with €1,968.6 million at 31 December 2012.

This change in value takes account of operations over the past year, namely the entry into the property portfolio of the Blue Tower and AMCA buildings, the sale of the Mons I and Triomphe III buildings, the construction and renovation work carried out in the portfolio and changes in fair value booked to the income statement.

Excluding the amount of acquisitions, investments and disinvestments, the value of the portfolio declined slightly by €11.6 million (-0.53%) over the fiscal year.

This drop in value is significantly lower than that published in the outlook (-1.20%) in February 2013, reflecting a much stronger performance of property values over the year than the real-estate experts had expected.

The buildings that each account for more than 5% of the total fair value of the portfolio are Towers II and III of the WTC, which together represent some 18%.

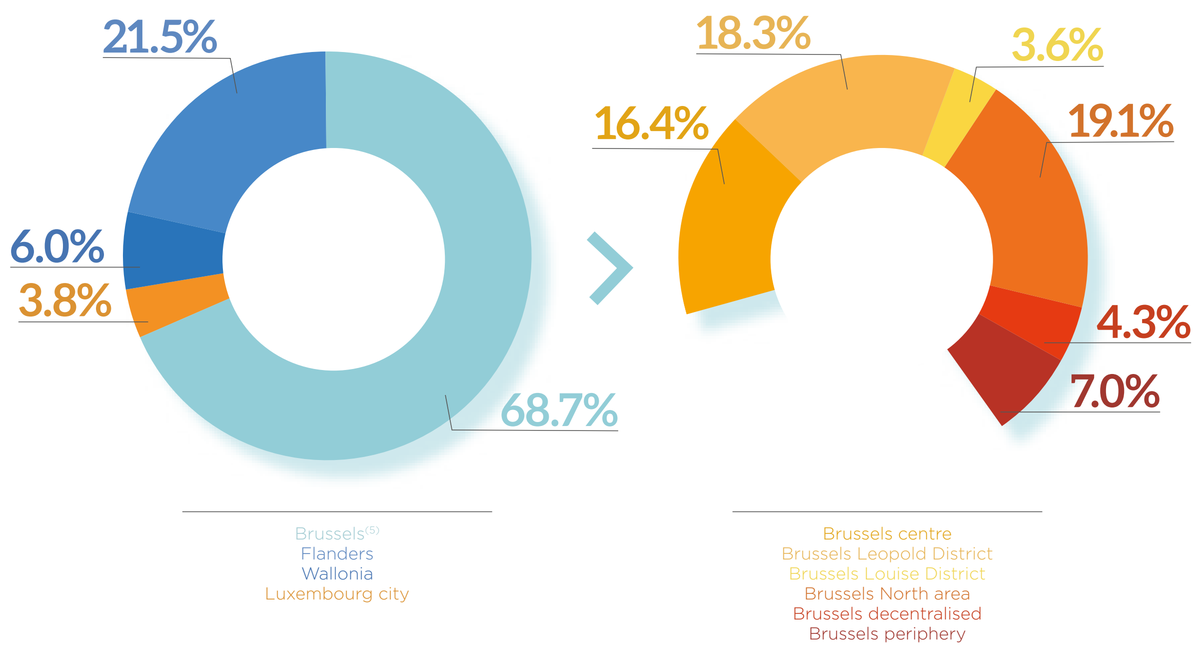
Changes in fair value of buildings over the past two fiscal years by quarter

2013				2012			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
0.03%	-0.39%	-0.01%	-0.19%	-0.76%	0.07%	-0.37%	-0.72%
Q1 + Q2 + Q3 + Q4				Q1 + Q2 + Q3 + Q4			
-0.53%				-1.75%			

"Glossary"

(1) These values are established in accordance with standard IAS 40 which requires investment property to be booked at "fair value". Fair value is obtained by deducting the average transaction costs established by independent real-estate experts from the "investment value". These costs amount to (i) 2.5% for property worth more than €2.5 million and (ii) 10% (Flanders) or 12.5% (Wallonia and Brussels) for property worth less than €2.5 million.
(2) The change over the 2013 fiscal year is the change in fair values between 1 January 2013 and 31 December 2013 (excluding the amount of the acquisitions, investments and disinvestments).
(3) The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 December 2013.

Geographical breakdown(4)



NEW LEASES AND RENEWALS

As at 31 December 2013, the rental vacancy rate of the Brussels office market(6) was 11.08%, down from 11.10% as the year opened. There are still substantial differences between the various districts, however: the Central Business District (CBD) has 6.86% of vacant space in the Leopold district and 7.42% in the North area, while the actual city centre (within the Pentagon) enjoys a lower vacancy rate, with only 4.72% of space available. In the Brussels periphery and decentralised areas, the situation remains challenging, with vacancy rates of 23.72% and 14.92% respectively.

"Brussels property market"

Several new lease agreements and renewals came to fruition in the 2013 fiscal year. Through these, Befimmo strives to protect its medium- and long-term income. Thus for the 2014 fiscal year, 99% of budgeted rental earnings are already guaranteed under contract(7). For 2015 the proportion is 94% and 87% for 2016.

"Outlook and dividend forecast"

Over the 2013 fiscal year, Befimmo signed leases for some 15,500 m²: 12,000 m² of offices and 3,500 m² of retail, storage or multi-purpose space. New tenants accounted for 46% of leases, while the remainder related to the renewal of current leases.

This total area of 15,500 m² is lower than that let over the previous fiscal year (23,800 m²). This shows that business is still relatively slack on the Brussels office rental market. The current economic climate does seem to offer better prospects for the future, however.

In the Befimmo portfolio located in the **Brussels CBD** the Company completed transactions during the year for space totalling 4,600 m². Some existing tenants in the portfolio have renewed their leases for several years.

(4) The proportions are expressed on the basis of fair value of the investment properties as at 31 December 2013.
(5) Brussels: this means Brussels and its Economic Hinterland, i.e. CBD, decentralised and periphery.
(6) Source of market data: CBRE – 31 December 2013 (www.cbre.be).
(7) Subject to the risk of a tenant defaulting.

A notable example is the Icelandic Embassy, with 1,000 m² in Schuman 11.

In the **Brussels periphery** some current tenants have renewed their confidence in Befimmo by renewing and extending leases for space totalling some 6,500 m². Noteworthy examples are Robert Half (700 m²), Denso (1,450 m²), GE Healthcare (2,620 m²) and Keyware (700 m²). Befimmo also let a total space of 3,000 m² to new tenants.

Note that the terms of these new leases are in line with the assumptions used to determine the three-year outlook for EPRA earnings (published in the Annual Financial Report 2012).

Befimmo is pursuing its objective of securing the loyalty of its rental customers by continuing to focus on satisfying their needs. In addition, by integrating the property management business during the year, Befimmo has been able to build an even closer relationship with its customers.

Tenants (as at 31.12.2013)

	Weighted average duration of leases(1) (in years)	Percentage of the currect rent (in %)
1. Belgian public sector (federal & regional)		58.8
2. European institutions & representations		9.6
Public sector	**10.9**	**68.3**
3. BNP Paribas Fortis and affiliated companies		4.4
4. Linklaters		3.1
5. Beobank		2.0
6. BGL BNP Paribas and affiliated companies		1.9
7. Sheraton Management LLC		1.4
8. Duodecad		0.7
9. Federal Express		0.7
10. Fluxys		0.5
Next eight tenants	**7.4**	**14.6**
Next ten tenants	**5.0**	**3.2**
Top twenty tenants	**10.0**	**86.2**
± 215 tenants	**2.9**	**13.8**
Total	**9.06**	**100.0**

Public sector:

Belgian public institutions:

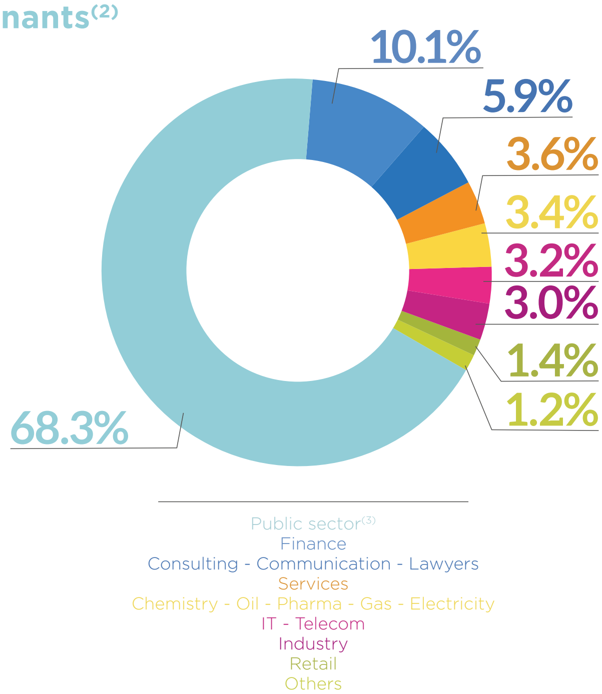
- **Federal:** 46.6%
- **Flemish Region:** 11.3%
- **Walloon Region:** 0.9%

European institutions and representations:

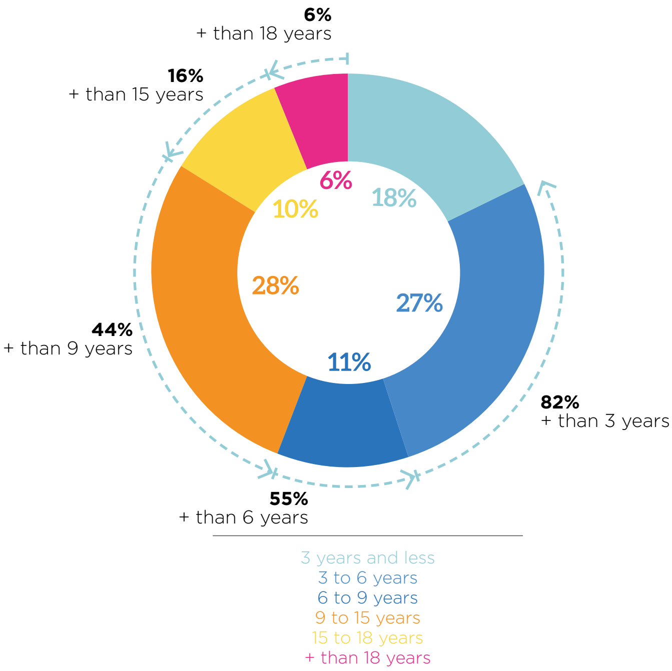
- **European Commission:** 5.9%
- **European Parliament:** 3.1%
- **Representations:** 0.6%

(1) Weighted average duration of leases, i.e. the sum of (annual current rent for each lease multiplied by the remaining duration up to the first break in the lease) divided by the total annual current rent of the portfolio.

Tenants(2)



Duration of leases(5)



OCCUPANCY RATE

The occupancy rate of the properties available for lease was 95.2% at 31 December 2013 (compared with 95.9% at 31 December 2012). For all the investment properties(4), the occupancy rate at 31 December 2013 was 94.2% (compared with 95.9% at 31 December 2012).

Despite the current market climate, new leases and renewals, together with the acquisitions, have allowed Befimmo to maintain an occupancy rate of more than 95% in the buildings available for lease.

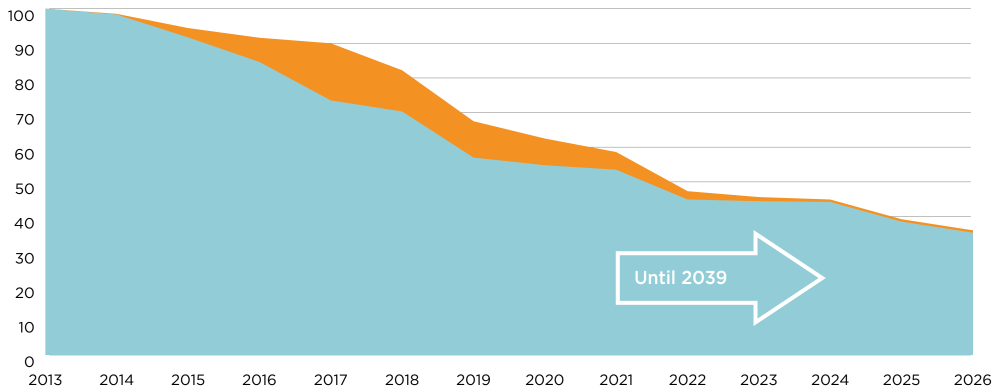
WEIGHTED AVERAGE DURATION OF LEASES

At 31 December 2013, the weighted average duration of current leases was 9.1 years as against 9.3 years at 31 December 2012.

"Glossary"

(2) The proportions are expressed on the basis of the current rent as at 31 December 2013.
(3) Public sector: Belgian Public Institutions (federal & regional), European Institutions and delegations.
(4) This includes properties that are being constructed or developed for own account in order to be leased.
(5) The proportions are expressed on the basis of the current rent as at 31 December 2013.

Percentage of rent secured under contract in relation to the residual duration of leases in the consolidated portfolio(1) (for ongoing ans signed future leases) (in %)



% of rent secured under contract based on the first break in the leases.
% of rent secured under contract based on the expiry date of the leases.

OVERALL RENTAL YIELD

Overall rental yield (in %)

	Initial yield(2) (31.12.2013)	Initial yield(2) (31.12.2012)	Potential yield(3) (31.12.2013)	Potential yield(3) (31.12.2012)
Brussels centre (CBD)	6.67	6.66	6.94	6.82
Brussels decentralised	6.81	7.79	7.86	9.03
Brussels periphery	6.70	7.40	8.42	9.06
Wallonia	13.85	13.11	13.85	13.11
Flanders	6.13	6.04	6.15	6.07
Luxembourg city	6.19	6.20	6.41	6.37
Properties available for lease	*6.80*	*6.91*	*7.14*	*7.21*
Total investment properties(4)	**6.46**	**6.73**	**6.87**	**7.02**

(1) Rents for future years calculated on the basis of the present situation, assuming that each tenant leaves at the first break and that no further lease is agreed in relation to the current rent as at 31 December 2013.
(2) The initial yield corresponds to the overall rental yield on current rents.
(3) The potential yield corresponds to the overall rental yield on current rents plus the estimated rental value of vacant premises.
(4) Comprising properties that are being constructed or developed for own account in order to be leased.

Acquisition price and insured value on properties of Befimmo's consolidated portfolio (€ million)

Offices	Acquisition price	Insured value[5] 31.12.2013	Fair value 31.12.2013
Brussels centre (CBD)	1 031.1	952.3	1 187.9
Brussels decentralised	88.6	96.2	71.8
Brussels periphery	202.5	206.5	152.4
Wallonia	89.5	200.1	73.9
Flanders	478.8	546.2	469.1
Luxembourg city	-[6]	43.5	82.9
Properties available for lease	*1 890.6*	*2 044.9*	*2 038.1*
Properties that are being constructed or developed for own account in order to be leased	*152.7*	*38.6*	*146.0*
Investment properties	**2 043.3**	**2 083.5**	**2 184.1**

Summary of data on properties in the Befimmo portfolio (as at 31.12.2013)

	Rental space (in m²)	Proportion of portfolio[7] (in %)	Current rent[8] (€ thousand)	Occupancy rate (in %)
Brussels centre 10 buildings	98 129	13.3	19 280	97.4
Brussels Leopold district 10 buildings	96 057	15.7	22 702	93.1
Brussels Louise district 1 building	27 917	3.8	5 552	88.6
Brussels North area 3 buildings	187 506	23.3	33 672	98.9
Brussels Central Business District (CBD) 24 buildings	**409 609**	**56.1**	**81 206**	**96.1**
Brussels decentralised 4 buildings	**40 018**	**3.5**	**5 011**	**86.6**
Brussels periphery 7 buildings and office parks	**108 202**	**7.2**	**10 461**	**79.5**
Total Brussels 35 buildings	**557 829**	**66.8**	**96 678**	**93.4**
Wallonia 19 buildings	87 750	7.3	10 639	100.0
Flanders 34 buildings	240 275	20.4	29 497	99.6
Luxembourg city 1 building	13 447	3.6	5 259	96.5
Properties available for lease	**899 301**	**98.1**	**142 072**	**95.2**

(5) The insured value is the reconstruction value (exluding the land)
(6) Pursuant to the Royal Decree of 7 December 2010, a public Sicafi is entitled not to disclose the purchase price for a segment containing a single property.
(7) The proportion of the portfolio is calculated on the basis of the current annual rent as at 31 December 2013.
(8) The current annual rent at the closing date plus future rent on leases signed as at 31 December 2013.

RATE OF REVERSION ON RENT

The reversion rate of the portfolio as at 31 December 2013 was -10.4% (compared with -12.0% as at 31 December 2012).

Reversion rate of rents (as at 31.12.2013)

	Current rent[1] (€ thousand)	Proportion of rents[2] (in %)	Weighted residual average duration[3] 1st break (in years)	Reversion rate[4] (in %)
Brussels centre (CBD)	81 206	57.2	8.4	-14.0
Brussels decentralised	5 011	3.5	4.4	-9.8
Brussels periphery	10 461	7.4	2.9	-7.5
Wallonia	10 639	7.5	16.1	-10.2
Flanders	29 497	20.8	12.3	-2.9
Luxembourg city	5 259	3.7	2.6	-8.6
Properties available for lease	**142 072**	**100.0**	**9.1**	**-10.4**

Reversion rate relative to the average duration of leases and the geographical share of the portfolio

(1) The current rent at the closing date plus future rent on leases signed as at 31 December 2013, as reviewed by the real-estate experts.
(2) The proportion of rents is calculated on the basis of the current rent as at 31 December 2013.
(3) Weighted average duration of leases, i.e. the sum of (annual current rent for each lease multiplied by the term remaining up to the first break in the lease) divided by the total current annual rent of the portfolio. This duration is calculated taking into account current projects.
(4) Reversion rate: 1-(current rent + estimated rental value of vacant space) / estimated rental value of total space).

This year-on-year reduction in the reversion rate is linked to a combination of the following factors: (i) the stabilisation of estimated rental values over the year, compared with the declines that occurred in previous years, mainly in decentralised areas and the periphery; (ii) leases renegotiated during the year, generally at lower rents close to the estimated rental values determined by the real-estate experts; (iii) the entry into the portfolio of two buildings, let at the equivalent of the market rent.

This reversion rate is not in principle a significant risk to Befimmo. It applies in the short-term mainly in the decentralised area and periphery of Brussels, and in Luxembourg City.

The EPRA earnings forecasts presented below (page 64) take account of a reversion on the expiry of the current leases.

The risk of reversion must be assessed taking account of the long average duration of the current leases.

If the full reversion is realised, the impact on the current rent as at 31 December 2013 (€142.1 million) of the potential negative reversion of the leases expiring over the next three years would be €1.9 million.

CENTRAL GATE

POELAERT

BREDERODE 13

WTC II AND III

MONTESQUIEU

PAVILION

SCIENCE-MONTOYER

WIERTZ

BELGIUM & LUXEMBOURG

Wallonia

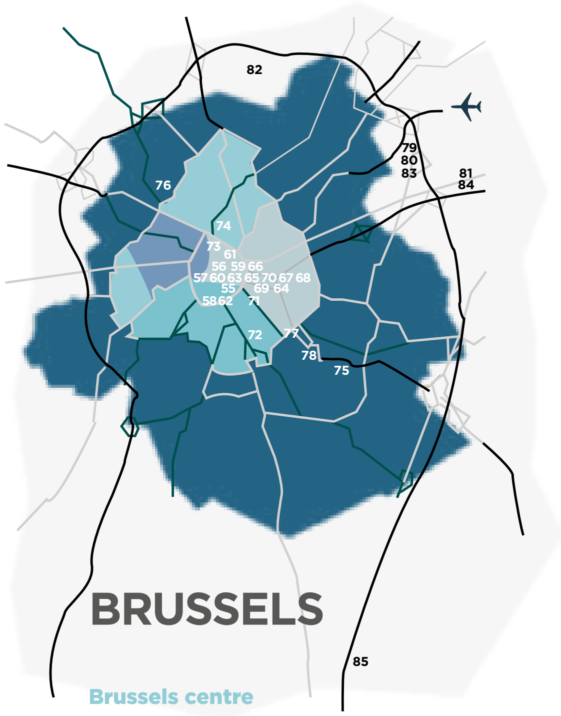
1 **Ath**, Place des Capucins 1
2 **Binche**, Rue de la Régence 31
3 **Braine-l'Alleud**, Rue Pierre Flamand 64
4 **Chênée**, Rue Large 59
5 **Eupen**, Vervierserstrasse 8
6 **La Louvière**, Rue Ernest Boucqueau 15
7 **Liège**, Avenue Émile Digneffe 24
8 **Liège**, Rue Paradis 1
9 **Liège**, Rue Rennequin-Sualem 28
10 **Malmedy**, Rue Joseph Werson 2
11 **Marche-en-Famenne**, Av. du Monument 25
12 **Mons**, Digue des Peupliers 71
13 **Namur**, Rue Henri Lemaître 3
14 **Namur**, Rue Pépin 5
15 **Namur**, Rue Pépin 22
16 **Namur**, Rue Pépin 31
17 **Namur**, Avenue de Stassart 9
18 **Saint-Vith**, Klosterstrasse 32
19 **Seraing**, Rue Haute 67

Flanders

20 **Antwerpen**, Meir 48
21 **AMCA**, Italiëlei 4
22 **Bilzen**, Brugstraat 2
23 **Brugge**, Boninvest 12
24 **Deinze**, Brielstraat 25
25 **Dendermonde**, St-Rochusstraat 63
26 **Diest**, Koning Albertstraat 12
27 **Diksmuide**, Woumenweg 49
28 **Eeklo**, Raamstraat 18
29 **Haacht**, Remi van de Sandelaan 1
30 **Halle**, Zuster Bernardastraat 32
31 **Harelbeke**, Kortrijksestraat 2
32 **Herentals**, Belgiëlaan 29
33 **Ieper**, Arsenaalstraat 4
34 **Izegem**, Kasteelstraat 15
35 **Knokke-Heist**, Majoor Vandammestraat 4
36 **Kortrijk**, Bloemistenstraat 23
37 **Kortrijk**, Ijzerkaai 26
38 **Leuven**, Vital Decosterstraat 42/44
39 **Lokeren**, Grote Kaai 20
40 **Menen**, Grote Markt 10
41 **Nieuwpoort**, Juul Filliaertweg 41
42 **Ninove**, Bevrijdingslaan 7
43 **Oudenaarde**, Marlboroughlaan 4
44 **Roeselare**, Rondekomstraat 30
45 **Sint-Niklaas**, Driekoningenstraat 4
46 **Sint-Truiden**, Abdijstraat 6
47 **Tervuren**, Leuvensesteenweg 17
48 **Tielt**, Tramstraat 48
49 **Tienen**, Goossensvest 3
50 **Tongeren**, Verbindingstraat 26
51 **Torhout**, Burg 28
52 **Torhout**, Elisabethlaan 27
53 **Vilvoorde**, Groenstraat 51

Luxembourg

54 **Axento**, Avenue John Fitzgerald Kennedy 44 (Plateau du Kirchberg)



Brussels centre

55 Brederode
56 Central Gate
57 Empereur
58 Montesquieu
59 Gouvernement Provisoire
60 Lambermont
61 Pachéco
62 Poelaert

Brussels Leopold district

63 Arts
64 Froissart
65 Guimard
66 Joseph II
67 Pavilion
68 Schuman 3 and 11
69 Science-Montoyer
70 View Building
71 Wiertz

Brussels Louise district

72 Blue Tower

Brussels North area

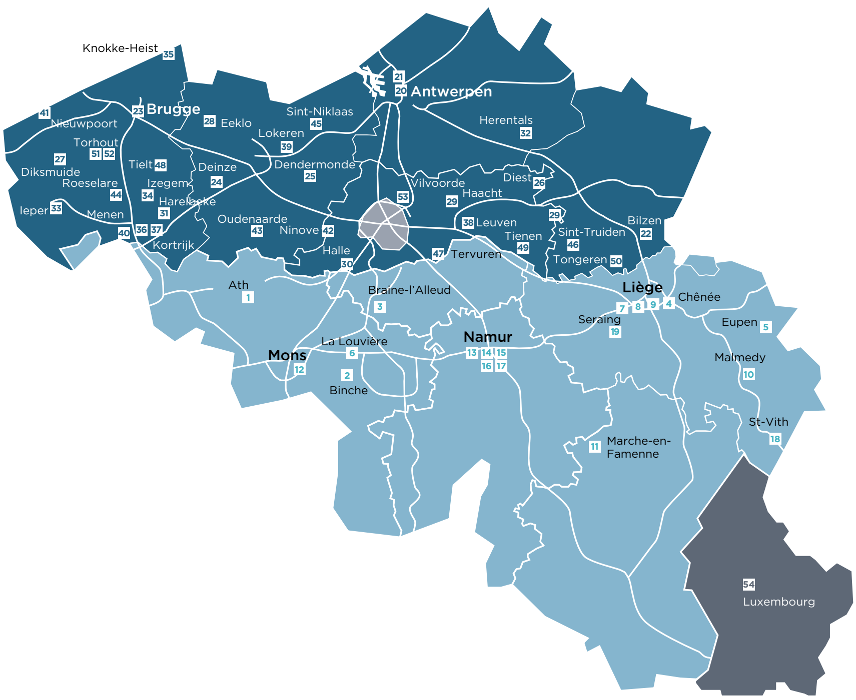
73 Noord Building
74 WTC Towers II and III

Brussels decentralised

75 Goemaere
76 Jean Dubrucq
77 La Plaine
78 Triomphe I and II

Brussels periphery

79 Eagle Building
80 Fountain Plaza
81 Ikaros Business Park
82 Media
83 Ocean House
84 Planet II
85 Waterloo Office Park



Buildings of Befimmo's consolidated portfolio[1]

	Construction year	Year of the last major renovation[2]	Floor area for lease (in m²)
Brussels centre			
Brederode 9 Rue Brederode 9, 1000 Brussels	± 1900	2001	7 296
Brederode Corner Rue Brederode and Rue de Namur, 1000 Brussels	1954/1958	-	8 036
Central Gate Rue Ravenstein 50-70 and Cantersteen 39-55, 1000 Brussels	± 1930	2012	32 373
Empereur Boulevard de l'Empereur 11, 1000 Brussels	1963	-	5 953
Gouvernement Provisoire Rue du Gouvernement Provisoire 15, 1000 Brussels	± 1960	2005	2 836
Lambermont, Rue Lambermont 2, 1000 Brussels	1850	2000	1 788
Montesquieu Rue des Quatre Bras 13, 1000 Brussels	1967	2009	19 004
Namur 48 Rue de Namur 48, 1000 Brussels	1916	2001	1 216
Pachéco Boulevard Pachéco 32, 1000 Brussels	1976	-	5 481
Poelaert Place Poelaert 2-4, 1000 Brussels	19th century	2001	14 146
			98 129
Brussels Leopold district			
Arts Avenue des Arts 28-30 and Rue du Commerce 96-112, 1000 Brussels	1920/2005	2005/-	16 793
Froissart Rue Froissart 95, 1000 Brussels	1965	2010	3 185
Guimard Rues Guimard 9 and Rue du Commerce 87-91, 1040 Brussels	1977	-	5 435
Joseph II Rue Joseph II 27, 1000 Brussels	1994	-	12 831
Pavilion Rue de la Loi 70-72-74, 1000 Brussels	± 1970	2005	19 641
Schuman 3 Rond-point Schuman 2-4a and Rue Froissart 141a-143, 1040 Brussels	1965	2001	5 487
Schuman 11 Rond-point Schuman 11, 1040 Brussels	1966	2004	5 285
Science-Montoyer Rue Montoyer 30, 1000 Brussels	± 1960	2011	5 379
View Building Rue de l'Industrie 26-38, 1040 Brussels	1964/1969	2001	11 156
Wiertz Rue Wiertz 30-50, 1050 Brussels	1996	-	10 865
			96 057
Brussels Louise district			
Blue Tower Avenue Louise 326, 1000 Brussels	1976	-	27 917
		-	**27 917**
Brussels North area			
Noord Building Boulevard Baudouin 30, 1000 Brussels	1989	-	42 726
World Trade Center - Tower II Boulevard du Roi Albert II 30, 1000 Brussels	1973	-	68 980
Word Trade Center - Tower III Boulevard du Roi Albert II 30, 1000 Brussels	1983	-	75 800
			187 506
Brussels decentralised			
Goemaere Chausée de Wavre 1945, 1160 Brussels	1988	1997	7 029
Jean Dubrucq Avenue Jean Dubrucq 175b 1, 1080 Brussels	1992	-	8 024
La Plaine Boulevard Général Jacques 263G, 1050 Brussels	1995	-	15 933
Triomphe II Avenue Arnaud Fraiteur 15-23, 1050 Brussels	1998	-	9 032
			40 018
Brussels periphery			
Eagle Building Kouterveldstraat 20, 1831 Diegem	2000	-	8 646
Fountain Plaza Belgicastraat 1-3-5-7, 1930 Zaventem	1991	2012	18 415
Ikaros Park Business Park (phases I to V) Ikaroslaan, 1930 Zaventem	1990 to 2008	2013/2014[3]	46 027
Media Medialaan 50, 1800 Vilvoorde	1999	-	18 104
Ocean house Belgicastraat 17, 1930 Zaventem	1997	2012	4 726
Planet II Leuvensesteenweg 542, 1930 Zaventem	1988	-	10 279
Waterloo Office Park Drève Richelle 161, 1410 Waterloo	1992	-	2 005
			108 202

(1) The fair value of every subportfolio is published on page 20 on this Report.
(2) Major renovation: investment work on the envelope, structure and main plant of the building.
After a major renovation, the building is ready to begin a new life cycle.
(3) Ikaros Business Park - Phase II (buildings 8A, 7B and 12B).

Initial term of lease[4] (in years)	Rent billed during the fiscal year (€ thousand)	Proportion of portfolio[5] (in %)	Current rent[6] (€ thousand)	Total Estimated Rental Value (€ thousand)	Occupancy rate (in %)
3/6/9	1 635	1.1%	1 623	1 745	100.0
9	2 059	1.4%	2 068	1 975	100.0
3/6/9	3 949	3.1%	4 422	5 028	89.6
9	1 064	0.7%	1 073	1 105	100.0
21	617	0.4%	623	481	100.0
21	358	0.2%	361	316	100.0
20.5	4 586	3.2%	4 594	4 336	100.0
3/6/9	273	0.2%	276	292	100.0
15	729	0.5%	736	670	100.0
18	3 471	2.4%	3 504	3 031	100.0
	18 741	**13.3%**	**19 280**	**18 980**	**97.4**
21	4 112	2.9%	4 152	3 276	100.0
3/6/9	280	0.3%	467	725	61.8
3/6/9	925	0.6%	897	1 448	74.1
27	4 258	2.9%	4 256	2 803	100.0
19	4 235	3.0%	4 324	4 001	100.0
6/9	995	0.4%	525	1 445	37.3
3/6/9	1 358	0.9%	1 323	1 447	86.4
21	1 197	0.8%	1 208	1 182	100.0
3/6/9	2 161	1.5%	2 171	2 387	100.0
15	3 360	2.3%	3 379	3 264	100.0
	22 881	**15.7%**	**22 702**	**21 977**	**93.1**
3/6/9	3 586[7]	3.8%	5 552	5 894	88.6
	3 586	**3.8%**	**5 552**	**5 894**	**88.6**
27	8 257	5.7%	8 264	7 782	100.0
9	12 044	9.4%	13 545	9 045	97.2
21	11 749	8.2%	11 863	10 483	100.0
	32 050	**23.3%**	**33 672**	**27 310**	**98.9**
3/6/9	1 083	0.8%	1 101	981	100.0
9	317	0.2%	317	509	59.7
9	2 909	2.0%	2 909	2 593	100.0
6/9	858	0.5%	684	1 188	54.9
	5 167	**3.5%**	**5 011**	**5 271**	**86.6**
3/6/9	759	0.6%	822	904	87.2
3/6/9	1 328	1.1%	1 636	2 386	68.5
3/6/9	3 967	2.9%	4 238	4 989	74.4
3/6/9	2 094	1.7%	2 418	2 290	99.0
6/9	199	0.3%	436	490	86.0
3/6/9	623	0.4%	594	850	69.2
3/6/9	317	0.2%	318	337	97.8
	9 287	**7.2%**	**10 461**	**12 246**	**79.5**

(4) The initial term of the lease corresponds to the term mentioned in the lease contract.
(5) The proportion of portfolio is calculated on the basis of the current rent as at 31 December 2013.
(6) Current rents at the date of the closing together with the future rents on contracts signed on 31 December 2013 and checked by the real estate experts.
(7) Since the integration of the building in Befimmo's portfolio on 18 April 2013.

	Construction year	Year of the last major renovation	Floor area for lease (in m²)
Wallonia			
Ath - Place des Capucins 1	1995	-	4 055
Binche - Rue de la Régence 31	1960	-	2 480
Braine-l'Alleud - Rue Pierre Flamand 64	1977	-	2 175
Chenée - Rue Large 59	1983	-	1 276
Eupen - Vervierserstrasse 8	1989	-	2 240
La Louvière - Rue Ernest Boucqueau 15	1997	-	6 116
Liège - Avenue Emile Digneffe 24	1953	-	2 358
Liège - Rue Paradis 1	1987	-	38 945
Liège - Rue Rennequin-Sualem 28	1968	-	2 991
Malmedy - Rue Joseph Werson 2	2000	-	2 757
Marche-en-Famenne - Avenue du Monument 25	1988	-	4 070
Mons 2 - Digue des Peupliers 71	1976	-	7 268
Namur - Avenue de Stassart 9	1900	-	1 939
Namur - Rue Henri Lemaître 3	1925	-	990
Namur - Rue Pépin 5	1965	-	1 130
Namur - Rue Pépin 22	1900	-	877
Namur - Rue Pépin 31	1900	-	1 018
Saint-Vith Klosterstrasse 32	1988	-	2 956
Seraing - Rue Haute 67	1971	-	2 109
			87 750
Flanders			
AMCA - Italiëlei 4	1991/1992	-	59 712
Antwerpen - Meir 48	19th century/1985	-	20 612
Bilzen - Brugstraat 2	1995	-	1 318
Brugge - Boninvest 1	1996	-	2 690
Deinze - Brielstraat 25	1988	-	3 167
Dendermonde - Sint-Rochusstraat 63	1987	-	6 453
Diest - Koning Albertstraat 12	1995	-	2 869
Diksmuide - Woumenweg 49	1979	-	2 207
Eeklo - Raamstraat 18	1993	-	3 155
Haacht - Remi van de Sandelaan 1	1985	-	2 170
Halle - Zuster Bernardastraat 32	1985	-	7 440
Harelbeke - Kortrijksestraat 2	1990	-	1 973
Herentals - Belgiëlaan 29	1987	-	3 296
Ieper - Arsenaalstraat 4	1994	-	4 623
Izegem - Kasteelstraat 15	1981	-	2 910
Knokke-Heist - Majoor Vandammestraat 4	1979	-	2 696
Kortrijk - Bloemistenstraat 23	1995	-	11 505
Kortrijk - Ijzerkaai 26	1992	-	1 813
Leuven - Vital Decosterstraat 42-44	1993	-	19 033
Lokeren - Grote Kaai 20	2005	-	1 938
Menen - Grote Markt 10	1988	-	3 273
Nieuwpoort - Juul Filliaertweg 41	1982	-	2 868
Ninove - Bevrijdingslaan 7	1981	-	2 683
Oudenaarde - Marlboroughlaan 4	1963	-	4 701
Roeselare - Rondekomstraat 30	1987	-	6 795
Sint-Niklaas - Driekoningenstraat 4	1992	-	6 987
Sint-Truiden - Abdijstraat 6	1984	-	3 932
Tervuren - Leuvensesteenweg 17	1980	-	20 408
Tielt - Tramstraat 48	1982	-	4 180
Tienen - Goossensvest 3	1985	-	6 390
Tongeren - Verbindingsstraat 26	2002	-	7 482
Torhout - Burg 28	1973	-	1 720
Torhout - Elisabethlaan 27	1985	-	1 284
Vilvoorde - Groenstraat 51	1995	-	5 992
			240 275
Grand Duchy of Luxembourg			
Axento Avenue JF Kennedy 44, Luxembourg	2009	-	13 447
			13 447
Properties available for lease			*899 301*
Brederode 13 Rue Brederode 13 and Rue Thérésienne, 1000 Brussels	1850	Ongoing	13 388
Tower Paradis - New Finance Centre Rue Paradis 1, 4000 Liège	In construction	In construction	-
Phase II Paradis Rue Paradis 1, 4000 Liège	Land	-	-
Triomphe I Avenue Arnaud Fraiteur 15-23, 1050 Brussels	1998	Ongoing	11 498
WTC IV Boulevard du Roi Albert II 30, 1000 Brussels	Land	-	-
Properties that are being constructed or developed for own account in order to be leased			*24 886*
TOTAL - Investment properties			**924 187**

Initial term of lease (in years)	Rent billed during the fiscal year (€ thousand)	Proportion of portfolio (in %)	Current rent (€ thousand)	Total Estimated Rental Value (€ thousand)	Occupancy rate (in %)
18	565	0.4%	571	493	100.0
9	230	0.2%	233	201	100.0
21	256	0.2%	259	225	100.0
6	91	0.1%	92	81	100.0
15	288	0.2%	291	228	100.0
18	861	0.6%	869	792	100.0
6	221	0.2%	223	181	100.0
6	4 348	3.0%	4 390	4 390	100.0
6	238	0.2%	241	182	100.0
21	332	0.2%	335	312	100.0
18	519	0.4%	524	411	100.0
8	1 325	0.9%	1 335	1 055	100.0
9	230	0.2%	232	202	100.0
9	92	0.1%	93	84	100.0
9	166	0.1%	167	145	100.0
9	84	0.1%	84	73	100.0
9	99	0.1%	100	84	100.0
18	364	0.3%	367	319	100.0
15	231	0.2%	233	196	100.0
	10 540	**7.3%**	**10 639**	**9 653**	**100.0**
17	3 629[1]	4.9%	7 160	7 675	100.0
18/27	3 359	2.3%	3 381	3 653	100.0
18	193	0.1%	195	170	100.0
21	201	0.1%	203	175	100.0
15	384	0.3%	388	339	100.0
21	885	0.6%	893	804	100.0
21	400	0.3%	404	340	100.0
21	287	0.2%	290	255	100.0
15	395	0.3%	399	350	100.0
18	282	0.2%	285	283	100.0
18	1 067	0.7%	1 077	933	100.0
9	241	0.2%	243	202	100.0
18	440	0.3%	445	388	100.0
18	622	0.4%	628	545	100.0
9	323	0.2%	326	296	100.0
21	426	0.3%	431	391	100.0
18	1 556	1.1%	1 571	1 409	100.0
9	220	0.2%	222	200	100.0
12/15	1 872	1.3%	1 884	2 155	94.0
21	268	0.2%	271	244	100.0
9	415	0.3%	419	364	100.0
15	378	0.3%	381	342	100.0
9	341	0.2%	344	308	100.0
21	491	0.3%	495	477	100.0
21	778	0.5%	786	708	100.0
18	891	0.6%	899	850	100.0
15	436	0.3%	440	406	100.0
15	1 287	0.9%	1 299	1 251	100.0
15	497	0.3%	502	435	100.0
15	838	0.6%	846	744	100.0
21	1 139	0.8%	1 150	1 009	100.0
18	198	0.1%	200	173	100.0
9	156	0.1%	157	136	100.0
21	875	0.6%	884	763	100.0
	25 770	**20.4%**	**29 497**	**28 770**	**99.6**
5/6/9	5 055	3.6%	5 259	5 018	96.5
	5 055	**3.6%**	**5 259**	**5 018**	**96.5**
	133 077	*98.10%*	*142 072*	*135 118*	*95.2*
15	-	1.9%	2 746	2 598	100.0
-	-	-	-	-	25-year lease as from 2014
-	-	-	-	-	-
-	895	-	-	1 893	-
-	-	-	-	-	-
		1.90%	*2 746*	*4 490*	
	133 972	100.0%	144 818	139 608	94.2

(1) Since the integration of the building in Befimmo's portfolio on 11 July 2013.

Brussels office property market[1]

BRUSSELS RENTAL PROPERTY MARKET

DEMAND

The office rental market is still waiting to see a consolidation of the few tentative signs of recovery observed during the second half of the 2013 fiscal year. Indeed, demand on the property market was a mere 368,500 m² in 2013, as against 427,000 m² in 2012. The take-up of offices was therefore well below the average of some 500,000 m² of take-up per year, observed before the financial crisis.

The **public sector** accounted for around 32% of rental demand in the 2013 fiscal year, with take-up consisting mainly of a few very large transactions, primarily in the Leopold district.

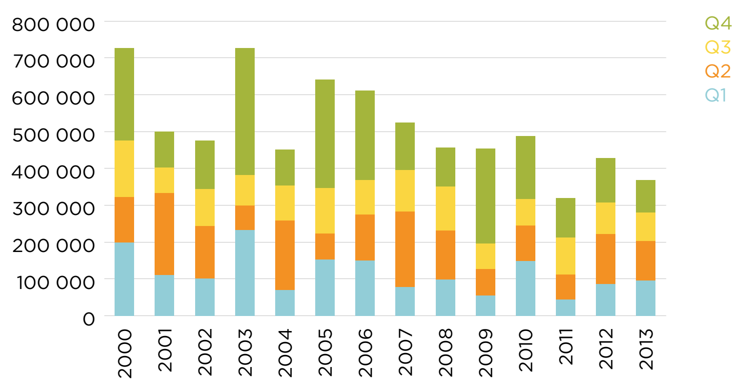
The **private sector** meanwhile accounted for some 68% of total demand for office premises, also consisting of a few large transactions. Nevertheless, the "background market", namely everyday and recurring demand for smaller spaces, was generally quite weak in 2013. Signs of economic recovery should therefore materialise in 2014 to support corporate demand in the coming years.

Against this background, the **Leopold district** is highly sought after; it alone accounted for 30% of total demand for office space over the year. This includes the take-up by the European Commission of 17,000 m² of space in the Loi 15 building, the letting of the building at Square de Meeûs 8/16 (40,555 m²) to the European Parliament, and the transaction with AXA in the Marnix II building (17,600 m²).

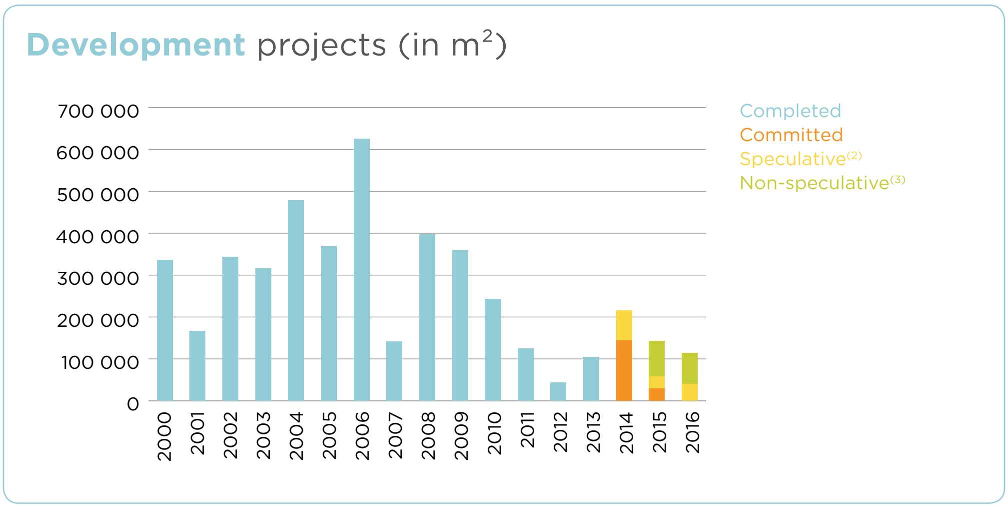
Furthermore, in the **Brussels periphery** many private-sector transactions materialised, including with Deloitte which will take up 34,000 m² in the Gateway in Zaventem when it is handed over in 2016. Other transactions in this area relate to space ranging from 1,000 m² to 5,000 m².

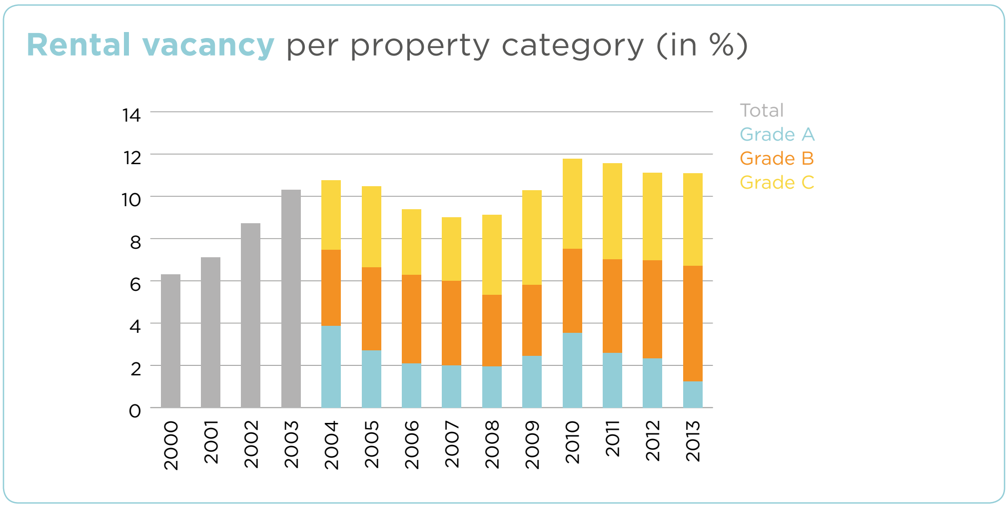
Note that the renegotiation of leases account for a significant percentage of private-sector demand: tenants whose lease is due to expire are seizing this opportunity to improve the terms of their lets, sometimes after major restructuring.

Take-up (in m²)



(1) Source: CBRE - 31 December 2013 (www.cbre.be).



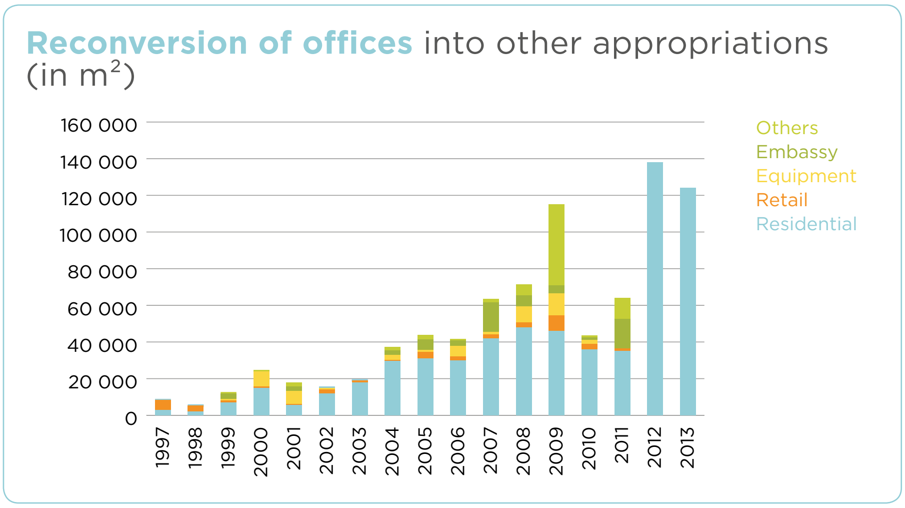


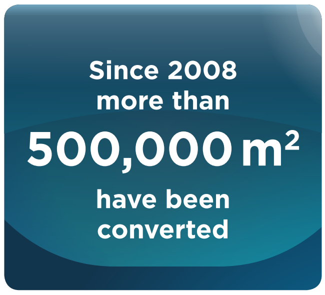
SUPPLY

During 2013, only 163,659 m² of new office space was handed over onto the Brussels market. Since 2011, the volume of project handovers has remained low, a trend that should continue over the coming years. Between 2014 and 2016, around 472,000 m² is expected on the market, only 20% of which is speculative. The volume of hand-overs is continuing to decline across the board on the Brussels market, because developers are reluctant to build new speculative projects, i.e. without obtaining a prior commitment from a tenant. The market for new buildings is therefore currently dominated by handovers of "build-to-order" projects. Furthermore, a lack of bank financing and the current market conditions are holding back the launch of potential new speculative projects.

Currently, only 10% of vacant office space on the market is of "Grade A", while between 2001 and 2010, it was between 20% and 25% of the stock. It is estimated that this figure will decline further to 5% by 2016. Eventually, this situation could therefore lead to a real shortage of "Grade A" office buildings on the Brussels market, particularly in the CBD.

(2) The projects will be commenced without any prior-commitment from a tenant.
(3) The projects are planned but will be commenced only if a lease is signed.





RENTAL VACANCIES

In 2013, the availability of offices on the Brussels market declined slightly, from 11.10% at the end of December 2012 to 11.08% at 31 December 2013.

In the Brussels CBD, however, rental vacancies dropped to near "equilibrium" level of around 7%, in line with the level seen before the subprime crisis. The decentralised area and periphery of Brussels are still under pressure, with vacancy rates of 15% and 24% respectively.

The declining trend of vacancies is due to the combination of the small number of new speculative buildings coming onto the market and the conversion of structurally empty offices for use as residential properties, hotels and nursing homes. Increasingly, modern office space (sometimes occupied) but sited in secondary locations is also being converted for other uses.

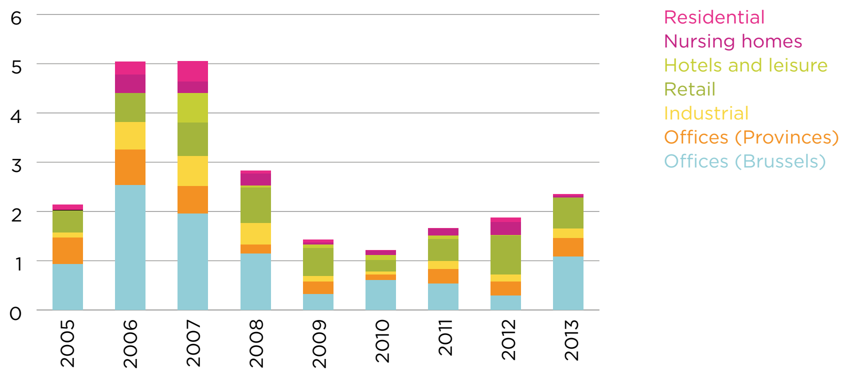
Since 2008, more than 500,000 m² of office space have been converted. In 2013, permits were issued for the conversion of a further 125,000 m² of offices. Note that the total office stock declined again in 2013.

Grade A buildings are becoming scarcer in a market where the occupants are looking for new modern buildings meeting sustainable-development criteria.

RENTAL VALUES

Prime rent is holding at €285/m² and the weighted average of rents is around €162/m². Note that in this context of a highly competitive rental market, gratuities and concessions to tenants by owners are relatively high, especially in the periphery and decentralised areas.

Investment volume on the Belgian market (in billion €)



BELGIAN INVESTMENT MARKET

Meanwhile, the investment market picked up in 2013 with more than €1 billion invested in the office segment (Brussels and other Belgian towns and cities). Befimmo was involved in some major transactions in this market such as the acquisitions of Blue Tower Louise SA (€78.5 million) in the Louise district of Brussels and the AMCA building (€110 million) in Antwerp, while Hannover Leasing and an Asian investor bought the Bel Air building (€300 million).

It was essentially "core" buildings and buildings on long leases that still attracted investors in 2013. Given the scarcity of these assets and genuine competition between investors for this type of property, values are remaining high. For instance, yields for conventional leases (3/6/9 years) on this type of building are around 6.25%. Properties of the same type but leased long-term are earning around 5%.

"Glossary"

Conclusions of the real-estate expert

To the Board of Directors
Befimmo SA
Parc Goemaere
Chaussée de Wavre 1945
1160 Brussels

Dear Sirs,
Re: Valuation of the real-estate portfolio of Befimmo as at 31st December 2013.

CONTEXT

In accordance with Chapter IV, Section 4 of the Royal Decree of 7th December 2010 with regard to the Sicafis, Befimmo has instructed an independent valuer to provide an opinion of value for its portfolio as at 31st December 2013. We have been mandated to value part of the Befimmo property portfolio of which most of the buildings are let to companies from the private sector while Winssinger & Associés SA and Price Waterhouse Coopers Enterprise Advisory scrl have been mandated to value respectively the Fedimmo portfolio and the Befimmo portfolio mainly let to public institutions. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder.

Jones Lang LaSalle has been active in Belgium since 1965 and has a long track record in valuing professional real estate. Winssinger & Associés SA and Price Waterhouse Coopers Enterprise Advisory scrl also indicate that they benefit from sufficient knowledge of the property markets in which Befimmo is active, as well as the required professional qualifications and recognition to fulfil this assignment. The mission of the valuers has been carried out in full independence.

Consistently with market practice, our mission has been carried out on the basis of information provided by Befimmo, in particular relating to tenancy situation, costs and taxes borne by the landlord, works to be carried out, as well as any other element which could have an influence on the assets' value. We have assumed this information to be correct and complete. As specifically mentioned in our reports, our valuation does not constitute in any way a quality or technical survey of the properties, nor an analysis of the possible presence of deleterious materials. These elements are well known by Befimmo, which carries out a technical and legal due diligence prior to the acquisition of each property.

OPINION

The investment value is defined as the most likely value that could reasonably be obtained on the date of valuation in normal sales conditions between willing and well-informed parties before deduction of transaction costs.

As our principal valuation method we have adopted a static capitalisation approach and also carried out a simple "sanity check" in terms of price per square meter.

The static capitalisation is carried out in the form of a "Term and Reversion" valuation, with the current income based on contractual rents capitalised until the end of the current contract, and the ERV capitalised in perpetuity and brought to a net present value. It should be noted that this method of valuation applies a multiplier to the current and future expected rent that is based on analysis of sales of comparable properties in the market.

The multiplier depends on the yield that investors require when acquiring in this market. The yield reflects the risks intrinsic to the sector (future voids, credit risk, maintenance obligations, etc.). Where there are unusual factors specific to the property, then an explicit correction is made either, for example:

- non-recovered charges or taxes in a market where recovery from the tenant is usual;
- renovation work or deferred repairs necessary at the date of valuation in order to continue to receive the rent;
- unusual outgoing costs.

It is important to understand the distinction between this "capitalisation" approach and the discounted cash flow method where future growth and inflation are explicit. This difference is why discount rates in a discounted cash flow valuation are higher than yields in a static capitalisation approach.

The yields used are based on the valuer's judgement in comparison with evidence of comparable sales. Factors in the market that determine yield are numerous, and different factors are of importance to different buyers. The following criteria are often taken into account: the quality of the tenant and duration of the lease, the location, the state of repair, the age and the architectural quality of the building and also the efficiency of the building (gross to net ratio/parking ratio).

Ultimately it is supply and demand in the investment market that determines the price. For the financial accounting of a Sicafi and in accordance with the IAS/IFRS norms it is common practice to use the Fair Value. Following a press release of the Belgian Association of Asset Managers (BEAMA), dated 8 February 2006, the Fair Value can be obtained by subtracting 2.5 % transaction costs from properties with an investment value of more than € 2,500,000. For properties with an investment value under € 2,500,000 registration duties of 10 % or 12.5% should be subtracted, depending on the region where they are situated.

In the light of all comments mentioned above, we confirm that the investment value of the Befimmo property portfolio as at 31st December 2013 amounts to a total of

€2,240,343,500
(TWO BILLION TWO HUNDRED FORTY MILLION THREE HUNDRED FORTY THREE THOUSAND FIVE HUNDRED EUROS); this amount includes the valuation of the buildings which have been carried out by Winssinger & Associés SA and Price Waterhouse Coopers Enterprise Advisory scrl.

The most likely sale value corresponding to the fair value of the Befimmo property portfolio as at 31st December 2013 amounts to a total of

€2,184,141,645
(TWO BILLION ONE HUNDRED EIGHTY FOUR MILLION ONE HUNDRED FORTY ONE THOUSAND SIX HUNDRED FORTY FIVE EUROS); this amount includes the valuation of the buildings which have been carried out by Winssinger & Associés SA and Price Waterhouse Coopers Enterprise Advisory scrl.

On this basis, the initial yield of the portfolio with properties held for letting is 6.80 %. Should the vacant accommodation be fully let at estimated rental value, the initial yield would be 7.14 % for the same portfolio. The occupation rate of the portfolio with properties held for letting is 95.24 %. For the total portfolio of investment properties this rate is 94.16 %.

The average level of passing and contractual rent is currently approximately +/- 10.40% above the current estimated rental value of the portfolio with properties held for letting.

The property portfolio comprises:

Offices	Fair Value (€ million)	(in %)
Properties available for lease	2 038.1	93.3
Brussels centre (CBD)	1 187.9	54.4
Brussels decentralised	71.8	3.3
Brussels periphery	152.4	7.0
Wallonia	73.9	3.4
Flanders	469.1	21.5
Luxembourg city	82.9	3.8
Properties that are being constructed or developed for own account in order to be leased	*146.0*	*6.7*
Properties held for sale	-	-
Total	**2 184.1**	**100.0**

Yours sincerely,

Brussels, 3rd February 2014

R.P. Scrivener M.R.I.C.S.
National Director Head of Valuations and Consulting
On behalf of Jones Lang LaSalle

Financial structure

The Company makes sure that it arranges the necessary finance in due time, seeking a balance between cost, duration and diversification of its sources of finance.

FINANCING ARRANGED

During 2013, Befimmo concluded bilateral loans with three banks totalling €215 million. In July 2013 it also made a first European private placement of debt for an amount of €18 million.

In early 2014, Befimmo arranged an additional bilateral bank credit line of €50 million.

At constant perimeter, the Company needs no further financing before the fourth quarter of 2015.

The graph below illustrates the maturities for commitments.

MAIN CHARACTERISTICS OF THE FINANCIAL STRUCTURE

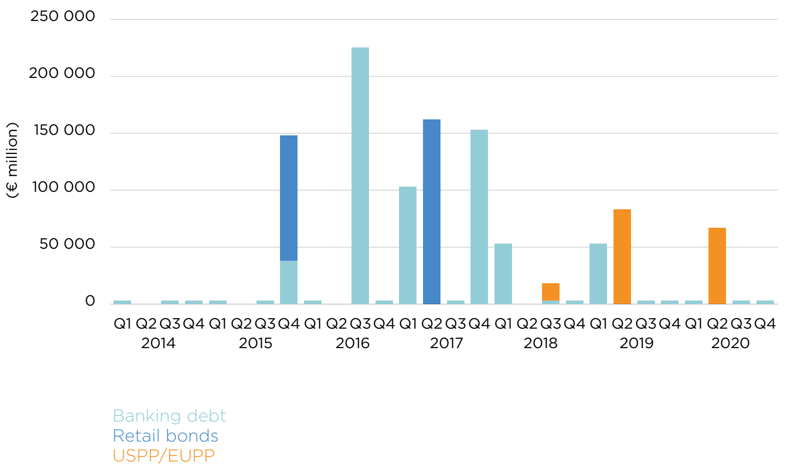
At 31 December 2013, Befimmo's financial structure had the following main characteristics:

- confirmed financing totalling €1,100.6 million(1), €984.5 million of which were in use.
  The volume of unused lines is a provision for the commitments of constructions and renovations planned for 2014 and 2015;
- a debt ratio of 46.56% (2),
  a LTV ratio of 45.01%(3);
- a weighted average duration of debts of 4.1 years;
- 59.5% of total debts at fixed rates (including IRS);
- an average financing cost (margin and hedging cost included) amounting to 3.18% over the year, compared with 3.38% for 2012.

On 25 February 2013 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.

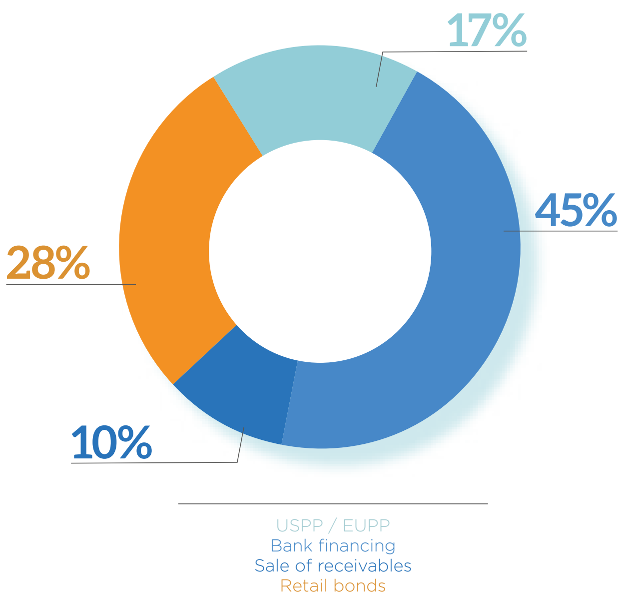
To reduce its financing costs, Befimmo has a commercial paper programme for an amount up to €400 million, €255 million of which was in use for short-term issues at 31 December 2013. This programme has backup facilities consisting of the various credit lines arranged. The documentation for this programme also covers the European private debt placement.

Maturities for commitments
by quarter (situation as at 18 February 2014)



(1) This amount does not include the bilateral line of €50 million signed in early 2014.
(2) The debt ratio is calculated in accordance with the Royal Decree of 7 December 2010.
(3) Loan-to-value (LTV) = [(nominal financial debts – cash)/fair value of portfolio].

Debt distribution



HEDGING THE INTEREST-RATE AND EXCHANGE RISK

The interest rate hedging policy is designed to hedge a decreasing portion of borrowings over a 10-year period. The objectives and implementation of this policy are regularly reviewed. The choice and level of instruments is based on an analysis of rate forecasts by a number of banks, and arbitrage between the cost of the instrument and their level and type of protection. The Company's hedging policy also aims to limit variations in financial charges under existing covenants and to protect EPRA earnings as required to pay out the forecast dividend.

"Outlook and dividend forecast"

Befimmo holds a portfolio of instruments to hedge (i) the interest rate risk, consisting of IRS, CAP and COLLAR(4), and (ii) the exchange-rate risk on its fixed-rate United States private placement (USPP) by holding Cross Currency Swaps.

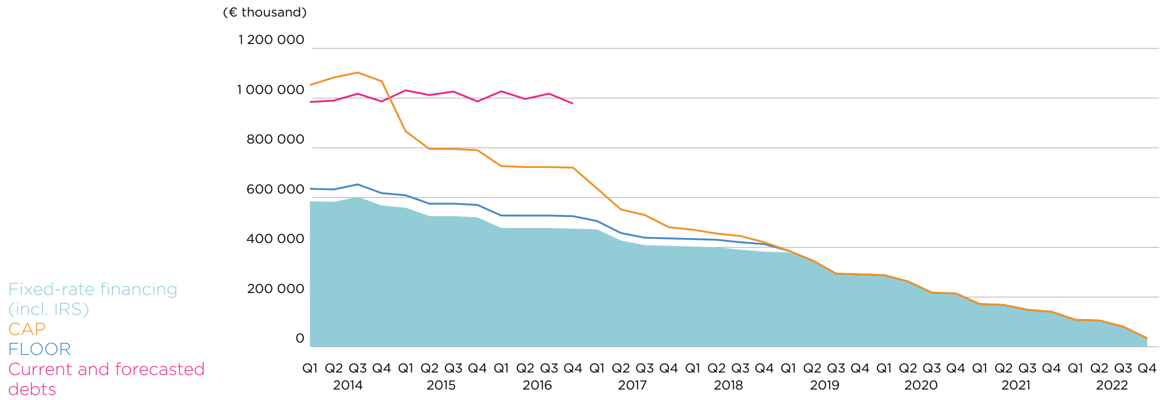
This policy allows the Company to take advantage of falling interest rates in a period of low economic context on part of borrowings, while limiting the volatility of financial charges by fixing rates on the remainder of borrowings (either directly by arranging financing at fixed rates or by purchasing IRS type hedging instruments). The impact of rising interest rates on financial charges is also mitigated by the hedge options (CAP). Such a hedging and financing structure creates a situation in which the result is still sensitive to changing interest rates. The package of instruments currently in place gives the Company a hedge ratio of 74.8%(5) as at 31 December 2013. The hedge ratio remains above 60% until the first quarter of 2017 and above 40% until the fourth quarter of 2018.

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

- it bought IRS worth a notional €50 million covering the period from September 2013 to September 2022;
- it bought a number of CAP at 1.0%, 1.5%, 2.0% and 2.25% worth a notional €175 million covering a period of 4 to 6 years starting in 2013 or 2014;
- it restructured an IRS of €100 million covering 2016 and 2017 into several IRS for a notional total of €70 million covering 2016 to 2020 inclusive (€40 million) and 2021 inclusive (€30 million).

(4) Buying a COLLAR limits the rise in interest rates (CAP), but also involves an undertaking to pay a minimum rate (FLOOR).
(5) Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAP)/total borrowings.
This is the hedge ratio excluding optional CAP instruments which have become out of the money owing to the fall in interest rates (namely three CAP positions for a total notional amount of €275 million at hedging interest rates of 4.5%, 4.0% and 3.5%). The high hedge ratio of 102.7%, which includes the out of the money CAP, is temporary as these CAP will reach maturity at the end of 2014.

Evolution of the portfolio of hedging instruments and fixed-rate financing (situation as at 18 February 2014)



Annual average		2014	2015	2016	2017	2018	2019	2020	2021	2022
CAP	Notional (€ million)	492	279	246	121	54	2	-	-	-
	Average rate (in %)	2.97%	2.06%	1.84%	1.85%	2.21%	2.25%	-	-	-
FLOOR	Notional (€ million)	50	50	50	31	30	2	-	-	-
	Average rate (in %)	1.09%	1.09%	1.09%	0.83%	0.82%	0.82%	-	-	-
Fixed-rate financing (incl. IRS)	Notional (€ million)	585	533	477	428	394	328	246	157	82
	Average rate[1] (in %)	2.27%	2.29%	2.50%	2.43%	2.39%	2.45%	2.51%	2.48%	2.60%

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(1) Average fixed rate excluding credit margin.

Financial results

NET ASSET VALUE AS AT 31 DECEMBER 2013

As at 31 December 2013, Befimmo's total net asset value was €1,165.6 million.

The net asset value is therefore €54.13 per share, as against €54.10 per share as at 31 December 2012. Note that the number of shares issued rose by 15% over the year.

(€ million)	
Net asset value as at 31 December 2012	**998.2**
Placements of own shares	32.4
Final dividend of the 2012 fiscal year	-16.4
Capital increases linked to real-estate operations (AMCA and BTL)	139.1
Shares held by the group	-29.3
Interim dividend of the 2013 fiscal year	-56.2
Capital increase (optional dividend)	18.3
Other elements of comprehensive income(2)	0.3
Net result as at 31 December 2013	79.2
Net asset value as at 31 December 2013	**1 165.6**

TREND OF RESULTS

EVENTS WITH AN IMPACT ON THE PERIMETER OF THE COMPANY'S PORTFOLIO

The perimeter of the Company was changed during the 2013 fiscal year by the following events:

- the sale of the Mons I building in February 2013 and the Triomphe III building in December 2013;
- the acquisition in April 2013 of Blue Tower Louise SA, owner of the Blue Tower building;
- the integration of the property management business in May 2013;
- the acquisition of the AMCA building, in July 2013, by way of a contribution in kind by AXA Belgium.

The comparison of data per share is also affected by the fact that, since October 2012, the Company has benefited from 100% of the result of its subsidiary Fedimmo following the acquisition of the 10% of shares it did not already own, as well as the new shares issued under the optional dividend in December 2012.

"Glossary"

(2) Impact linked to the application of the IAS 19R standard "Employee benefits". For more information, please consult note 33 of the Financial Statements on page 197 op this Report.

Analytical income statement (€ thousand)

	31.12.2013	31.12.2012 (Restated data)
Net rental result	136 765	128 754
Net property charges	-11 391	-12 538
Property operating result	**125 373**	**116 216**
Corporate overheads	-10 973	-10 215
Other operating income and charges	-663	-19 247
Operating result before result on portfolio	**113 737**	**86 755**
Operating margin (1)	***83.2%***	***83.4%***
Gains or losses on disposals of investment properties	293	206
Net property result	**114 030**	**86 961**
Financial result (excl. changes in fair value of financial assets and liabilites)	-28 926	-29 601
Corporate taxes	-860	-750
Net result before changes in fair value of investment properties and financial assets and liabilities	**84 244**	**56 610**
Changes in fair value of investment properties	-11 643	-35 172
Changes in fair value of financial assets and liabilities	6 555	-11 000
Changes in fair value of financial assets and liabilities and of investment properties	**-5 087**	**-46 172**
Net result	79 156	10 438
Net result (group share)	79 156	7 868
Net result - non-controlling interests	-	2 570
EPRA earnings (group share)	84 125	74 926
Net result (€/share) (group share)	**3.97**	**0.44**
Net current result (€/share) (group share)	**4.24**	**4.25**
EPRA earnings (€/share) (group share)	**4.22**	**4.24**

The consolidated income statement includes the restated data published as at 31 December 2012. When integrating the property management business, the Company reviewed the breakdown of the income statement. As a result, from the 2013 fiscal year, operating costs (staff, projects, etc.) directly related to property, previously booked under "Corporate overheads" now come under the item "Net property charges". This reclassification has no impact on the net result.

(1) In 2012, the operating margin in % does not include the exceptional charge of €20.6 million, which is linked to the transformation of the legal structure of the Sicafi in the context of the agreement with AG Real Estate by the end of 2012 and which is booked under "Other operating income & charges".

ANALYSIS OF THE NET RESULT

The analysis of the result is based on a comparison with the restated data from the 2012 fiscal year.

The **net rental result** rose by €8.0 million, or 6.2%. This increase is explained by the combined impact of:

- a compensation payment for early termination of a lease (€3.7 million);
- a change in the perimeter (acquisition of Blue Tower Louise SA and the AMCA building, the disposal of the Mons I and Triomphe III buildings in 2013 and the disposal of the Devroye building in 2012) with a net positive impact of €2.8 million;
- new leases agreed in 2013 and the full year's impact of leases signed during 2012 (Axento, Central Gate, Science-Montoyer, Ocean House) and departures/renegotiations of tenants (Triomphe I & II) (net positive impact of €0.9 million);
- and finally, the indexing of rents and smoothing of gratuities applied in accordance with IFRS.

Net property charges are down by €1.1 million. This decrease is explained mainly by a delay in carrying out some works and lower commercial costs.

The **property operating result** is therefore up €9.2 million (+7.9%).

Overheads are up 7.4% compared with 2012. Besides bearing certain one-off expenses related to the integration of the property management business, the Company also incurred costs related to the growth of various regulations and taxes, and costs related to miscellaneous projects.

Other operating income and charges amounted to -€0.7 million. This heading includes fees charged for coordinating work, the IFRS restatement of rental gratuities incorporated into income, and various provisions.

A **capital gain** of €0.3 million was realised on the disposals of the Mons I and Triomphe III buildings.

The **financial result (excluding changes in fair value of financial assets and liabilities)** is up from -€29.6 million in 2012 to -€28.9 million in 2013, despite the increase in average financial debts over the year to €963 million as against €889 million for 2012. The decrease in financial charges, despite the rise in the volume of borrowings, is explained by the fall in the average cost of financing from 3.38% over the 2012 fiscal year to 3.18% over the 2013 fiscal year. This drop is explained by lower Euribor rates (Euribor 1 month and 3 months averaging 0.175% for 2013 as against 0.45% for 2012) but also by the net increase in the volume of debts at floating rates.

The **change in fair value of the investment properties (excluding investments)** over the period was limited to -€11.6 million (-0.53%) as against -€35.2 million (-1.75%) for the 2012 fiscal year.

The **change in fair value of the financial assets and liabilities** was €6.6 million as against -€11.0 million for the 2012 fiscal year. During the 2013 fiscal year, the change in the fair value of the financial assets and liabilities is primarily due to the rise in the interest rate curve at 31 December 2013 in relation to 31 December 2012, while the reverse was true over the 2012 fiscal year.

All of these factors result in a **net result** of €79.2 million as at 31 December 2013, compared with €10.4 million for the 2012 fiscal year. This increase is due mainly to an improvement in the property operating result, lower declines in the fair value of the investment properties, a positive evolution in the fair value of the financial assets and liabilities in 2013, and also to the absence of the one-off negative impact of €20.6 million recorded in 2012 following the transformation of the legal structure of the Sicafi in the context of the agreement with AG Real Estate.

EPRA earnings were €84.1 million as against €74.9 million (group share) for the 2012 fiscal year, an increase of 12.3%. This increase is explained mainly by the rise in the property operating result.

Moreover, **EPRA earnings per share** were €4.22 as at 31 December 2013, stable in relation to last year. Despite higher nominal EPRA earnings, this stability is explained by the 12.6% increase in the average number of shares not held by the group during the fiscal year.

Appropriation of the result
(statutory accounts)

The net result for the fiscal year is €76,751,453.02.

In view of the result brought forward from 31 December 2012 of €99,939,823.15, the incorporation by merger-absorption of the result brought forward of Blue Tower Louise SA of €886,679.60 and the net result for the fiscal year, the result to be appropriated amounts to €177,577,955.77.

The result for the fiscal year relates to 22,062,701 shares, an increase of 15.4% in relation to the previous period. The increase in the number of shares issued is the result of:
- the creation of 2,037,037 shares on 10 July 2013 in connection with the contribution in kind of the AMCA building by AXA Belgium;
- the creation of 528,615 shares on 6 September 2013 in connection with the merger with Blue Tower Louise;
- the creation of 376,340 shares on 18 December 2013 in the context of the stock option for the interim dividend declared by Befimmo on 22 November 2013.

In accordance with Article 21(4) of the Law of 3 August 2012 on certain forms of collective management of investment portfolios, no transfer was made to the legal reserve. The Ordinary General Meeting will be invited to:

1. approve the annual accounts to 31 December 2013 which, in accordance with the Royal Decree of 7 December 2010 on Sicafi, contain appropriations to the statutory reserves;

2. distribute, as return on capital, a dividend of €3.45 gross per share not held by the group.

   This dividend would be composed of:
   - on the one hand, an interim dividend of €1.9425 net per share, or €2.59 gross per share, declared on 22 November 2013; since the Board of Directors decided to distribute the dividend related to the shares held by the group among all other shareholders of the Sicafi, the amount of the interim dividend paid out for the shares not held by the group was supplemented by a payment of €0.0485 net per share not held by the group (€0.0646 gross per share not held by the group) making a total of €1.9910 net per share not held by the group (or €2.6546 gross per share not owned by the group);
   - on the other hand, a final dividend of €0.80 gross per share not held by the group, payable by detaching coupon No 26, of:
     - €0.58562419 net per share (rounded), or a rounded gross dividend of €0.78083226 for the shares issued by the Company;
     - and an additional €0.01916773 (rounded) gross per share not held by the group, since the Board of Directors also decided to apportion the entitlement to the final dividends on the shares held by the group among all other shareholders.

3. carry forward the balance again, i.e. the sum of €117,579,544.04.

The proposed dividend for the 2013 fiscal year (including the interim dividend declared on 22 November 2013 and the final dividend referred to above) is consistent with article 27 of the Royal Decree of 7 December 2010 on Sicafi, in that it exceeds the required minimum of 80% of the sum of adjusted earnings and net capital gains on the realisation of property not exempt from the distribution requirement, less the net reduction in the Company's borrowings over the fiscal period, as reflected in the statutory accounts.

Result to be appropriated, proposed appropriations and withdrawals (in €)

A. Net result	**76 751 453.02**
B. Transfer to/from reserves (±)	**-3 357 421.17**
I. Transfer to / from reserve of balance (positive or negative) of changes in fair value of properties (±)	5 086 661.36
- Fiscal year	12 687 772.16
- Previous fiscal years	-
- Realisation of properties	-7 601 110.80
II. Transfer to / from reserve of estimated fees and charges incurred in the hypothetical disposal of investment properties (±)	4 659 938.09
VI. Transfer from reserve or balance of changes in fair value of permitted hedging instruments to which hedge accounting as defined in IFRS is not applied (±)	3 649 020.68
- Fiscal year	3 649 020.68
- Previous fiscal years	-
XI. Transfer to/from result brought forward from previous fiscal years (±)	-16 753 041.30
C. Remuneration of capital	**-73 394 031.85**
- Interim dividend paid out in December 2013	-56 166 763.05
- Final dividend for the fiscal year (payable after the Ordinary General Meeting of 29 April 2014)	-17 227 268.80
D. Remuneration of capital apart from C	**-**

Explanatory table of the statutory result of the 2013 fiscal year (in €)

Result brought forward as at 31 December 2011	**116 928 926.48**
Impact of the realised result on direct sale of own shares	108 715.90
Result for the 2012 fiscal year	17 033 914.91
Result to be appropriated as at 31 December 2012	**134 071 557.29**
Interim dividend for the 2012 fiscal year	-48 612 593.19
Impact of appropriation to reserves other than "(n) Result brought forward from previous years" (Royal Decree of 7 December 2010)	30 924 668.79
Final dividend proposed for the 2012 fiscal year	-16 443 809.74
Result brought forward as at 31 December 2012	**99 939 823.15**
Result brought forward Blue Tower Louise SA	886 679.60
Result for the 2013 fiscal year	76 751 453.02
Result to be appropriated as at 31 December 2013	**177 577 955.77**
Interim dividend for the 2013 fiscal year	-56 166 763.05
Impact of appropriation to reserves other than "(n) Result brought forward from previous years" (Royal Decree of 7 December 2010)	13 395 620.12
Final dividend proposed for the 2013 fiscal year	-17 227 268.80
Result to bring forward as at 31 December 2013	**117 579 544.04**

Please see the note on statutory shareholders' equity on page 214 of the Financial statements.

EPRA Best Practices

In August 2011 the Board of Directors of the European Public Real Estate Association (EPRA) published an update of the report entitled "Best Practices Recommendations"[(1)] .

This document contains its recommendations for defining the main financial performance indicators applicable to listed real-estate companies. Befimmo supports the reporting standardisation approach designed to improve the quality and comparability of information and supplies its investors with most of the EPRA recommendations.

The Statutory Auditor has checked whether the "EPRA earnings", "EPRA cost ratio", "EPRA NAV" and "EPRA NNNAV" ratios have been calculated in accordance with the definitions given in the "EPRA Best Practices Recommendations" of August 2011 and in the "EPRA Cost Ratios" of July 2013, and whether the financial data used to calculate those ratios tally with the accounting data included in the consolidated financial statements.

The portfolio figures have been reviewed by the real-estate appraiser, Jones Lang LaSalle.

Key performance indicators

	EPRA indicators	EPRA definitions[(2)]		31.12.2013	31.12.2012
(1)	EPRA earnings	Recurring earnings from core operational activities	€ thousand €/share	84 125 4.22	74 926 4.24
(2)	EPRA cost ratio	Ratio of overhead and operating expenses on gross rental income.	Incl. vacancy costs	17.24%	16.83%
			Excl. vacancy costs	14.68%	14.66%
(3)	EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long term investment property business model	€ thousand €/share	1 170 330 54.35	999 851 54.18
(4)	EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes	€ thousand €/share	1 149 238 53.37	984 624 53.36
(5)	(i) EPRA Net Initial Yield (NIY)	Annualised rental income[(3)] based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs	in %	6.47%	6.35%
	(ii) EPRA Topped-up NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)	in %	6.76%	6.53%
(6)	EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	in %	5.25%	4.62%
(7)	EPRA Like-for-Like	Like-for-like net rental growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described	in %	3.66%	2.61%

(1) The report is available on the EPRA website: www.epra.com.
(2) Source: EPRA Best Practices (www.epra.com).
(3) For Befimmo, the annualised rental income is equivalent to the current rent at the closing date (plus future rent on leases signed as at 31 December 2013 as reviewed by the real-estate experts).

Table 1 - EPRA earnings

(€ thousand)	31.12.2013	31.12.2012
Net result IFRS (group share)	**79 156**	**7 868**
Ajustments to calculate EPRA earnings	**4 969**	**67 058**
To exclude:		
I. Changes in fair value of investment properties and porperties held for sale	11 643	35 172
II. Gains and losses on disposals of investment properties	-293	-206
V. Negative goodwill/goodwill impairment	-	20 594
VI. Changes in fair value of financial assets and liabilities and close-out costs	-6 381	11 741
X. Adjustments in respect of non-controlling interests	-	-243
EPRA earnings (group share)	**84 125**	**74 926**
EPRA earnings (€/share) (group share)	**4.22**	**4.24**

Table 2 - EPRA cost ratio

(€ thousand)	31.12.2013	31.12.2012
Net administrative and operating expenses in the income statement	**-23 750**	**-21 766**
III. (+/-) Rental charges	-1 038	-559
Net property charges	-11 391	-12 538
XIV. (-) Corporate overheads	-10 973	-10 215
XV. (+/-) Other operating income and charges	-663	-19 247
To exclude:		
i. Impact of the spreading of gratuities	315	197
ii. Negative goodwill/goodwill impairment	-	20 594
EPRA costs (including direct vacancy costs) (A)	**-23 750**	**-21 766**
XI. (-) Charges and taxes on unlet properties	3 514	2 808
EPRA costs (excluding direct vacancy costs) (B)	**-20 236**	**-18 958**
I. (+) Rental income	137 803	129 313
Gross rental income (C)	**137 803**	**129 313**
EPRA cost ratio (including direct vacancy costs) (A/C)	**17.24%**	**16.83%**
EPRA cost ratio (excluding direct vacancy costs) (B/C)	**14.68%**	**14.66%**

Tables 3 and 4 - EPRA NAV & NNNAV

(€ thousand)	31.12.2013	31.12.2012
Net asset value (group share)	**1 165 614**	**998 239**
Net asset value (€/share) (group share)	**54.13**	**54.10**
Effect of exercise of options, convertible debts and other equity interests	-	-
Diluted net asset value, after the exercise of options, convertible debts and other equity interests	**1 165 614**	**998 239**
To include:		
II. Revaluation at fair value of finance lease credit	28	117
To exclude:		
IV. Fair value of financial instruments	4 688	1 503
To include/exclude:		
Adjustments in respect of non-controlling interests	-	-8
EPRA NAV (group share)	**1 170 330**	**999 851**
EPRA NAV (€/share) (group share)	**54.35**	**54.18**
To include:		
I. Fair value of financial instruments	-4 688	-1 503
II. Revaluations at fair value of fixed-rate loans	-16 346	-14 071
To include/exclude:		
Adjustments in respect of non-controlling interests	-	348
EPRA NNNAV (group share)	**1 149 296**	**984 624**
EPRA NNNAV (€/share) (group share)	**53.37**	**53.36**

? "Glossary"

Table 5 - EPRA Net Initial Yield (NIY) & Topped-up NIY

(€ thousand)	31.12.2013	31.12.2012
Investment properties and properties held for sale	2 184 142	1 968 614
To exclude:		
Properties that are being constructed or developed for own account in order to be leased	-146 042	-50 800
Properties held for sale	-	-7 896
Properties available for lease	2 038 099	1 909 918
To include:		
Allowance for estimated purchasers' cost	52 459	49 057
Investment value of properties available for lease (B)	**2 090 558**	**1 958 975**
Annualised gross passing rental income	140 093	131 823
To exclude:		
Property charges[1]	-4 906	-7 410
Annualised net rents (A)	**135 186**	**124 413**
To include:		
- Notional rent expiration of rent free periods or other lease incentives	1 501	1 232
- Future rent on signed contracts	4 634	2 337
Topped-up annualised net rents (C)	**141 321**	**127 981**
(in %)		
EPRA Net Initial Yield (A/B)	**6.47**	**6.35**
EPRA Topped-up Net Initial Yield (C/B)	**6.76**	**6.53**

(1) The scope of the real-estate 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.

Table 6 - Investment Property Rental Data (as at 31.12.2013)

Segment	Gross rental income (€ thousand)	Net rental income (€ thousand)
Brussels centre (CBD)	79 768	78 370
Brussels decentralised	5 103	4 278
Brussels periphery	9 457	8 009
Wallonia	10 539	9 970
Flanders	25 737	24 927
Luxembourg city	4 985	4 976
Properties available for lease	**135 590**	**130 530**
Reconciliation to the consolidated IFRS income statement		
Rental income related to :		
- Properties booked as financial leases (IAS 17)		-2
- Properties that are being constructed or developed for own account in order to be leased	946	384
- Investment properties sold during the last 12 months	228	-323
- Other property charges(1)		-5 217
Total	**136 765(2)**	**125 373(3)**

Table 7 - Investment properties - Like for Like

Segment	31.12.2013				
(€ thousand)	Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties held for sale	Properties that are being constructed or developed(4)
Brussels centre (CBD)	71 392	3 322			-219
Brussels decentralised	4 278		-512		603
Brussels periphery	8 009				
Wallonia	9 970		189		
Flanders	21 316	3 611			
Luxembourg city	4 976				
Total	**119 941**	**6 933**	**-323**	**-**	**384**
Reconciliation to the consolidated IFRS income statement					
Net rental income related to:					
- Properties sold earlier on (before 1 January 2012)					
- Properties booked as financial leases (IAS 17)					
Early cancellation compensation of a lease in 2013					
Other property charges(1)					
Property operating result in the consolidated IFRS income statement					

(1) When integrating the property management business, the Company reviewed the breakdown of the income statement. As a result, from the 2013 fiscal year, operating costs (staff, projects, etc.) directly related to property, previously booked under "Corporate overheads" now come under the item "Property charges". This reclassification has no impact on the net result.
(2) The total "Gross rental income" defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "Net rental income" of the consolidated IFRS accounts.
(3) 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.
(4) These are properties that are being constructed or developed for own account in order to be leased.

Rental space (in m²)	Current rent[5] (€ thousand)	Estimated rental value (ERV) on vacant space (€ thousand)	Estimated rental value (ERV) (€ thousand)	Vacancy rate 31.12.2013 (in %)	Vacancy rate 31.12.2012 (in %)
409 609	81 206	3 308	74 160	4.46	2.55
40 018	5 011	776	5 271	14.72	15.77
108 202	10 461	2 701	12 246	22.06	20.25
87 750	10 639	-	9 653	0.00	0.00
240 275	29 497	121	28 770	0.42	0.58
13 447	5 259	190	5 018	3.78	2.79
899 301	**142 072**	**7 096**	**135 118**	**5.25**	**4.62**

	31.12.2012						Evolution
Total net rental income[6]	Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties held for sale	Properties that are being constructed or developed[7]	Total net rental income[6]	Properties owned throughout 2 consecutive years
74 496	67 269				1 595	68 864	6.13%
4 370	4 604		-546		2 584	6 642	-7.07%
8 009	9 009					9 009	-11.10%
10 159	9 828		1 197			11 025	1.45%
24 927	20 730					20 730	2.83%
4 976	4 256					4 256	16.90%
126 936	**115 696**	**-**	**651**	**-**	**4 179**	**120 526**	**3.67%**
						-182	
-2						-2	
3 656							
-5 217						**-4 125**	
125 373						**116 216**	

(5) The current rent at the closing date plus future rent on leases signed as at 31 December 2013, as reviewed by the real-estate experts.
(6) 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.
(7) These are properties that are being constructed or developed for own account in order to be leased.

Investment properties - **Valuation data**

Segment	Fair value (€ thousand) 31.12.2013	Fair value (€ thousand) 31.12.2012	Changes in fair value (€ thousand) 31.12.2013	Changes in fair value (€ thousand) 31.12.2012
Brussels centre (CBD)	1 187 881	1 144 844	-12 164	555
Brussels decentralised	71 834	101 162	-5 748	-24 185
Brussels periphery	152 442	146 965	-701	-16 153
Wallonia	73 871	78 317	-4 444	949
Flanders	469 129	356 796	2 172	-7 722
Luxembourg city	82 942	81 834	1 352	713
Total properties available for lease	**2 038 099**	**1 909 918**	**-19 533**	**-45 843**
Reconciliation to the consolidated IFRS balance sheet				
Properties that are being constructed or developed for own account in order to be leased	*146 042*	*50 800*	*7 893*	
Investment properties in the consolidated IFRS balance sheet	**2 184 142**	**1 960 718**	**-11 639**	

FOUNTAIN PLAZA

Changes in fair value (in %) 31.12.2013	Changes in fair value (in %) 31.12.2012	EPRA Net Initial Yield (in %) 31.12.2013	EPRA Net Initial Yield (in %) 31.12.2012	Reversion rate (in %) 31.12.2013	Reversion rate (in %) 31.12.2012	Weighted average durection[(1)] (in years) 31.12.2013	Weighted average durection [(1)] (in years) 31.12.2012
-1.01	0.05	6.49	6.27	-14.0	-14.33	8.35	9.39
-5.63	-18.81	5.71	6.53	-9.8	-14.44	4.39	3.07
-0.46	-9.90	5.12	5.53	-7.5	-10.90	2.90	2.45
-5.67	1.11	13.10	12.39	-10.2	-9.93	16.07	16.95
0.47	-2.12	5.95	5.74	-2.9	-6.28	12.31	12.12
1.66	0.88	6.19	5.48	-8.6	-6.42	2.62	3.14
-0.94	**-2.33**	**6.47**	**6.35**	**-10.4**	**-12.02**	**9.06**	**9.32**
5.71	*26.55*						
-0.53							

CENTRAL GATE

(1) The duration is calculated taking into account the current projects.

Investment properties - **Lease data**

	Average duration of leases as at 31.12.2013 (in years)	Final expiry date — Current rent of the leases reaching final expiry (€ thousand)			
	final expiry date	in 2014	in 2015	in 2016-2018	from 2019
Brussels centre (CBD)	8.90	3 683	1 519	28 063	50 566
Brussels decentralised	5.41	143	-	-	4 868
Brussels periphery	5.81	814	663	1 353	7 092
Wallonia	16.07	1 891	909	-	9 367
Flanders	12.32	11	1 714	-	27 617
Luxembourg city	5.93	-	-	582	4 677
Total properties available for lease	**9.74**	**6 542**	**4 805**	**29 999**	**104 187**

	Average duration of leases as at 31.12.2013 (in years)	Next break — Current rent of the leases reaching next break (€ thousand)			
	1st break	in 2014	in 2015	in 2016-2018	from 2019
Brussels centre (CBD)	8.35	4 820	3 609	29 905	45 498
Brussels decentralised	4.39	146	177	1 462	3 226
Brussels periphery	2.90	2 167	1 614	4 807	1 333
Wallonia	16.07	1 891	909	-	9 367
Flanders	12.31	11	1 714	154	27 462
Luxembourg city	2.62	-	-	5 259	-
Total properties available for lease	**9.06**	**9 036**	**8 024**	**41 587**	**86 887**

Properties that are being constructed or developed for own account in order to be leased (as at 31.12.2013)

	Cost to date (€ thousand)	Future estimated cost (€ thousand)	Interim interest to be capitalised (€ thousand)
New Finance Centre (Tower Paradis)	38 839	49 074	2 087
Brederode 13	15 627	10 194	131
Triomphe I	5 625	5 055	47
WTC IV	3 532	-	-
Total	**63 623**	**64 323**	**2 265**
Reconciliation to the consolidated IFRS balance sheet			
Fair value of the properties that are being constructed or developed for own account in order to be leased within the IFRS consolidated balance sheet BEFORE works	*69 545*		
Difference between fair value as at 31 December 2013 and [the fair value before works + the cost of the works]	*12 874*		
Properties that are being constructed or developed for own account in order to be leased within the IFRS consolidated balance sheet	**146 042**		

Final expiry date			
Estimated rental value (ERV) of the leases reaching final expiry (€ thousand)			
in 2014	in 2015	in 2016-2018	from 2019
3 832	1 476	22 721	45 669
140	-	-	4 355
592	574	986	6 923
1 499	788	-	7 365
-	1 505	-	26 974
-	-	553	4 275
6 063	**4 344**	**24 259**	**95 561**

Next break			
Estimated rental value (ERV) of the leases reaching next break (€ thousand)			
in 2014	in 2015	in 2016-2018	from 2019
4 974	3 376	24 907	40 441
143	146	1 318	2 888
1 919	1 558	4 284	1 314
1 499	788	-	7 365
-	1 505	139	26 835
-	-	4 828	-
8 536	**7 373**	**35 476**	**78 843**

Total estimated cost (€ thousand)	Forecast completion date	Rental space (in m²)	% let
90 000	end 2014	39 000	100
25 952	mid 2014	13 400	100
10 726	April 2014	11 500	-
-			
126 679			

Subsequent events after year-end closing

BUILDING THE NEW FINANCE CENTRE AT RUE PARADIS IN LIÈGE

On 28 January 2014 the Council of State rejected the SNCB's petition for the annulment of the permit.

Outlook and dividend forecast

The outlook for the next three fiscal years, prepared in accordance with IFRS standards and presented in consolidated form, is based on information available as at 31 December 2013 (principally existing agreements) and on Befimmo's assumptions and assessments of certain risks.

These forecasts 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 uncertainty and economic stagnation, the assumptions used may be highly volatile in 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 results, 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 Report. 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 Belgian regulated market.

In the current economic climate, and taking into account the significant discrepancies recorded in previous years between the real-estate experts' forecasts and the actual market figures, Befimmo sees little point in continuing to publish assumptions about changes in the fair values of the property portfolio for the coming years. Befimmo will therefore no longer publish any such forecasts (IAS 40).

Since financial market data are volatile, the differences between the forecast changes in the fair value of the financial assets and liabilities and the actual figures at year-end are also considerable. Against this background, Befimmo no longer finds it worthwhile publishing changes in the value of the financial assets and liabilities (IAS 39).

IAS 39 and 40 aggregates are in fact unrealised items of the income statement.

Befimmo is therefore forecasting only its future EPRA earnings, on which it is particularly focused.

The definition of the EPRA earnings is published on page 48 of the Management Report.

EPRA EARNINGS OUTLOOK FOR THE NEXT THREE YEARS

The forecasts assume a stable perimeter of its property assets and equity. It is assumed, however, that shareholders avail themselves each year of the opportunity to obtain a dividend in new shares (of about 30% of the interim optional dividend proposed in December for nine months of the fiscal year) and that limited disposals of properties (that are no longer strategic) will take place in 2014 and 2015 (to approximately €21 million and €6.8 million respectively, based on the fair value of the buildings concerned as at 31 December 2013).
They do not therefore take account of any new investments, apart from the work planned as shown in the table below:

Work planned over the next 3 years (€ million)

	Realised	Forecasts		
	2013	2014	2015	2016
Brederode (20 700 m²)	13.2	10.6	6.8	3.0
Ikaros Business Park Phase II (3 110 m²)	1.3	3.5		
New Finance Centre (Tower Paradis) (39 000 m²)	24.3	37.3	13.3	0.3
Triomphe I (11 500 m²)	5.4	5.1		
WTC Tower IV (BP)(1) (56 400 m²)	2.6	3.5		
Others	6.2	13.5	4.3	11.1
Energy investments	**1.8**	**1.5**	**1.9**	**1.8**
Total	**54.8**	**74.9**	**26.4**	**16.1**

Accordingly, these projections do not include any assumption about external growth.

ASSUMPTIONS

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

	Realised	Assumptions		
	2013	2014	2015	2016
External assumptions				
Evolution of the health index	1.01%	0.90%	1.37%	1.60%
Average of Euribor 1- and 3-month interest rates	0.17%	0.20%	0.31%	0.84%
Internal assumptions				
Actual net income/potential income(2)	90.69%	92.09%	92.54%	94.85%
Average financing cost (including margin and hedging costs)	3.18%	3.22%	3.20%	3.48%
Total number of shares not held by the group	**21 534 086**	**21 792 495**	**22 064 901**	**22 340 712**

(1) Building permit.
(2) Perception ratio of rents: the ratio of actual net income to potential income is calculated by dividing all rents actually received during the fiscal year by all rents that would have been received during that year had not only the let space but also the vacant space been let throughout the year at the estimated rental value (ERV).

Assumptions about factors over which Befimmo has no influence

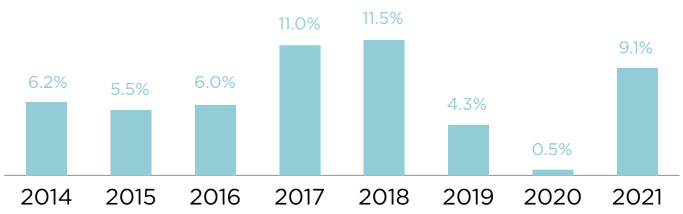
- The indexing rates applied to rents are based on forecast changes in the health index established by the Planning Office (five-year plan published in May 2013 and update of the short-term outlook in January 2014).
- The interest rates are the average of the forecast Euribor 1 and 3 month rates established by three major Belgian financial institutions and market rates ("forward" rates) over the next three fiscal years. These forecasts were made in late January 2014.
- There is no change in the various laws and regulations applicable to Befimmo and that may have a financial impact.

Assumptions about factors which Befimmo can influence

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

Each percentage mentioned in the above graph is the sum of the annual rent for the leases that have an intermediate or final expiry date falling during the year in relation to the current rent on an annual basis as at 31 December 2013.

Expiry of leases (first break) - Full-year impact



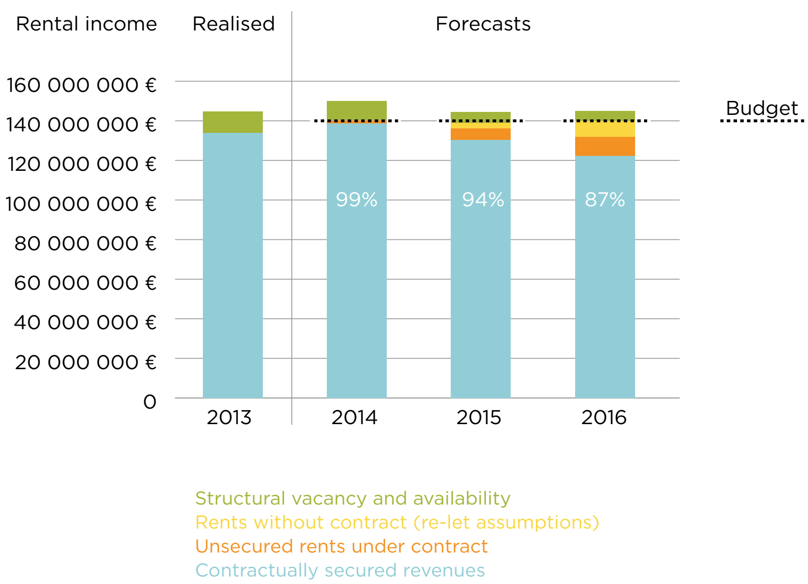
Real-estate assumptions

- The outlook is established at constant perimeter in relation to the existing property portfolio as at 31 December 2013.
- The assumptions about the occupancy of the buildings are established on the basis of an assessment of each individual lease. This gives the perception ratio of rents (ratio of income earned (2013) or budgeted (2014 onwards) to the potential income) for the next three fiscal years, presented before in the table of internal and external assumptions.

Rents potentially at risk with an expiry over the next three years, based on an estimated probability of departure of the tenant, have been included in the EPRA earnings outlook set out hereinafter.

This graph shows that the budgeted income for the year 2014, for example, is 99% guaranteed under contracts. In the same year, 1% of budgeted income is therefore under unsecured contracts (owing to an expiry) and/or based on relet assumptions. Note also that the potential rent from vacant space (shown in green in the graph) is assessed on the basis of the estimated rental value.

Income guaranteed under contract



- When budgeting for maintenance and repair of buildings, total guarantee and maintenance fees, incoming and outgoing inventories borne by the Company, and other miscellaneous expenses, the following main assumptions are made:
  - Common charges, taxes, property tax and management fees for empty premises are borne by Befimmo. Charges are generally allocated on the basis of floor area (amount per m²). Other systems for allocating charges may nevertheless be used.
  - Whenever a property is re-let, allowance made for agent's fees, the amount of which depends on the annual rent and the expected difficulty of finding a tenant (e.g. higher in the periphery areas). These agency fees are generally determined on the basis of a percentage of the annual rent.
  - When a tenant leaves a building, the vacated areas are renovated. The budgets for renovation work in the vacated space are borne by the Company and established on the basis of a flat rate per square metre. This results in a charge of €0.6 million, €0.9 million and €0.8 million for the years 2014 to 2016, respectively (as against charges of € 0.5 million for 2013).
  - When a tenant leaves a space, allowance is made for rental damage and it is assumed that the premises will be unavailable to let for one month.

Financial assumptions

The estimated financial result is based on the following financing and refinancing assumptions:

- use of the commercial paper programme of up to some €250 million in 2014 and €200 million over the subsequent years, based on the outstanding amount of €276 million and €255 million as at 31 December 2012 and 31 December 2013 respectively;
- permanent excess financing of around €100 million, on which fees for non-use are payable;
- refinancing of the retail bond issued in December 2011 at maturity (December 2015) for the same notional amount and for a period of five years, with a margin at current market conditions (for corporate bonds with an equivalent rating) plus a fixed rate (corresponding to the IRS five-year forward rate defined on the basis of the interest rate curve for the end of January 2014, i.e. 1.91%), with early refinancing;
- refinancing of bilateral lines at maturity by a floating-rate bank loan with a margin based on the banks' current requirements (including exposure fees) and a given non-use fee. The notional amount of this financing is therefore growing and changing taking account of the maturities of the bilateral lines, and also in accordance with changes in the forecast debt level (to maintain a constant excess);
- the cost of issuing debt (the banks' "upfront fees" and related expenses) are estimated on the basis of the above refinancing assumptions and the terms obtained in our recent refinancing operations. These charges are smoothed over the duration of the financing deal;
- in order to limit the risk of fluctuating interest rates on its financial debts at floating rates, Befimmo has acquired financial instruments (caps, floors and IRS)(1) which, under IAS 39 on Financial Instruments, however, do not qualify as hedging instruments. It is planned to extend existing hedging over the period of the forecasts;
- the outlook is based on the assumption that the Company's rating is maintained at BBB outlook stable in future fiscal years(2);
- the estimated average number of shares not held by the group in future fiscal years is based on the actual average number for the year ended 31 December 2013 and on the assumption that a stock option is offered for the interim dividend for the years 2014-2016;
- no assumption has been made about early repayment of financing;
- no assumption has been made about cancellation of hedging instruments.

(1) Existing financial instruments in the Befimmo portfolio at 31 December 2013 are listed on page 195 of the Financial statements.
(2) Some finance agreements provide for an adjustment of the credit margin in the event of a change in the Company's rating. An analysis of the sensitivity of the financial charges to a change in the Company's rating is referred to on page 147 of the Report.

Forecast of consolidated EPRA earnings

(€ thousand)	Realised 2013	Forecasts 2014	2015	2016
Rental income	137 803	140 858	139 196	139 771
Charges linked to letting	-1 038	-595	-663	-663
Net rental result	**136 765**	**140 263**	**138 533**	**139 109**
Net property charges	-11 391	-15 803	-14 656	-13 512
Property operating result	**125 373**	**124 460**	**123 877**	**125 597**
Corporate overheads	-10 973	-10 433	-10 669	-10 749
Other operating income and charges (excl. negative goodwill/goodwill impairment)	- 663	-	-	-
Operating result before result on portfolio	**113 737**	**114 027**	**113 208**	**114 848**
Financial result (excl. the changes in fair value of the assets and liabilities and close-out costs)	-28 752	-28 679	-30 864	-33 672
Corporate taxes	-860	-1 224	-1 248	-1 273
EPRA earnings	**84 125**	**84 124**	**81 095**	**79 902**
EPRA earnings (€/share)	**4.22**	**3.90**	**3.72**	**3.62**
Average number of shares not held by the group	19 923 168	21 545 414	21 804 436	22 076 992

"Glossary"

COMMENTS ON THE FORECASTS

Rental income, charges linked to letting and net real-estate net real-estate charges

These incomes and expenses are estimated for each building individually, based on current leases for both rents and rental charges (insurance policies, total guarantee, etc.). Other property charges are estimated on the basis of the experience of Befimmo and its property manager, Befimmo Property Services, in managing and maintaining its real-estate assets. Assumptions in terms of re-letting at the end of the lease are made in line with market practices and based on Befimmo's historical experience. They also have an impact on estimates of commission paid to agencies and expenses for vacant premises. Such commissions and expenses for vacant premises are also included in the Company's non-recurring property charges.

Property charges also show the total staff costs of the real-estate and property-management departments, as well as all study costs related to the existing buildings in the portfolio (costs of lawyers, tax experts, due diligence or agency commissions for a legal, fiscal, financial or technical analysis of a real-estate project).

Note that the costs related to property sales are not expensed, but are deducted from the capital gain or loss realised.

Corporate overheads

These costs are estimated on a case-by-case basis using the figures for previous years and developments that are recent and expected by the Company. Most of these are subject to indexing in future years.

Staff costs vary at a consistent pace, taking account of expected changes in the size of the Company's in-house team over the coming years.

Financial result

The financial result consists of:
- financial charges on floating-rate borrowings, calculated by applying the assumptions about interest rate described above, plus the relevant margins;
- financial charges on fixed-rate borrowings;
- proceeds of, or interest charges on the derivative instruments held by the Company;
- other financial results, consisting primarily of

expenses associated with bank financing lines (commitment fees on credit lines, exposure fees and debt issuance costs) and other costs for services charged by banks to the Company (fees for distribution of coupons, depositary bank charges, etc.).

The financial result also includes reductions in financial charges owing to the activation of interim interest calculated on the basis of the Company's average financing rate for the fiscal year concerned (these come into effect from the start of the works until the date of provisional acceptance). Note that the financial result also takes account of the cost to Befimmo (or Fedimmo) of financing "initial installation work" borne by tenants for the projects to build the Paradis Tower and to renovate the Brederode 13 building.

OTHER ITEMS OF THE NET RESULT

As previously stated, Befimmo is no longer publishing forecasts of changes in the fair value of its properties and financial assets and liabilities.

However, as an indication, it can be estimated that a 1% change in the fair value of the property portfolio (IAS 40) would have an impact of the order of €22 million on the net result, thereby generating a change of the order of €1.01 in the net asset value per share and 0.45% in the LTV ratio. Furthermore, a change in the forecast movements of short-term interest rates could alter the fair value of the financial assets and liabilities (IAS 39).

Based on the fair value as at 31 December 2013, it can be estimated that if the euro, US dollar and pound sterling interest rate curves had been 0.5% lower than the reference rate curves as at 31 December 2013, the change in fair value as at 31 December 2013 of the financial assets and liabilities carried at fair value would have been -€13.3 million. In the opposite case, the change would have been +€13.3 million.

Such changes (IAS 39 and 40) have no impact on the Company's EPRA earnings.

Regarding new investments, Befimmo intends, subject to balance-sheet equilibrium, to continue growing by taking any market opportunities arising that offer sustainable opportunities to create value for its shareholders.

This growth can take two forms:
- steady and gradual internal growth, through direct and indirect acquisitions, in line with Befimmo's investment capacities;
- occasional external growth through mergers with other real-estate portfolios, as opportunities arise.

In normal operation, Befimmo's LTV ratio would be of the order of 45-50%, as the Company takes care to control the use of its borrowing capacity.

Finally, the forecast nominal net debt is €1,031 million at the end of 2014, €1,027 million at the end of 2015 and €1,025 million at the end of 2016.

DIVIDEND FORECAST

The assumptions used for making forecasts at constant perimeter indicate that EPRA earnings of €3.90 per share should be achieved in the 2014 fiscal year.

Based on these forecasts at constant perimeter Befimmo expects to be able to offer a gross dividend of €3.45 per share not held by the group for the 2014 fiscal year. It may be paid via an interim dividend of €2.59 in December 2014 and a final dividend of €0.86 in May 2015.

Based on a share price of €50.45 as at 31 December 2013, this dividend would generate a gross yield of 6.8% and, based on the net asset value of €54.13 as at 31 December 2013, a gross yield of 6.4%.

The dividend in subsequent years will depend on the economic climate and the investment opportunities that the Company takes, while continuing to benefit from a stable income, thanks to the defensive nature of its property assets.

Statutory Auditor's report

The Board of Directors
on behalf of Befimmo NV/SA
Waversesteenweg 1945
B-1160 Brussels

28 March 2014

**Dear Madam,
Dear Sirs,**

Befimmo NV/SA ("the Company") and its subsidiaries (together "the Group")

We report on the forecast of the EPRA earnings (as defined in August 2011 in the report "Best *Practices Recommendations" of the European Public Real Estate Association)* of Befimmo NV/SA ("the Company") and its subsidiaries (together "the Group") for the 12 months periods ending 31 December 2014, 31 December 2015 and 31 December 2016 (the "Forecast"). The Forecast, and the material assumptions upon which it is based are set out in chapter "Outlook on the EPRA earnings of the next three years" (pages 60 to 65) of the Annual Financial Report 2013 ("the 2013 Annual Report of the Group") issued by the Company dated 28 March 2014. We do not report on the chapters 'Other elements of the net result' and the "Projected dividend" as mentioned on page 65 of the 2013 Annual Report of the Group.
Although the 2013 Annual Report of the Group will not serve as a registration document in accordance with the European Commission's Regulation on Prospectuses No. 809/2004 (the "Prospectus Directive Regulation"), the Forecast will be prepared in accordance with the principles as defined under Annex I item 13 of the Prospectus Directive Regulation.

Responsibilities

It is the responsibility of the Board of directors of the Company to prepare the Forecast in accordance with Annex 1 item 13 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion as to the proper compilation of the Forecast and to report that opinion to you.

Basis of Preparation of the Forecast

The Forecast has been prepared on the basis stated in chapter "Outlook on the EPRA earnings of the next three years" of the 2013 Annual Report of the Group and is based on a forecast for the 12 months periods ending 31 December 2014, 31 December 2015 and 31 December 2016. The Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

Basis of opinion

We conducted our work in accordance with the International Standard on Assurance Engagement 3400 "The Examination of Prospective Financial Information" ("ISAE 3400") issued by the International Auditing and Assurance Standards Board ("IAASB").
Our work included evaluating the basis on which the historical financial information included in the Forecast has been prepared and considering whether the Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Forecast are based are solely the responsibility of the Board of directors, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Board of directors which, in our opinion, are necessary for a proper understanding of the Forecast have not been disclosed or if any material assumption made by the Board of directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Forecast has been properly compiled on the basis stated.

Since the Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Forecast and differences may be material. Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside Belgium, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group as applied in the Financial Statements on the period ended per 31 December 2013.

Yours faithfully,

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

Kathleen De Brabander

Rik Neckebroeck

Befimmo share

The Befimmo share has been listed on NYSE Euronext Brussels since its founding, and has been in the BEL 20 index since March 2009.

SHARE PRICE

Over 2013, the major stock-market indexes recovered well, a sign of regained investor confidence.

During the fiscal year, Befimmo carried out strategic real-estate transactions that have been warmly welcomed by the markets, as reflected in its share price. Accordingly, the Befimmo share closed on 31 December 2013 at €50.45, as against €48.83 one year previously. Assuming the reinvestment of the dividend, which was distributed in 2013, of €3.51 gross per share, it offered a gross yield of 10.4%[(1)] over one year.

Note that the total number of shares issued by Befimmo increased from 19,120,709 to 22,062,701 during the year, an increase of 15% due to (i) the creation of 2,037,037 shares for the contribution in kind of the AMCA building by AXA Belgium in July, (ii) the issue of 528,615 shares in the context of the merger by absorption of Blue Tower Louise SA in September, and (iii) the creation of 376,340 shares related to the distribution of the interim dividend in shares in December.

At 31 December 2013, the Befimmo share was trading at a discount of 6.8% in relation to net asset value.

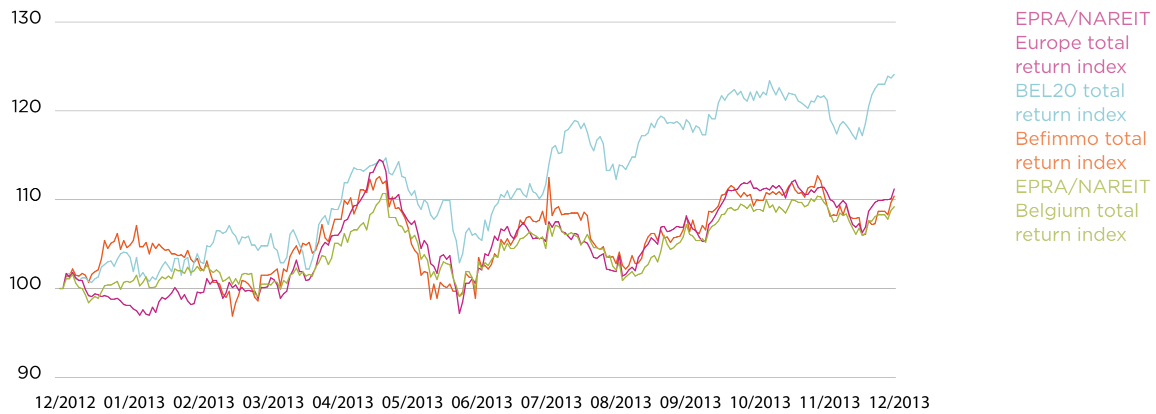
Based on transactions recorded on all market platforms, the Befimmo share offers stable liquidity, with an average daily volume of around 36,000 shares, which corresponds to a free-float velocity of the order of 61%.

Over the 18 years since it was listed on the stock market, the share has offered a total annualised yield of 7.2%[(1)].

Befimmo's market capitalisation stood at €1,113,063,265 at 31 December 2013.

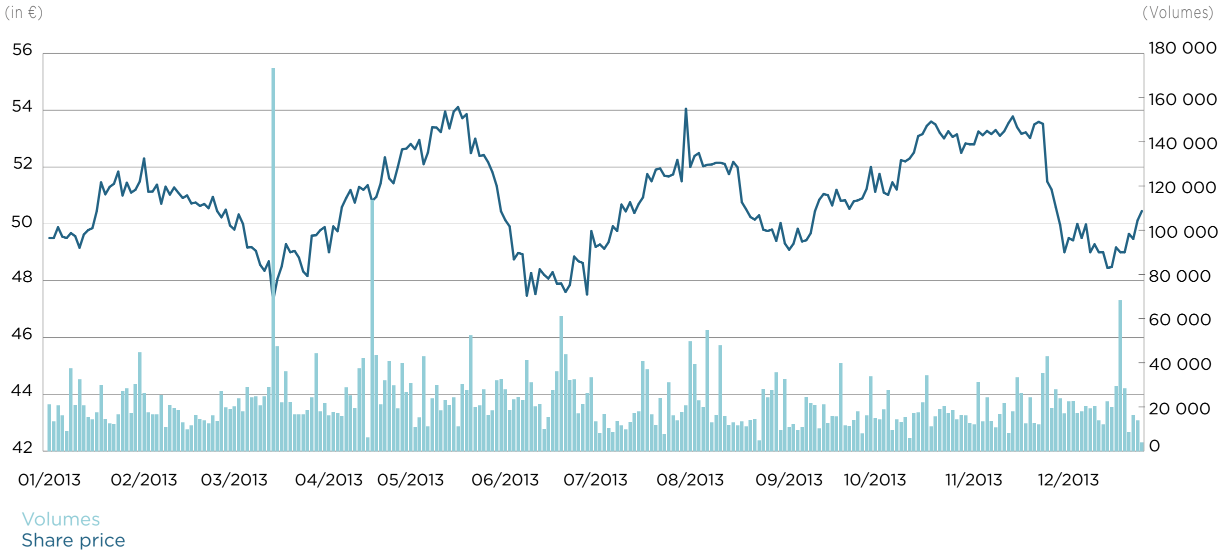
Befimmo SA has concluded a liquidity contract with the company Kempen & Co in December 2012.

Performance of Befimmo's **total return index** in relation to the total return index of the **BEL 20**, **EPRA/NAREIT Europe** and **EPRA/NAREIT Belgium**

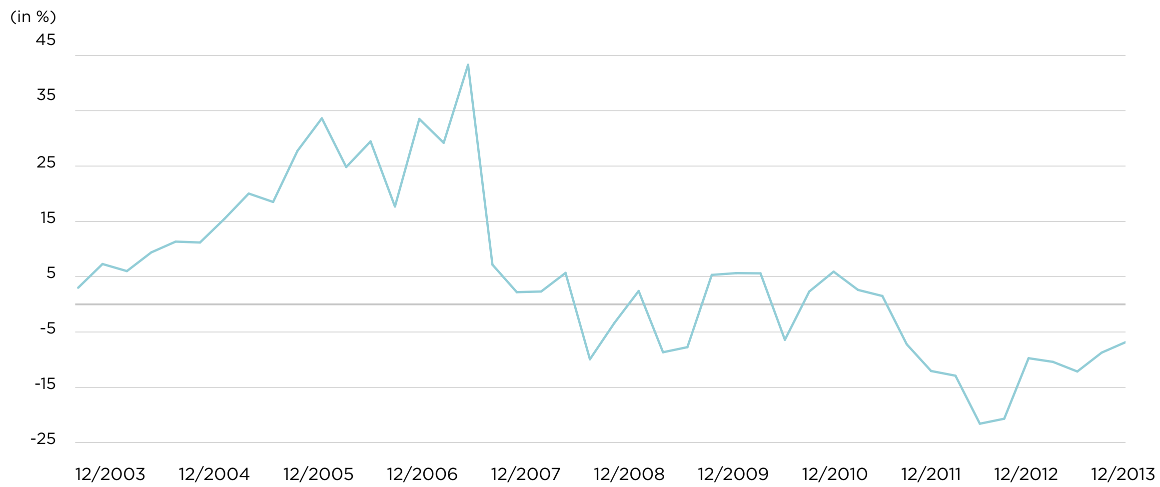


(1) Source: KBC Securities.

Share price and volumes (01.01.2013 to 31.12.2013)



Premium and discount of the share price in relation to the net asset value on a 10-year period



Data per share

	2013	2012
Number of outstanding shares	22 062 701	19 120 709
Number of shares not held by the group	21 534 086	18 452 987
Average number of shares not held by the group during the fiscal year	19 923 168	17 687 471
Share price		
Highest	54.11 €	53.71 €
Lowest	47.30 €	42.72 €
Closing	50.45 €	48.83 €
Net asset value	54.13 €	54.10 €
Distribution ratio (in relation to the EPRA earnings)	87%	87%
Gross dividend	3.45 €	3.45 €
Gross yield	6.84%	7.07%

Velocity

	2013 All platforms	2012 Euronext
Number of shares traded	9 400 156	5 198 146
Average daily turnover	36 016	20 305
Free float velocity[1]	61%	36%

Summary of transactions on own shares

	Total number of issued shares	Number of shares held by the group
Situation as at 31 December 2012	**19 120 709**	**667 722**
Sale of own shares		-667 722
Capital increase of 10 July 2013	2 037 037	
Issue as at 6 September 2013	528 615	528 615
Purchase/sale of own shares as at 17 December 2013		
Issue as at 18 December 2013	376 340	
Situation as at 31 December 2013	**22 062 701**	**528 615**

(1) Free-float velocity is the total number of shares traded divided by the total number of shares from Befimmo's free float.

DIVIDEND FOR THE 2013 FISCAL YEAR

DISTRIBUTION OF INTERIM DIVIDEND: 44.5% REINVESTED IN NEW SHARES

A proportion of 44.5% of the interim dividend for the 2013 fiscal year was distributed in new shares, 376,340 new shares at a price of €48.5625, which increased the Company's equity by €18.3 million.

For shareholders who opted for a stock dividend, return on equity over the fiscal year was 6.95% and the return on the share price was 10.70%. Shareholders opting for a cash dividend earned, on the past fiscal year, a return on equity of 6.64% and a return on the share price of 10.65%.

FINAL DIVIDEND FOR THE 2013 FISCAL YEAR

The agenda of the Ordinary General Meeting of shareholders to be held on 29 April 2014, at which the accounts for the 2013 fiscal year are to be approved, will include a proposal for the distribution of a final dividend of €0.80 gross per share not held by the group. The final dividend will supplement the interim dividend of €2.6546 gross per share paid out in December 2013, bringing the total dividend for the fiscal year to €3.45 gross per share not held by the group.

OPERATIONS ON OWN SHARES

BEFIMMO'S ACQUISITION OF THE OWN SHARES HELD BY FEDIMMO

Following the merger by absorption of Blue Tower Louise SA by Befimmo, Fedimmo, subsidiary of Befimmo, held 528,615 shares of Befimmo.
The Boards of Directors of Befimmo and Fedimmo decided, respectively on 16 and 17 December 2013, to proceed to, respectively the purchase and sell of these 528,615 shares and the related coupons No 25. This transaction was completed off-market at the price of €48.55 per share, increased by €2.59 per coupon, or a total amount of €27.03 million. This amount will contribute to the financing of Fedimmo's investment projects.

The table hereafter gives an overview of the operations on own shares during the fiscal year:

Distribution of own shares held by the group (per entity)				Accountable par (in €) (rounded)	Counter value per share (in €) (after costs)	Percentage in capital (based on the number of issued shares)
Befimmo	Fedimmo	Meirfree	Vitalfree			
-	**-**	**445 148**	**222 574**	**14.53**	**57.20**	**3.49%**
		-445 148	-222 574	14.53	48.58	-3.49%
				14.53		
	528 615			14.53	55.36	2.44%
528 615	-528 615			14.53		
				14.53		
528 615	**-**	**-**	**-**	**14.53**	**55.36**	**2.40%**

Shareholder structure

The Company introduced a statutory declaration threshold of 3% for the application of the legal rules relating to notification of large holdings in issuers whose shares are admitted for trading on a regulated market.

According to the transparency notifications received, the share ownership of Befimmo SA is structured as follows:

Shareholding (as at 06.02.2014)

Declarants	Number of shares (declared) the day of the statement [1]	Date of receipt of the declaration	(in %)
Ageas and affiliated companies	3 288 668	20.12.2013	14.9%
AXA Belgium SA	2 118 518[2]	10.07.2013	9.6%
BlackRock Inc.	664 130	06.02.2014	3.0%
Befimmo SA	528 615	-	2.4%
Other shareholders under the statutory threshold	15 462 770	-	70.1%
TOTAL	**22 062 701**		**100%**

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(1) The number of shares corresponds to the number of voting rights.
(2) Number of shares taking into account the participation of AXA Belgium SA in the optional dividend of December 2013.

Key dates for shareholders

Key dates for shareholders 2014

Online publication of the Annual Financial Report 2013	Friday 28 March 2014
Ordinary General Meeting of the fiscal year closing as at 31 December 2013	Tuesday 29 April 2014
Payment of the final dividend of the 2013 fiscal year on presentation of coupon No 26(3)	
- Ex-date	*Friday 2 May 2014*
- Record date	*Tuesday 6 May 2014*
- Payment date	*from Wednesday 7 May 2014*
Interim statement - publication of the net asset value as at 31 March 2014	Thursday 15 May 2014(4)
Publication of the half-yearly results and the net asset value as at 30 June 2014 and online publication of the Half-Yearly Financial Report 2014	Friday 1 August 2014(5)
Interim statement - publication of the net asset value as at 30 September 2014	Friday 14 November 2014(5)
Payment of the interim dividend of the 2014 fiscal year on presentation of coupon No 27(3)	
- Ex-date	*Wednesday 17 December 2014*
- Record date	*Thursday 18 December 2014*
- Payment date	*from Friday 19 December 2014*
Publication of the annual results and the net asset value as at 31 December 2014	Thursday 19 February 2015(4)
Online publication of the Annual Financial Report 2014 on Befimmo's website	Friday 27 March 2015
Ordinary General Meeting of the fiscal year closing as at 31 December 2014	Tuesday 28 April 2015
Payment of the final dividend of the 2014 fiscal year on presentation of coupon No 28(3)	
- Ex-date	*Wednesday 6 May 2015*
- Record date	*Thursday 7 May 2015*
- Payment date	*from Friday 8 May 2015*

The financial service is provided by ING Belgium.

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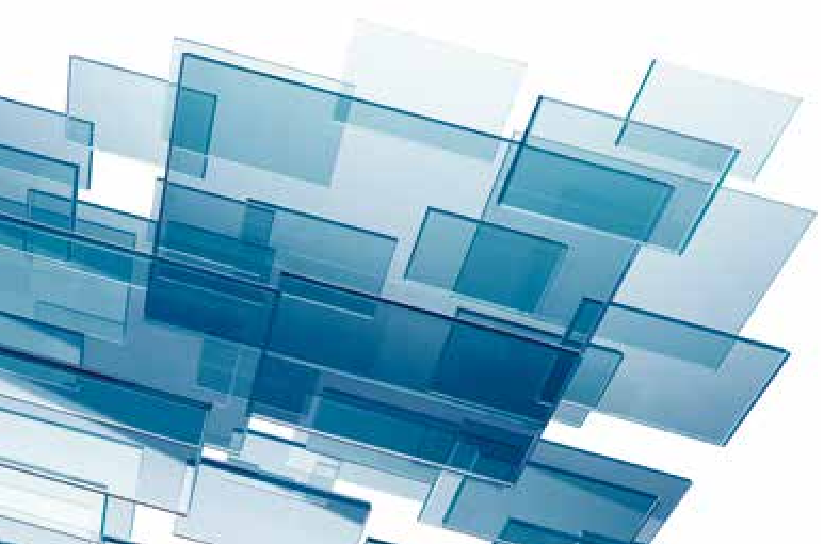
(3) Subject to approval by the General Meeting.
(4) Publication after closing of the stock exchange.
(5) Publication before opening of the stock exchange.

Social Responsibility



INTRODUCTION

Befimmo has incorporated the principles of **Social Responsibility** into its strategy, and these are reflected in the environmental, economic and social aspects of its day-to-day operations. Over the years it has built a strategy of Social Responsibility based on the topics of importance to Befimmo and its stakeholders.

With the aim of continuously improving our position as a ***responsible business and property owner****, we have initiated a process of regular dialogue with all our stakeholders.*

- ***Responsible within our strategy*** | *We aim to be a benchmark and we strive to differentiate ourselves by incorporating Social Responsibility into our overall strategy.*
- ***Responsible towards our stakeholders*** | *We initiate unifying measures, the impacts of which are measured and designed to meet the expectations of our stakeholders. We seek to strike a balance between the expectations of our various stakeholders and the challenges we regularly face.*
- ***Responsible within our communication*** | *We act with transparency in a long-term perspective.*

Benoît De Blieck | CEO

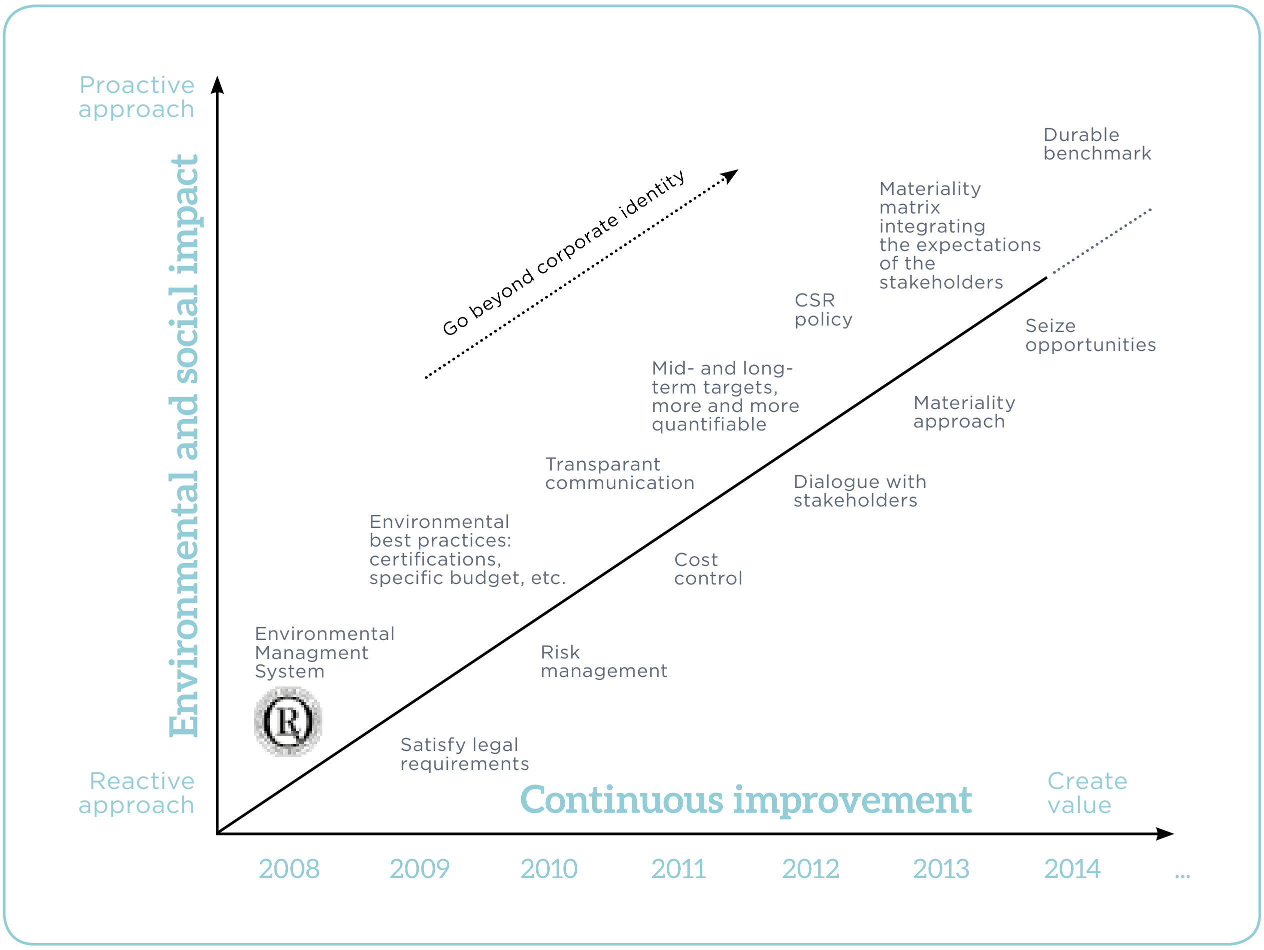
MOVING FROM OF AN "ENVIRONMENTAL" POLICY TO A "SOCIAL RESPONSIBILITY" POLICY [G4-18 | G4-23]

Befimmo is convinced that, in time, a proactive approach leads to a strong position in terms of reputation and improved profitability; since 2008 it has gradually evolved from a qualitative environmental policy to a true, proactive Social Responsibility policy, integrated into its overall strategy.

It recognises that effective governance over the long term requires a committed approach, applying the precautionary principle, designed to anticipate its risks and control its costs. Indeed, identifying the risks that could affect Befimmo (described in detail in the "Risk factors" section, see page 140), it is putting in place the necessary measures to anticipate these risks and limit their potential impact. It undertakes to take account of the expectations of its stakeholders in devising its strategy and to establish an open dialogue and constructive consultation with them.

"Risk factors"

Befimmo regards Social Responsibility as a part of its strategy, taking opportunities to improve its performances and create value in the medium and long term for all its stakeholders. Befimmo strives to differentiate itself and also to become a benchmark for Social Responsibility.



MATERIALITY EXERCISE [G4-18 | G4-23 | G4-24 | G4-25 | G4-26]

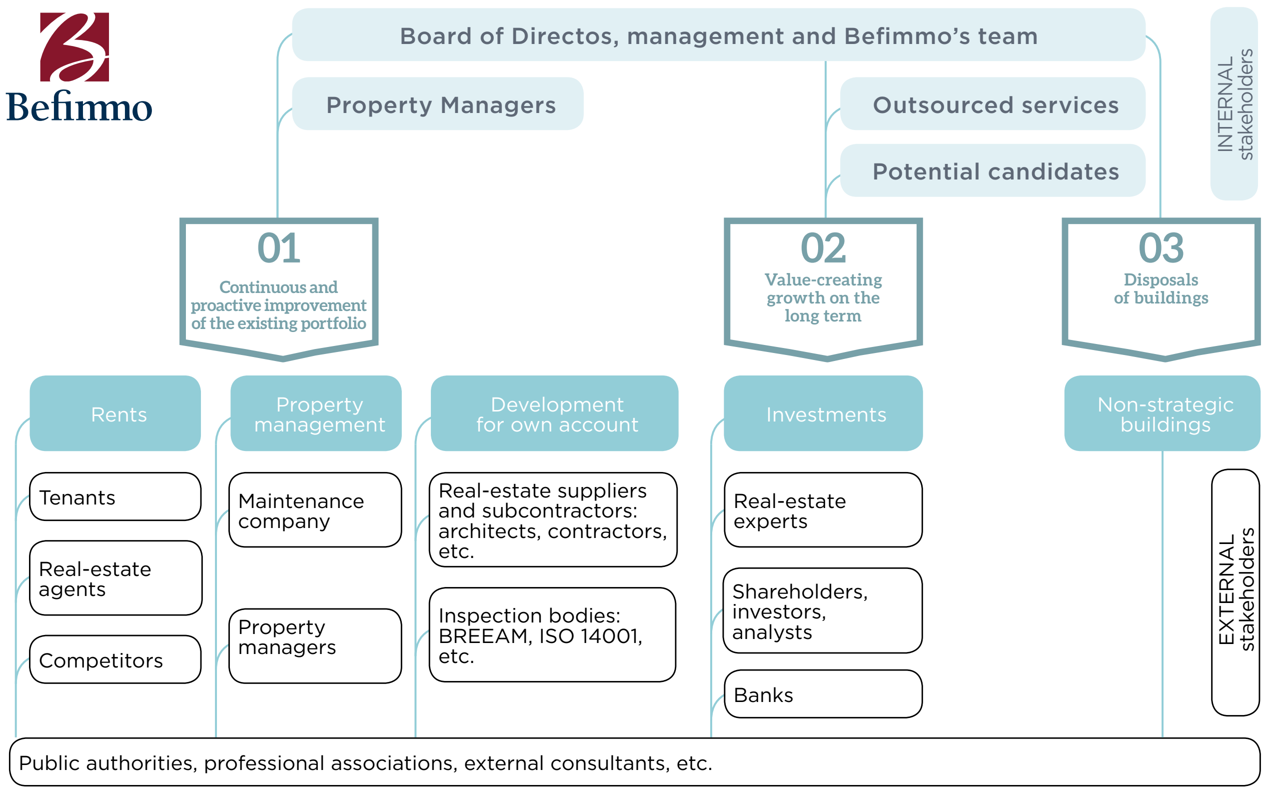
In view of its market capitalisation (> €1 billion), its membership of the BEL 20 index, its constantly growing team and also its property portfolio and its impact on the environment, Befimmo should be a responsible company and owner. It must constantly strive to limit its impact on society while being able to develop economically and improve its dialogue with its stakeholders.

Moreover, reading the results of surveys on CSR (such as the investors' questionnaires of GRESB, CDP or the Business & Society analysis), Befimmo has identified its weaknesses and hence a potential for improvement.

Thus, in a process of continuous improvement of its Social Responsibility policy, Befimmo has conducted a materiality study and initiated a process of regular dialogue with all its stakeholders (employees, tenants, investors, public authorities, suppliers, Directors, etc.).

This study, completed in December 2013, was conducted in cooperation with the management, the Board of Directors and the heads of the departments involved in the process. It consists of 6 main stages:

- **Definition of key topics for Befimmo** in accordance with acknowledged standards such as ISO 26000, GRI, etc.
- **Identification of stakeholders** to be interviewed in cooperation with the management and heads of departments. For the selection of stakeholders, since this is the first time the materiality matrix is being produced, it was decided to consult a broad panel of stakeholders, both internal and external. In selecting them, Befimmo took account of all players actively or passively affected by a decision or project of the Company, i.e. all stakeholders involved in the value chain of its property portfolio, in line with its overall strategy.
Strategy set out in the chapter "Identity and strategy" on pages 12 and 13 of this Report.



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› **Consultation of identified stakeholders** by means of around 30 interviews, surveys, etc. (see table describing the interaction with stakeholders during the 2013 fiscal year in Appendix III, page 240).

› **Analysis of the expectations** gathered from stakeholders (see table in Appendix IV, page 245).

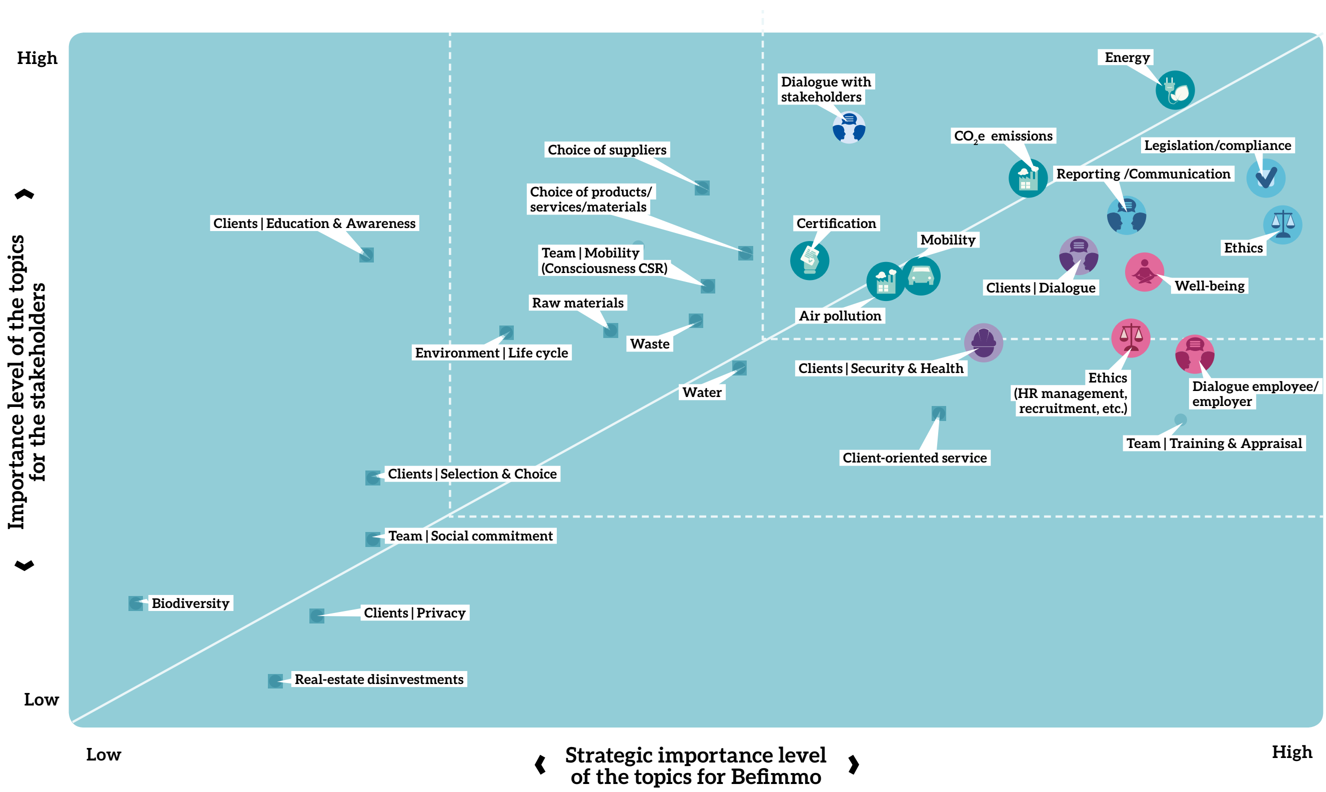
› **Prioritisation of themes.** During this process, two Management Meetings were organised. The first meeting aimed to take a **practical approach**, firstly prioritising and validating the CSR topics and, secondly, approving the identified stakeholders. The second meeting took a **more abstract approach**, taking a step back from the exercise of prioritising the topics, through the involvement of an external speaker.

› **Production of the Befimmo materiality matrix**, analysed and validated by management and the Board of Directors.

This materiality matrix (shown hereafter) has enabled Befimmo to (i) identify and rank its environmental, economic and social priorities, taking account of the expectations of its stakeholders, (ii) fine-tune its Social Responsibility strategy, and (iii) focus action on topics identified as priorities.

The matrix illustrates two levels of importance: (i) on the y-axis, the importance of the topics to the external and internal stakeholders and (ii) on the x-axis, the strategic importance level of the topics for Befimmo's management and Board of Directors. Accordingly, the top right-hand box shows the topics regarded as short-term priorities by both the management and directors of Befimmo and by stakeholders.

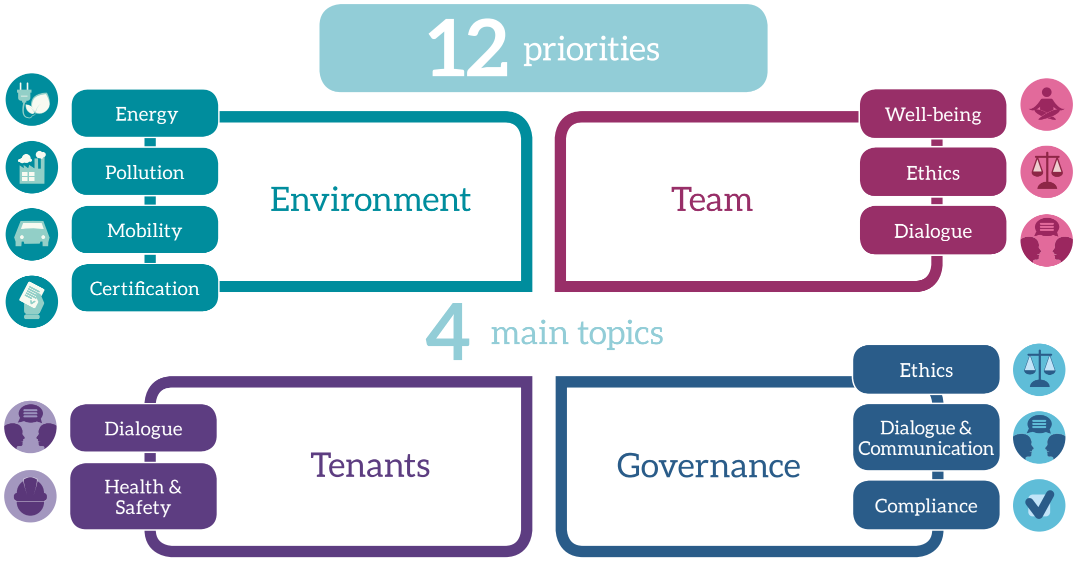
The other topics are given a lower priority in the short term, but will not be neglected, however: they will be analysed and implemented in the medium and/or long term.



PRIORITY TOPICS [G4-19 | G4-20 | G4-21]

In this way, Befimmo has identified and prioritised **12 environmental**, **economic and social priorities**, grouped into 4 main topics.

The responses to these priorities are reflected in specific commitments and measures and their impacts, qualitative objectives that are increasingly quantifiable and measurable, described hereafter, but also set out in more detail in the Social Responsibility Programme (Appendix VI on page 248) prepared in cooperation with the management and its team.



If these specific Social Responsibility measures are to be successful, there must be effective reporting. The standards applied and the tools used on a daily basis to ensure proper implementation of the Social Responsibility strategy are described in the table hereafter:

Level	
CORPORATE	**Exercise to analyse the business's environmental aspects and impacts**, linked to the development of Befimmo's internal ISO 14001 Environmental Management System (EMS) [G4-PR3] Applicable environmental and social **legislation**
OPERATIONAL	**BREEAM specifications**: BREEAM guidelines are an essential tool for assessing improvements in Befimmo's environmental performance **EPB certification** (Energy Performance in Buildings) Regarding **operational control**, Befimmo's influence varies depending on the type of tenant and its importance in the building [building with multiple tenants (M), a single tenant (S) or let to the Buildings Agency (B)]
COMMUNICATION	**Application of the GRI-G4 standard** including a review of the GRI real-estate sector supplement, GRI-CRESS **Publication of the KPIs laid down by EPRA** **Analysis of sector reports** on Social Responsibility in the real-estate sector **Questions from stakeholders**: where necessary, Befimmo fine-tunes the measures to be taken, based on questions and remarks by stakeholders such as institutional investors or members of the Befimmo team
DATA MANAGEMENT	**Installation of digital meters** throughout the Befimmo portfolio (not including Fedimmo) Contacts with **utility companies** with a view to obtaining consumption data at source Use of sustainable development reporting software (SoFi)

"Glossary"

The environment

Since it is in the real-estate business, the main focus of Befimmo's Social Responsibility is on the environment. Moreover, Befimmo is aware that the value of a building is no longer measured solely in terms of its intrinsic value but also through other criteria related to sustainable development. The external stakeholders have also broadly agreed that this topic is the most important overall and want to see short-term action by Befimmo on the priorities related to the topic: **energy**, **pollution**, **mobility and certification**.

The implementation, monitoring and control of specific measures related to the environment are managed primarily by the Environmental Technical Team (ETT) which reports to the Chief Technical Officer (CTO), a member of the Social Responsibility team. In addition, to support the work of this team, Befimmo has decided to release the resources needed to ensure proper implementation and monitoring of its energy investments by recruiting a Green Advisor.

Main relevant topics raised by stakeholders

Energy
- Cutting consumption
- Passive buildings
- Renovation
- Proactive maintenance

Pollution
- Environmental footprint
- Monitoring and control of greenhouse gas emissions

Mobility
- New ways of working
- Location / Public transport / Parking

Certification
- Continuous improvement of the buildings, the management system and the reports

Befimmo undertakes to

Energy
- position itself as a benchmark in terms of reducing energy consumption (gas and electricity) of all the buildings in its portfolio
- anticipate future regulatory requirements and find a balance between "cost and energy-efficiency" in its future investment projects
- keep its existing portfolio compliant with standards
- lead by example in the energy management of its corporate premises
- be attentive to water consumption in all its new renovation and/or construction projects

Pollution
- reduce CO_2e emissions for its corporate premises
- reduce corporate waste and raise staff awareness
- implement a strategy for reducing CO_2e emissions and waste for the entire portfolio and raise awareness among its tenants

Mobility
- take account of location and accessibility in its real-estate investments
- educate its tenants, telling them what it is doing in terms of its various approaches to sustainable mobility
- educate its team and encourage sustainable mobility by implementing a mobility plan

Certification
- further improve Befimmo's environmental management system (ISO 14001) and adapt to developments of the standard
- examine the relevance of alternative certifications (ISO 9001, etc.)
- improve the BREEAM Asset level of the portfolio and consider whether to implement BREEAM Management certification

Key indicators

to reduce natural gas consumption by **9%** per m² by 2016

to increase solar panel area by **75%** in 2014

to achieve a "Good" rating **100%** for BREEAM In-Use [Asset] in all certified Befimmo buildings by the end of 2015

ENERGY

MAIN ACHIEVEMENTS AND OBJECTIVES

Energy consumption (gas and electricity) and water consumption by tenants and corporate activities.

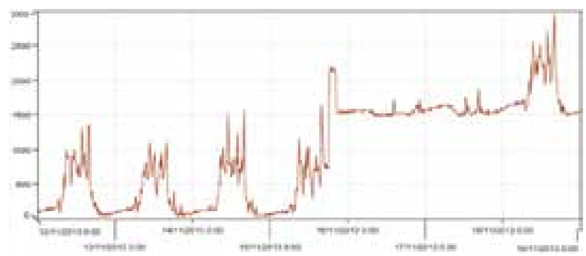
Management of consumption data

All data and information are obtained via (i) telemonitoring of consumption, (ii) maintenance companies and (iii) the utility companies and energy suppliers. Telemonitoring now covers 95% of buildings in the Befimmo portfolio and a small proportion of the buildings in the Fedimmo portfolio. The data collected generally cover all consumption (water, gas and electricity). This centralisation of data and online real-time access to them allows us to remotely identify any malfunctioning technical installations, immediately taking the necessary corrective action, and to assess the energy performance of each building and identify priority future investments to be considered.

With regard to electricity consumption data, Befimmo is continuing to work on separating consumption for private and common areas of the buildings in which it manages all consumption. In all other cases, Befimmo asks its tenants to give it direct access to their private consumption via the utility companies. This systematic approach is now applicable to each new lease for both gas and electricity consumption. In this way, Befimmo hopes to quickly cover 100% of the consumption data (common and private areas) of all its buildings.

The consumption data obtained from utility companies and energy suppliers are cross-referenced and compared with data from telemonitoring.

Extract from telemonitoring | Water Consumption (litres/hour): highlighting abnormally high consumption



Objective

To continue implementing systems for consolidating and monitoring energy consumption. This work will be partially automated during 2014.

Multi-annual investment plan

[G4-EN31]

Befimmo strives to keep its buildings attractive to tenants, thereby maintaining as high an occupancy rate as possible in its portfolio, by continually investing in the renovation and redevelopment of its properties or improving their energy and environmental performances, to upgrade them or maintain them at a high level of quality.

To achieve this objective, Befimmo is putting in place a multi-annual investment plan to schedule and carry out work to optimise the sustainable performances of the properties in use (Befimmo portfolio excluding Fedimmo) and not undergoing major renovation. In 2013, the budget for this is €1.8 million. For major renovations, part of the over-

all renovation budget is allocated to sustainable optimisation of the building. Accordingly, over the fiscal year Befimmo carried out investment works in its buildings at an overall cost of €54.8 million. Between 6 and 10% of this overall investment went to improve their environmental performances and thus respond to current and future legislation and also to tenants' expectations.
"Outlook and dividend forecast"

Objective

Befimmo intends to continue with these initiatives. The budget in 2014 for investments related to operational buildings is slightly lower than the 2013 budget, however. This is explained by Befimmo's intention to focus on and give priority to optimising existing technical installations rather than investing more in new installations.

(€ million)

Realised	Outlook		
2013	2014	2015	2016
1.8	1.5	1.9	1.8

Green Advisor

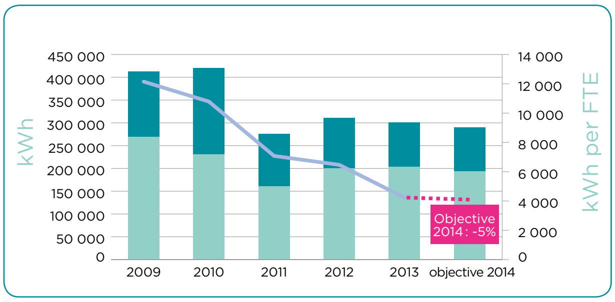
Befimmo is aware of the importance of checking proper implementation in the field of its investments in the environmental and energy performances of its buildings. In 2014, it took the decision to release the necessary resources to recruit a Green Advisor who will carry out this operational function within the technical department.

Objective

To enhance the monitoring in the field of the efficiency of energy investments.

Befimmo's corporate energy consumption in kWh per full-time equivalent (FTE)

[G4-EN3-EN5]



of which gas
of which electricity (including autoproduction)
electricity consumption per FTE
Electricity consumption goal per FTE

Objective

At the corporate level, Befimmo intends to take up the challenge of reducing the standby consumption of its office equipment (computers, printers, copiers, etc.) by 5% by the end of 2014.

REPORTING OF CONSUMPTION

Regarding the way for analysing and interpreting all the tables hereafter, please see the methodology published in Appendix V on page 246.

Energy for heating and electricity (in GWh) [G4-EN3-EN4]

The data presented in the table hereafter refer to the total energy purchased and/or produced for the use of the private and common areas of the buildings in the portfolio (including car parks and common amenities such as heating, air conditioning, ventilation, lighting and lifts). The data are changing in line with the portfolio.

Befimmo		Perimeter	Total of all assets	Belgium			Luxembourg
				Brussels	Wallonia	Flanders	
	Total 2011		79.5	55.0	2.5	18.5	3.6
	Total 2012		89.0	60.6	0.5	23.6	4.3
	Total 2013		96.2	63.4	1.7	26.9	4.2
Like for Like	**2008-2013 at constant perimeter**	31%	-10%	-10%	-17%	-8%	n.a.
	2011-2013 at constant perimeter	43%	5%	5%	2%	5%	n.a.
	2012-2013 at constant perimeter	72%	1%	5%	-1%	-8%	-2%

Fedimmo		Perimeter	Total of all assets	Belgium		
				Brussels	Wallonia	Flanders
	Total 2011		38.7	16.4	4.2	18.1
	Total 2012		44.1	19.7	4.2	20.2
	Total 2013		55.0	25.9	11.1	18.0
Like for Like	**2008-2013 at constant perimeter**	53%	-3%	-9%	45%	9%
	2011-2013 at constant perimeter	62%	32%	41%	16%	22%
	2012-2013 at constant perimeter	64%	16%	17%	11%	16%

Gas consumption (total consumption in GWh and specific consumption in kWh/m²) [G4-EN3-EN4-EN5 | CRESS-CRE1]

The data presented in the table hereafter relate to the gross consumption of natural gas, normalised by region. Consumption data for heating are normalised for the influence of the outdoor temperature using the 16.5/16.5 degree-day method. This method can compare the consumption for buildings in different locations and at different times in the same year or different years. Oil is excluded from the analysis because, since early 2012, all Befimmo and Fedimmo buildings have gas-fired heating, except for two Fedimmo buildings which still have oil-fired heating, though the data obtained are not usable.

Befimmo

		Units	Perimeter	Total of all assets	Belgium – Brussels	Belgium – Wallonia	Belgium – Flanders	Luxembourg
2011	Gross total	GWh	94%	37.2	24.4	2.0	8.3	2.5
	Normalised degree/day			42.7	28.0	2.4	9.5	2.9
	Normalised degree/day/m²	kWh/m²	80%	88.1	90.2	137.0	76.8	n.a.
2012	Gross total	GWh	94%	41.6	30.4	0.3	8.8	2.1
	Normalised degree/day			39.6	28.9	0.3	8.4	2.0
	Normalised degree/day/m²	kWh/m²	91%	78.8	84.1	143.0	63.9	n.a.
2013	Gross total	GWh	98%	46.1	30.5	1.3	12.3	2.0
	Normalised degree/day			40.3	26.7	1.1	10.8	1.8
	Normalised degree/day/m²	kWh/m²	74%	74.1	74.4	115.0	70.8	n.a.
Like for Like	2008-2013 Normalised degree/day at constant perimeter	%	43%	0.4%	2%	-34%	-1%	n.a.
	2011-2013 Normalised degree/day at constant perimeter	%	58%	-7%	-6%	-25%	-6%	n.a.
	2012-2013 Normalised degree/day at constant perimeter	%	75%	-3%	-3%	-17%	-3%	-11%

Fedimmo

		Units	Perimeter	Total of all assets	Belgium – Brussels	Belgium – Wallonia	Belgium – Flanders
2011	Gross total	GWh	75%	24.6	8.3	2.8	13.5
	Normalised degree/day			28.2	9.5	3.2	15.4
	Normalised degree/day/m²	kWh/m²	75%	114.0	92.8	164.0	123.0
2012	Gross total	GWh	77%	29.6	11.3	2.8	15.5
	Normalised degree/day			28.2	10.8	2.6	14.8
	Normalised degree/day/m²	kWh/m²	77%	111.0	105.0	133.0	112.0
2013	Gross total	GWh	87%	35.5	15.6	7.0	12.9
	Normalised degree/day			31.0	13.6	6.1	11.3
	Normalised degree/day/m²	kWh/m²	87%	110.0	128.0	92.2	103.0
Like for Like	2008-2013 Normalised degree/day at constant perimeter	%	51%	-19%	-29%	25%	1%
	2011-2013 Normalised degree/day at constant perimeter	%	64%	20%	41%	4%	1%
	2012-2013 Normalised degree/day at constant perimeter	%	66%	14%	25%	-36%	12%

The degree days for Belgium are calculated at the observatory in Uccle. The Axento building in Luxembourg is heated by a district heating scheme.

Objective

Befimmo is maintaining its commitment to cutting energy consumption (gas and electricity) in its buildings. The goal of cutting gas consumption by 2.5% in relation to the reference year 2011 was achieved and even exceeded in 2012 and 2013.

Based on this observation, Befimmo has raised its targets for the next three years and plans to reduce gas consumption in the common areas of the Befimmo portfolio by 3% per year.

The data below represent the achievements and targets of reducing specific gas consumption (kWh/m²) from 2011 to 2016, weighted by degree days in relation to a reference period.

Plan 2011-2014	2011	2012	2013	Objective 2014
Objective gas	Reference period	-0.8%	-1.7%	-2.5%
Realised gas		-10.6%	-15.9%	-

Plan 2013-2016	2013	2014	2015	Objective 2016
Objective gas	Reference period	-3.0%	-6.0%	-9.0%

Electricity consumption (total consumption in GWh and specific consumption in kWh/m²) [G4-EN3 to EN7 | CRESS-CRE1]

The data presented in the table hereafter relate to electricity consumption purchased and produced by region.

Befimmo		Units	Perimeter	Total of all assets	Belgium Brussels	Belgium Wallonia	Belgium Flanders	Luxembourg
2011	Total (including renewable)			39.34	27.62	0.46	10.17	1.09
	of which private	GWh	93%	16.84	11.81	0.26	4.77	0.00
	of which common			22.49	15.81	0.20	5.40	1.08
	of which renewable	MWh	n.a.	13.00	2.50	n.a	n.a	10.50
	Private / m²	kWh/m²	63%	51.42	50.10	21.32	58.88	n.a.
	Common / m²			48.73	48.11	22.05	53.73	n.a.
2012	Total (including renewable)			47.35	30.15	0.18	14.84	2.18
	of which private	GWh	94%	27.00	16.10	0.07	9.71	1.12
	of which common			20.31	14.02	0.11	5.12	1.06
	of which renewable	MWh	n.a.	43.11	30.24	n.a.	4.37	8.50
	Private / m²	kWh/m²	79%	65.71	60.97	32.91	74.00	83.00
	Common / m²			42.61	42.42	56.73	39.09	78.66
2013	Total (including renewable)			50.08	32.88	0.46	14.56	2.18
	of which private	GWh	98%	27.22	16.66	0.27	9.14	1.15
	of which common			22.78	16.18	0.18	5.40	1.02
	of which renewable	MWh	n.a.	85.39	46.01	n.a.	21.77	17.62
	Private / m²	kWh/m²	64%	61.68	61.97	29.47	61.08	85.15
	Common / m²			39.82	40.95	19.65	35.81	75.75
Like for Like	2008-2013 Common electricity at constant perimeter	%	32%	-35%	-36%	-28%	-33%	n.a.
	2011-2013 Common electricity at constant perimeter	%	44%	-25%	-24%	-11%	-29%	n.a.
	2012-2013 Common electricity at constant perimeter	%	63%	-7%	-9%	-28%	-2%	-4%

Fedimmo		Units	Perimeter	Total of all assets	Belgium Brussels	Belgium Wallonia	Belgium Flanders
2011	Total (including renewable)			14.14	8.09	1.39	4.66
	of which private	GWh	82%	8.48	4.85	0.83	2.80
	of which common			5.65	3.23	0.56	1.87
	of which renewable	MWh	n.a	9.50	9.50	n.a	n.a
	Private / m²	kWh/m²	82%	31.19	44.84	21.83	22.28
	Common / m²			20.79	29.89	14.56	14.85
2012	Total (including renewable)			14.49	8.38	1.42	4.69
	of which private	GWh	80%	7.91	4.25	0.85	2.81
	of which common			5.27	2.83	0.57	1.88
	of which renewable	MWh	n.a	1 305.89	1 305.89	n.a	n.a
	Private / m²	kWh/m²	80%	29.68	41.34	22.26	22.41
	Common / m²			19.79	27.56	14.84	14.94
2013	Total (including renewable)			18.00	10.08	2.88	5.03
	of which private	GWh	97%	9.48	4.71	1.75	3.02
	of which common			6.29	3.14	1.13	2.01
	of which renewable	MWh	n.a	2 233.16	2 233.16	n.a	n.a
	Private / m²	kWh/m²	97%	29.50	42.87	22.69	22.28
	Common / m²			20.16	30.01	15.13	14.85
Like for Like	2008-2013 Common electricity at constant perimeter	%	58%	12%	15%	60%	5%
	2011-2013 Common electricity at constant perimeter	%	78%	-1%	-3%	-4%	4%
	2012-2013 Common electricity at constant perimeter	%	76%	3%	5%	-6%	3%

The intensity indicators (kWh/m²) are calculated excluding renewable energy. Where global electricity consumption data are obtained (common and private areas combined), the assumption of a 40/60 split between common and private areas made in 2012 is confirmed and retained for 2013.

Objective

Befimmo is maintaining its commitment to cutting energy consumption (gas and electricity) in its buildings. The priority is to reduce consumption in common areas, although steps to reduce consumption in private areas are also systematically considered during renovations and/or commercial renegotiations. The goal of cutting gas consumption by 2.5% by 2014 in relation to the reference year 2011 was achieved and even exceeded in 2012 and 2013.

Based on this observation, Befimmo has reviewed its targets for the next three years and plans to cut electricity consumption in the common areas of the Befimmo portfolio by 2.5% per year.

At the same time, and for the first time, Befimmo has also set an ambitious goal of reducing the electricity consumption of private areas by 1% per year.

Befimmo is taking up this new challenge by introducing an environmental cooperation agreement and active awareness-raising among its tenants.

The data hereafter represent the achievements and targets of reducing specific electricity consumption (kWh/m^2) from 2011 to 2016, for common and private areas in relation to a reference period.

Plan 2011-2014	2011	2012	2013	Objective 2014
Realised common	Reference period	-12.6%	-18.3%	-
Objective common		-0.8%	-1.7%	-2.5%
Realised private		27.8%	20.0%	-
Objective private		-	-	-

Plan 2013-2016	2013	2014	2015	Objectives 2016
Objective common	Reference period	-2.5%	-5.0%	-7.5%
Objective private		-1.0%	-2.0%	-3.0%

Financial savings due to energy savings made during the 2013 fiscal year [G4-EN6]

The data presented in the table hereafter relate to the direct financial impact for Befimmo of the measures to cut energy consumption.

Although there is also a financial impact of cutting electricity consumption for private areas, it could not be measured.

		Perimeter	Consumption reduction (kWh)	Financial saving
Like for Like	Common electricity	63%	979 952	€ 97 995
	Gas	74%	926 778	€ 37 071
	Total impact of the evolution of the energy consumption			€ 135 066

Financial saving calculated on the basis of the cost per kWh in the energy supply contract. Where global electricity consumption data are obtained (common and private areas combined), the assumption of a 40/60 split between common and private areas made in 2012 is confirmed and retained for 2013.

Water consumption (m^3) [G4-EN8-EN10 | CRESS-CRE2]

The data presented in the table hereafter refer to mains water withdrawn from the distribution network.

This consumption represents the bulk of the water consumption of the Befimmo/Fedimmo buildings. Several buildings have water recovery facilities, however, but this is not currently measured.

Befimmo undertakes to assess the suitability of fitting water recovery systems for any investment project and quickly installing meters on all existing and future installations. In 2014, there will be two groundwater extraction projects.

Befimmo		Perimeter	Total of all assets	Belgium Brussels	Belgium Wallonia	Belgium Flanders	Luxembourg
2011	Total (m³)	80%	91 329	66 389	1 697	23 243	n.a.
	m³/m²	80%	0.22	0.23	0.17	0.19	n.a.
2012	Total (m³)	92%	113 891	81 641	326	23 048	8 876
	m³/m²	86%	0.26	0.27	0.16	0.18	0.66
2013	Total (m³)	88%	174 304	130 689	6 498	26 991	10 126
	m³/m²	76%	0.28	0.28	0.70	0.19	0.75
Like for Like	2008-2013 (m³) at constant perimeter	46%	4%	9%	67%	-13%	n.a.
	2011-2013 (m³) at constant perimeter	57%	5%	3%	-2%	12%	n.a.
	2012-2013 (m³) at constant perimeter	68%	0.4%	-5%	4%	15%	14%

Fedimmo		Perimeter	Total of all assets	Belgium Brussels	Belgium Wallonia	Belgium Flanders
2011	Total (m³)	19%	9 149	1 020	n.a.	8 129
	m³/m²	19%	0.15	0.06	n.a.	0.18
2012	Total (m³)	22%	13 769	1 138	n.a.	12 631
	m³/m²	22%	0.19	0.07	n.a.	0.22
2013	Total (m³)	66%	53 792	24 857	11 328	17 607
	m³/m²	66%	0.24	0.28	0.19	0.25
Like for Like	2008-2013 (m³) at constant perimeter	n.a.	n.a.	n.a.	n.a.	n.a.
	2011-2013 (m³) at constant perimeter	10%	-42%	n.a.	n.a.	-42%
	2012-2013 (m³) at constant perimeter	13%	-44%	n.a.	n.a.	-44%

POLLUTION

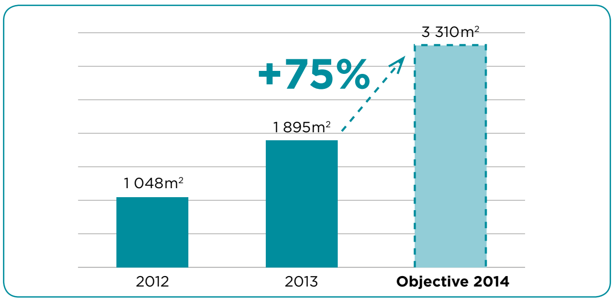
MAIN ACHIEVEMENTS AND OBJECTIVES

Greenhouse gas emissions (in carbon equivalent) and waste management.

Renewable energy production | Solar panels [G4-EN3]

Current total coverage with solar panels is around 1,895 m² compared with 1,048 m² at the end of 2012.

The target set in early 2013 of 15% more space was easily met and exceeded.



Objective

To increase to total coverage of 75% by the end of 2014.

Renewable energy production | Cogeneration [G4-EN3]

The feasibility studies in 2013 for five buildings confirmed the advantages of installing cogeneration in the View Building. The building has a fitness centre with a swimming pool. The long opening hours and heat requirements make the fitting of a cogeneration plant worthwhile in terms of the environment and cutting energy costs of common areas. The electricity generated by this installation will actually be fed directly back into the common areas of the building so as to substantially reduction its dependence on the electricity grid. The plant is scheduled to be commissioned in late 2014.

Objective

New feasibility studies will be conducted during 2014 throughout the whole portfolio, including Fedimmo's.

REPORTING OF CONSUMPTION

Total waste (tonnes) by type [G4-EN23]

The data presented in the table hereafter relate to the quantities of waste by region, all categories (paper, cardboard, plastic, glass, wood, earth, concrete, rubble, metals and other mixed waste).

Befimmo		Perimeter	Total of all assets	Belgium			Luxembourg
				Brussels	Wallonia	Flanders	
Total 2011		62%	1 901	885	0	958	59
Total 2012		68%	1 840	913	0	863	64
2013	**Total**		7 634	6 491	8	1 081	54
	of which operating waste	76%					
	not dangerous (tonnes)		1 714	1 048	8	604	54
	dangerous (tonnes)		0	0	0	0	0
	of which waste linked to works	100%					
	not dangerous (tonnes)		5 918	5 443	0	475	0
	dangerous (tonnes)		2.4	0.3	0	2.1	n.a.

Fedimmo		Perimeter	Total of all assets	Belgium		
				Brussels	Wallonia	Flanders
Total 2011		n.a.	n.a.	n.a.	n.a.	n.a.
Total 2012		n.a.	n.a.	n.a.	n.a.	n.a.
2013	**Total**		1 016	418	598	0
	of which operating waste	13%				
	not dangerous (tonnes)		90	13	78	n.a.
	dangerous (tonnes)		0	0	0	0
	of which waste linked to works	100%				
	not dangerous (tonnes)		667	147	520	0
	dangerous (tonnes)		259	258	0.5	n.a.

Building waste includes all waste related to building/renovation projects, 100% of which is reported. Dangerous waste is waste that presents a specific danger to man or the environment. It is identified and listed in regional regulations. The proportion of waste related to renovation/construction sites in 2013 is much higher than in previous years because previously this information was not systematically collected.

Waste processing [G4-EN23]

The data in the table below show the breakdown by region of total waste by type of treatment.

Befimmo	Perimeter	Total of all assets	Belgium			Luxembourg
			Brussels	Wallonia	Flanders	
Total of waste 2013 (tonnes)		7 634	6 491	8	1 081	54
Recycling	72.1%	78.3%	81.3%	n.a.	64.1%	11.0%
Reutilisation	7.4%	0.4%	0.5%	n.a.	0.2%	n.a.
Composting	10.0%	0.1%	0.0%	n.a.	0.4%	n.a.
Incineration	70.5%	14.7%	10.5%	100.0%	35.3%	89.0%
Landfill / dump	5.5%	6.6%	7.7%	n.a.	n.a.	n.a

Fedimmo	Perimeter	Total of all assets	Belgium		
			Brussels	Wallonia	Flanders
Total of waste 2013 (tonnes)		1 016	418	598	n.a.
Recycling	13.3%	66.4%	36.6%	87.1%	n.a.
Reutilisation	0.0%	n.a.	n.a.	n.a.	n.a.
Composting	0.0%	n.a.	n.a.	n.a.	n.a.
Incineration	12.7%	8.2%	1.6%	12.9%	n.a.
Landfill / dump	1.0%	25.4%	61.8%	n.a.	n.a.

The percentage for each treatment is quantified according to the collector, type and category of the waste.

Greenhouse gas (GHG) emissions related to energy (tonnes CO_2e) [G4-EN15 to EN19 | CRESS-CRE3]

The data presented in the table hereafter relate to greenhouse gas emissions associated with energy consumption in Befimmo/Fedimmo buildings (electricity, gas and oil).

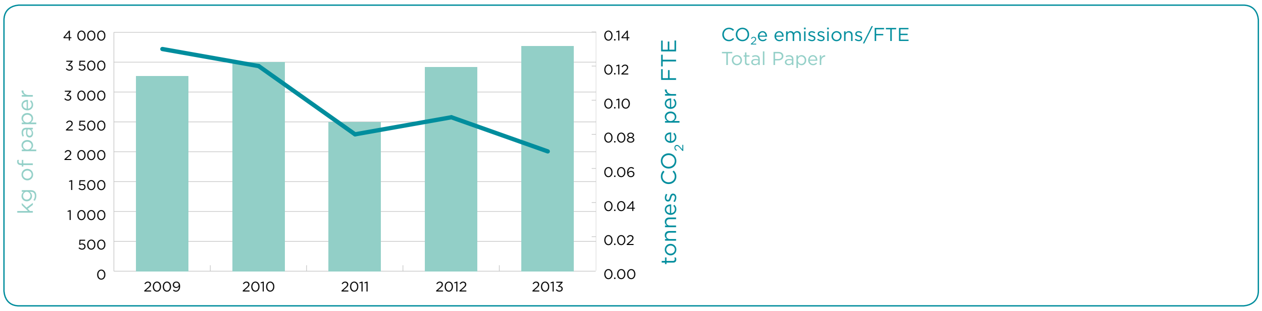
The significant reductions in CO_2e emissions recorded in the calculation at constant floor area (like-for-like) can be explained mainly by (i) a significant reduction between 2009 and 2013 of emission levels associated with the use of non-renewable electricity (see CO_2e emission factors in the methodology in Appendix V on page 246), (ii) the complete elimination of oil-fired heating systems from the Befimmo portfolio, and (iii) adjustments to the data after obtaining information relating to green electricity supply contracts for major private accounts.

Befimmo		Total of all assets	Belgium			Luxembourg
			Brussels	Wallonia	Flanders	
2011	Total 2011	11 362	7 850	480	2 652	379
	kg CO_2e/m^2 2011	32.6	33.1	28.7	20.0	n.a
2012	Total 2012	11 368	7 956	73	2 700	639
	kg CO_2e/m^2 2012	20.9	24.0	3.6	13.1	40.9
2013	**Total 2013**	9 745	5 874	274	3 222	376
	of which electricity emissions (2013) buildings	1 372	136	38	908	290
	of which electricity emissions (2013) Befimmo Corporate		0	n.a.	n.a.	n.a.
	of which gas emissions (2013)	8 373	5 737	235	2 313	87
	of which gas emissions (2013) Befimmo Corporate		18	n.a.	n.a.	n.a.
	of which heating oil emissions (2013)		n.a.	n.a.	n.a.	n.a.
	kg CO_2e/m^2 2013	12.1	12.9	17.9	11.1	n.a.
Like for Like	2008-2013 at constant perimeter	-64%	-64%	-46%	-62%	n.a.
	2011-2013 at constant perimeter	-41%	-47%	-12%	-37%	-1%
	2012-2013 at constant perimeter	-24%	-28%	-29%	-6%	-41%

Fedimmo		Total of all assets	Belgium Brussels	Belgium Wallonia	Belgium Flanders
2011	Total 2011	7 273	2 979	799	3 494
	kg CO_2e/m^2 2011	23.4	27.1	13.0	25.4
2012	Total 2012	8 284	3 508	804	3 971
	kg CO_2e/m^2 2012	26.6	32.4	13.3	28.9
2013	**Total 2013**	6 967	2 930	1 603	2 434
	of which electricity emissions (2013) buildings	12	0	12	0
	of which electricity emissions (2013) Befimmo Corporate	n.a.	n.a.	n.a.	n.a.
	of which gas emissions (2013)	6 679	2 930	1 322	2 427
	of which gas emissions (2013) Befimmo Corporate	n.a.	n.a.	n.a.	n.a.
	of which heating oil emissions (2013)	275	n.a	268	7
	kg CO_2e/m^2 2013	38.4	26.3	49.4	18.3
Like for Like	2008-2013 at constant perimeter	-37%	-45%	10%	-21%
	2011-2013 at constant perimeter	-4%	-2%	-7%	-5%
	2012-2013 at constant perimeter	-15%	-17%	-12%	-12%

The reporting perimeters including constant floor areas correspond to the specific perimeters previously calculated separately for each energy type. The CO_2e emission factors are based on the energy type and energy mix of the region. CO_2e emissions related to Befimmo corporate transport and supplies are excluded and treated separately.

CO_2e emissions related to Befimmo corporate use of paper (tonnes CO_2e) [G4-EN17]



The conversion factor used to calculate CO_2e emissions related to the paper consumption is 1.3157 $kgCo_2e$/kg paper.

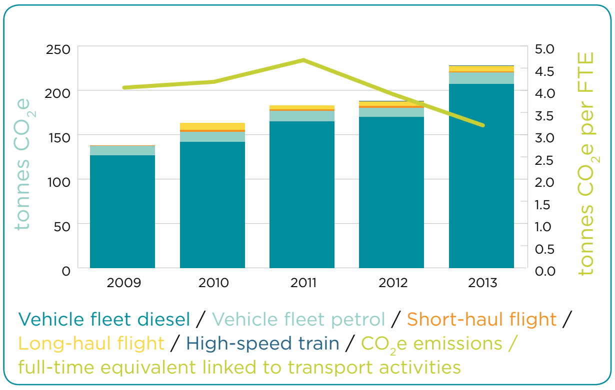
MOBILITY

MAIN ACHIEVEMENTS AND OBJECTIVES

Accessibility of buildings and business and private travel policy.

CO_2e emissions related to Befimmo corporate transport (tonnes CO_2e) [G4-EN15-EN30]

The objective for 2013 of reducing CO_2e by 3% in the Befimmo vehicle fleet was achieved and even exceeded. This cut in the overall average emission rate per vehicle by 8.5% in 2013 compared with 2012 is the result of applying the car policy in 2012 to new and replacement vehicles.



CO_2e emissions related to the fuel consumed by corporate vehicles include the upstream emissions required to produce and transport the fuel.

Electric vehicle

After various tests, Befimmo chose to include a pooled electric vehicle in its fleet. The objective is to test the usefulness of such a vehicle over a short period (12 months) for short trips by the team.

By mid-2014, a general analysis of Befimmo's mobility opportunities will be conducted with the help of external consultants.

Objective

Befimmo intends to pursue its policy of awareness-raising in the team. It aims to develop a mobility plan to encourage sustainable mobility (use of carpooling, public transport or, for the more energetic, cycling, etc.).

CERTIFICATION

MAIN ACHIEVEMENTS AND OBJECTIVES

Audit of the management of the business's environmental impact (methodology, communication, transparency) by an external certification body.

Environmental Management System, ISO 14001 certified [G4-PR3]

Since 2010, Befimmo has established an Environmental Management System based on ISO 14001. It ensures a systematic approach to the environmental aspects of its activities and also contributes to the sustainable ongoing implementation and monitoring of its commitments.

In late 2013, after the first three years, the Environmental Management System (EMS) was audited to update the certification. The audit confirmed that the requirements of ISO 14001 were being applied in the processes and activities audited.

Objectives

Befimmo will nevertheless continue in 2014 to address the two challenges it identified in 2012, namely:

- To complete the integration of the property management business;
- To simplify the EMS by further improving the level of environmental performance.

BREEAM Design at Befimmo and Fedimmo [G4-PR3]

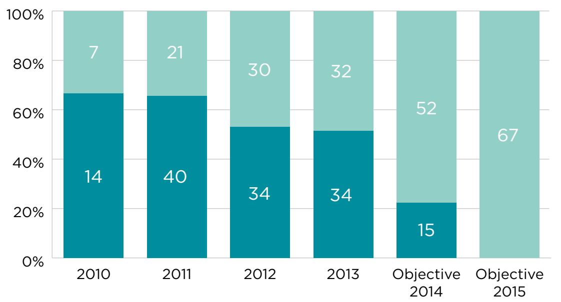
					Date	BREEAM performance level	
Portfolio	Building	City	Region	Type of project	Acquisition of certificat	Design	Post Construction
Befimmo	Ikaros 17-19	Zaventem	Flanders	Renovation	2012	Very Good	Pending
	Ocean House	Zaventem	Flanders	Renovation	2012	Good	Pending
	Triomphe I + II		Brussels	Renovation	2014	Very Good	Pending
	Brederode 13		Brussels	Renovation	2014	Very Good	Pending
	Brederode 9		Brussels	Renovation	2015	Very Good	Pending
	Noord-Building		Brussels	Construction	2014	Excellent	Pending
Fedimmo	Science-Montoyer	Brussels	Brussels	Renovation	2010/2011	Excellent	Excellent
	Froissart	Brussels	Brussels	Renovation	2010/2011	Excellent	Very Good
	Paradis	Liège	Wallonia	Construction	2014	Excellent	Pending
	WTC IV	Brussels	Bruxelles	Construction		Outstanding	Pending

"Glossary"

BREEAM In-Use at Befimmo (number of assets) [G4-PR3]

BEFIMMO PORTFOLIO | BREEAM IN-USE [ASSET] (number of assets)

As at 1 January 2014, taking account of sales and acquisitions, 50% of the Befimmo certified portfolio was rated Good for Asset level.



Objective

The aim is to continue along this path of improving the rating (Pass => Good) for 20 new buildings over 2014. The improvement in the rating of the remaining 15 buildings is planned by the end of 2015. The rating of the buildings undergoing renovation is reviewed as appropriate in each case after completion of the work.

BEFIMMO PORTFOLIO | BREEAM IN-USE [MANAGEMENT] (number of assets)

On 1 January 2014, the BREEAM Management rating status was adjusted to take account of the acquisition of the Blue Tower building which was rated “Very Good”. In 2014, only the certificate for the recently renovated Ikaros 17-19 building will be integrated and taken into account.

Objective

After the property management business has been fully integrated in 2014, Befimmo will assess the added value of the improved BREEAM Management rating of its portfolio. New targets will be set if appropriate.

FEDIMMO PORTFOLIO | BREEAM IN-USE [ASSET AND MANAGEMENT]

The BREEAM status of the Fedimmo buildings remains unchanged. In 2013, only one Fedimmo building out of 56 had undergone BREEAM Asset and Management certification. After a full renovation, the Froissart building was rated “Very Good” in each of these two certifications.

The team

The involvement of the Befimmo team in Social Responsibility is crucial to the success of its global strategy. Staff awareness of and participation in conceptual work as well as their day-to-day contribution, is an essential element for achieving the objectives set. By providing a pleasant working environment, Befimmo helps to stimulate creativity and motivation in the team and enhances its commitment to the Company.

Since 2012, one person in the human resources department has been responsible, in cooperation with the CSR Manager, for raising awareness of the whole team of CSR topics, dealing with the follow-up of initiatives introduced and continuing to develop the strong corporate culture that exists within Befimmo. The main priorities identified in consultation with stakeholders related to this topic are **well-being**, **ethics and dialogue**.

Main relevant topics raised by stakeholders

Well-being
- Pride / commitment / common vision
- Team spirit / team building
- Health & safety
- CSR awareness
- New ways of working
- "À la carte" fringe benefits
- Work/life balance
- Attachment to an identity

Ethics
- Discrimination (origin, gender, disability)
- Integration / training of young people
- Remuneration

Dialogue
- Inter-departmental relationships
- Sharing and feedback
- Unifying a project / generating enthusiasm

Befimmo undertakes to

Well-being:
- adopt best practices, analyse their relevance and take the necessary action
- implement the values identified within the team throughout the business
- unite the team behind the Social Responsibility policy and Programme
- abide by prevention standards and advice; comply with health and safety rules
- encourage the team to engage in in-service training

Ethics:
- remain open to the diversity of team members (gender, age, language, origin, etc.)
- ensure fair treatment of its employees

Dialogue:
- keep listening to the team and maintain a regular dialogue with it
- leave room for team initiatives and creativity
- enhance dialogue between departments and promote more teamwork

Key indicators

Values
Commitment
Team spirit
Professionalism

Response rate to the staff satisfaction survey
92%

Male | female balance
56% | 44%
within the team

53h/year
of training per employee

Social indicators [G4-LA1-LA2-LA6]

As at 31 December 2013, there were 70 staff in the team (56% men and 44% women). With the exception of the CEO, all team members enjoy an employee status and all, but one, are employed on a permanent contract.

Befimmo also occasionally takes on temporary staff.

On the same date, 90% of Befimmo employees worked full-time and 10% part-time (including time credits). All staff working part-time have the same fringe benefits. Currently, these 10% are all women.

More than half the team have a university degree and 43% of those graduates also have a post-graduate diploma.

The average age of the Befimmo team (not including the Board of Directors) is 41.

During the 2013 fiscal year, Befimmo welcomed 25 new employees (including 14 through the integration of the property management business) and there were 2 departures.

Over the year, there were two accidents on the way to work but no cases of occupational disease. Absenteeism(1) amounted to 2.4%of the total number of hours worked, which is in line with the average rate of 2.4%(2) recorded for all Belgian companies across all sectors.
Befimmo is subject to the Joint National Auxiliary Committee for White-Collar Workers, also known as Joint Committee 218, which covers all team members.

The remuneration paid by Befimmo is in line with market rates and substantially higher than the relevant minimum scales. Under Befimmo's salary package, employees are covered by a non-statutory pension scheme that guarantees a replacement income that is proportional to the salary earned at the time of retirement (defined-benefits scheme) and their length of service in the Company. In addition, employees receive full health care coverage.

More detailed information can be found in the note "Employee benefits" on page 197 of this Annual Financial Report [G4-EC3].

(1) Absenteeism rate: ratio of the number of hours of short-term sickness (< 30 days) to the total hours worked.
(2) Source: "Absenteeism 2012, management and figures", SDWorx.

WELL-BEING

MAIN ACHIEVEMENTS AND OBJECTIVES

Work/Life balance, staff health and safety, working environment and atmosphere.

Befimmo attaches particular importance to the well-being of its employees, ensuring that they are involved in the life of the Company. It intends to continue its efforts to make continuous improvements on the topics mentioned before.

Values

Three core values have been identified through various surveys of Befimmo's team and Board of Directors. These values that mould Befimmo's identity are:

- **Commitment |** this word reflects the high level of involvement of the team in the Company and its business, its sense of responsibility and its strong ties to the Company.
- **Team spirit |** this expression denotes the cooperation between the various members of the team when carrying out their business, giving one another mutual support when needed.
- **Professionalism |** this means the strict discipline applied when doing business.

Objective

Befimmo feels the need to integrate these values further to ensure that they are genuinely experienced within the Company, so that everyone can relate to them, and also so that they are recognised outside. To that end, in 2014 Befimmo will hold workshops on these values so that the team can take part in developing them.

Efficiency and well-being

In 2013, Befimmo integrated the property management business into the existing structure. As part of that process, 14 employees, former staff of AG Real Estate Property Management, joined the team on 1 May 2013. The existing team members were made aware of their role in ensuring the success of this integration and the new colleagues were all welcomed into the group. Thanks to the mentoring system introduced and the involvement of everyone in the process, Befimmo was pleased with the success of this operation.

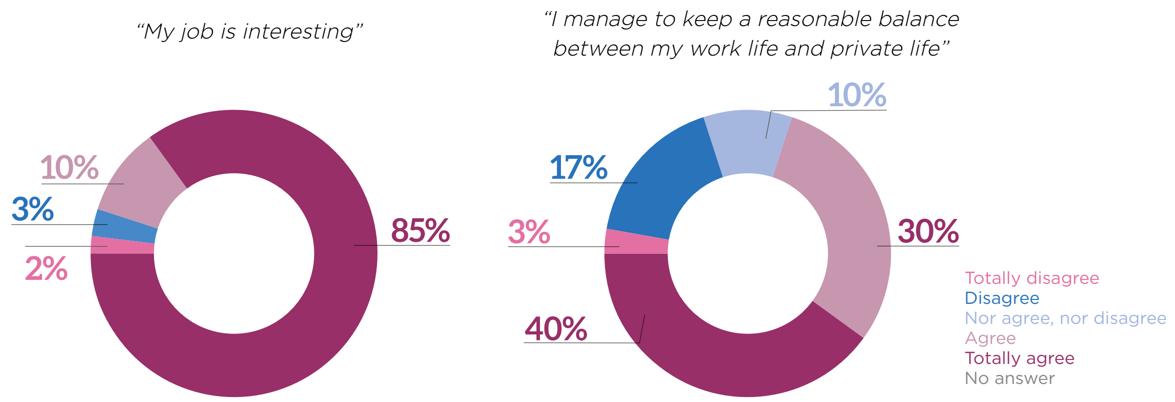
In November 2013, Befimmo conducted a satisfaction survey of the team, which focused on general topics such as communication, working environment, training, culture and entrepreneurship, human resources, mobility, CSR and the Befimmo values. This survey – in the form of an online questionnaire – was anonymous and voluntary. The participation rate was very high, at 92%.

The survey was able to gauge the climate within the Company. Since it was the first one, it will serve as a reference for regular surveys (every two years) to assess how much the staff know and understand about the strategy, to measure the level of commitment and the changing attitude of staff towards CSR and, more generally, about their experiences within the Company.

It will enable Befimmo to map out priorities in terms of measures for the well-being and effectiveness of the team, in order to meet the specific needs of its employees rather than merely abiding by the relevant legal requirements.

Extract from the results of the staff satisfaction survey

(2013)



It emerges from the 2013 survey that the staff are motivated and interested in their own jobs, and 95% of them are proud to work for Befimmo. However, some areas for improvement were identified, notably work/life balance. In response to these points to be addressed, Befimmo has undertaken to implement specific measures, such as an analysis of new work organisation practices.

Objective

To follow-up the specific measures implemented as a result of the satisfaction survey and to conduct a new satisfaction survey at least every two years.

Comité B+ and social actions

Comité B+, set up in 2011 at the initiative of the staff and with the support of the executive officers, has continued its efforts to organise sporting, cultural, festive, charity and family activities.

In 2013, Comité B+ continued its voluntary work on the partnership begun in 2011 with the Red Cross (Auderghem local unit).

Following the success in 2012, the Committee organised two blood donations at its premises in the Goemaere building, and other tenants in the building were able to take part. It plans to continue organising blood donations in future years. Several staff members also took part in the Red Cross fortnight, which takes place every spring, and helped to sell adhesive plasters for the Auderghem local unit in aid of the "Holidays for all" programme, a camp for vulnerable children.

Objective

Comité B+ intends to continue its social outreach in 2014. The participants are keen to repeat most of the above operations. For its part, the Company will continue to support Comité B+ initiatives by proposing philanthropic activities to the team.

The more athletic members took part in the 20 km of Brussels for the Ligue Braille team. Finally, just before the Christmas period, staff were asked to donate food packages which were distributed by the Red Cross to the homeless in Auderghem.

Appraisal and training [G4-LA9-LA10-LA11]

Befimmo is convinced that the development of its employees enhances their desire to advance their careers and deploy their skills, and so continued its policy in this area in 2013.

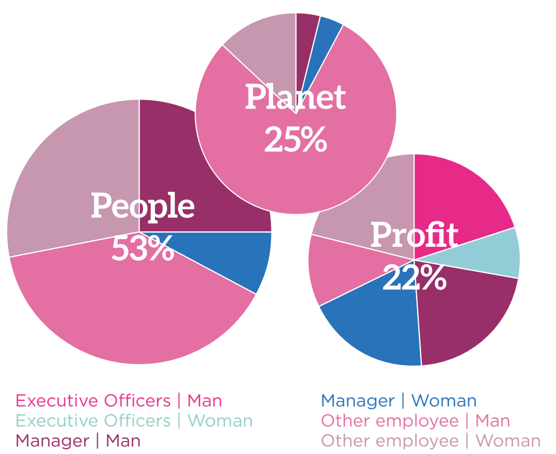
In addition to language training and individual courses, Befimmo provided training on communication to all staff. Staff had the opportunity to improve their skills in interpersonal communication and within a team, to identify their own mode of communication and that of others, and to learn how to structure their message to make it more effective. The leadership skills development programme for serving managers also continued and ended in 2013. Training on the ISO 14001 standard was also offered to all staff. Finally, mindful of the physical well-being of the staff, Befimmo organised ergonomics training in cooperation with the occupational medicine service, to raise staff awareness of the risks of working on screen and to teach them how to limit those risks.

Despite this, the results of the staff survey show that there is still room for improvement in access to training at Befimmo. To achieve this, it was decided to improve centralisation of information about training, which should then be passed on to managers.

Befimmo also decided to review its annual appraisal process already in place for all Company employees. Appraisal will be more closely linked to the Company's values, which are deployed in a number of generic skills. A larger and more detailed part of the appraisal will focus on the staff development plan, with the aim of maintaining their level of motivation and well-being.

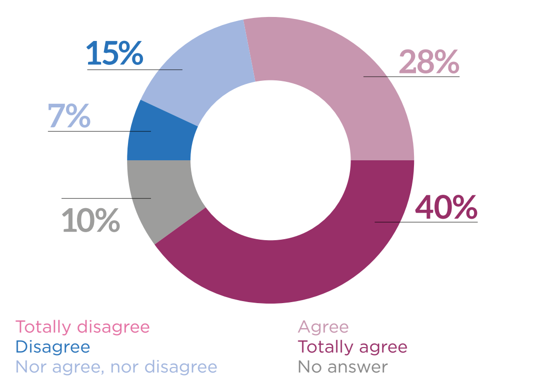
Over the past fiscal year, Befimmo imparted an average(1) of 53 hours' training per staff member, more than half of which related to language courses.

Training hours (excluding language courses) broken down according to the three pillars, by gender and category (2013)



Extract from the results of the staff satisfaction survey (2013)

"Overall, I am satisfied with the training possibilities available at Befimmo"



(1) This average is calculated based on the full-time equivalents

Objectives

- To review the appraisal process and introduce a development plan.
- To centralise information about training, improve communication with managers on existing training courses and inform the team of the procedure in place.

ETHICS

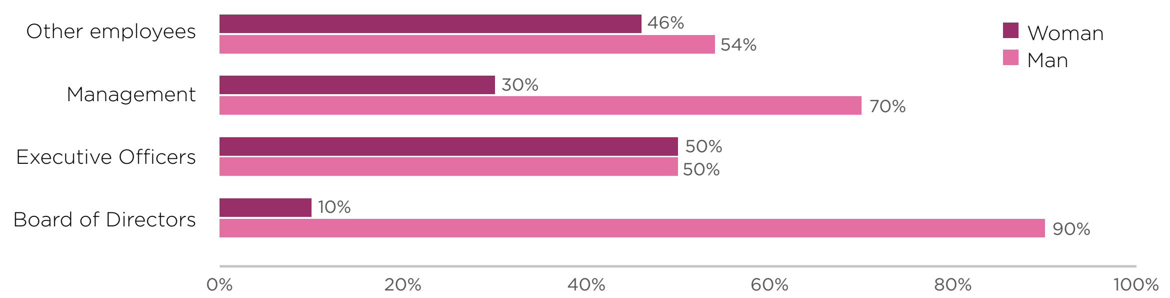
Ethical practices in human resource management and recruitment.

Befimmo describes itself as a Company open to diversity, respecting everyone's identity.

During the 2013 fiscal year, no complaints were lodged about employment [G4-LA16].

SOCIAL INDICATORS AND OBJECTIVES

Composition of governance bodies and breakdown of employees by gender (at 31 December 2013) [G4-LA12]



Composition of governance bodies and breakdown of employees by age (at 31 December 2013) [G4 - LA12]

Objective

In 2014, Befimmo intends to commit to a diversity plan under the diversity label of the Brussels Capital Region.

DIALOGUE

Maintaining a regular dialogue with the team.

In 2013 the dialogue with the team, an internal stakeholder of the Company, took place mainly through the staff satisfaction survey, part of which has contributed to the Company's materiality matrix. Training courses were also offered on communication. Befimmo continued its efforts to improve and diversify the communication flows within the team.

MAIN ACHIEVEMENTS AND OBJECTIVES

Awareness-raising in the team

The intranet has continued to be a key facilitator of communication. It proved popular as a useful tool in the Company for the staff survey. Given the importance of its role in communicating information, its content and its technical features will be reviewed and improved in 2014.

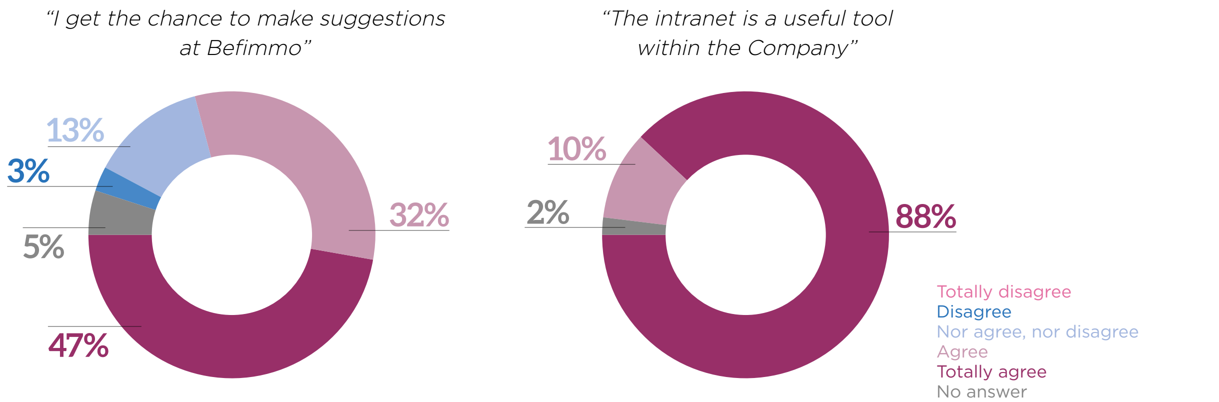
However, the survey also revealed that employees would like to have more communication on all subjects.

To achieve this, Befimmo intends to step up the flow of information, in particular by organising in-house "breakfast presentations" by team members or departments on a variety of topics highlighting certain areas of the Company's business. Recognising the potential of its team, Befimmo will also take every opportunity to put their creativity to good use on specific topics, elicit suggestions and invite dialogue. Finally, inter-departmental working sessions or workshops will be organised to ensure optimum flow of communication and cooperation.

Objectives

- To improve internal communication
- To facilitate in-house relationships and transmission of information
- To improve creativity and team participation

Extract from the results of the staff satisfaction survey (2013)



The tenants

Befimmo attaches great importance to the occupants and users of its property portfolio. It endeavours to retain its tenants by providing quality spaces that are easily accessible, with good environmental management and affordable.

Befimmo has a team of motivated professionals (commercial and technical staff, managers, etc.), reporting to the Chief Operating Officer (COO), whose goal is to improve the quality of "customer service". Indeed, tenants' satisfaction, the **dialogue between the landlord and tenant as well as the safety and health of the tenants** are priorities for Befimmo and are essential in the eyes of all its stakeholders. Against that background, Befimmo has specific measures that it plans to implement, such as a new help desk, building a communication platform focused on tenants, etc. It has also decided to release additional financial resources to recruit two new employees with the task of achieving those goals.

Furthermore, the integration in May 2013 of the property management business enabled Befimmo to have a more direct relationship with its tenants, allowing it to better anticipate their needs and to be more proactive in its efforts to raise their awareness of environmental issues. As a result of this integration, it has become the tenant's everyday point of contact.

Main relevant topics raised by stakeholders

Dialogue

- Raise tenants' awareness - "green lease"
- Joint project with tenants and community
- Satisfaction survey
- Retaining tenants
- Use the manager and maintenance company as a link between the landlord and the tenant
- New ways of working
- 24/7 help desk

Health & Safety

- Indoor air quality
- Building security
- Reliable and compliant materials

Befimmo undertakes to

- develop an approach focused on "rental customers"
- educate its tenants on aspects of Social Responsibility
- improve dialogue with tenants and follow up their requests and implement specific measures

- ensure the safety of its tenants in the buildings, with a focus on construction sites in occupied buildings
- ensure good air quality in the buildings in the portfolio
- use good quality and durable materials

Key indicators

Portfolio occupancy rate
95%

Weighted average duration maintained at
9 years

42 interviews
conducted with tenants since December 2013 in the context of ISO 14001

DIALOGUE

MAIN ACHIEVEMENTS AND OBJECTIVES

Maintain a regular dialogue with tenants (existing and potential).

Provision of an environmental cooperation agreement [G4-EN27]

Associated with each lease, Befimmo offers its tenants an environmental cooperation agreement (formerly known as the green lease). This agreement encourages the landlord and tenant to strive to improve the environmental performance of the building and let spaces (reducing consumption of resources, waste production, carbon emissions, etc.). The agreement is intended for new tenants but will also gradually be brought in for all existing tenants.

Objective

Befimmo's objective for 2014 is to identify the 10 highest private electricity consumers, educate the tenants concerned through the environmental cooperation agreement, support and advise them in seeking and finding solutions to cut their consumption and then help to check the impact of the measures taken. This objective is therefore linked to the one for cutting electricity consumption in private areas by 1% a year for 3 years. The document, drafted in cooperation with the Environmental Technical Team, will be sent by the property management to the new tenants and existing tenants alike.

Provision of a Building User Guide (BUG) [G4-EN27]

The code of conduct mentioned in the previous report has evolved into a document called the BUG. It is a guide for occupants of the building to the proper operation of the installations and for limiting the environmental footprint. Currently, the BUG has so far been prepared for one building.

Objective

The objective for 2014 is to produce and implement new BUGs for a prioritised list of buildings. Property management will send this document to new and existing tenants alike.

Provision of a help desk [G4-EN27]

Following the integration of the property management business, Befimmo set up a help desk and a quality Customer Relationship Management (CRM) system, which will subsequently be linked to an extranet dedicated to tenants.

Objective

To provide an efficient 24/7 help desk for tenants of the Befimmo and Fedimmo portfolios by June 2014, linked to an extranet. This tool will enable tenants easily to track their requests.

Creation and provision of an extranet
[G4-EN27]

Befimmo intends to improve the dialogue with its tenants by providing them with an extranet for publishing documents from property management, environmental documents, access to monitoring for each building, the BUG, the environmental cooperation agreement, etc.

Objective

The objective is to improve transparency and dialogue with rental customers and provide them with a platform where they can find general information about their building. Since the extranet will also be linked to the help desk, it will also serve as a platform for exchanging confidential information.

HEALTH & SAFETY

MAIN ACHIEVEMENTS AND OBJECTIVES

Responsible for the health and safety of tenants.

Befimmo is of course continuing to monitor compliance with safety regulations on building sites, and to provide healthy buildings with impeccable safety. Befimmo also checks that all statutory controls are properly implemented and that any observations and/or infringements arising from reports by inspectors on its portfolio are remedied.

Incidents [G4-PR2-PR9-EN24]

However, during the 2013 fiscal year, a complaint was lodged with the IBGE by a tenant about pollution of the air inside the Brederode I building. The pollution was caused by a burner malfunction and incorrect evacuation of burnt gas from the boilers which re-entered a fresh-air intake on the roof. This led to a report by the authorities, a temporary stoppage of the plant and payment of an administrative fine of €300, later recovered from the maintenance company.

Furthermore, in October 2013 the View Building had to be completely evacuated due to the tenant's incorrect handling of chemicals used to treat the water in the private sports complex located on the ground floor. This incident and the gas given off by this mixture led to the temporary closure of the fitness facilities and a report by the IBGE.

In both of the above cases, Befimmo communicated all the required information quickly and transparently to the authorities and to the occupants. Corrective and preventive measures were also taken with the maintenance companies and tenants concerned.

Objective

Befimmo has taken the decision to release the necessary resources to recruit a Risk & Quality Manager in 2014, whose main responsibilities will include quality control of maintenance and tenant comfort in occupied premises.

Governance

Befimmo abides by the applicable legal requirements on governance and has devised a code of ethics setting out the values that are to govern relations with its stakeholders.

In terms of governance, Befimmo applies the Belgian Corporate Governance Code, which is its reference code, and pays particular attention to developments in this area.

For the prevention of conflicts of interest and market abuse, Befimmo is governed by the legal provisions applicable as a listed company and Sicafi, and by the additional rules it has laid down in its charter of corporate governance. Befimmo therefore imposes stricter requirements than the legislation where it deems appropriate.

The General Counsel & Secretary General (member of the Executive Officer Committee) is responsible for updating and compliance with the code of ethics and the charter of corporate governance. She also holds the position of Compliance Officer and, in that capacity, ensures compliance with internal rules and procedures to prevent the risk of market abuse.

Befimmo's Governance Statement is on page 108 of this Annual Financial Report.

Befimmo also pays particular attention to the reliability of the reporting process and rigorous, accurate and transparent financial and non-financial communications.
The main priorities related to this topic are **dialogue and communication with stakeholders, ethics and compliance.**

Main relevant topics raised by stakeholders

Dialogue & Communication

- Programme of specific measures that are realistic, simple, consistent and understandable
- Clear vision, long-term objectives
- Ambition / courage
- Devised in cooperation with all stakeholders
- Be an example / pioneer
- Regular, targeted and relevant communication
- Driven by management, use of benchmarks
- Establish governance
- Integrated with overall strategy, transparency

Ethics

- Business culture
- Values
- Code of ethics

Compliance

- Go one step further
- Anticipate
- Proactivity / Dialogue with authorities

Befimmo undertakes to

Dialogue & Communication:

- maintain an ongoing dialogue with stakeholders and intensify the dialogue with investors/shareholders
- adopt best practices, analyse their relevance and take the necessary actions
- involve the executive officers and the Board of Directors and maintain a regular dialogue with them
- continually develop a realistic programme of specific measures that are measurable and meet stakeholder expectations
- communicate transparently and adapt the communication to the various stakeholders (type, means, frequency, etc.)

Ethics:

- establish procedures and take measures to ensure ethical standards at all levels of Befimmo
- prevent the risk of corruption, anti-competitive behaviour, conflicts of interest, etc.
- improve and expand sustainable procurement conditions

Compliance:

- ensure compliance with regulations in force
- anticipate and be proactive in dialogue with the Belgian and European public authorities, and trade associations, notably regarding future regulations

Key indicators

Number of stakeholders interviewed (one-to-one)

>25

GRESB Green Star

EPRA Silver Sustainability Report

EPRA Gold Annual Report

MATERIALITY MATTERS

DIALOGUE AND COMMUNICATION

MAIN ACHIEVEMENTS AND OBJECTIVES

Maintain a dialogue with the individuals and entities affected by the Company's business and communicate transparently on initiatives taken, and on their follow-up.

Dialogue [G4-26]

As detailed before, in late 2013, in a process of continuous improvement of its Social Responsibility policy, Befimmo conducted a materiality study and initiated a process of regular dialogue with all its stakeholders (employees, tenants, investors, public authorities, suppliers, Directors, etc.).

Objective

Befimmo's objective is to continually improve the regular dialogue with all its stakeholders, enhancing the communication tools, adapting them to each stakeholder (website for investors, intranet for the team, presentations, reports, future extranet available to tenants, etc.) but also to continue responding to the CDP, GRESB and other questionnaires published by institutional investors.

Transparent communication [G4-PR7]

Befimmo also pays particular attention to the reliability of the reporting process and rigorous, accurate and transparent financial and non-financial communications.

In recent years, Befimmo has followed the trend towards standardisation of financial reporting and also reporting on Social Responsibility by subscribing to the indicators published by **EPRA**, the **GRI** guidelines and those for the real-estate sector, **GRI-CRESS**. This year, Befimmo decided to comply with the new version of **GRI**, "**G4**" for the whole of its report ("In accordance" - Core).

Objective

To pursue and continually improve communication in line with the reference standards.

CSR Manager

In 2013, Befimmo released the necessary resources in order to create a function of a CSR Manager who has a role that is both strategic (developing CSR strategy, managing relationships with stakeholders) and operational (coordinating CSR projects, acting as in-house consultant for other departments).

ETHICS

MAIN ACHIEVEMENTS AND OBJECTIVES

Prevention of the risks of corruption, anti-competitive behaviour, conflicts of interests, risk to reputation and raising awareness of ethics and compliance with the law.

Sustainable procurement policy
[G4-SO10-LA14-LA15-EN32-EN33-HR10-HR11]

Befimmo aims to improve and update the existing sustainable procurement conditions, communicate them to suppliers as soon as possible and ensure monitoring and compliance. At a second stage, Befimmo will produce a sustainable procurement charter and make an inventory of suppliers.

Objective

The improvement and update will be completed by the end of 2014. However, the charter should be prepared during 2015. The objective is to continue the general discussion of the introduction of electronic invoices across the board by adding a supplier assessment component including from the perspective of respect for the environment, human rights, impact on society and employment practices.

Code of ethics, dealing code and governance charter [G4-SO4]

The code of ethics, dealing code and governance charter will be updated during the first half of 2014. This update will be followed by a briefing session for the team about the content of these documents. They must then be approved and signed by each employee.

Objective

The updates and information sessions will be carried out in December 2014 by the General Counsel.

Raising awareness in maintenance companies [G4-EN27]

Objective

To provide training for all maintenance companies working for Befimmo and to add a sustainable development addendum to their contracts.

COMPLIANCE

MAIN ACHIEVEMENTS AND OBJECTIVES

Compliance with legislation in force and a proactive attitude towards the authorities.

Energy Performance Certificates (EPB)

[G4-EN29]

The Befimmo portfolio complies with the EPB regulations and each building in Brussels (except for those on leasehold) has had an energy performance certificate since 2011.

The majority of the buildings in the Fedimmo portfolio are occupied by public bodies that display energy performance certificates for the buildings they occupy. Befimmo is gradually collecting and mapping this information.

Objective

When major works are carried out, Befimmo ensures that the certificates are updated, as was previously the case following renovations in various buildings. Although theoretical, the data on the certificates are also compared with the actual specific consumption figures.

Risk & Quality Manager

Objective

As mentioned above, Befimmo took the decision to release the necessary resources to recruit, in 2014, a Risk & Quality Manager who will be responsible for regular monitoring of quality and risks related to the operational, technical, budgetary and administrative management of the buildings and any renovation projects and improvements carried out.

INTERNAL ORGANISATION [G4-17]

Befimmo's Social Responsibility is now fully integrated into its day-to-day management. Befimmo staff are increasingly involved in this strategy, one way or another depending on their field of expertise, and are aware of the major impact of the real-estate sector on the environment.

At **strategic level**, the Social Responsibility Team (SRT) consists of five people including three executive officers: the **Chief Executive Officer (CEO),** the **Chief Financial Officer (CFO),** the **Chief Operating Officer (COO)**, the Chief Technical Officer (CTO) and the CSR Manager (CSRM). The CEO decided to join the team in September 2013 to become more involved in decision-making on Social Responsibility and in the implementation of the action plan. This team is responsible for developing and monitoring the CSR Programme, releasing sufficient human resources, and conducting the annual management review. The team meets every 6 to 8 weeks. The **Directors of Befimmo** also take part in defining, approving budgets and taking major decisions on Social Responsibility, especially at the strategy meetings held each year and at the meetings scheduled every quarter when the results are published.

At **operational level**, the Environmental Technical Team (ETT) – which meets regularly – is responsible for regularly assessing the implementation of the Environmental Management System and the CSR Programme.

As mentioned above, in September 2013, a new position of CSR Manager was created within the team, whose role is both **strategic** (developing CSR strategy, managing relationships with stakeholders) and **operational** (coordinating CSR projects, in-house consultancy for other departments). The CSR Manager is a member of the Social Responsibility team and reports directly to the CEO.

Regarding **human resources**, the Human Resources Officer (HRO) is responsible for educating all members of the team to take more account of Social Responsibility, to follow up initiatives put in place and to develop further the strong corporate culture that exists within Befimmo. The HRO works with the CSR Manager and reports to the Social Responsibility team.

Other staff members also have responsibilities specifically defined in the EMS: Legal Manager, General Counsel, Chief Commercial Officer, Property Manager, Investment Officer, Internal Auditor, Project Managers, etc.

Befimmo took the decision to release the necessary resources to recruit two new employees in 2014: a Risk & Quality Manager and a Green Advisor who will also be involved in Social Responsibility strategy.

RECOGNITION

For reporting, the following prizes were awarded during the 2013 fiscal year:

- Befimmo was awarded the "EPRA Gold Annual Report" for its Annual Financial Report 2012.
- Befimmo was awarded the "EPRA Silver Sustainability Report" for the corporate Social Responsibility report integrated in its Annual Financial Report 2012.
- Befimmo was awarded a GRESB "Green Star".
- Befimmo doubled its score with the CDP to 81% for the CDP 2013 questionnaire, exceeding the average for the real-estate sector.
- For its Social Responsibility report, integrated in its Annual Financial Report 2012, Befimmo was awarded the GRI "Application Level Check" B+.

GENERAL INFORMATION

Contact person & Further information	Emilie Delacroix - CSR Manager e.delacroix@befimmo.be +32 2 679 38 63 **Social Responsibility FAQs** Since Befimmo joined the BEL 20 index, the Company has noticed growing interest by external stakeholders in its sustainable development approach. In order to give answers that are as clear as possible and to provide this information to all stakeholders at the same time, Befimmo has prepared frequently asked questions (FAQs) on Social Responsibility. This document is available on the Befimmo website at www.befimmo.be/en/faq and important new data and the main issues raised by stakeholders are being added.
Reference to external standards	In recent years, Befimmo has followed the trend towards standardisation of financial reporting and also reporting on integrated Social Responsibility by subscribing to the indicators published by **EPRA**, the **GRI** guidelines and those for the real-estate sector **GRI-CRESS**. This year, Befimmo decided to comply with the new version of GRI **"G4"**, for the whole of its report ("In accordance" - Core). The GRI content index and the summary table of key EPRA indicators are in Appendix VII (page 266) and Appendix VIII (page 272) respectively of this Report.
Reporting period	This report covers activities over the 2013 fiscal year. It follows the annual report issued in 2013. The perimeter is set at 31 December 2013.
Reporting perimeter and changes since 1 January 2013 [G4-22 | G4-23]	The floor area of the Company's portfolio was **changed during fiscal year 2013** by the following events: › the sale of the Mons I building in February 2013 and the Triomphe III building in December 2013; › the acquisition in April 2013 of Blue Tower Louise SA, owner of the Blue Tower building; › the integration of the property management business in May 2013; › the acquisition of the AMCA building, in July 2013, by way of a contribution in kind from AXA Belgium.
	The reporting perimeter for sustainable development activities covers the activities of Befimmo SA and its subsidiaries, Fedimmo SA, Meirfree SA, Vitalfree SA and Axento SA. Befimmo's commitments to sustainable development apply to its whole portfolio. We would point out, however, that the policy implemented by Befimmo at operational level cannot yet be fully applied to the Fedimmo portfolio. The agreement with the Buildings Agency stipulates that most of the recurring work is its responsibility, so Befimmo does not have absolute control over these activities. Nevertheless, the environmental performance of the buildings is gradually being improved through dialogue and regular consultation with the Buildings Agency and Fedesco. The Environmental Management System (EMS) covers the activities under Befimmo's direct control. Initially, the operational aspects of the EMS are deployed for the common areas of the buildings. This does not preclude the implementation of activities for aspects over which Befimmo has less direct influence, notably tenants' management of private areas.
External review	In the context of the GRI reporting of its sustainable development indicators, every other year Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. Since this limited assurance was conducted on 2012 data, the next exercise should relate to 2014 data. However, since Befimmo has complied for the first time with GRI-G4, it has called upon an external consultant to assist with the preparation of its reporting and had a "Materiality Matters Check" carried out by the GRI.
Methodology	The reporting methodology is described in Appendix V (page 246).

FURTHER INFORMATION

Befimmo's website (www.befimmo.be/en/corporate-social-responsability-policy) provides additional information that may be a helpful supplement to the Social Responsibility chapter of this Annual Financial Report. This information covers:

- Social Responsibility policy (March 2014);
- The "Social Responsibility" chapter in previous Annual Financial Reports, as well as this one;
- Previous Annual Financial Reports;
- The ISO 14001 certificate;
- The BREEAM certificates;
- The Environmental passports;
- The Social Responsibility Programme;
- External stakeholders' answers to questionnaires;
- Questionnaire for external stakeholders.

A glossary is provided on page 228 of this Report to facilitate the reading of this chapter by explaining a number of terms used.

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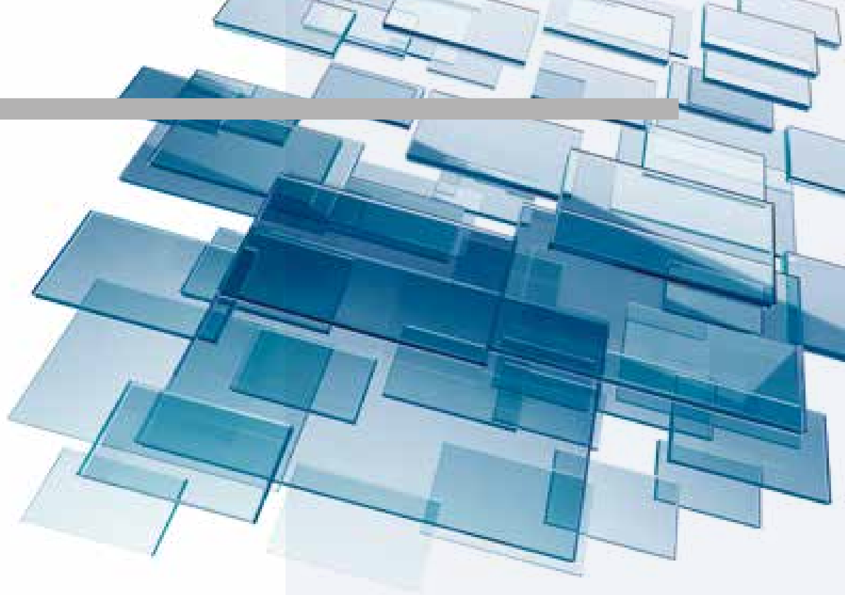

Corporate governance statement

“Glossary”

This section of the Annual Financial Report contains information on Befimmo’s practice of the principles of governance over the past fiscal year.

PRINCIPLES

Befimmo applies the Belgian corporate governance Code, which entered into force on 1 January 2005 and was revised for the first time on 12 March 2009 (hereinafter, the “2009 Code”), which is the reference Code within the meaning of article 96(2)(1) of the Code of Company Law. It is available on the website of the Belgian Official Gazette and on the website www.corporate-governancecommittee.be. The Board of Directors declares that to its knowledge, the corporate governance practised by Befimmo complies with the 2009 Code.

The following documents, which give a detailed overview of the Company’s governance, are all published on the Befimmo website: the corporate governance charter, code of ethics and the annexes to the charter:

- the terms of reference of the Board of Directors;
- the terms of reference of the Audit Committee;
- the terms of reference of the Appointment and Remuneration Committee;
- the terms of reference of the Executive Officers;
- the terms of reference of the internal audit;
- the remuneration policy.

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These documents were amended most recently on 20 December 2012, following the change in the structure of the Sicafi from a Partnership Limited by Shares into a Limited Liability Company.

MANAGEMENT STRUCTURE

BOARD OF DIRECTORS

Composition of the Board of Directors

PRINCIPLES

Under the articles of association of Befimmo SA, the Company must be administered by a Board of Directors composed in such a way that it ensures independent management and acts in the sole interest of its shareholders. The Board of Directors must be composed of at least three Directors, appointed for no more than four years by the General Meeting, and must include at least three independent Directors who meet the criteria of article 526ter of the Code of Company Law. Directors may be re-elected.

The composition of the Board of Directors of Befimmo SA reflects a triple degree of independence in that, in accordance with the corporate governance charter, it must be composed of:

- a majority of non-executive Directors,
- at least three independent Directors within the meaning of the Code of Company Law,
- and a majority of Directors not linked to the Company's shareholders.

As regards the composition of the Board, the Company values complementary skills, experience and know-how and intends to comply with the provisions of article 518bis of the Code of Company Law regarding gender diversity on the Board.

Each Director should also have personal qualities that enable him to carry out his duties in a flexible and collective manner, but with a fully independent mind. He must have an impeccable reputation for integrity (notably in terms of confidentiality, and prevention of conflicts of interest and insider trading) and have a critical mind, a business sense and the ability to develop a strategic vision. He must also have the time to prepare and attend meetings of the Board and meetings of any specialist Committees of which he is a member.

Pursuant to article 10 of the Royal Decree on Sicafi, the members of the Board of Directors, or their permanent representatives, must meet the requirements of integrity, expertise and experience as per article 39 of the law of 3 August 2012 on certain forms of collective management of investment portfolios, and may not be subject to any of the exclusions referred to in article 40 of that law.

Composition of the Board of Directors as at 31 December 2013

At 31 December 2013, the Board consisted of 10 Directors, namely:

- 1 executive Director,
- 9 non-executive Directors, including six independent Directors meeting the criteria of article 526ter of the Code of Company Law and two Directors linked to a share-holder.

The reader is reminded that, until 20 December 2012, the Company had the form of a Limited Partnership by Shares and was managed by its managing agent, which was a legal person. The Directors who were appointed for the first time by the Company's Extraordinary General Meeting of 20 December 2012, after it was transformed into a Limited Liability Company, therefore began a directorship in a separate legal entity. However, the Company considered it appropriate to take account of the mandates of the Directors who previously sat on the Board of Directors of the managing agent of the former Sicafi (whether as individuals or as representatives of a legal person), before it was transformed into a Limited Liability Company. Accordingly, the Directors of the first Board of the Company, after the transformation, were appointed for a term up to the end of the mandate they were serving with the former managing agent of the Company, at the time the Company was transformed into a Limited Liability Company.

Similarly, when considering the criteria of a maximum of three consecutive terms lasting no more than twelve years in total, in the same Board of Directors (article 526ter of the Code of Company Law), the Company takes account of terms served as an independent Director and the years elapsed as a non-executive Director of the former managing agent.

A brief description of the career of each of the Directors or, in the case of companies acting as Director, of their permanent representatives, and a list of posts held – other than in the Sicafi – by the Directors over the previous five calendar years, is set out hereafter.

The Board of Directors met 21 times during the fiscal year.

	Name and position on the Board of Directors	First appointed	Expiry date of current directorship	Board meetings attended over the 2013 fiscal year
1	**Alain Devos SPRL** represented by its permanent representative, Alain Devos, Chairman, non-executive Director	December 2012(1)	April 2015	21
2	**BDB Management SPRLu** represented by its permanent representative, Benoît De Blieck, executive Director	December 2012(2)	April 2015	21
3	**Arcade Consult BVBA** represented by its permanent representative, André Sougné, independent non-executive Director	December 2012(3)	April 2014	20
4	**Hugues Delpire** independent non-executive Director	December 2012(4)	April 2015	21
5	**Etienne Dewulf SPRL** represented by its permanent representative, Etienne Dewulf, independent non-executive Director	December 2012(5)	April 2015	21
6	**Benoît Godts** non-executive Director, linked to a shareholder	December 2012(6)	April 2015	18(7)
7	**Roude BVBA** represented by its permanent representative, Jacques Rousseaux, independent non-executive Director	December 2012(8)	April 2015	21
8	**MarcVH-Consult BVBA** represented by its permanent representative, Marcus Van Heddeghem, independent non-executive Director	December 2012(9)	April 2014	18
9	**Sophie Goblet** independent non-executive Director	April 2013	April 2017	12 of 14 meetings (from 30 April 2013)
10	**Guy Van Wymersch-Moons** non-executive Director, linked to a shareholder	September 2013	September 2017	6 of 6 meetings (from 6 September 2013)

(1) Mr Alain Devos was first appointed Director of the former managing agent of Befimmo in October 2002.
(2) Mr Benoît De Blieck was first appointed Director of the former managing agent of Befimmo in August 1999.
(3) Arcade Consult BVBA, represented by its permanent representative Mr André Sougné, was first appointed an independent Director of the former managing agent of Befimmo in March 2006.
(4) Mr Hughes Delpire was first appointed Director of the former managing agent of Befimmo in March 2011.
(5) Etienne Dewulf SPRL, represented by its permanent representative Mr Etienne Dewulf, was first appointed an independent Director of the former managing agent of Befimmo in March 2011.
(6) Mr Benoît Godts was first appointed Director of the former managing agent of Befimmo in November 1995.
(7) Under the rules to prevent conflicts of interest set out in the corporate governance charter, Mr Benoît Godts did not attend two Board meetings, during which the participation of the Company in a tender procedure for a public contract and an acquisition project were discussed.
(8) Roude BVBA, represented by its permanent representative Mr Jacques Rousseaux, was first appointed an independent Director of the former managing agent of Befimmo in March 2006.
(9) Mr Marcus Van Heddeghem was first appointed independent Director of the former managing agent of Befimmo in July 2004.

ALAIN DEVOS SPRL,
REPRESENTED BY ITS PERMANENT REPRESENTATIVE, MR ALAIN DEVOS (1953)

Alain Devos SPRL, represented by its permanent representative , Mr Alain Devos, is Chairman of the Board of Directors of Befimmo SA. He is also a member of the Appointment and Remuneration Committee. After studying as a sales engineer at Solvay ULB (1975), Mr Devos began his business career as a budget analyst at Sperry New Holland-Clayson. From 1978 to 1989, he held the post of director of the real-estate development department of CFE and went on to join Générale de Banque as head of Real-estate finance within the corporate & investment banking department. From 1990 to 2003, he held a number of posts in AG Insurance (formerly Fortis AG), amongst others as a member of the executive committee. Next, he was CEO of AG Real Estate SA (formerly Fortis Real Estate) from 2003 to April 2012, and held various directorships in companies affiliated to AG Real Estate SA, as shown in the list below.

DIRECTORSHIPS HELD AT 31 DECEMBER 2013

Mr Alain Devos is manager of Alain Devos SPRL; Member of the Guberna Board of Trustees; Director of Brussels Enterprises Commerce and Industry (BECI); Fellow member of the Royal Institution of Chartered Surveyors (RICS); Non-statutory Manager of A3 Management.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

Mr Alain Devos was permanent representative of Alain Devos SPRL, CEO of AG Real Estate SA; Director of the Professional Union of the Real-Estate Sector (UPSI); Permanent representative of Alain Devos SPRL on the Board of Directors of the following companies: Director of Ascencio SA, managing agent of the Sicafi Ascencio SCA; Director of Access SA; Director of AG Finance SA; Director of AG Real Estate Asset Management SA; Director of AG Real Estate Development SA; Director of AG Real Estate Finance SA; Director of AG Real Estate Group Asset Management SA; Director of AG Real Estate Management SA; Director of AG Real Estate Property Management SA; Director of Association for Actions Countering Exclusion in Brussels; Director of Beheercentrale SA; Director of Centre 58 SA; Chairman of Citymo SA; Director of Crystal-Cortenberg SA; Director of DBFM Scholen van Morgen SA; Director of FScholen SA; Director, Vice-Chairman of the Interparking Group; Director of North Light SA; Director of North Star SA; Director of Nouvelles Galeries du Boulevard Anspach SA; Director of Parc de l'Alliance SA; Director of Parc de Louvresses I SA; Director of Parc de Louvresses II SA; Director of Parc de Louvresses III SA; Director of Parc de Louvresses IV SA; Director of Pole Star SA; Director of Shopimmo SA; Director of Société de Développement Commercial d'Anderlecht pour 2000 SA; Chairman of Société de Développement Immobilier Conseil SA; Chairman of Société Hôtelière du Wiltchers SA; Chairman of Toleda Invest SA; Chairman of Warehouse and Industrial Properties SA.

BDB MANAGEMENT SPRLu,
REPRESENTED BY ITS PERMANENT REPRESENTATIVE, MR BENOÎT DE BLIECK (1957)

BDB Management SPRLu, represented by its permanent representative, Mr Benoît De Blieck, is Managing Director of Befimmo SA. Mr De Blieck is a civil engineer (ULB, Ecole Polytechnique, 1980), and a postgraduate (Cepac) of the Solvay Business School (ULB, 1986). He began his career in 1980 at Entreprises Ed. François & Fils, later to become CFE, responsible for a number of building sites in Saudi Arabia (1980-1985) and project studies (1985-1988). He was then responsible for real-estate project development, first at Codic (1988-1990) and later at Galliford (1990-1992). From 1992-1999 he was a member of the management committee of Bernheim-Comofi SA (then a subsidiary of Groupe Bruxelles Lambert), responsible for international development. He was then appointed Managing Director of Befimmo in August 1999 and of its subsidiary Fedimmo in December 2006.

DIRECTORSHIPS HELD AT 31 DECEMBER 2013

BDB Management SPRLu, represented by its permanent representative, Mr Benoît De Blieck, holds the following positions: Managing Director of Fedimmo SA, a subsidiary of Befimmo SA; Director of Axento SA, a subsidiary of Befimmo SA; Director of Meirfree SA and Vitalfree SA, subsidiaries of Befimmo SA; Managing Director of Befimmo Property Services SA, a subsidiary of Befimmo SA; Managing Director of Noblieck SA; Manager of BVR SPRL.
Mr De Blieck is also: Manager of BDB Management SPRLu; Director of the Professional Union of the Real-Estate Sector (UPSI); Fellow member of the Royal Institution of Chartered Surveyors (RICS).

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

Mr Benoît De Blieck was Director of the Chambre Belgo-Luxembourgeoise in France; Member of the management board of the European Public Real Estate Association (EPRA).

"Glossary"

ARCADE CONSULT BVBA,
REPRESENTED BY ITS PERMANENT REPRESENTATIVE, MR ANDRÉ SOUGNÉ (1944)

Arcade Consult BVBA, represented by its permanent representative, Mr André Sougné, is an independent Director of Befimmo SA. A Doctor of Law (ULG), Mr Sougné began his career in 1967, focusing entirely on real-estate promotion and management. He worked for over 20 years in the real-estate subsidiary of the An-Hyp savings bank as secretary-general, director and then Managing Director.

DIRECTORSHIPS HELD AT 31 DECEMBER 2013

Mr André Sougné is: manager of Arcade Consult BVBA; Permanent representative of Arcade Consult on the Board of Directors of the following companies: Compagnie Het Zoute NV; L'Investissement Foncier Woluwé Shopping Center SA, L'Investissement Foncier Westland Shopping Center SA, L'Investissement Foncier Auderghem SA and L'Investissement Foncier Machelen Kuurne SA. Mr André Sougné is also Honorary Chairman of the Professional Union of the Real-Estate Sector (UPSI) and of the European Union of Developers and House Builders (UEPC).

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

Mr André Sougné was permanent representative of Arcade Consult on the Board of Directors of the following companies: Director of Compagnie Het Zoute Real Estate NV and Compagnie Het Zoute Reserve NV; Managing Director of Danan Invest SA.

MR HUGUES DELPIRE (1956)

Mr Hugues Delpire is an independent Director of Befimmo SA and has been a member of its Audit Committee since March 2011. Mr Hugues Delpire is a sales engineer and graduate of the Brussels Tax College. He began his career in 1979 at Zurich Assurances Belgique and became head of the finance department in 1987. In 1991 he was appointed administrative and financial director and member of the management committee of Besix, listed BTP group, responsible notably for financing and international risk management. After taking part in the structuring of Artesia Banking Corporation (Bacob, Paribas Belgique and AP Assurances) as director and CFO of the insurance cluster, he launched the activities of AXA Real Estate Investment Manager Benelux as managing director. He has been General Manager, member of the executive Board and Chief Legal & Finance Officer of the Oxylane Group (Décathlon) since December 2000. He also acts as a director or consultant for several subsidiaries in France and other countries. Alongside this business career, Mr Delpire also taught finance in several Belgian universities for more than 15 years.

DIRECTORSHIPS HELD AT 31 DECEMBER 2013

Board member and CEO of Decathlon SA; Managing Director of Weddell SA; Director of Alsolia SA; Director of OGEA SAS; Member of the Supervisory Board of Décathlon International Shareholding Plan SCA; Member of the Supervisory Board of Oxyval, a joint corporate investment fund under French law.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

Director of Ansimmo SA, a subsidiary of Décathlon.

SPRL ETIENNE DEWULF,
REPRESENTED BY ITS PERMANENT REPRESENTATIVE, MR ETIENNE DEWULF (1955)

Etienne Dewulf SPRL, represented by its permanent representative, Mr Etienne Dewulf, has been an independent Director of Befimmo SA and a member of its Appointment and Remuneration Committee since March 2011.
Mr Dewulf is a graduate in Commercial and Financial Science (ICHEC). He began his career in sales functions at GB-INNO-BM (1981-1983) and Materne Confilux (1983-1985), before moving into corporate banking at Crédit Général (1985-1987). He then found his vocation in the building industry, where he held a number of posts from 1987 to 2010: executive assistant at Maurice Delens SA (later Valens SA) in 1987, then managing director of Soficom Development (1989). Acting on behalf of Etienne Dewulf SPRL, Mr Dewulf currently works as a consultant, mainly in real estate.

DIRECTORSHIPS HELD AT 31 DECEMBER 2013

Mr Etienne Dewulf is Chairman of the Professional Union of the Real-Estate Sector (UPSI); Permanent representative of Etienne Dewulf SPRL; Managing Director of Thomas & Piron Bâtiments SA; Honorary Chairman of the not-for-profit Association des Entrepreneurs Belges de Grands Travaux; Director of the Confédération Construction and member of the steering committee; Director of the not-for-profit Association Paroles d'Ados; Director of Maison de la Route et du Génie Civil SCSA; Director of Foncière Kerkedelle SA.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

Mr Etienne Dewulf was Chairman and Managing Director of Eiffage Benelux SA and held 46 directorships in companies affiliated to Eiffage Group Benelux; Director of Conception et Coordination Léopold SA (CCL); Chairman and Director of Chauffage Central Antoine, Massart et Davin SA; Chairman and Director of Limpens Development SA; Director of Olympiades Brussels Hotel SA; Director of SNVI SA; Director of Algemene Onderneming J Van Den Cloot NV; Director of Welldam NV; Director of Carrigras.

MRS SOPHIE GOBLET (1964)

Mrs Sophie Goblet has been an independent Director of Befimmo SA since April 2013.
Mrs Sophie Goblet has a degree in economics from IAG (University of Louvain-La-Neuve). She began her career in 1988 with ABN AMRO Bank in Amsterdam and London, where she held various positions in Corporate Finance. In 1993, she joined Income International (a company of the Deficom Group) as a senior consultant in financial and corporate communication. Mrs Goblet was appointed Group Treasurer of GIB Group in 1993, and went on to become financial director of GIB IMMO SA in 1997. In 1999, she moved into the real-estate sector, joining the executive committee of Codic International, where she served as Chief Financial Officer and corporate secretary until 2012.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

In Belgium: Director of Codic Belgium SA; Director of Société Financière SA; Director of Espace Beaulieu SA; Director of Les Jardins d'Ostende SA; Director of Les Portes d'Ostende SA; Director of Boreas Development SA; Director of EOS Development SA; Director of La Hulpe Campus Management SA; Director of La Hulpe Campus Development SA; Director of Immo Charle Albert SA; Director of Vesta Invest SA; Manager of IBJ SPRL; Manager of Phoenix SPRL; Director of Veldimmo SA; Director of Codic Hongrie SA; Director of Codic Roumanie SA; In Luxembourg: Director of Codic Luxembourg SA; Director of Codic Development SA; Director of Certificate Étoile SA; Director of Espace Monterey SA; Director of K2 A SA; Director of K2 B SA; Director of K2 C SA; Director of K2 D SA; Director of K2 E SA; Director of K2 F SA; Director of L2 A SA; Director of L2 B SA; Director of Tosco SA; Director of Carré d'Or Invest SA; Director of Espace Carré d'Or SA; In France: Director of Tosniop SA; In Spain : Director of Codic Promotions SL; In Romania: Director of Codic RO SPL; Director of Espace Sighisoara SRL; Director of Espace Ploiesti SRL; In Hungary: Director of Codic Hungary KFT; Director of V84 KFT; Director of Pro Due KFT; Director of Maxima III KFT; Director of Maxima HAZ KFT; Director of TOC KFT.

MR BENOÎT GODTS (1956)

Mr Benoît Godts has been a Director of Befimmo SA since November 1995 and a member of its Audit Committee. He was also a Director of Fedimmo until January 2013. A master of law (UCL 1983), he holds several directorships in companies affiliated with AG Real Estate SA. He is a director and member of the audit committee of the managing agent of the Sicafi Ascencio SCA, as well as chairman of the Board of Immo Nation SPPICAV.

DIRECTORSHIPS HELD AT 31 DECEMBER 2013

Mr Benoît Godts is Director and member of the executive committee of AG Real Estate Group Asset Management SA; Director and member of the audit committee of Ascencio SA, managing agent of the Sicafi Ascencio SCA; Director of Investissement Foncier Westland Shopping Center SA; Director of Wolf-Safco NV; Chairman of the Board of Directors of Immo Nation SPPICAV; Director of the SPPICAV Technical Porperty Fund 2.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

Mr Benoît Godts was Director of the following companies: Fedimmo SA, AG Real Estate Asset Management SA, AG Real Estate Management SA, Investissement Foncier Machelen Kuurne SA, Investissement Foncier Woluwé Shopping Center SA, Investissement Foncier Cortenbergh-Le Corrège SA, Investissement Foncier Kortrijk Ring Shopping Center SA, Investissement Foncier Auderghem SA, Investissement Foncier Chaussée de la Hulpe SA, Investissement Foncier Boulevard de Waterloo SA, Investissement Foncier Woluwé Extension SA, Patrimoine Immobilier SA, the Conseil belgo-luxembourgeois des Centres Commerciaux (Belgo-Luxembourg Council of Shopping Centres).

ROUDE BVBA,
REPRESENTED BY ITS PERMANENT REPRESENTATIVE, MR JACQUES ROUSSEAUX (1938)

Roude BVBA, represented by its permanent representative, Jacques Rousseaux, has been an independent Director of Befimmo SA since March 2006 and Chairman of its Audit Committee. He was also a director of Fedimmo until January 2013. Mr Rousseaux has acquired management know-how and experience as chairman of the management committee of Crédit Agricole, managing director of the Fédération des Caisses Coopératives of Crédit Agricole, and as a director of companies in the banking, real-estate and insurance sectors. In the public sector, he was a director-general at the Ministry of Finance, deputy head of cabinet of the Minister for Finance, head of cabinet of the Flemish Minister for Economy, head of cabinet of the Flemish Minister for Finance and the Budget, and Director of several semi-public enterprises (including GIMV) and public institutions.

DIRECTORSHIPS HELD AT 31 DECEMBER 2013

Mr Jacques Rousseaux is manager of Roude BVBA; permanent representative of Roude BVBA on the Board of Directors of the following companies: Director of Private Insurer NV; Director of The Belgian NV; Member of the Guberna Board of Trustees and chairman of the Guberna Alumni Association; Director/treasurer of not-for-profit association Schoolcomité Sint-Jozef.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

Mr Jacques Rousseaux was permanent representative of Roude BVBA on the Board of Directors of the following companies: Director of Ibling NV; Director of Fedimmo SA; Director of Luxafoil NV; Director of NewB ECV.

MARCVH-CONSULT BVBA,
REPRESENTED BY ITS PERMANENT REPRESENTATIVE, MR MARCUS VAN HEDDEGHEM (1949)

MARCVH-CONSULT BVBA, represented by its permanent representative, Mr Van Heddeghem, is an Independent Director of Befimmo SA and chairs its Appointment and Remuneration Committee. Mr Van Heddeghem began his career in 1972 as an industrial engineer with a variety of building contractors. He was a director of various companies working in real-estate investment and/or development. He went on to become Director of Investment, Development and Real-Estate Holdings at Groupe Royale Belge (1984-1998). From 1998 to 2003 he was Managing Director of Wilma Project Development SA. He went on to become Managing Director of Redevco until the end of 2010.

DIRECTORSHIPS HELD AT 31 DECEMBER 2013

Mr Marcus Van Heddeghem is permanent representative of MARCVH-CONSULT BVBA on the Board of Directors of the following companies Director of Compagnie Het Zoute NV; Director of Kinepolis Group NV; Director of Besix Real-Estate Development SA; Mr Marcus Van Heddeghem is also Manager of MarcVH-Consult BVBA.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

Mr Marcus Van Heddeghem was Director of Leasinvest Real Estate SA (Sicafi); Managing Director of Redevco Retail COM; Managing Director of Redevco Industrial COM; Managing Director of Redevco Offices COM; Director of Mons Revitalisation SA; Director of Bengali SA; Director of Wilma Project Development NV; Director of Wilma Holding NV; Director of Home Invest Belgium NV; Director of Compagnie Het Zoute Real Estate NV.

MR GUY VAN WYMERSCH-MOONS (1958)

Mr Guy Van Wymersh-Moons has been a Director of Befimmo SA since September 2013.
General Manager Real Estate of AXA Belgium SA since 2001, Mr Guy Van Wymersch-Moons began his career with Urbain-UAP in 1986 as legal adviser in mortgage loans, and later in life-assurance taxation, before moving to Royale Belge as legal adviser to the department of real-estate investment (1990-2001). He holds a law degree, a notary's licence (UCL) and a master in environmental law (Facultés Universitaires Saint-Louis).

DIRECTORSHIPS HELD AT 31 DECEMBER 2013

Mr Guy Van Wymersh-Moons is Director of Leasinvest Real Estate SA; Director of Leasinvest Immo Lux SA - sicavi-fis (LUX); Director of the Professional Union of the Real-Estate Sector (UPSI); Fellow member of the Royal Institution of Chartered Surveyors (RICS); Director of AXA REIM Belgium SA; Director of AXA Real Estate Investment Managers Nederland NV (NL); Director of Parc de l'Alliance SA; Director of Beran SA; Director of Blauwe Toren SA; Director of Brustar One SA; Director of Cabesa SA; Director of Cornaline House SA; Director of Froissart Leopold SA; Director of Immo Foire SA; Director of Immo Rac Hasselt SA; Director of Immo Zellik SA; Director of Immobilière du Park Hôtel SA; Director of Instruction SA; Director of La Troumaline SA; Manager of Leg II Meer 15 SPRL; Manager of Leg II Meer 22-23 SPRL; Manager of Leg II Meer 42-48 SPRL; Director of Lex 65 SA; Director of Messancy Realisation SA; Director of Mucc SA; Director of Parc Leopold SA; Director of Parc Louise SA; Director of QB19 SA; Director of Royaner SA; Director of Royawyn SA; Director of The Bridge Logistics SA; Director of Transga SA; Director of Treves Leasehold SA; Director of Upar SA; Director of Water-Leau SA; Director of Wetinvest III SA; Director of Wijnegem Ontwikkelingsmaatschappij SA; Director of Zaventem Properties SA; Director of Calar Cabesa Partners Sci; Director of Cordelière 4 NV (NL); Maison de l'Assurance SA (Chairman of the Board of Directors); Parc de l'Alliance SA; Not-for-profit association Quartier des Arts.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2013, HELD DURING THE PERIOD 2009-2013

Mr Guy Van Wymersh-Moons was Chairman and member of the Board of Home Invest SA; Director of Parc Louise SA; Director of Sodimco SA; Director of Vepar SA; Director of Fonds Quartier européen (King Baudouin Foundation); Director of Evers Freehold SA; Director of Immo Instruction SA; Director of Zaventem Properties 2 SA; Director of Marina Building SA; Director of Trêves Freehold SA.

Procedure for the appointment of Directors and renewal of their directorships

Directors are appointed and their directorships renewed by the General Meeting of shareholders of Befimmo SA, on a proposal of the Board of Directors.

Before putting its proposals for appointing a Director or renewing his directorship to the General Meeting, the Board of Directors considers the opinions and recommendations of the Appointment and Remuneration Committee, notably regarding:
- the number of Directors that it seems appropriate, subject to the legal minimum;
- the suitability to the needs of the Board of the profile of the Director whose directorship is being considered for renewal;
- the determination of the profile sought, on the basis of general criteria for the selection of Directors and on the basis of the latest assessment of the operation of the Board (stating in particular the skills, knowledge and experience available and needed within the Board) and any specific criteria for the selection of one or more new Directors;
- the candidates already identified or interviewed by the Appointment and Remuneration Committee.

Before deciding, the Board may (if he wishes to do so) interview the candidates itself, examine their curriculum vitae and references, find out about other directorships they hold and assess them.

The Board ensures that adequate plans are put in place for the succession of the Directors. It ensures that any appointment of a Director or renewal of a directorship, whether for an executive or non-executive Director, will allow the work of the Board and its specialist committees to continue, and maintain a balance of skills and experience therein.

Where one or more directorships fall vacant, the remaining Directors may fill them temporarily, subject to the opinion of the Appointment and Remuneration Committee, until the next General Meeting, where a definitive election will take place.

Election and role of the Chairman of the Board of Directors

ELECTION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Board elects its Chairman from among the non-executive members, on the basis of their knowledge, skills, experience and mediation abilities.

The terms of reference of the Board of Directors explicitly state that the same person may not hold the posts of both Chairman and Managing Director.

ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman steers the activities of the Board. In his absence, Board meetings are chaired by a Director designated by the other Directors.

The Chairman encourages the Directors to reach a consensus, while discussing the items on the agenda in a critical and constructive manner, and takes the measures necessary to develop a climate of trust within the Board of Directors by contributing to open discussions, constructive dissent and support for the Board's decisions.

Finally, he strives to develop effective interaction between the Board and the Managing Director.

Changes in the composition of the Board of Directors during the 2013 fiscal year

Two new Directors were appointed during the 2013 fiscal year.

1. The Ordinary General Meeting of 30 April 2013 appointed Mrs Sophie Goblet as independent Director for a four year term, expiring at the close of the Ordinary General Meeting of 2017.

2. The Extraordinary General Meeting of 6 September 2013 appointed Mr Guy Van Wymersch-Moons, for a four year term, expiring in September 2017.

Role of the Board of Directors

The Board of Directors of Befimmo SA is empowered to perform all acts necessary or useful for the achievement of the aims of the Company, except those reserved by law or the articles of association to the General Meeting.

The Board of Directors of Befimmo SA acts in the sole interest of all the shareholders, ruling on strategic decisions, investments, disinvestments and long-term financing. It closes the annual accounts and prepares the quarterly and half-yearly accounts of the Sicafi; it draws up the Management Report, which includes in particular the corporate governance statement; it rules on the use of the authorised capital and convenes Ordinary and Extraordinary General Meetings of shareholders.

It ensures the relevance, accuracy and transparency of communication to the shareholders, financial analysts and the general public, such as prospectuses, Annual Financial Reports, half-yearly and quarterly statements, and press releases.

It is also the body that decides on the Company's executive management structure and determines the powers and duties of the Company's Executive Officers.

Functioning of the Board of Directors

The Board of Directors is organised so as to ensure that it exercises its powers and responsibilities in the best possible way. In accordance with its terms of reference, it meets at least four times per year and as often as necessary.

The Company's articles of association lay down the following rules concerning the decision-making process of the Board of Directors:

- Except in case of force majeure, the deliberations and resolutions of the Board of Directors shall be valid only if at least half of its members are present or represented. If this condition is not met, a new meeting must be convened which, provided at least three Directors are present or represented, may make valid deliberations and resolutions on the topics on the agenda of the preceding meeting.

- Every decision of the Board is taken by absolute majority of the Directors present or represented and, where one or more of them abstain, by a majority of the other Directors. In the event of a tied vote, the person chairing the meeting has the casting vote.

- In exceptional cases, duly justified by urgency and the corporate interest, the Board of Directors may pass resolutions by means of written decision. This procedure may however not be used to close the annual accounts or for any use of the authorised share capital. Decisions must be passed unanimously by the Directors.

Decisions of the Board of Directors are recorded in the minutes, approved by the Board and signed by at least two Directors, and all Directors who so wish.

Activity of the Board of Directors during the 2013 fiscal year

The Board of Directors met 21 times during the 2013 fiscal year. In addition to items falling within its ordinary powers (monitoring results, approval of the budget, appraisal and remuneration of Executive Officers, and convening ordinary and extraordinary General Meetings), it made decisions on the following subjects in particular:

- monitoring and reviewing the implementation of the strategy;
- acquisitions and disinvestments that the Sicafi considered;
- construction, redevelopment and renovation projects;
- key investments in the Befimmo property portfolio, notably in sustainable development;
- the terms of the most important rental deals;
- the interest-rate risk hedging policy;
- the acquisition of Blue Tower Louise SA (owner of the Blue Tower building in Brussels) and of the AMCA building in Antwerp;
- the refinancing of borrowings (mainly by refinancing the acquisition of Blue Tower Louise SA by a private placement of treasury shares, the arrangement of a European private debt placement and the arrangement of bilateral bank lines);
- monitoring of the main disputes;
- the proposed merger by absorption of Blue Tower Louise SA by Befimmo SA;
- Befimmo's Social Responsibility policy.

The Board was regularly informed of the activities of the Audit Committee and the Appointment and Remuneration Committee.

The Board of Directors carried out a capital increase within the limits of the authorised capital on 10 July 2013, following the contribution of the AMCA building by AXA Belgium SA to Befimmo. It also decided to distribute an interim dividend in December 2013, in the form of an optional dividend, and to increase the Sicafi's capital, again within the limits of the authorised capital.

The Board of Befimmo SA also decided on its position as a shareholder of Fedimmo on the following dossiers:

- the building the new Finance Centre at Rue Paradis in Liège: monitoring progress on the construction of a building to house the Federal Public Finance Service in Liège; monitoring of appeals to the Council

of State for the suspension and annulment of the single permit and progress in the ongoing legal proceedings;
- preparation of Phase II of the Paradis project in Liège: launch of a call for proposals for a mixed real-estate project, on the remainder of the plot of some 1.3 hectares, adjacent to the new Finance Centre, also owned by Fedimmo;
- the sale of certain small buildings which it considers no longer fit its strategy;
- participation of Fedimmo in public procurement procedures.

Self-assessment

In accordance with its terms of reference, every three years at least, the Board assesses its own composition, size, effectiveness and operation, and its interaction with the Managing Director, the other Executive Officers and its specialist Committees. The Board's self-assessment exercise is carried out under the leadership of its Chairman and, where appropriate, with the support of the Appointment and Remuneration Committee.

This self-assessment has four main objectives:

- to appraise the operation of the Board of Directors;
- to check whether important issues are properly prepared and discussed;
- to assess whether each Director makes an effective contribution by attending meetings of the Board of Directors and making a constructive commitment to the discussions and decision-making;
- and to check whether the composition of the Board of Directors is in line with requirements.

When the issue of the renewal of a directorship arises, the Board assesses the contribution of each Director in same way.

The Board may call upon external experts to assist in this assessment exercise.

The Board carried out its most recent self-assessment at the end of the 2012 fiscal year. The main conclusions of the self-assessment report were published in the Annual Financial Report 2012 (page 101).

ADVISORY AND SPECIALIST COMMITTEES

Principles

The Board of Directors may set up one or more Committees, choosing members from within or outside the Board.

In accordance with the articles of association, it must establish at least an Audit Committee, an Appointment Committee and a Remuneration Committee (the Appointment Committee and the Remuneration Committee may be combined), lay down their tasks, powers and composition in accordance the provisions of the law and recommendations of the Belgian corporate governance Code on the composition and functioning of these Committees.

The Board lays down the terms of reference of these Committees, and designates the members and chairmen of the Committees from among the Board members, on a proposal of the Appointment and Remuneration Committee. When making these appointments, the Board shall ensure that the overall composition of each Committee embodies the skills required for carrying out its duties.
Specific duties may also be assigned to one or more members designated by the Board; they report to the Board on the conduct of their duties.

Pursuant to the above, the Board of Directors has established two specialist standing Committees: the Audit Committee and the Appointment and Remuneration Committee. The composition, duties and operating methods of these Committees are described in their respective terms of reference, available on the Befimmo website and summarised hereafter.

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Audit Committee

COMPOSITION

The Committee is composed of three members, appointed by the Board of Directors, on a proposal of the Appointment and Remuneration Committee, from among the non-executive Directors of Befimmo SA, at least two of whom are independent and satisfy the criteria of article 526ter of the Code of Company Law.

All members of the Audit Committee have expertise in accounting, auditing and finance.

On a proposal of the Appointment and Remuneration Committee, the Board of Directors appoints the Chairman of the Audit Committee, who may not be the Chairman of the Board of Directors.

The term of office of Audit Committee members may not exceed that of their directorship. Committee members' terms of office may be renewed at the same time as their directorships.

At 31 December 2013, the composition of the Audit Committee was as follows:
Roude BVBA, represented by its permanent representative, Mr Jacques Rousseaux, independent Director and Chairman of the Audit Committee;
Benoît Godts, non-executive Director, linked to a shareholder;
Hugues Delpire, independent Director.

DUTIES

Without prejudice to any other tasks assigned to it, the Audit Committee assists the Board of Directors and the Executive Officers in ensuring the accuracy and truthfulness of the accounts and financial information of Befimmo SA. In terms of internal control, the Audit Committee checks the relevance and effectiveness of the Company's internal-control and risk-management systems. It also monitors internal auditing and the external controls by the Statutory Auditor, is involved in appointing the latter and in supervising the tasks entrusted to the latter over and above its statutory duties. The Committee delivers opinions and recommendations to the Board of Directors and Executive Officers on these matters.

The Committee meets at least four times a year and whenever circumstances require, at the request of its Chairman, one of its members, the Chairman of the Board of Directors, the Chief Executive Officer or Chief Financial Officer. It decides if and when the Chief Executive Officer, Chief Financial Officer, the Statutory Auditor or other people should attend its meetings.

It meets the Statutory Auditor of Befimmo SA at least twice a year to exchange views on any issue relating to its duties and any issue raised by the auditing process. At least twice a year the Committee meets the person(s) responsible for internal auditing in the Company.

After each Committee meeting, the Chairman of the Committee (or, in his absence, a specially designated member of the Committee) gives an oral report on its work to the next meeting of the Board of Directors, notably after the meetings on the preparation of the quarterly accounts and on the preparation of the financial statements for publication. When reporting to the Board of Directors, the Audit Committee identifies the issues on which it considers that action or improvement is necessary, and makes recommendations on the measures to be taken. Minutes of meetings are also forwarded to the Board of Directors.

OPERATION AND ACTIVITIES DURING THE 2013 FISCAL YEAR

During the 2013 fiscal year, the Committee met 8 times and the members of the Committee attended all meetings, except one meeting when Mr Delpire was apologised. The following main issues were addressed:

- quarterly, half-yearly and annual accounts;
- accounting treatment of specific operations (e.g. for the follow-up of the bonds issued in 2012 through a United States private placement);
- financing policy;
- examination of the conditions and documents relating to the refinancing operations (quotations by banks, duration of instruments, agreements);
- interest-rate and currency risk hedging policy;
- review of internal audit mission reports and recommendations and multi-annual audit plan;
- impact of investment projects on financing and key ratios;
- review of budgets and outlook for future years (including stress tests);
- risk management: monitoring progress in the main disputes, monitoring of internal control, etc.;
- examination of Befimmo's report "Risk assessment 2013" and update of the "Operational Risk scorecard", which is the Befimmo risk matrix;
- distribution of an optional interim dividend;
- contacts with the Statutory Auditor, check of the independence, assessment and reappointment of the Statutory Auditor for Befimmo SA and its subsidiaries;

- follow-up of the financial impact of integrating the property management business;
- changes in legislation applicable to Befimmo, especially the potential impact of the AIFM Directive.

SELF-ASSESSMENT

Every three years at least, the Committee assesses its own effectiveness, operation and interaction with the Board of Directors, reviews its terms of reference and recommends any necessary amendments to the Board of Directors.

The Audit Committee carried out its most recent self-assessment at the end of 2011 and commented on its self-evaluation report to the Board of Directors in 2012. The key findings of the report are published in the Annual Financial Report 2012 (page 107).

Appointment and Remuneration Committee

COMPOSITION

The Appointment and Remuneration Committee is made up of at least three Directors, appointed by the Board of Directors on a proposal of the Committee, from among the non-executive Directors, the majority of whom must be independent Directors within the meaning of article 526ter of the Code of Company Law.

The Board of Directors appoints the Chairman of the Committee, who may also be the Chairman of the Board of Directors.

The term of office of Committee members may not exceed that of their directorship. Committee members' terms of office may be renewed at the same time as their directorships.

If the Chairman of the Board of Directors of Befimmo SA is not a member of the Committee, he may, but is not obliged to, attend meetings of the Committee. He may not attend if the Committee is discussing or voting on the Chairman of the Board's remuneration or the renewal of his mandate (in his capacity as Chairman or Director). He may take part in the discussion, but may not chair the Committee when it is voting on the appointment of his successor.

The Managing Director takes part in meetings of the Committee when it has to discuss the appointment or remuneration of the other Executive Officers of the Company.

As at 31 December 2013, the composition of the Committee was as follows:

MarcVH-Consult BVBA, represented by its permanent representative, Mr Marcus Van Heddeghem, independent Director and Chairman of the Appointment and Remuneration Committee;
Alain Devos SPRL, represented by its permanent representative, Mr Alain Devos, non-executive Director, Chairman of the Board of Directors;
Etienne Dewulf SPRL, represented by its permanent representative, Mr Etienne Dewulf, independent Director.

DUTIES

Regarding appointments and renewals of mandates, the Committee assists the Board of Directors in:

- drawing up profiles for directors, chairmen and members of the committees of the Board of Directors, the Chief Executive Officer ("CEO") and the other Executive Officers of Befimmo SA;
- seeking candidates for positions to be filled in the Board of Directors and specialist Committees of Befimmo SA and the Board of Directors of Fedimmo; it then delivers an opinion and makes a recommendation on the candidates;
- the process of appointing or re-electing the Chairman of the Board of Directors of Befimmo SA;
- and procedures for the appointment, renewal and periodic appraisals of the Directors, the CEO and Executive Officers.

Regarding remuneration, the Committee assists the Board of Directors by making proposals on:

- remuneration policy;
- the remuneration policy for non-executive Directors, members of the Board's Committees, the Chief Executive Officer and the other Executive Officers, and on any periodic revisions of that policy;
- on the individual remuneration of the non-executive Directors, members of the Board's Committees, the CEO and the other Executive Officers, including variable remuneration, the various benefits and length-of-service bonuses, related to shares or otherwise, severance grants and on any resulting proposals which the Board has to submit to the General Meeting of shareholders;

- on the setting of performance objectives for the Managing Director and other Executive Officers, and the assessment of performance in relation to those objectives;
- on the proposals made each year by the Managing Director on the overall budget for increasing (apart from indexing) the fixed remuneration for the Company's staff, and on the overall budget for the variable remuneration of the staff.

The Committee also prepares the remuneration report, which is included in Befimmo SA's corporate governance statement, and is presented to the General Meeting of shareholders.

The Committee meets at least twice a year, and in any case:

- prior to the approval of the agenda for any General Meeting of Befimmo SA which has draft resolutions which concern Board membership on the agenda;
- to draft the annual remuneration report.

After each meeting of the Committee, the Chairman (or, in his absence, a Committee member designated to that end) gives an oral report to the Board of Directors on the exercise of its duties and, in particular, submits the Committee's opinions and recommendations to the Board for decision.

OPERATION AND ACTIVITIES DURING THE 2013 FISCAL YEAR

During the 2013 fiscal year, the Committee met 7 times and all members of the Committee attended all meetings. Its meetings covered the following main topics:

- drafting of the remuneration report for the Annual Financial Report 2012;
- benchmark analysis of the Befimmo 2012 remuneration report in relation to its reference market;
- recommendations to the Board of Directors regarding changes in the Company payroll from 1 January 2014 and award of variable remuneration for the 2013 fiscal year;
- composition of the Board of Directors, taking account of the need to ensure that Directors' profiles are complementary in terms of knowledge and experience, and of the gender diversity targets;
- proposals for appointments to the Board of Directors and renewals of directorships;
- benchmark analysis of the remuneration of non-executive directors and the Managing Director;
- appraisal of the Executive Officers, determining the objectives and performance criteria of the Managing Director and other Executive Officers;
- analysis and benchmarking of the supplementary pension plan policy put in place for Befimmo employees.

SELF-ASSESSMENT

Every three years at least, the Committee assesses its own effectiveness, operation and interaction with the Board of Directors, reviews its terms of reference and recommends any necessary amendments to the Board of Directors.

The Appointment and Remuneration Committee conducted its first self-assessment during the second half of fiscal year 2012. Its self-assessment report was presented to the Board of Directors in December 2012 and in the Annual Financial Report 2012[1].

EXECUTIVE OFFICERS

Appointment

Pursuant to article 39 of the Law of 3 August 2012 concerning certain forms of collectively managed investment portfolios, the executive management of Befimmo SA is entrusted to at least two individuals, known as **Executive Officers.**

They are appointed by the Board of Directors.

At 31 December 2013, the Executive Officers were four in number:

- the Managing Director of Befimmo SA, BDB Management SPRLu, the Chief Executive Officer of Befimmo, represented by its permanent representative, Mr Benoît De Blieck,
- Mrs Martine Rorif, Chief Operating Officer of Befimmo,
- Mr Laurent Carlier, Chief Financial Officer of Befimmo,
- and Mrs Aminata Kaké, General Counsel and Secretary-General of Befimmo.

(1) The main conclusions of the self-assessment report were published on page 108 of the Annual Financial Report 2012.

The duties and working methods of the Executive Officers are laid down in the terms of reference of the Executive Officers, published on the Company's website.

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Duties

The Executive Officers take part in internal aspects of the running of the Company and its policy-making under the leadership of the Managing Director.

Within this context, they are mainly responsible for:

- in general, implementing the decisions of the Board of Directors;
- analysing the Company's overall policy and strategy and making appropriate proposals in that regard to the Board of Directors;
- implementing the Company's overall policy and strategy, as decided by the Board of Directors;
- identifying possibilities and needs in terms of investments, disinvestments and financing, and making any appropriate proposals in that regard to the Board of Directors;
- running and leading the Company management team in accordance with the decisions of the Board of Directors and the Managing Director;
- supervising the complete, timely, truthful and accurate preparation of the financial statements in accordance with accounting standards and the Company's assessment rules; presenting the financial statements to the Board of Directors;
- making a balanced and clear assessment of the Company's financial situation, budget and business plan, submitting this assessment to the Board of Directors;
  - implementing internal controls (systems to identify, assess, manage and monitor financial and other risks), without prejudice to the monitoring role of the Board of Directors and the Managing Director;
  - reporting to the Board of Directors, the FSMA and Statutory Auditor(s);
  - preparing the publication of the financial statements and other financial and non-financial information.

The Executive Officers of the Company perform their duties without prejudice to the powers of the Board of Directors.

Operation

The Executive Officers meet at least twice a month and as often as necessary. The meetings are chaired by the Managing Director.

They act in the sole interest of the Company's shareholders and organise their personal and professional affairs in such a way as to avoid any direct or indirect conflict with the interests of the Company. They undertake to comply with the provisions of the Belgian Code of corporate governance and the Company's corporate governance charter, in particular regarding the rules to prevent conflicts of interest and the rules to prevent market abuse.

They shall take the necessary steps to develop a climate of trust and close cooperation between themselves, contributing to open discussions and the constructive expression of differing viewpoints. They perform their duties as a collective body, together forming the "Executive Officers Committee" of Befimmo SA.

In 2013, the Executive Officers Committee met once a week on average.

The Executive Officers lead a team of 70 staff (as at 31 December 2013) and endeavour to keep operating costs at an optimum level.

The **heads of the operational departments** are Mr Cédric Biquet (Chief Investment Officer), Mr Marc Geens (Chief Commercial Officer) Mr Rikkert Leeman(1) (Chief Technical Officer), Mrs Caroline Kerremans (Investor Relations and External Communication Manager) and Mrs Emilie Delacroix (Corporate Social Responsibility Manager).

Befimmo's Corporate Social Responsibility is fully integrated into its day-to-day management. At the strategic level, the **Social Responsibility Team** (SRT) consists of 5 people including 3 Executive Officers: the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Chief Operating Officer ("COO"), the Chief Technical Officer ("CTO") and the Corporate Social Responsibility Manager ("CSRM"). This team is responsible for developing and monitoring the CSR Programme, freeing up sufficient human resources, and conducting the annual management review.

(1) Until 31 March 2014.

REMUNERATION REPORT

Remuneration policy

During fiscal year 2009/2010, the Appointment and Remuneration Committee drafted a document describing the remuneration policy for the Company's Directors and Executive Officers. This document was approved by the Board of Directors on 15 October 2010 and most recently updated on 28 February 2014. It is an integral part of the corporate governance charter and is published on the Befimmo website.

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Befimmo's remuneration policy was established in accordance with the provisions of the Law of 6 April 2010 to strengthen corporate governance in listed companies, and with the recommendations of the Belgian corporate governance Code ("2009 Code").

In strict compliance with this framework, the policy is designed to reward those involved in running the Company in a way that allows it to attract, retain and motivate selected staff, taking account of the Company's characteristics and challenges, while properly and effectively managing risk and keeping the costs of the various remunerations under control.

The Company aims to pay its staff at a level that compares well with the remuneration paid by other companies for similar posts. To keep informed of market pay levels, the Company contributes to benchmarks organised by specialist consultants and social administration agencies. It also occasionally consults these specialists for reasons unconnected with benchmark operations.

The Appointment and Remuneration Committee makes proposals on any periodic reviews of the remuneration policy, which are submitted to the Board of Directors for approval.

The remuneration report is included in each year's Annual Financial Report. It sets out the main principles of the remuneration policy and how they were applied during the year in question, and includes detailed information on the remuneration of the Directors and Executive Officers. Any significant deviation from the remuneration policy during the fiscal year, and any significant changes to the policy are also mentioned in the remuneration report.

The Company's General Meeting of shareholders holds a separate vote each year on the remuneration report.

CHANGES IN THE REMUNERATION POLICY FOR SUBSEQUENT YEARS

In order to align the interests of executive management with those of the Company and its shareholders, Befimmo's current remuneration policy provides for an appropriate proportion of the remuneration of the CEO and other Executive Officers to be linked to their personal performance and that of the Company; the criteria for allocating the variable remuneration of the CEO and other Executive Officers consist of a combination of personal qualitative targets and financial and qualitative targets of Befimmo SA, to which a weighting is applied. The Board avoids setting performance criteria that could encourage the CEO and other Executive Officers to give preference to short-term goals that influence their variable remuneration and would have an adverse impact on the Company in the medium and long term.

From the 2014 fiscal year, the Board decided to further align the remuneration of the CEO and other Executive Officers with the interests of shareholders of the Company, by implementing staggered payment of their variable remuneration. The final allocation of the variable portion of the remuneration, which is a time-deferred payment, is subject to predetermined and objectively measurable medium- and long-term performance criteria. Payment of the variable remuneration will now be spread over three years. The variable portion of the remuneration earned during year "N" (fiscal year of the appraisal) to be paid the first year (N+1) may not exceed 50% of the total amount of variable remuneration awarded. Payment of 25% of the variable remuneration is deferred for one year and will be payable in year N+2 provided that the performance indicators for the Company's results are sustained throughout years N and N+1. The remaining 25% of the variable remuneration will be deferred for two years and will be payable in year N+3, again provided that performance is sustained over years N to N+2 (inclusive).

The Company's remuneration policy has been adapted to allow the variable remuneration of the Executive Officers to be spread in this way. This scheme will be applied for the first time to the variable remuneration for the 2014 fiscal year, with the first instalment being payable in 2015, and will continue to apply to subsequent years.

Procedure

The remuneration of the **non-executive Directors** of Befimmo SA is set by the General Meeting of Befimmo SA, on a proposal of its Board of Directors, which in turn receives proposals from the Appointment and Remuneration Committee. The relevant proposals of the Appointment and Remuneration Committee are based on benchmark analyses of companies comparable to Befimmo in terms of size and business, and studies conducted by external consultants on the remuneration of directors of Belgian listed companies.

The non-executive Directors of Befimmo SA receive, in that capacity, a fixed annual remuneration and attendance tokens for meetings of Befimmo's Board of Directors and its specialist Committees that they attend as members or Chairman.

They do not receive any performance-related pay (such as bonuses or long-term incentives) nor do they receive any benefits in kind or benefits from pension schemes.

In accordance with the law, directors may be dismissed summarily, without compensation.

The **Managing Director** of Befimmo SA is the only **executive Director** of Befimmo SA and is not remunerated in that capacity. He is also Executive Officer Befimmo SA and holds the position of **Chief Executive Officer** ("CEO"); he is remunerated in that capacity.

Since 20 December 2012, the position of Managing Director and CEO has been held by BDB Management SPRLu, represented by its permanent representative, Mr Benoît De Blieck. He is also classed as an Executive Officer of Befimmo SA.

The CEO's remuneration is set by the Board of Directors of Befimmo SA, on a proposal of the Appointment and Remuneration Committee. It consists of a fixed portion and a variable portion.

- Fixed portion: the amount of the fixed annual remuneration is determined on the basis of comparisons with the fixed remunerations on the market for a comparable post in a company of comparable size; the fixed annual remuneration is paid monthly, in twelfths, at the end of the month.

  On a proposal of the Appointment and Remuneration Committee, the Board of Directors considers the amount of the fixed remuneration at regular intervals, at the end of each calendar year, in order to decide whether this amount should be changed and, if so, by how much.

- Variable portion: the target amount of the annual variable remuneration corresponding to a quality service that meets expectations in terms of results, professionalism and motivation is predetermined by the Board of Directors when setting targets. It is a combination of personal qualitative targets and financial and qualitative targets for Befimmo SA, and a weighting is applied. The Board avoids setting performance criteria that could encourage the CEO to give preference to short-term goals that influence his variable remuneration and would have an adverse impact on the Company in the medium and long term. The Board also determines the maximum amount of variable remuneration, which may be awarded only if the performance targets are exceeded.

  In determining how much variable remuneration to award, at the end of each calendar year the Board of Directors – on a proposal of the Appointment and Remuneration Committee – assesses the CEO's performance during the fiscal year in question against the targets for that year.

Befimmo reimburses expenses incurred by the CEO in the course of his routine management, on presentation of supporting documents to the Chairman of the Board of Directors or any other person he designates for that purpose.

The Managing Director does not receive any benefits in kind.

The Board of Directors of Befimmo SA decides on the recruitment, promotion and fixed and variable remuneration of each of the **other Executive Officers** of Befimmo SA, on a proposal of the Appointment and Remuneration Committee, after it has first consulted the CEO. They are paid under a contract of employment with Befimmo SA. Their remuneration consists of a fixed portion and a variable portion, and supplementary benefits, as described below.

- Fixed portion: the amount of the fixed remuneration of the other Executive Officers is determined on the basis of information on levels of remuneration offered for comparable posts, and for profiles comparable to those of the other Executive Officers of the

Company, in comparable businesses, notably in finance and real estate. This information is gathered by the Appointment and Remuneration Committee. The fixed remuneration is paid monthly at the end of the month and is indexed in January.

Any change in the fixed remuneration of the Executive Officers is decided by the Board of Directors on a reasoned recommendation of the CEO and the Appointment and Remuneration Committee.

- Variable portion: the target amount of the variable annual remuneration corresponding to a quality performance meeting expectations, in terms of results, professionalism and motivation. This amount, which is in principle a maximum unless otherwise justified, is predetermined by the Board of Directors when the objectives are set. These are a combination of personal qualitative objectives (performance of special duties, performance of their team or department) and financial and qualitative objectives for Befimmo SA, to which a weighting is applied.

  The Board avoids setting criteria that could encourage the Executive Officers to give preference to short-term goals that influence their variable remuneration and would have an adverse impact on the Company in the medium and long term.

  In determining how much variable remuneration to award, at the end of each calendar year the Board of Directors – on a proposal of the Appointment and Remuneration Committee, which heard the CEO in advance – assesses at the end of each year the performance of the Executive Officers during the fiscal year in question against the targets set for them for that year.

- Miscellaneous benefits: the other Executive Officers have a pension plan (defined-benefits scheme) which cost the Company €144,580 for fiscal year 2013. They also have hospitalisation insurance, a flat-rate monthly entertainment allowance, meal vouchers and "ecocheques". They have a company car (with the usual accessories) and a mobile phone. The cost to the Company of all these benefits is given under the heading "Other components of remuneration and miscellaneous benefits" in the table hereafter.

Directorships in subsidiaries

Where appropriate, the Directors may receive remuneration from subsidiaries of Befimmo SA in which they hold a directorship. In this case, the remuneration is also published in Befimmo SA's remuneration report.

Remuneration and benefits in 2013 and 2014

The remuneration and benefits listed below are in accordance with the provisions of the above-mentioned law of 6 April 2010, the 2009 Code and the Company's remuneration policy described above.

There is no share option plan or share benefit plan for the non-executive Directors, CEO or other Executive Officers.

Until 31 December 2012, the remuneration of the **non-executive Directors** of Befimmo SA was the same as for the Directors of the former Managing Agent, last reviewed in 2007.

After its self-assessment exercise in 2012, the Board of Directors invited the Appointment and Remuneration Committee to conduct a benchmark analysis and to submit proposals for adaptations with a view to making any necessary alignment of the remuneration of the non-executive Directors of Befimmo SA with market practice, and to make any appropriate proposal to the General Meeting.

Following the proposal by the Board of Directors to the General Meeting of 30 April 2013, the Company set the remuneration of the non-executive Directors as follows:

- each non-executive Director, apart from the Chairman of the Board of Directors, receives a fixed annual remuneration of €20,000 and attendance tokens worth €2,500 per Board meeting attended;
- the Chairman of the Board of Directors receives a fixed annual remuneration of €50,000 and attendance tokens worth €3,750 per Board meeting attended;
- the members of the Audit Committee receive an attendance token worth €2,000 per meeting, apart from the Chairman of the Committee who receives attendance tokens worth €2,500;
- the members of the Appointment and Remuneration Committee receive an attendance token worth €1,500 per meeting, apart from the Chairman of the Committee who receives

Directors - Remuneration for the 2013 fiscal year

	BEFIMMO				FEDIMMO	
	Annual fixed remuneration	Attendance tokens			Attendance tokens	
(in €)	Board of Directors	Board of Directors	Audit Committee	Appointment and Remuneration Committee	Board of Directors	Total
BVBA Arcade Consult - André Sougné	20 000	50 000				**70 000**
Hugues Delpire	20 000	52 500	14 000			**86 500**
SPRL Alain Devos - Alain Devos	50 000	78 750		10 500		**139 250**
SPRL Etienne Dewulf - Etienne Dewulf	20 000	52 500		10 500		**83 000**
Benoît Godts	20 000	45 000	16 000		1 250	**82 250**
BVBA Roude - Jacques Rousseaux	20 000	52 500	20 000		1 250	**93 750**
BVBA MarcVH-Consult - Marcus Van Heddeghem	20 000	45 000		14 000		**79 000**
Sophie Goblet	15 000	30 000				**45 000**
Guy Van Wymersch-Moons	5 000	15 000				**20 000**
Total Directors	190 000	421 250	50 000	35 000	2 500	698 750

attendance tokens worth €2,000 per meeting.

These amounts, applicable from the 2013 fiscal year, are based on a benchmark analysis of comparable companies and two external studies on the remuneration of directors of listed Belgian companies. In particular, they reflect the increased workload and technical complexity of the matters that have had to be handled by the Board and its specialist Committees in recent years, and the role of the Chairman in preparing and coordinating the work of the Board of Directors. The remuneration of non-executive Directors for fiscal year 2013 will be paid in May 2014 after the 2014 Ordinary General Meeting.

Objectives and performance criteria for he CEO and Executive Officers for fiscal years 2013 and 2014

On a proposal of the Appointment and Remuneration Committee, on 5 March 2013 the Board of Directors laid down the following recurring criteria – related to the performance of the Company – for assessing the performance of the **CEO**, and the applicable weighting:

- current net result per share (30%)
- operating margin (15%)
- occupancy rate of properties (15%)
- financing costs (20%)
- human resource management (20%)

Supplementary objectives, in relation to the above-mentioned main targets and specifically related to the 2013 fiscal year, were set for the CEO. The target amount for his variable annual remuneration for the 2013 fiscal year was set at €150,000.
At the same meeting, the Board of Directors set the same recurring criteria for assessing the

performance of the **other Executive Officers**. Additional personal targets were set for each of them, in line with their specific operational responsibilities. The target amount of the annual variable remuneration for the 2013 fiscal year was set at 25% of their respective annual remuneration.

During its meeting of 28 February 2014, the Board of Directors, on a proposal of the Appointment and Remuneration Committee, decided to award the CEO and the other Executive Officers a variable remuneration for the 2013 fiscal year on the basis of the above-mentioned assessment criteria, the amount of which is shown in the table hereafter.

For the **2014 fiscal year**, the award of variable remuneration to the CEO and other Executive Officers will depend on achieving the same recurring criteria as those set for 2013, with the same weighting. Additional personal targets, in relation to the above-mentioned targets, were also set in keeping with the specific operational responsibilities of the CEO and each of the other Executive Officers.

The target amounts of the variable annual remuneration for fiscal year 2014 were set as follows:

- for the CEO: a target variable remuneration of € 200,000 with a maximum of €250,000;
- for the other executive officers: an overall maximum target variable remuneration of €162,500.

After appraisal, the payment of any variable remuneration awarded will be staggered over time and the portion of the time-deferred remuneration is subject to the achievement of predetermined and objectively measurable performance criteria over 3 years, as follows:

- the portion of the variable remuneration earned in 2014 and payable in 2015 may not exceed 50% of the total amount of variable remuneration awarded;
- 25% of the variable remuneration is deferred for one year and payable in 2016 provided that the performance indicators for the Company's results are sustained throughout 2014 and 2015;
- the remaining 25% of the variable remuneration will be payable in 2017, again provided that performance is sustained throughout 2016 and 2017.

Terms of severance grants

Should Befimmo SA terminate the contract between the CEO and Befimmo SA before expiry, and not in any of the cases provided for in the contract where no compensation is due, the CEO is entitled to a severance grant under that contract.

Pursuant to article 554(4) of the Code of Company Law and the recommendations of the Belgian corporate governance Code, Befimmo's remuneration policy provides that this severance grant may not in principle exceed 12 months' remuneration (fixed and variable, based on the 12 months preceding termination) or 18 months (on a reasoned opinion of the Appointment and Remuneration Committee). Furthermore, if in

Executive Officer - Remuneration for the 2013 fiscal year

(in €)	Fixed remuneration	Variable remuneration	Post-employment benefits	Other components of remuneration and miscellaneous benefits	Total	Contractuel severance grant
SPRLu BDB Management	515 000	171 000	-	-	686 000	650 000
Other Executive Officers [(1)]	688 870	183 767	144 580	89 555	1 106 773	-
Total Executive Officers	**1 203 870**	**354 767**	**144 580**	**89 555**	**1 057 898**	**650 000**

(1) Including social charges.

future the Company were to make an agreement providing for severance grants exceeding these limits, the exemption clause regarding severance grants would require prior approval at the first Ordinary General Meeting following that agreement.

The management agreement of 20 December 2012 between Befimmo SA and its CEO, BDB Management SPRLu, established a severance grant of €650,000. This grant is less than 12 months of the CEO's total remuneration. Befimmo therefore did not avail itself of the above exemptions.

The indefinite contracts of employment of the Executive Officers (except for the Managing Director) do not contain any specific severance provisions.

Right of recovery

The Company has not provided for a right to recover all or part of any variable remuneration awarded to the CEO or other Executive Officers on the basis of incorrect information.

Directorships in subsidiaries

Neither the CEO nor the other Executive Officers received any remuneration (fixed or variable) from subsidiaries of Befimmo in which they act as Befimmo SA's representative. The attendance tokens relating to the exercise of these directorships were actually returned directly to Befimmo SA.

REPORT ON INTERNAL CONTROL AND RISK-MANAGEMENT SYSTEMS

Befimmo has organised the management of internal control and corporate risks by defining its control environment (general framework), identifying and classifying the main risks to which it is exposed, analysing its level of control of those risks and organising "control of control". The Company also pays particular attention to the reliability of the financial reporting and communication processes.

Control environment

COMPANY ORGANISATION

The Board of Directors has set up two internal Committees (the Audit Committee and the Appointment and Remuneration Committee).

The Company is organised into a number of departments as set out in an organisation chart.

Each person has a job description. A procedure for delegating powers of attorney embodies the principle of double signatures. The support functions are the Accounts, IT, Legal, Human Resources and Communication Departments and the General Secretariat. Of the control functions, the compliance function is exercised by the Secretary-General. Management control is the responsibility of the controlling team. The CFO is in charge of organising risk management. For the annual closure, the Company's Directors and Executive Officers fill in an individual questionnaire so that any transactions they have carried out with the Company as "related parties" can be identified.

The human resources department ensures that the skills required for each post are defined and that the procedures are observed, notably for annual performance appraisal and pay review.

EXTERNAL PLAYERS

Some external stakeholders also play a role in the control environment. The main ones are the FSMA, the Statutory Auditor and the independent real-estate experts.

ORGANISATION OF INTERNAL CONTROL

The Audit Committee, composed of a majority of independent Directors, has a specific duty in terms of internal control and corporate risk management. In carrying it out, the Audit Committee makes use in particular of the work of the internal auditor, who reports directly to it. The role, composition and activities of the Audit Committee are described in this chapter and in the terms of reference of the Audit Committee, which can be accessed on the Company.

ETHICS

The Board of Directors has drafted and approved a corporate governance charter and a code of ethics. They can also be consulted on the Company's website.

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RISK ANALYSIS AND CONTROL ACTIVITIES

This analysis is based on an update of a study to classify the Company's major risks, in order of importance and estimated frequency of occurrence, and to

determine the extent to which it controls these risks. During the year, an external consultant was commissioned to produce a new version of the risk matrix, and the extent to which they are under control, through interviews with Company managers. The findings of this study provide the framework for the work of the internal audit service, reviewed annually as part of a three-year plan by the Audit Committee. Risk analysis is reviewed annually by the Audit Committee. The risk factors are described in this Report. That chapter also describes the measures taken to control and limit the potential impact of each of the risks identified.
"Risk factors"

FINANCIAL INFORMATION AND COMMUNICATION

The process of establishing financial information is organised as follows: a retro planning chart sets out the tasks to be completed for the quarterly, half-yearly and annual closures of the Company and its subsidiaries, with deadlines. Befimmo has a check list of actions to be followed up by the Finance Department. The accounts team produces the accounting figures using Lisa accounting software, under the supervision of the Chief Accountant. The controlling team checks the validity of these figures and produces the quarterly reports. The figures are checked using the following techniques:

- coherence tests by comparison with historical or budget figures;
- sample checks of transactions according to their materiality.

After validation by management, the quarterly report and the press release/corresponding report are then presented to the Audit Committee and thereafter to the Board of Directors.

Data are protected, depending on their type, by redundant architecture (disk mirroring), daily backups on-line (external service provider) and weekly backups onto tape.

PLAYERS INVOLVED IN THE SUPERVISION AND ASSESSMENT OF INTERNAL CONTROL

The quality of internal control is assessed throughout the fiscal year by:

- the internal audit team: during fiscal year 2013, two internal audits were carried out, on the property valuation risk and the legal department (legal risk);
- the Audit Committee: over fiscal year 2013, the Audit Committee reviewed the quarterly closures and the specific accounting methods. It reviewed the disputes and main risks to which the Company is exposed and considered the recommendations of internal auditing;
- the Statutory Auditor in the context of its review of the half-yearly and annual accounts: over fiscal year 2013, the Statutory Auditor made recommendations in particular concerning the keeping of the financial statements;

The Board of Directors supervises the performance of the duties of the Audit Committee in that connection, notably through that Committee's reporting.

OTHERS INVOLVED

Statutory Auditor

The Statutory Auditor is appointed with the prior approval of the FSMA. It exercises two kinds of control. Firstly, in accordance with the Code of Company Law, it checks and certifies the financial information in the annual accounts.

Secondly, in accordance with the law, it cooperates with the FSMA's controls. The FSMA may also ask it to confirm the accuracy of other information sent to the FSMA.

The General Meeting of Befimmo SA of 15 December 2010 renewed the mandate of the Company's Statutory Auditor, Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL, with its registered office at Berkenlaan 8B, 1831 Diegem, entered in the trade register under number 0429.053.863, RPM Brussels, represented by Mr Rik Neckebroeck and Mrs Kathleen De Brabander, business auditors, acting jointly, for three fiscal years.

The Statutory Auditor's fees for fiscal year 2013 amount to €66,000 excluding VAT. In fiscal year 2013 it also provided additional services as part of its statutory duties for a fee of €64,680 excluding VAT. In addition to its statutory role, during fiscal year 2013, Deloitte and its affiliated companies also provided services related to other non-auditing duties for a fee of €71,550 excluding VAT.

Deloitte, represented by the same auditors, has also been appointed as Statutory Auditor of most Befimmo SA subsidiaries. The fees of the Statutory Auditor for auditing the financial statements for fiscal year 2013 of Fedimmo SA, Befimmo Property Services SA, Blue Tower Louise SA, Meirfree SA and Vitalfree SA totalled €54,700 excluding VAT.

Auditing for the Luxembourg subsidiary, Axento SA, is performed by Deloitte SA, with its registered office at Rue de Neudorf 560, 2220 Luxembourg, entered in the Luxembourg register of commerce and companies under number B 67.895 and with establishment licence No 88607, represented by Christiane Chadoeuf, Partner. The fees for auditing the accounts of Axento SA for the 2013 fiscal year amount to €10,900 excluding VAT.

The method of calculating the remuneration of the Statutory Auditor depends on the type of work performed:

- for auditing the accounts of companies in the group, a lump sum is established;
- for other work, the fees are determined on the basis of the number of hours worked multiplied by an hourly rate depending on the seniority of the employee involved in the work.

The "one-to-one" rule regarding the work of the Statutory Auditor was respected.

Real-estate experts

In accordance with the Royal Decree of 7 December 2010, Befimmo SA calls on external experts for regular or occasional valuations of its property assets. For the three-year period commencing on 1 January 2012, Befimmo appointed three real-estate experts which have an excellent knowledge of the market and an international reputation, namely:
DTZ-Winssinger & Associés (represented by Mr Christophe Ackermans), which values the properties in the portfolio of Fedimmo SA; Price Waterhouse Coopers (represented by Mrs Anne Smolders and Mr Jean-Paul Ducarme), which surveys Befimmo SA's property portfolio, rented principally to long-term tenants mainly from the public sector;
Jones Lang LaSalle (represented by Mr Rod. P. Scrivener), which is responsible for valuing all the properties of Befimmo SA that are not included in the expert mission of Price Waterhouse Coopers and which are generally let under conventional 3/6/9-year leases to corporate tenants, mostly from the private sector; as coordinator, it will include in its summary report the valuations established by DTZ-Winssinger & Associés and Price Waterhouse Coopers using their respective valuation methods.
For fiscal year 2013, the fees paid to these experts for their quarterly valuations amounted to:

- DTZ-Winssinger & Associés: €126,369 excluding VAT;
- Price Waterhouse Coopers: €79,908 excluding VAT;
- Jones Lang LaSalle: €113,400 excluding VAT.

Additional fees paid to these experts in 2013 for occasional valuations amounted to:

- DTZ-Winssinger & Associés: €1,900 excluding VAT;
- Price Waterhouse Coopers: €0 excluding VAT;
- Jones Lang LaSalle: €22,000 excluding VAT.

The fees of the independent real-estate experts are calculated based on the number of properties assessed, their size (in m²) or their rental situation (single or multiple tenants). The fees are not related to the fair value of the properties.

Financial service

The Company's financial service is provided by ING Belgium, which received remuneration of €95,358 (including VAT) on that account in 2013. This remuneration consists of a fixed portion plus a variable portion based on the amount of the dividend paid.

RESEARCH AND DEVELOPMENT

Befimmo did not carry out any research or development activities during the period.

RULES FOR PREVENTING CONFLICTS OF INTEREST

Principles

For the prevention of conflicts of interest, Befimmo is governed simultaneously by:
- the applicable legal provisions, common to listed companies, as per articles 523 and 524 of the Code of Company Law;
- a specific regime provided for by article 18 of the Royal Decree of 7 December 2010 on Sicafis, which provides in particular for the obligation of prior notification to the FSMA of certain transactions planned with persons covered by that provision, to perform such operations at normal market conditions and to make them public;
- and also by the additional rules specified in its charter of corporate governance.

These rules and their application in the 2013 fiscal year are described hereinafter.

Article 523 of the Code of Company Law

Pursuant to article 523 of the Code of Company Law, if a Director has a direct or indirect interest that conflicts with a decision or transaction that falls to the Board of Directors, he must notify the other members before it is discussed by the Board. His statement, and the reasons for the conflicting interest affecting him, must be included in the minutes of the meeting of the Board of Directors in which the decision is to be taken. The Company's Statutory Auditor must be informed and the Director concerned may not participate in the discussions of the Board of Directors relating to the transactions or decisions concerned, or take part in the vote. The relevant minutes are then reproduced in the management Report.

However, this article provides for some exceptions to its application, in particular with regard to routine transactions concluded subject to normal market guarantees for transactions of the same type.

Article 524 of the Code of Company Law

If a listed company contemplating a transaction with an affiliated company (subject to certain exceptions), article 524 of the Code of Company Law requires the establishment of an ad hoc Committee consisting of three independent Directors. This Committee, assisted by an independent expert, must provide a reasoned assessment of the proposed transaction to the Board of Directors, which may take its decision only after reading the Report. The Statutory Auditor must deliver an opinion as to the accuracy of the information contained in the opinion of the Committee and the minutes of the Board of Directors. The Board of Directors then states in the minutes whether the procedure has been followed and, if appropriate, the reasons why the Committee's opinion was overruled. The Committee's decision, the extract from the minutes of the Board meeting and the Statutory Auditor's opinion are to be included in the Management Report.

Article 18 of the Royal Decree of 7 December 2010

This article requires in particular, subject to certain exceptions, public Sicafis to inform the FSMA in advance of any transaction that they propose to carry out with an affiliated company, a company in which the Sicafi has a shareholding , other shareholders of a subsidiary of the Sicafi, or the Directors, managers or Executive Officers of the public Sicafi. The Company must establish that the proposed transaction is in its interest and is in line with its investment policy, and the transaction must be carried out under normal market conditions. If the transaction involves a property, the independent real-estate expert must determine its fair value, which is the minimum price at which the asset may be sold or the maximum at which it may be bought. The Sicafi must inform the public at the time the transaction is entered into and comment on this information in its Annual Financial Report.

Additional rules provided for in Befimmo's corporate governance charter

CONFIDENTIALITY RULES

Wherever it would be contrary to the interests of the shareholders of Befimmo SA for the Director concerned to be informed of the terms on which Befimmo SA plans to complete a transaction, he will not be sent the preparatory notes and the item will be covered by an appendix to the minutes of the Board meeting, which will not be sent to him; these rules cease to apply when they are no longer relevant (i.e. generally after Befimmo SA has completed the transaction or decided not to pursue it).

POLICY CONCERNING TRANSACTIONS WITH DIRECTORS NOT COVERED BY ARTICLE 523 OF THE CODE OF COMPANY LAW

If Befimmo SA intends to carry out a transaction with a Director or a company controlled by that Director or in which he has a shareholding other than a minor one that is not covered by article 523 of the Code of Company Law (for example, because it is a routine transaction subject to normal market conditions and guarantees), Befimmo SA nevertheless imposes the following requirements:

- that Director must declare his interest to the other Directors before the discussion by the Board of Directors;
- his declaration and the reasons why article 523 of the Code of Company Law does not apply must be set down in the minutes of the Board meet-

"Glossary"

ing at which the decision is to be taken;
- the Director concerned must refrain from being present at the Board's debate on the transaction or taking part in the relevant vote;
- whenever it would be contrary to the interests of Befimmo SA shareholders for the Director concerned to be informed of the conditions under which Befimmo SA would be prepared to carry out the transaction concerned, he must not be sent the preparatory notes and the item must be reported in an appendix to the minutes not sent to him.

In any case, the transaction must be carried out at arm's length. However, the minutes reporting the transaction concerned need not be reproduced in the Annual Financial Report.

This policy also applies mutatis mutandis to transactions between a Director of Befimmo SA and one of its subsidiaries.

POLICY REGARDING TRANSACTIONS WITH AN EXECUTIVE OFFICER

This policy also applies mutatis mutandis to transactions between the Company and its subsidiaries and the Executive Officers; the executive officer concerned must declare the conflict of interests to the Board of Directors, his declaration must be set down in the minutes of the Board meeting at which the decision is to be taken, and the transaction must be concluded at normal market conditions.

DIRECTORS AND CORPORATE OPPORTUNITIES

Since Befimmo SA's Directors are appointed in particular for their skill and experience in real estate, it often happens that they hold directorships in other real-estate companies or companies controlling real-estate companies. Therefore, it may happen that a transaction proposed to the Board of Directors (such as the purchase of a property at auction) could interest another company in which a Befimmo Director holds a position. In that case, which may in certain circumstances give rise to a conflict of interests, Befimmo SA has decided to apply a procedure modelled closely on article 523 of the Code of Company Law relating to conflicts of interest. In particular, the Director concerned must immediately notify the Chairman of the Board of Directors and the Managing Director of any such situation. Once the risk has been identified, the Director concerned and the Managing Director consider together whether the "Chinese walls" procedures adopted within the organisation that the Director belongs to are sufficient to allow him to attend, unchallenged and at his sole responsibility, the meetings of the Board of Directors. Where no such procedures have been put in place or where the Director concerned or the Board of Directors takes the view that it would be wiser for that Director not to attend, then he must withdraw from the discussion and decision-making process. The preparatory notes will not be sent to him, he must withdraw from the Board meeting when the topic is discussed and the topic will be recorded in an appendix to the minutes, which will not be sent to him.

The minutes of the Board of Directors must record that this procedure has been complied with or state the reason why it has not.

This procedure ceases to apply as soon as the risk no longer exists (for example, because either the Company or the competing company has decided not to make an offer).

If necessary, this procedure should be combined with article 523 of the Code of Company Law where applicable (for example, because the Director has a financial interest conflicting with that of the Company for the transaction to be entered into by a company other than Befimmo). In the latter case, all of the relevant extracts from the minutes of the Board of Directors must be reproduced in the management Report.

Obligatory information pursuant to the Code of Company Law (articles 523 and 524)

In the 2013 fiscal year, the following operations gave rise to the application of article 523 of the Code of Company Law.

1. At its meeting of 5 March 2013, the Board discussed (i) the determination of variable remuneration of the Managing Director of the Company, BDB Management SPRLu, represented by its permanent representative Mr Benoît De Blieck, and the other Executive Officers for the 2012 fiscal year, and (ii) the determination of the fixed remuneration and performance criteria for the award of the remuneration of the Managing

(1) Note that, under the Code of Company Law, such a link is presumed to exist, in particular, unless proven to the contrary, when a shareholding represents at least one tenth of the company's capital.

Director and other Executive Officers for the 2013 fiscal year. In accordance with article 523 of the Code of Company Law, Mr De Blieck did not take part in the discussions or decision of the Board of Directors on the remuneration and determination of the performance criteria of BDB Management SPRLu. The relevant extract from the minutes is reproduced below.

Extract from the minutes of the meeting of the Board of Directors of Befimmo SA of 5 March 2013

"4.1 Notification of a conflict of interests and application of article 523 of the Code of Company Law

Before the discussion on this agenda item opened, BDB Management SPRLu, represented by its permanent representative Mr Benoît De Blieck, notified the existence, in the context of that decision, of a potential conflict of interests of a financial nature within the meaning of article 523 of the Code of Company Law. The Director explained that the conflict of interests arose in relation to the decision to be taken concerning the determination of his fixed remuneration and the award criteria for the variable remuneration for the exercise of his positions of Managing Director and Executive Officer in 2013.

Similarly, to the extent necessary, Mr De Blieck declared that he would not take part in the discussions or decision on any variable remuneration awarded by the Board of Directors for the mandate of CEO and executive officer that he exercised during the 2012 fiscal year.

The Board of Directors took note of these statements and noted that BDB Management SPRLu, represented by its permanent representative Mr De Blieck, left the meeting during the discussions and voting on item 4 of the agenda.

(Mr Benoît De Blieck left the meeting).

(...)

The Chairman of the Appointment and Remuneration Committee presented the performance criteria proposed by the Board for the award of the variable remuneration of the Managing Director and Executive Officers in 2013.

After discussion, and on a proposal of the Appointment and Remuneration Committee, the Board set the key targets and performance criteria for 2013 for the Managing Director and the applicable weighting as follows:

- *current net result per share (30%)*
- *operating margin (15%)*
- *occupancy rate of properties (15%)*
- *financing cost (20%)*
- *human-resource management (20%).*

Further targets would be set in relation to the above objectives.

(...)

4.2 Fixed and variable remuneration of the Managing Director and Executive Officers in 2013

4.2.1 Fixed remuneration

The agreement with the Managing Director states that the Board of Directors may adjust his remuneration, based on a periodic appraisal, taking account of the market remuneration for comparable duties. Based on a benchmark produced for the current pay of managing directors of other companies listed in Belgium (Bel 20 and Bel Mid), the Appointment and Remuneration Committee proposed that the fixed annual remuneration of the Managing Director (currently based on data from a benchmark produced in 2010) be adjusted from 1 January 2013, from €488,188 to €515,000.

The Board also discussed proposals by the Appointment and Remuneration Committee for the fixed remuneration of the other Executive Officers.

After discussion, the Board of Directors, except for BDB Management SPRLu, represented by its permanent representative Mr Benoît De Blieck, who did not take part in the discussion or voting on this decision, approved the proposal of the Appointment and Remuneration Committee to raise the fixed remuneration of the Managing Director to €515,000, from 1 January 2013. The Board also approved proposals by the Appointment and Remuneration Committee for the fixed remuneration of the other Executive Officers.
4.2.2 Variable remuneration of the Managing Director and other Executive Officers for the 2012 fiscal year

The Appointment and Remuneration Committee considersed that the targets set to determine the variable remuneration of the Managing Director and other Executive Officers for the 2012 fiscal year were achieved and that specific *projects were successful during the year (...).*

After discussion, the Board of Directors approved the proposal of the Appointment and Remuneration Committee to award Mr Benoît De Blieck in his capacity as Managing Director and Executive Officer in 2012, variable remuneration of €156,000. Neither BDB Management SPRLu, nor its permanent representative Mr De Blieck, took part in the discussion or voting on the decision.

The Board also approved proposals by the Appointment and Remuneration Committee for the fixed remuneration of the other Executive Officers."

2. At its meeting on 19 February 2013, the Board of Directors discussed the proposals for the adjustment of the remuneration of the non-executive directors. Each of the directors abstained from voting on their own case, whether as a non-executive Director and/or a member of a specialist Committee of the Board of Directors. The relevant extract from the minutes is reproduced hereafter.

Extract from the minutes of the meeting of the Board of Directors of Befimmo SA of 19 February 2013

"7.3 Remuneration of non-executive directors: proposed adjustment

7.3.1. Notification of a conflict of interests and application of article 523 of the Code of Company Law

Before the discussion on this agenda item opened, the non-executive directors notified a potential conflict of interests of a financial nature, within the meaning of article 523 of the Code of Company Law, in relation to this decision.

They stated that the conflict of interests arose because the decision to be taken concerned the determination of their remuneration as non-executive directors, Chairman of the Board and/or member of a specialist committee of the Board.

The Board of Directors noted their statement and observed that they each left the meeting during the discussion and voting on the item concerning him personally.

7.3.2 Benchmark produced by the Appointment and Remuneration Committee

The current remuneration of the non-executive directors of Befimmo SA is equivalent to the remuneration of the non-executive directors of its former Managing Agent, which was last reviewed in 2007. When carrying out its self-assessment in 2012, the Board invited the Appointment and Remuneration Committee to conduct a benchmark analysis and to submit proposals for adjustments to bring the remuneration of the directors of Befimmo SA into line with market practice.

(...)

In particular, they reflected the increased workload and technical complexity of the matters that had to be handled by the Board and its specialist committees in recent years, and the role of the Chairman in preparing and coordinating the work of the Board of Directors.

After discussion, the Board decided to propose to the Ordinary General Meeting the following adjustment to the remuneration of the non-executive directors, from the 2013 fiscal year:

- *Regarding the fixed annual remuneration and attendance tokens of the non-executive directors, excluding the Chairman of the Board of Directors, it was proposed to maintain the value of the attendance tokens at their current level (€2,500 per meeting) and to raise the annual fixed remuneration from €10,000 to €20,000.*
  This resolution was adopted unanimously, although each director abstained from voting on his own particular case.
- *Regarding the fixed annual remuneration and attendance tokens of the Chairman of the Board of Directors: it was proposed that the value of the attendance tokens be set at €3,750 per meeting and the fixed annual remuneration at €50,000.*
  This resolution was adopted unanimously by the Directors, with the exception of Alain

Devos SPRL (represented by its permanent representative Mr Alain Devos) who, in his capacity as Chairman of the Board of Directors, did not take part in the discussion or voting on the resolution.

- *Regarding the remuneration of the members of the Audit Committee, it was proposed to continue with no fixed remuneration and raise the value of the attendance tokens from €1,500 per meeting to €2,000 for the members of the Audit Committee and to €2,500 for the Chairman of the Committee.*
  Roude BVBA (represented by its permanent representative Mr Jacques Rousseaux), Mr Hughes Delpire and Mr Benoît Godts, all three members of the Audit Committee, did not take part in the discussion or voting on this resolution.

- *Regarding the remuneration of the members of the Appointment and Remuneration Committee, it was proposed to continue with no fixed remuneration and raise the value of the attendance tokens from €750 per meeting to €1,500 for the members of the Appointment and Remuneration Committee and to €2,000 for the Chairman of the Committee.*
  MarcVH-Consult (represented by its permanent representative Mr Marcus Van Heddeghem), Alain Devos SPRL (represented by its permanent representative Mr Alain Devos) and Etienne Dewulf SPRL (represented by Mr Etienne Dewulf), all three members of the Appointment and Remuneration Committee, did not take part in the discussion or voting on this resolution.

Over fiscal year 2013, no decision or transaction gave rise to the application of article 524 of the Code of Company Law.

Application of article 18 of the Royal Decree of 7 December 2010

Over the fiscal year, that article was applied in respect of three cases, which were notified to the FSMA:

- The first statement was made, to the extent necessary, in relation to the private placement of 637,371 Befimmo shares held by two of its subsidiaries with institutional investors, which enabled the acquisition of Blue Tower Louise SA to be partially refinanced, insofar as a number of institutional investors were approached, some of whom were already shareholders of Befimmo SA;

- to the extent necessary in the context of an optional dividend, the Company also declared that certain Directors of Befimmo SA and Executive Officers of Befimmo SA, as well as AG Insurance SA and certain of its subsidiaries, in their capacity as shareholders, had the opportunity to subscribe to new shares;

- finally, Befimmo also notified the FSMA of the sale, by Fedimmo SA, of 528,615 own shares to Befimmo in December 2013. After the sale, the dividend entitlement for those shares was then distributed among all Befimmo SA shareholders.

Transactions not covered by the statutory provisions on conflicts of interest but covered by Befimmo's corporate governance charter

Under the rules to prevent conflicts of interest, contained in the Company's corporate governance charter, Mr Benoît Godts, linked to AG Real Estate SA, did not attend the discussion or decisions relating to two investment projects and participation in a tender procedure for a public contract.

Rules to prevent market abuse

PRINCIPLES

The corporate governance charter embodies rules designed to prevent market abuses, applicable to Directors, Executive Officers and anyone else who may have access to privileged information through their involvement in the preparation of a particular transaction. These rules have been supplemented by an internal document setting out the main relevant legal obligations, taking account in particular of the Royal Decree of 5 March 2006 on market abuses, with a view to raising awareness among the persons concerned of their obligations.

The Compliance Officer is responsible for ensuring that these rules are complied with in order to reduce the risk of market abuses by insider trading. To that end, he or she shall make and keep up-to-date lists of persons having access to privileged information and who know or cannot reasonably fail to know that it is privileged information. Where such persons plan to carry out transactions on financial instruments issued by Befimmo SA, they must first notify the Compliance Officer in writing of their intention to carry out the transaction. Within 48 hours of receiving such notice, the Compliance Officer shall inform the person concerned whether there is any reason to believe that the planned transaction would amount to insider trading. If so, he or she will be advised not to carry out the transaction. Such persons must notify the FSMA of transactions carried out on their own behalf and affecting the Company stock within five working days of the transaction concerned taking place; notification may be legally postponed until such time as the total of transactions carried out during the current calendar year exceeds the threshold of €5,000.

During so-called "closed periods", such persons may not carry out transactions on the financial instruments of Befimmo SA.

APPLICATION

Mrs Aminata Kaké holds the position of Compliance Officer of Befimmo SA.

The above-mentioned rules were applied without giving rise to any difficulties.

SHARE OPTION PLAN

Befimmo has not so far set up any stock award or stock options scheme.

At 31 December 2013, the following non-executive Directors of Befimmo SA (or their permanent representatives) held shares in Befimmo SA:

- Benoît Godts (998 shares),
- Jacques Rousseaux (232 shares), and
- André Sougné (1,224 shares).

At the same date, the permanent representative of the Managing Director and one other executive officer held shares in Befimmo SA:

- Benoît De Blieck (1,404 shares), and
- Laurent Carlier (169 shares).

FACTORS LIABLE TO HAVE AN INFLUENCE IN THE EVENT OF A TAKEOVER BID

Article 34 of the Royal Decree of 14 November 2007 on the obligations of writers of financial options admitted to trading on a regulated market (hereinafter the "Royal Decree"), requires them to disclose and, if appropriate, explain in the management Report how the factors listed by that provision might have an influence in the event of a takeover bid. Most of the powers of Befimmo SA's administrative body in that respect are restricted by the Company's Sicafi status.

While a company that does not have that status must be managed in the interests of the company, which may cover a range of interests (the interests of the shareholders and also those of the group to which the company belongs, of the workforce, etc.) and while the decisions of the administrative body for implementing the mechanisms provided for in the event of a takeover bid are assessed in the light of those company interests, any Sicafi must be managed in the interests of the shareholders alone, and these are the only interests that the administrative body may take into consideration when appraising a takeover bid.

- <u>Capital structure, indicating any different categories of shares and, for each category of shares, the associated rights and obligations and the percentage of total share capital that it represents (Royal Decree, article 34(1)); holders of any securities involving special control rights and a description of those rights (Royal Decree, article 34(3)); rules applicable to the appointment and replacement of the members of the administrative body (Royal Decree, article 34(7)); powers of the administrative body (Royal Decree, article 34(8))</u>.

The Board of Directors of Befimmo SA has certain powers concerning the right to issue or purchase shares (authorised capital clause and authorisation for the purchase and disposal of treasury shares).

These powers were not designed specifically for the case of a takeover bid: the authorised capital clause basically allows opportunities to be taken rapidly without the time constraints associated with convening two general meetings (experience shows that the first general meeting convened is consistently inquorate), while the authorisation to buy its own shares provides for a mechanism that could be used to stabilise the share price in the event of abnormal movements. These clauses could nevertheless be used in that context.

More specifically, these clauses provide as follows:

- Pursuant to article 8 of the articles of association of Befimmo SA, the Board of Directors is authorised to increase the company capital, in one or more stages, by contributions in cash or in kind or by incorporating reserves, on such dates, terms and conditions as it may decide, by a maximum amount of €253,194,780.59. This authorisation was granted for five years as from the date of publication of the minutes of the General Meeting of 22 June 2011 (5 July 2011) in the annexes to the Belgian Official Gazette; since the use of authorised capital in the context of the contribution in kind, to Befimmo SA, of the AMCA building by AXA Belgium SA, recorded by the notarial deed dated 10 July 2013, the latest capital increase carried out in the context of the distribution of an interim dividend in cash or in new shares, recorded by notarial deed on 18 December 2013, the residual authorised capital currently amounts to €193,531,933.05; the use of the clause may lead to a significant increase in shareholders' equity, higher than the above-mentioned amount since the issue price of the new shares set by the Board of Directors includes an issue premium;

- pursuant to the same provision and subject to the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights (this authorisation was also granted for a period of five years from 5 July 2011).

- pursuant to article 12(2) of the articles of association of Befimmo SA, the Board of Directors is authorised (within the statutory limits) to acquire fully paid-up shares in Befimmo SA where such acquisition is necessary in order to prevent serious and imminent damage to the Company. This authorisation is valid for three years as from 5 July 2011 (the date of publication of the minutes of the General Meeting of 22 June 2011 in the annexes to the Belgian Official Gazette, and is renewable for further three-year periods;

- pursuant to article 12(4) of the articles of association of Befimmo SA, the Board of Directors is also "authorised to dispose of the Company's own shares that it has acquired in the following cases: 1) on the stock market or off the stock market where these shares are admitted for trading on a regulated market pursuant to article 4 of the Code of Company Law; 2) when the disposal takes place in a stock exchange or as a result of a public sale offer addressed to all shareholders under the same conditions, in order to prevent serious and imminent damage to the Company, the authorisation being valid for a period of three years from the date of publication of the minutes of the meeting of 22 June 2011 and renewable for further three-year periods; 3) in all other cases allowed by the Code of Company Law."

- <u>Restriction of voting rights by law or the articles of association (Royal Decree, article 34(5))</u>
  No provision of the articles of association restricts the voting rights of Befimmo SA's shareholders since such a decision must be adopted by the General Meeting.

Moreover, we would point out that, in accordance with article 29(2) of the articles of association, "Any shareholder may participate in a general meeting and exercise his right to vote: (i) if his shares are registered in his name by the fourteenth day prior to the shareholders' meeting at midnight (Belgian time): - by registration of the shares in the company's registered shares register; - by registration of the shares in the account of an authorised holder or settlement institution; - by provision of the bearer shares to a financial intermediary. The aforementioned day and time shall be the record date. (ii) and if the Company has been informed, no later than the sixth day prior to the date of the meeting, of the shareholder's desire to participate in the shareholders' meeting, as the case may be, directly by the shareholder for holders of registered shares or by a financial intermediary, authorised account holder or settlement institution for holders of bearer or dematerialised shares." These provisions of the articles of association were not conceived with takeover bids in mind but, by laying down formalities for admission to the General Meeting, they may have an indirect influence to that effect.

- <u>Rules applicable to changes in the option writer's articles of association (Royal Decree, article 34(7))</u>
  Pursuant to article 8 of the Royal Decree of 7 December 2010 on Sicafis, any draft amendment of the articles of association must first be approved by the FSMA. This rule may have an influence in the event of

a takeover bid, as the bidder may not amend the Company's articles of association at its discretion but would have to have any draft amendment approved by the FSMA.

- Important agreements to which the Company is a party and which can take effect, be amended or lapse in the event of a change in the control of the Company as a result of a takeover bid (Royal Decree, article 34(9))

It is standard practice to include a "change of control" clause in financing agreements, entitling the bank to ask for the loan to be repaid if a change in the control of the Company were to have a material adverse effect on the Company.

The following banks have such a change-of-control clause: Banque LBLux, Banque Européenne du Crédit Mutuel, Belfius, BNP Paribas Fortis, ING, KBC and Royal Bank of Scotland.

Moreover, in Befimmo's two bond issues in 2011, similar clauses provided for payment of a higher coupon in the event of a change of control of the Company leading to a rating downgrade. Likewise, the agreement on the private bond placement made in the United States in May 2012 includes a similar clause entitling each investor to request early redemption of his notes at par in the event of a change of control.

STRUCTURE AND ORGANISATION

SHAREHOLDERS[1]

Ageas	14.9% [2]
AXA Belgium SA	9.6% [3]
BlackRock Inc.	3.0% [4]
Befimmo SA	2.4%
Shareholders below the declaration treshhold	70.1%

Global internal team of 70 people [5]

Befimmo

Limited Liability Company

Fedimmo SA
100% subsidiary

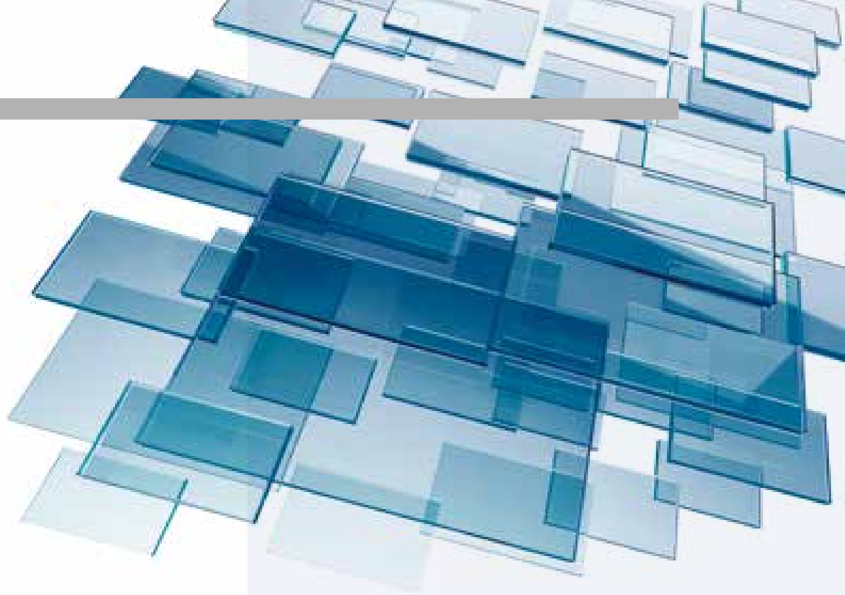
Meirfree SA
100% subsidiary

Vitalfree SA
100% subsidiary

Axento SA
100% subsidiary

Befimmo Property Services SA
100% subsidiary

(1) As at 6 February 2014.
(2) Based on the transparency declaration received on 20 December 2013.
(3) Based on the transparency declaration received on 10 July 2013. Number of shares taking into account the participation of AXA Belgium SA in the optional dividend of December 2013.
(4) Based on the transparency declaration received on 6 February 2014.
(5) As at 31 December 2013



Risk factors

The list of risks in this chapter is not exhaustive. It is based on information known at the time of writing of this Report, though other risks, which may be unknown, improbable or unlikely to have an adverse effect on the Company, its business or its financial situation, may of course exist.

This information covers the identified risks that could affect the Company, including a description of a number of measures taken by the Company to anticipate and limit the potential impact of those risks. Note that the measures taken do not necessarily eliminate any potential impact of all the identified risks; the residual impact must therefore be borne by the Company and, indirectly, by its shareholders.

The current economic and financial situation may accentuate certain risks to Befimmo's business. The main risks are as follows:
- rental vacancy;
- insolvent tenants;
- a fall in the fair value of the assets;
- a change in interest rates;
- liquidity.

These risks are detailed below.

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MAIN MARKET-RELATED RISKS

RISK OF SEGMENTAL AND GEOGRAPHICAL CONCENTRATION

DESCRIPTION OF RISK

Befimmo's portfolio is not very diversified in terms of segment and geography (office buildings located mainly in Brussels and its economic hinterland accounted for 69%[1] of the portfolio as at 31 December 2013).

POTENTIAL IMPACT

Owing to the concentration of its portfolio by segment and geographically, the Company is sensitive to developments in the Brussels office property market and faces a risk related to the occupancy of its buildings.

"Risk related to rental vacancy"

MITIGATION AND CONTROL MEASURES

Befimmo's investment strategy is focused on quality office buildings located in areas where scarcity generates value, such as city-centres in Belgium and the Grand Duchy of Luxembourg, which in principle means higher occupancy rates. This makes Befimmo less exposed to any deterioration of the market.

"Identity and Strategy" and "Property portfolio"

RISK RELATED TO RENTAL VACANCY

DESCRIPTION OF RISK

The property market is currently characterised by higher supply than demand.
The Company is exposed to the risks related to the departure of its tenants. These risks include the following: risk of lost and/or reduced income, risk of negative reversion on rents, risk of pressure on renewal conditions and to grant periods of gratuities in the event of renegotiation, risk of reletting costs, risk of decline in fair value, etc. Befimmo is also exposed to the impact of government policy to optimise its needs for office space.

"Risk related to the fair value of the properties"

POTENTIAL IMPACT

This risk could lead to a decline in occupancy rates and a reduction in the operating result of the portfolio.
On an annual basis, a 1% fluctuation in the occupancy rate of the Company's portfolio would have an impact of some €1.25 million on the property operating result. The direct costs related to this rental vacancy, namely charges and taxes on unlet properties, were - €3.51 million at 31 December 2013, or about 2.55% of total rental income.

MITIGATION AND CONTROL MEASURES

To mitigate these risks, the Company actively manages its relationship with its customers to enhance their satisfaction. It brought the property management business in-house in 2013 so as to have direct control over this activity, which is important in the day-to-day relationship with its tenants.
The constancy of Befimmo's cash flow depends mainly on its rental income being secured over the long term. The Company therefore strives to ensure that a relatively large proportion of its portfolio is let on long-term leases and/or to multiple tenants, which helps to spread the rental risks.
This strategy was continued during 2013 by:

- the inclusion in the portfolio of the Blue Tower building, let to multiple tenants and located in the heart of the Louise district in Brussels;
- the contribution in kind of the AMCA building by AXA Belgium SA. This building, located in Antwerp, is let to the Buildings Agency for a fixed residual term of 16.5 years.

Since December 2006 (with the acquisition of Fedimmo), the average duration of Befimmo leases has remained around 9 years.

"Key events of the fiscal year" and "Property portfolio"

(1) Calculated on the basis of fair value.

	Brussels office market	Befimmo portfolio	
	Occupancy rate (CBRE) (in %)	Occupancy rate (in %)	% of portfolio [1]
Centre	95.3	97.4	13.3
Leopold district	93.1	93.1	15.7
Louise district	88.3	88.6	3.8
North area	92.6	98.9	23.3
Decentralised	85.1	86.6	3.5
Periphery	76.3	79.5	7.2
Brussels	**88.9**	**93.4**	**66.8**
Flanders		99.6	20.4
Wallonia		100.0	7.3
Luxembourg		96.5	3.6
Properties available for lease		**95.2**	**98.1**
Investment properties		**94.2**	**100.0**

RISK RELATED TO TENANTS

DESCRIPTION OF RISK
The Company is exposed to the risks related to the financial default of its tenants.

POTENTIAL IMPACT
The financial default of tenants can lead to a loss of rental income, non-recovery of rental charges and the appearance of unexpected rental vacancies that would increase rental charges for empty property. The Company is exposed to the risk of agreeing a new lease under less favourable conditions.

MITIGATION AND CONTROL MEASURES
To limit the risk of default, the Company analyses the financial health of its main potential customers. Moreover, in line with standard market practice, private-sector tenants are required to provide a rental guarantee. Public-sector tenants (the Belgian Government, Flemish Region, Walloon Region and European institutions), which account for a substantial proportion of the Company's portfolio (68.3%[2]), do not generally give rental guarantees, however. Furthermore, unpaid debts are monitored continuously.

RISK OF DEFAULTING COUNTERPARTIES AND NON-COMPLIANCE WITH SPECIFICATIONS

DESCRIPTION OF RISK
The Company is also exposed to the risk of default and non-compliance with specifications by its other co-contractors (building contractors, etc.).

POTENTIAL IMPACT
Default by a counterparty may in particular increase the cost of work to be done and entail completion delays with a resulting loss of rental income and the possible compensation to tenants for delays.

MITIGATION AND CONTROL MEASURES
In this context, Befimmo regularly assesses its main suppliers and service providers, and checks any social or tax debts of its co-contractors.

(1) The proportion of the portfolio is calculated based on the current rent as at 31 December 2013.
(2) Calculated on the basis of the current rent.

MAIN PROPERTY-PORTFOLIO-RELATED RISKS

RISK RELATED TO THE FAIR VALUE OF THE PROPERTIES

DESCRIPTION OF RISK

The Company is exposed to the risk of a decline in the fair value of its portfolio as valued by independent experts.
The Company is also exposed to the risk of the real-estate experts over-valuing or under-valuing its properties in relation to their true market value. This risk is accentuated in the market segments in which the limited number of transactions gives the experts few points of comparison, which is now particularly true for the decentralised areas and periphery of Brussels (10.3%[3] of the portfolio), and more generally in the Belgian provincial towns.

POTENTIAL IMPACT

A decline in fair value of the portfolio has an impact on the Company's net result, equity and debt ratio.
Based on the data as at 31 December 2013, a 1% change in the value of the property assets would have an impact of around €22 million on the net result, leading to a change of around €1.01 in the net asset value per share and around 0.46% in the debt ratio[4].

MITIGATION AND CONTROL MEASURES

Recently, the regulations introduced a requirement to rotate the independent experts. Befimmo regularly informs its experts, organising meetings and site visits, among other things.
Moreover, the risks related to a decline in fair value are mitigated by Befimmo's investment policy which is to invest in quality office buildings in good locations, offering stable income over the long term.
"Property portfolio"

RISK RELATED TO INADEQUATE INSURANCE COVER

DESCRIPTION OF RISK

The Company is exposed to the risk of major losses in its buildings.

POTENTIAL IMPACT

A loss in a property entails the costs of repairing the damage. A major loss where the premises can no longer be occupied may lead to the termination of a lease.

MITIGATION AND CONTROL MEASURES

In order to mitigate this risk, all buildings in Befimmo's consolidated portfolio are covered by a number of insurance policies (covering loss of rent during reconstruction, fire, storm, water damage, etc.) for a total value (new reconstruction value, excluding the land value) of €2,084 million as at 31 December 2013, (i.e. 100% of the fair value excluding the value of the land).

(3) Calculated on the basis of fair value as at 31 December 2013.
(4) The debt ratio is calculated in accordance with the Royal Decree of 7 December 2010.

RISK OF DETERIORATION OF BUILDINGS

DESCRIPTION OF RISK

The Company is exposed to the risk of depreciation of its buildings as a result of wear and tear, and the risk of obsolescence associated with the growing (legislative and societal) demands mainly in terms of sustainable development (energy performance, etc.).

POTENTIAL IMPACT

The obsolescence and deterioration of a building increases the risk of rental vacancy and requires investment to bring the building into compliance with regulatory requirements and tenants' expectations.

MITIGATION AND CONTROL MEASURES

Befimmo strives to maintain its properties in good working order and upgrade them in terms of energy performance, technical installations, etc. by drawing up an inventory of the preventive and corrective maintenance work required and devising a programme of works. Befimmo is also keen to have most of its buildings covered by "total guarantee" maintenance contracts[1]. At 31 December 2013, 69% of the consolidated portfolio was covered by such a "total guarantee" contract.
True to one of the key principles of sustainable development, "reduction at source"[2], Befimmo is closely monitoring the development of existing legislation, anticipating forthcoming legislation and analysing the sector studies in order to incorporate new management technologies and tools into its renovation projects as quickly as possible.

"Key events of the fiscal year" and "Social Responsibility"

RISK ASSOCIATED WITH THE EXECUTION OF WORKS

DESCRIPTION OF RISK

The Company is exposed to the risks of delays, overshooting the budget, environmental damage and organisational problems when carrying out major works on the buildings in its portfolio.

POTENTIAL IMPACT

Problems encountered during the execution of the work may adversely affect the Company's results owing to a loss of rental income and/or higher charges, and may also have an adverse impact on its reputation.

MITIGATION AND CONTROL MEASURES

Detailed monitoring of technical, budgetary and planning aspects has been introduced to manage the risks associated with these works. Furthermore, the contracts with building contractors generally provide for a number of measures to limit these risks (price ceilings, delay penalties, etc.).
Regarding environmental issues, specific measures – complying with and in some cases exceeding the regulations in force – are incorporated into the specifications and contracts applying to successful tenderers. Compliance with these environmental measures is monitored while the works are in progress (notably by external environmental coordinators, ISO 14001 procedures, site audits, BREEAM assessors, etc.).

ENVIRONMENTAL RISK

DESCRIPTION OF RISK

The Company is exposed to environmental risks especially in terms of soil, water, air (high CO_2e emissions) and also noise pollution.

POTENTIAL IMPACT

In view of its real-estate activity in the broad sense, such risks could damage the environment and also entail significant costs for Befimmo and adversely impact its image.

(1) A maintenance contract with a total guarantee facility covers all preventive and corrective maintenance activities to be carried out over the duration of the contract and sets a price cap which protects the owner against major unforeseen investments.
(2) In other words, being proactive where possible, at the design stage of a project, rather than reacting, through corrective measures on an existing building.

MITIGATION AND CONTROL MEASURES

Befimmo adopts a responsible approach under which it has, for many years, aimed to take the necessary measures to reduce the environmental impact of the activities it controls and directly influences, such as its site checks for renovation and/or building projects (referred to above) and compliance with the environmental permits for the operational portfolio.
Furthermore, the implementation of its Environmental Management System (EMS), which is ISO 14001 compliant, allows it to better anticipate environmental risks at both strategic level (acquisitions, major renovations, etc.) and operational level (building maintenance, use of buildings, etc.).

RISK IN THE CONTEXT OF A MERGER, DEMERGER OR ACQUISITION

DESCRIPTION OF RISK

Many buildings joined the Befimmo property portfolio as a result of a merger, demerger or acquisition of companies. Therefore, it cannot be precluded that the value of certain assets may have been over-estimated or that hidden liabilities have been transferred to the Company during such operations.

POTENTIAL IMPACT

The realisation of the need to revalue certain assets or record certain liabilities could entail a financial loss to the Company.

MITIGATION AND CONTROL MEASURES

The Company takes the usual precautions in operations of this type, mainly by carrying out due-diligence exercises on properties contributed and on absorbed or acquired companies, that may involve obtaining guarantees.

MAIN ECONOMIC AND FINANCIAL RISKS

RISK OF INFLATION AND DEFLATION

DESCRIPTION OF RISK

Befimmo leases contain clauses indexing rents to changes in the health index. The Company is therefore exposed to a risk of deflation on its income. Befimmo is also exposed to the risk that the costs it has to bear are indexed on a basis that changes faster than the health index.

POTENTIAL IMPACT

The annual impact of the adjustment of rents can be estimated at €1.4 million a year per percentage point rise in the health index. The potential impact of reductions is limited by the minimum rent defined in most leases.

MITIGATION AND CONTROL MEASURES

Regarding the risk of deflation, 88.65%(3) of the leases in Befimmo's consolidated portfolio are covered, in line with standard practice, against the effect of any negative indexing (12.27% provide for a minimum equal to the base rent and 44.02% contain a clause that sets a minimum of the last rent paid). The remaining 11.35% of the leases do not provide for any minimum rent.
In relationships with building contractors Befimmo strives to contain this risk through contractual clauses.

(3) Based on the current rent at 31 December 2013.

RISK ASSOCIATED WITH CHANGING INTEREST RATES

DESCRIPTION OF RISK

Financial charges account for the Company's main costs. They are influenced primarily by changes in interest rates on the financial markets.

POTENTIAL IMPACT

Rising interest rates increase financial charges and decrease the net income.

MITIGATION AND CONTROL MEASURES

The Company has implemented a policy of hedging its interest-rate risk, consisting of arranging part of its finance at fixed rates (or fixed by IRS) and part at floating rates, partially caped on rises.
Thus, on the basis of borrowings as at 31 December 2013, part of the debt €586.0 million or (59.5% of the total debt) is financed at fixed rates (conventional fixed rates or rates fixed by IRS). The remaining borrowings, of €398.5 million, are at floating rates, part of them protected against rises by means of options instruments (CAP/COLLAR[1]).
This hedging policy creates a situation in which the result is still sensitive to changing interest rates. Although rates are currently low, it is important for the Company to hedge against potential future rises in rates. New hedging instruments are not necessarily arranged on the same terms every year.
Without hedging, based on the borrowings situation and the Euribor rates at 31 December 2013 (both assumed to be constant over a 12-month period), the impact of a 0.25% change in market rates would raise financial charges by an estimated at €1.11 million (annualised). Conversely, a 0.25% decline in market rates would reduce financial charges by an estimated €1.11 million (annualised).
Based on the hedging arranged, the borrowings situation and the Euribor rates at 31 December 2013 (all assumed to be constant over a 12-month period), the impact of a 0.25% rise in market rates would raise financial charges by an estimated €0.89 million (annualised). Conversely, a 0.25% decline in market rates would reduce financial charges by an estimated €0.89 million (annualised).

"Financial structure - Hedging the interest-rate and exchange risk"

RISK RELATED TO CHANGING CREDIT MARGINS

DESCRIPTION OF RISK

The Company's financing cost also depends on the credit margins charged by the banks and on the financial markets. Following the financial crisis of 2008 and the gradual introduction of stricter banking rules (the Basel III requirements), financing margins have risen sharply, which affects the cost of additional financing and renewals.

POTENTIAL IMPACT

The increase in credit margins is raising financial charges and therefore adversely affecting EPRA earnings and the net result.

MITIGATION AND CONTROL MEASURES

To limit this risk, the Company spreads the maturities of its financing over time and diversifies its sources of financing. It also seeks to use tools that enable it to optimise the level of margins paid (e.g. a short-term commercial paper programme associated with long-term back-up lines or assignments of receivables from future leases).

"Financial structure - Maturities for commitments by quarter"

"Glossary"

(1) Buying a COLLAR limits the rise in interest rates (CAP), but also involves an undertaking to pay a minimum rate (FLOOR).

CURRENCY RISK

DESCRIPTION OF RISK

Befimmo invests solely in the euro zone and has no plans to take currency risks in its property investments. It nevertheless arranged, in May 2012, a US Private Placement denominated in US dollars and pounds sterling.

POTENTIAL IMPACT

Carrying out financing transactions in foreign currencies exposes the Company to the impact of an adverse change in the exchange rate of the euro against those currencies.

MITIGATION AND CONTROL MEASURES

When the Company obtains finance outside the euro zone, as it did in May 2012, it immediately hedges the entire transaction and conversion exchange risk by acquiring Cross Currency Swaps, which can fully offset fluctuations in the exchange rate on the Company's repayments of interest and capital.

RISK OF A CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE

DESCRIPTION OF RISK

A change in the forecast movements of interest rates could alter the value of the financial assets and liabilities carried at fair value.

POTENTIAL IMPACT

If the euro, US dollar and pound sterling interest rate curves had been 0.5% lower than the reference rate curves at 31 December 2013, the change in fair value of the financial assets and liabilities would have been -€13.3 million. In the opposite case, the change would have been +€13.3 million.
Changes in the euro-US dollar and euro-sterling exchange rates can also have a significant impact on the fair value of the USPP, which is denominated in US dollars and pounds sterling.

MITIGATION AND CONTROL MEASURES

The change in fair value of the USPP is, however, largely offset by a change in the opposite direction of the Cross Currency Swaps, hedging instruments arranged at the same time as the financing.
The impact of the change in fair value of the financial assets and liabilities can be partially mitigated by a combination of hedging instruments (options and swaps). At 31 December 2013, the net fair value of all the hedging instruments was -€4.69 million.

RISK RELATED TO A CHANGE IN THE COMPANY'S RATING

DESCRIPTION OF RISK

The Company's financing cost is influenced mainly by Standard & Poor's rating. The rating is determined on the basis of an assessment of the Company's business risk and financial risk profiles.

POTENTIAL IMPACT

Any downgrade of the rating would make it harder to obtain new financing, generate an additional financing cost, estimated at €0.62 million, and could damage the Company's image with investors.

MITIGATION AND CONTROL MEASURES

The Company regularly reviews the criteria (ratios) used to determine its rating and analyses the potential impact of its decisions on any changes in the rating, and the forecast changes in the ratios.

LIQUIDITY RISK

DESCRIPTION OF RISK

Befimmo is exposed to a liquidity risk should its financing agreements not be renewed or be terminated. This risk is compounded by the general tendency of the banking sector to reduce the volume of its commitments, particularly in the context of the implementation of the «Basel III» rules.

POTENTIAL IMPACT

The non-renewal of financing contracts could oblige the Company to set up additional financing at a higher cost or sell some assets under less than ideal conditions.

MITIGATION AND CONTROL MEASURES

To mitigate this risk, in early 2011 the Company began a process of diversifying its sources of finance. The ratio of debt provided by bank financing was 55.3% at 31 December 2013, as against 100% in early 2011. The Company has made four bond issues (two retail bond issues, one USPP and one private placement in Europe).
At 31 December 2013, the Company had confirmed unused lines of up to €117.7 million including cash but excluding a short-term credit line for an amount of €50 million. The Company aims to cover this risk by keeping a defined amount in unused lines at all times.
In addition, article 54 of the Royal Decree of 7 December 2010 requires Sicafis to devise a financial plan for the FSMA if the consolidated debt ratio exceeds 50%. At 31 December 2013, Befimmo's debt ratio was 46.56%.

"Financial structure"

RISK RELATED TO COUNTERPARTY BANKS

DESCRIPTION OF RISK

Arranging finance or a hedging instrument with a financial institution creates a counterparty risk of that institution defaulting.

POTENTIAL IMPACT

The Company could find itself in a situation where it cannot access the financing arranged or cash flows to which it is entitled through hedging instruments.

MITIGATION AND CONTROL MEASURES

Befimmo therefore takes care to diversify its banking relationships. At 31 December 2013, the Company had a business relationship with several banks:

- Bank credit lines granted to Befimmo amounted to €559.6 million at 31 December 2013. The banks, in alphabetical order, providing this finance are BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and RBS.
- The counterparty banks for the hedging instruments are Belfius, BNP Paribas Fortis, ING, KBC and RBS.

Since Befimmo's financial model is based on structural borrowing, the amount of cash deposited with financial institutions is structurally very limited. It was €1.52 million at 31 December 2013 compared with €2.3 million at 31 December 2012.

RISK RELATED TO OBLIGATIONS CONTAINED IN FINANCING AGREEMENTS

DESCRIPTION OF RISK

The Company is exposed to the risk of its financing agreements being cancelled, renegotiated or terminated early should it fail to abide by the covenants it made when signing these agreements, notably regarding certain financial ratios. Furthermore, some financing agreements provide for payment of a penalty if they are terminated prematurely.
When the Company carries out a financing transaction on a foreign market, it is subject to laws and counterparties with which it is less familiar.

POTENTIAL IMPACT
Any challenge to a financing agreement would expose the Company to having to arrange additional financing at a potentially higher cost or sell certain assets under less than ideal conditions.

MITIGATION AND CONTROL MEASURES
The Company negotiates covenants with counterparties at levels consistent with its estimated forecasts of changes in those indicators, and regularly analyses any changes in those forecasts.

MAIN RISKS RELATED TO REGULATION

RISK OF LEGAL PROCEEDINGS

DESCRIPTION OF RISK
The Company is a party to legal proceedings and may be involved in others in future.

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

MITIGATION AND CONTROL MEASURES
The Company has a legal team with the skills needed to analyse its contractual commitments in its various areas of business and ensure strict compliance with the regulations. It also regularly calls upon external consultants.

REGULATORY RISK

DESCRIPTION OF RISK
The Company is exposed to the risk of infringing increasingly numerous and complex and constantly changing regulations, and of possible changes in their interpretation or application by the authorities or the courts, notably fiscal regulations (e.g. provisions and circulars relating to withholding tax, notional interest, anti-abuse provisions or the calculation of the exit tax(1)), environmental and urban development regulations.

"Risk of deterioration of buildings"

POTENTIAL IMPACT
Non-compliance with regulations exposes the Company to risks of liability, civil, criminal or administrative convictions, and the risk of not obtaining or the non-renewal of permits. Such penalties could adversely affect the Company's business, its results, profitability, financial situation and/or outlook.

MITIGATION AND CONTROL MEASURES
The Company has a legal team with the necessary skills to ensure strict compliance with regulations and proactively anticipate changes in the law (regulatory monitoring). It also regularly calls upon external consultants.

(1) For example, the exit tax is calculated taking account of the provisions of circular Ci.RH.423/567.729 of 23.12.2004, where the interpretation or practical application are subject to change. The real value of a property, as referred to in the circular, is calculated after deduction of registration fees or VAT. This real value differs from (and may thus be less than) the fair value of the property as set out in the Sicafi's IFRS balance sheet. Any change to this circular could potentially entail an increase in the basis on which the exit tax is calculated. Befimmo complies in all respects with the regulations in force, and the provisions of the above-mentioned circular, for the calculation of exit taxes it owes in connection with the transactions for which the tax is due.

RISK RELATED TO THE SICAFI STATUS

DESCRIPTION OF RISK

Should the Company lose approval for its Sicafi status, it would no longer qualify for the transparent tax regime applicable to Sicafis. The Company is also exposed to the risk of future adverse changes to that regime.

POTENTIAL IMPACT

Loss of approval is also generally regarded as grounds for early repayment by acceleration of payment of loans arranged by the Company. Any future adverse changes in the Sicafi regime could also lead to a decline in results or net asset value, increase the debt ratio (e.g. by applying new accounting rules), reduce the maximum debt ratio, or affect the extent to which a Sicafi must distribute dividends to shareholders.

MITIGATION AND CONTROL MEASURES

The Company has a legal team that ensures strict compliance with regulations and proactively anticipates changes in the law (regulatory monitoring). It also regularly calls upon external consultants.

REGULATORY RISK LINKED TO THE AIFMD

DESCRIPTION OF RISK

The Company is governed by the Law of 3 August 2012 on certain forms of collective management of investment portfolios and could therefore be considered as an alternative investment fund when the European AIFM directive (directive 2011/61/EU on alternative investment fund managers) is transposed into Belgian law, along with its implementing measures.

POTENTIAL IMPACT

There are still uncertainties surrounding the application of this directive to the real-estate investment trust (REIT) sector in the various EU Member States, but if the Sicafi is treated as an alternative investment fund, the Company would be subject not only to the rules arising from the directive but also to the European EMIR Regulation (Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories) and potentially other regulations in preparation (financial transaction tax as part of the common system devised by the Commission, CRD IV (new capital and liquidity requirements for credit institutions that may affect the relationship with alternative investment fund counterparties), etc. The additional requirements laid down by the AIFMD, including on systems of administrative management, internal audit, management of conflicts of interest, risk management, liquidity management and the appointment of a depositary, would compel the Company to adapt its internal organisation, rules or procedures, which would make its management more cumbersome, hinder certain transactions and require additional resources to implement these new provisions, and would in any case increase management and administration costs. In addition to the reporting obligations applicable to all companies, the application of the EMIR Regulation would expose the Company to a system of margin calls on its hedging instruments, which would increase its financing requirements and costs. The impact of other regulations (tax on financial transactions, CRD IV) mainly entail higher costs for the Company.

MITIGATION AND CONTROL MEASURES

The Company is involved and participates actively in awareness-raising activities by the sector to encourage the competent authorities to establish a specific regulatory framework that reflects the real business situation of companies that have had to adopt Sicafi status to operate as REITs (Real Estate Investment Trust).

MAIN OPERATIONAL RISKS

OPERATIONAL RISK

DESCRIPTION OF RISK

Risk of loss or loss of earnings resulting from inadequate or failed internal processes, people and systems or from external events (fraud, natural disasters, human error, failure of information systems, etc.).
Business continuity is defined as the set of measures in the event of a crisis, to ensure continuity of operations and essential services, possibly in degraded mode, and a planned resumption of business. It covers both functional and IT aspects.

POTENTIAL IMPACT

Loss or theft of sensitive data, interruption of business in the event of a failure of systems or processes.

MITIGATION AND CONTROL MEASURES

A DRP (Disaster Recovery Plan) has been devised. Depending on the type of data, back-ups are organised by a variety of techniques (redundant infrastructure, daily back-ups online and onto tape). Measures are taken to manage access to corporate data. Outsourced IT support is provided by two partners under a service level agreement (SLA).

RISK RELATED TO TEAM MEMBERS

DESCRIPTION OF RISK

Given the relatively small size of its team (70 staff at 31 December 2013), the Company is exposed to a certain risk of organisational problems if certain key members of staff were to leave.

POTENTIAL IMPACT

A loss of key skills in the Company could lead to a delay in achieving some of its objectives.

MITIGATION AND CONTROL MEASURES

Befimmo pays special attention to the well-being of its employees. Pay is in line with market rates and substantially higher than the relevant minimum scales. Befimmo also attaches great importance to managing the skills of its team members.
Befimmo has implemented a procedure for following up the process of integrating the property management business, identical to the induction procedure for new staff (mentoring system, etc.). Proactive monitoring of early retirements is organised to ensure that as much know-how as possible is passed on.
"Social Responsibility"

Financial statements

152

Financial Statements

Consolidated statement of total comprehensive income (€ thousand)

	Notes	31.12.13	31.12.12 Restated data
I. (+) Rental income	5	137 803	129 313
III. (+/-) Charges linked to letting	6	-1 038	- 559
NET RENTAL RESULT		**136 765**	**128 754**
IV. (+) Recovery of property charges	7	7 194	4 925
V. (+) Recovery of rental charges and taxes normally paid by tenants on let properties	8	27 948	28 712
VII. (-) Rental charges and taxes normally paid by tenants on let properties	8	-26 677	-27 904
VIII. (+/-) Other revenue and charges for letting		41	40
PROPERTY RESULT		**145 271**	**134 527**
IX. (-) Technical costs	7	-9 542	-7 709
X. (-) Commercial costs	7	- 491	- 981
XI. (-) Charges and taxes on unlet properties	7	-3 514	-2 808
XII. (-) Property management costs	7	-1 999	-1 499
XIII. (-) Other property charges	7	-4 351	-5 314
(+/-) Property charges		**-19 898**	**-18 311**
PROPERTY OPERATING RESULT		**125 373**	**116 216**
XIV. (-) Corporate overheads	9	-10 973	-10 215
XV. (+/-) Other operating income and charges	10	- 663	-19 247
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**113 737**	**86 755**
XVI. (+/-) Gains and losses on disposals of investment properties	11	293	206
XVIII. (+/-) Changes in fair value of investment properties	12	-11 643	-35 172
OPERATING RESULT		**102 388**	**51 789**
XX. (+) Financial income	13	86	80
XXI. (-) Net interest charges	13	-26 284	-26 297
XXII. (-) Other financial charges	13	-2 728	-3 384
XXIII. (+/-) Changes in fair value of financial assets and liabilities	13	6 555	-11 000
(+/-) Financial result		**-22 371**	**-40 601**
PRE-TAX RESULT		**80 016**	**11 188**
XXV. (-) Corporation tax	14	- 860	- 750
(+/-) Taxes		**- 860**	**- 750**
NET RESULT	15	**79 156**	**10 438**
NET RESULT (group share)		79 156	7 868
NON-CONTROLLING INTERESTS		-	2 570
BASIC NET RESULT AND DILUTED (€/share) (group share)		**3.97**	**0.44**
Other comprehensive income - actuarial gains and losses - non-recyclable		287	-
TOTAL COMPREHENSIVE INCOME	33	**79 443**	**10 438**
TOTAL COMPREHENSIVE INCOME (group share)		79 443	7 868
NON-CONTROLLING INTERESTS		-	2 570

The consolidated statement of comprehensive income includes the restated data published as at 31 December 2012. When integrating the property management business, the Company reviewed the breakdown of the income statement. As a result, from the 2013 fiscal year, operating costs (staff, projects, etc.) directly related to property, previously booked under "Corporate overheads" now come under the item "Property charges". This reclassification has no impact on the net result. The amount reclassified in 2012 amounted to €4.12 million.

Consolidated statement of financial position

(€ thousand)

ASSETS	Notes	31.12.13	31.12.12
I. Non-current assets		**2 222 859**	**1 990 799**
A. Goodwill	16	15 774	15 774
C. Investment properties	17	2 184 142	1 960 718
D. Other property, plant and equipment	18	746	639
E. Non-current financial assets	19	20 300	11 646
F. Finance lease receivables	20	1 897	2 022
II. Current assets		**26 500**	**36 449**
A. Properties held for sale	17	-	7 896
B. Current financial assets	19	1 775	380
C. Finance lease receivables	20	125	122
D. Trade receivables	21	15 239	14 781
E. Tax receivables and other current assets	22	4 744	7 664
F. Cash and cash equivalents	23	1 524	2 314
G. Deferred charges and accrued income	24	3 092	3 291
TOTAL ASSETS		**2 249 359**	**2 027 248**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.13	31.12.12
TOTAL SHAREHOLDERS' EQUITY		**1 165 614**	**998 239**
I. Equity attributable to shareholders of the parent company		**1 165 614**	**998 239**
A. Capital	25	310 293	267 720
B. Share premium account	25	662 080	548 168
C. Reserves	25	170 252	182 350
D. Net result for the fiscal year		22 989	-
II. Non-controlling interests		**-**	**-**
LIABILITIES		**1 083 744**	**1 029 009**
I. Non-current liabilities		**726 418**	**566 332**
B. Non-current financial debts	26	709 560	553 541
a. Credit institution		274 123	123 123
c. Other		435 436	430 418
Bond issues		*271 850*	*271 821*
EUPP		*18 000*	*-*
USPP		*143 502*	*156 582*
Guarantees received		*2 084*	*2 016*
C. Other non-current financial liabilities	27	16 858	12 791
II. Current liabilities		**357 327**	**462 678**
A. Provisions	28	5 004	2 172
B. Current financial debts	26	269 103	396 319
a. Credit institution		13 853	120 119
c. Other		255 250	276 200
Commercial papers		*255 250*	*276 200*
C. Other current financial liabilities	27	508	257
D. Trade debts and other current debts	29	61 268	33 503
E. Other current liabilities	30	1 513	10 636
F. Accrued charges and deferred income	31	19 932	19 791
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2 249 359**	**2 027 248**

Consolidated cash flow statement
(€ thousand)

	31.12.13	31.12.12
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	**2 314**	**4 179**
Net result for the fiscal year	**79 156**	**10 438**
Operating income	102 388	51 789
Interest paid	-32 380	-27 766
Interest received	10 558	6 941
Taxes paid	- 855	- 760
Changes in fair value of non-current financial assets/liabilities booked to income statement (+/-)	6 555	-11 000
Other income	-7 110	-8 766
Items with no effect on cash flow to be extracted from earnings	**14 514**	**52 124**
Loss of (gain in) value on trade receivables (+/-)	720	261
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)	542	364
Fair value changes for investment properties (+/-)	11 643	35 172
Fair value changes on non-current financial assets/liabilities booked to earnings (+/-)	-6 555	11 000
Net interest charges accrued (+/-)	3 723	4 553
Adjustments of provisions and other receivables	3 524	-
Adjustments of the pension fund without treasury impact	287	-
Other items	630	773
Items with cash flow effects to be extracted from the operating result	**- 118**	**21 129**
Capital gain realised on disposal of investment properties	- 293	- 206
Capital loss realised on disposal of hedging instrument	175	741
One-off net negative impact following the takeover of the managing agent by the Sicafi	-	20 594
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	**93 552**	**83 690**
Change in working capital requirements	**-1 817**	**-13 615**
Change in assets items	209	- 857
Change in liabilities items	-2 026	-12 758
CASH FLOW FROM OPERATING ACTIVITIES	**91 735**	**70 075**
Investments (-) / Disposals (+)		
Investment properties		
Investments	-38 426	-30 683
Disposals	8 085	3 415
Acquisition of shares	-35 193	-51 783
Other property, plant and equipment	- 647	- 25
Hedging instruments and other financial assets	-3 515	-6 685
CASH FLOW OF INVESTMENT ACTIVITIES	**-69 697**	**-85 761**
CASH FLOW BEFORE FINANCING ACTIVITIES	**22 038**	**-15 686**
Financing (+/-)		
Increase (+)/Decrease (-) in financial debts	- 759	65 696
Sales of Befimmo shares owned by Vitalfree and Meirfree	32 436	-
Final dividend Befimmo of the fiscal year 2012	-16 444	-
Optional interim dividend over the fiscal year 2013	-37 891	-
Result of the purchase/sale programme of own shares	-	109
Optional interim dividend over the fiscal year 2012	-	-33 168
Final dividend Befimmo and dividend Fedimmo over the fiscal year 2010/11	-	-18 690
Costs for capital increase (-)	- 170	- 125
CASH FLOW OF FINANCING ACTIVITIES	**-22 827**	**13 821**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**- 789**	**-1 865**
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	**1 524**	**2 314**

Consolidated statement of changes in equity
(€ thousand)

	Capital	Share premium account	Reserves	Net result of the fiscal year	Equity: group share	Non-controlling interests	Total shareholders' equity
EQUITY AS AT 31.12.11	**254 111**	**516 194**	**216 639**	**15 683**	**1 002 628**	**67 830**	**1 070 459**
Appropriation of the result	-	-	15 683	-15 683	-	-	-
Dividend distributed	-	-	-17 316	-	-17 316	-1 374	-18 690
Befimmo 2011 dividend	-	-	-17 316	-	-17 316	-	-17 316
Fedimmo 2011 dividend to non-controlling interests	-	-	-	-	-	-1 374	-1 374
Capital increase - purchase non-controlling interest	8 523	21 981	7 633	-	38 137	-66 456	-28 319
Interim dividend	5 086	9 993	-40 398	-7 868	-33 187 (1)	-	-33 187
Befimmo 2012 interim dividend	-	-	-40 745	-7 868	-48 613	-	-48 613
Capital increase	5 086	9 993	-	-	15 079	-	15 079
Effect of shares held by subsidiaries Meirfree and Vitalfree on the optional dividend	-	-	347	-	347	-	347
Result of the purchase/sale programme of own shares	-	-	109	-	109	-	109
Total comprehensive income	-	-	-	7 868	7 868	-	7 868
EQUITY AS AT 31.12.12	**267 720**	**548 168**	**182 350**	**-**	**998 239**	**-**	**998 239**
Purchase of own shares	-	-	32 436	-	32 436	-	32 436
Dividend distributed	-	-	-16 444	-	-16 444	-	-16 444
Befimmo 2012 dividend	-	-	-16 444	-	-16 444	-	-16 444
Capital increase - contribution in kind	29 469	80 405	-	-	109 874	-	109 874
Capital increase - merger by absorption of BTL SA	7 657	20 699	-28 379	-	- 23	-	- 23
Interim dividend	5 446	12 808	-	-56 168	-37 913 (2)	-	-37 913
Befimmo 2013 interim dividend	-	-	-	-56 168	-56 168	-	-56 168
Capital increase	5 446	12 808	-	-	18 255	-	18 255
Total comprehensive income	-	-	287	79 156	79 443	-	79 443
EQUITY AS AT 31.12.13	**310 293**	**662 080**	**170 252**	**22 989**	**1 165 614**	**-**	**1 165 614**

(1) The amount of -€33,187 thousand is the sum of the portion of the interim dividend paid in cash plus the withholding tax on the whole of the interim dividend (paid in cash or as a contribution to Befimmo's capital).
(2) The amount of -€37,913 thousand is the sum of the portion of the interim dividend paid in cash plus the withholding tax on the whole of the interim dividend (paid in cash or as a contribution to Befimmo's capital).

Notes to the consolidated financial statements

1. GENERAL BUSINESS INFORMATION

Befimmo (the Company) is a SICAFI (Société d'Investissement à Capital Fixe en Immobilier publique de droit belge – fixed-capital real-estate investment trust incorporated under Belgian law). It is organised as a "Société Anonyme" (Limited Liability Company). Its registered office is at Chaussée de Wavre 1945, 1160 Brussels (Belgium).

The Company closes its fiscal year at 31 December.

In December 2006, Befimmo acquired a 90% majority holding in the Belgian public company Fedimmo SA. In June 2008, Befimmo founded Meirfree SA and Vitalfree SA, of which it is the shareholder. In 2009, Befimmo acquired all the shares in the Luxembourg company Axento SA. In 2012, Befimmo acquired the remaining shares in Fedimmo SA that it did not already own, and now owns 100% of the shares. In 2012, Befimmo also acquired all the shares in its former managing agent (Befimmo SA, now Befimmo Property Services SA). All the subsidiaries of Befimmo SA close their fiscal years at 31 December.

The Company is presenting consolidated Financial Statements as at 31 December 2013.

The Board of Directors of Befimmo SA adopted and authorised the publication of the Financial Statements for this fiscal year on 18 February 2014.

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

As at 31 December 2013, the premises provided consisted of quality office buildings in Brussels, other Belgian towns and cities, and the Grand Duchy of Luxembourg, two thirds of which are let to public institutions and the remainder to multinationals and Belgian companies.

The Company is listed on NYSE Euronext Brussels and is in the Bel 20 index.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union. Except where otherwise specified, they are denominated in thousands of euros, rounded to the nearest thousand. Accounting policies have been applied consistently to the fiscal years presented. Moreover, the comparative year is a 12-month period, from 1 January 2012 to 31 December 2012, for which overheads were reclassified following the integration of the property management business. This reclassification has no impact on the net result.

In preparing its consolidated Financial Statements as at 31 December 2013, the Company has applied the following new or amended standards and interpretations which entered force during the fiscal year opening on 1 January 2013:

> IFRS 13 – *Fair Value Measurement*, which establishes the basis for measuring fair value and requires additional information to be presented in the notes. This new standard has no impact on the determination of the fair value of the investment properties, but requires disclosure of additional information in the notes about the fair value of the investment properties. A specific note has been added in this regard (note 34). This new standard does have an impact on the fair value of the hedging instruments. The derivatives were valued as at 31 December 2013 taking account of the (limited) credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13. The information provided in the notes on the fair value of these instruments has also been adapted accordingly.

> Amendments to IAS 1 – *Presentation of Financial Statements – Presentation of items of other comprehensive income*, that require separate reporting of items of other comprehensive income that are the subject of a transfer ("recycling") in the result. These amendments have an impact on the presentation of the statement of comprehensive income.

> Amendments to IAS 12 – *Income Taxes – Deferred Tax: Recovery of the carrying amount of an asset,* which has no impact on the Financial Statements.

> Revision of IAS 19 – *Employee Benefits* that relates mainly to (i) eliminating the use of the "corridor" and the "asset ceiling" approach and requiring all actuarial gains or losses to be recognised directly in equity (total comprehensive income), (ii) the use of a single rate for assessment of the net interest on the liability (asset) related to net defined benefit plans and (iii) the disclosures in the notes. These amendments had a limited impact on the Financial Statements.

> Amendments to IFRS 7 – *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities,* which had no impact on the Financial Statements.

> Annual Improvements to the IFRS standards (2009-2011), comprising a set of minor amendments to five existing standards. These amendments have no impact on the Financial Statements.

Furthermore, the Company has chosen not to apply early the following new or amended standards or interpretations issued before the date that the consolidated Financial Statements were closed, but with a date of entry into force later than the fiscal period closing at 31 December 2013:

IFRS 9 – *Financial instruments*, which restructures the treatment of financial instruments but which has yet to be adopted at European level while waiting for the IASB to finalise the whole draft.

> Three new standards and amendments to two existing standards regarding consolidated shareholdings and associated disclosures:

- IFRS 10 – *Consolidated Financial Statements*, which defines the principle of control and integrates it into a single model. Applying this new standard cannot have any impact on the perimeter of the consolidation.
- IFRS 11 – *Joint Arrangements* which replaces IAS 31 – *Jointly Controlled Entities*, and in particular requires jointly controlled entities to apply the equity method. This new standard should not have any impact on the consolidated Financial Statements.
- IFRS 12 – *Disclosure of Interests in Other Entities*, which requires the disclosure of additional information in the notes concerning consolidated interests and equity. Applying this new standard should have an impact on the notes to the consolidated Financial Statements.
- Amendments to IAS 27 – *Separate Financial Statements*. The amended standard will now cover separate Financial Statements only and will therefore no longer apply to consolidated Financial Statements.
- Amendments to IAS 28 – *Investments in Associates and Joint Ventures*, which should not have any impact on the consolidated Financial Statements.

These new and amended standards are due to enter force in the 2014 fiscal year.

> Amendments to IAS 32 – *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities, which should not have an impact on the Financial Statements.* They are due to enter into force in the 2014 fiscal year.

> Amendments to IAS 39 – *Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting* which should not have any impact on the Financial Statements. They are due to enter into force in the 2014 fiscal year.

> Annual Improvements to IFRS (2010-2012) which should not have any impact on the Financial Statements. They are due to enter into force in the 2014 fiscal year but they have not yet been adopted at European level.

> Annual Improvements to IFRS (2011-2013) which should not have any impact on the Financial Statements. They are due to enter into force in the 2014 fiscal year but they have not yet been adopted at European level.

> Amendments to IAS 19 – *Employee Benefits – Employee Contributions* which should not have any impact on the Financial Statements. They are due to enter into force in the 2015 fiscal year but they have not yet been adopted at European level.

> Amendments to IAS 36 – *Impairment of Assets – Recoverable Amounts Disclosures for Non-Financial Assets* which should not have any impact on the Financial Statements. They are due to enter into force in the 2014 fiscal year.

> IFRIC Interpretation 21 – *Levies Charged by Public Authorities* which relates to the timing of the recognition of such levies. We are studying the potential impact of this new interpretation. It is due to enter into force in the 2014 fiscal year but has not yet been adopted at European level.

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

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

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

2.2. General principles of consolidation

For reading the Financial Statements, the following definitions apply:

Subsidiary

A subsidiary is an entity controlled by the Company, i.e. where it has the power to govern the financial and operating policy so as to obtain benefits from the activities of the subsidiary, which is presumed where the Company holds, directly or indirectly through its subsidiaries, more than 50% of the voting rights.

Subsidiaries are consolidated by full incorporation from the date on which the Company obtains control. They are deconsolidated on the date on which that control ceases.

Jointly controlled entity

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

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

Business combinations

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

Transactions eliminated on consolidation

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

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

2.3. Business combinations and goodwill

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

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

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

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

2.4. Foreign currency

Foreign currency transactions

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

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

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

Foreign operations

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

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

2.5. Intangible assets

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

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

2.6. Investment properties

2.6.1. General principles

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

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

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

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

The independent expert establishes the investment value of the real-estate portfolio in detail at the end of each fiscal year. At the end of each quarter, the expert updates the valuation in line with market developments and the specific characteristics of the properties.

Any gain or loss arising from a change in fair value is posted in the income statement, including those arising from the first valuation.

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

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

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

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

2.6.3. Works carried out on investment properties

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

Improvement works

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

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

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

Major renovation works

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

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

In accordance with IAS 23 – *Borrowing Costs*, borrowing costs are capitalised and charged to the balance sheet under the heading "Investment properties", provided that the building in question does not generate income during this period. Since investment properties are valued at fair value, this accounting policy has no impact on the net result, only on the presentation of the components of the result.

Maintenance and repair

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

2.6.4. Investment property occupied by owner

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

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

2.7. Other property, plant and equipment

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

The straight-line depreciation method is applied through the estimated useful life of the assets. The useful life and depreciation method are reviewed at least at each financial year end. Useful life is defined as follows per main type of asset:

> Vehicles: 4 years;

> Computer equipment: 3 years;

> Office equipment, furniture and fittings: 5 years;

> Finance-leased equipment: duration of contract.

2.8. Financial assets

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

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

(i) Held-to-maturity assets

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

(ii) Assets at fair value through profit or loss

These assets include:

> assets held for trading, i.e. assets acquired principally for the purpose of selling in the short term;

> assets designated by management to be recognised based on the fair value option in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement.*

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

(iii) Available-for-sale assets

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

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

(iv) Loans and receivables

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

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

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to interest-rate and currency risks arising from the financing of its activities. The Company does not hold or issue derivative financial instruments for proprietary trading purposes. However, derivatives that do not qualify for hedge accounting (IFRS) are recorded as "Permitted hedging instruments to which hedge accounting as defined in IFRS is not applied".

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

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

(i) Fair-value hedge

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

(ii) Cash-flow hedge

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

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

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

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

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

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

2.9. Property held for sale

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

2.10. Trade receivables

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

2.11. Cash and cash equivalents

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

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

2.12. Impairment of assets

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

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

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

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

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

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

2.13. Capital

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

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

2.14. Interest-bearing borrowings

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

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

2.15. Trade and other payables

Trade and other payables are stated at amortised cost.

2.16. Employee benefits

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

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

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

If this amount is positive, a provision will be recorded on the liability side of the balance sheet, representing at this time the complement of the amount the Company would have to pay to its employees at their retirement. Conversely, if the amount is negative, in principle an asset is recognised in the balance sheet provided that the Company can benefit in future by over-funding the plan in this way ("asset ceiling"). The current service cost during the fiscal year (IAS 19 R calculation), together with the financial cost of the obligations and the expected yield rate of the plan assets are recognised in the net result for the fiscal year. Actuarial gains and losses arising from changes in assumptions or related experience, performance of plan assets (net interest amount excluded) as well as the potential impact of the asset ceiling are recognised directly in equity.

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

2.17. Provisions

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

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

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

2.18. Income

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

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

2.19. Gain or loss on sales of investment property

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

2.20. Income taxes

Income taxes for the fiscal year include both current tax and deferred tax. Taxes are recorded in the income statement except where they relate to items recorded directly in equity, in which case they too are recorded in equity.

Current tax is the expected tax payable on the taxable income of the year, and any adjustment to tax payable (or receivable) in respect of previous years. It is calculated using tax rates enacted at the balance sheet date.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND MAIN SOURCES OF UNCERTAINTY REGARDING ESTIMATES

3.1. Significant judgements regarding the Company's accounting policies

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

3.2. Main sources of uncertainty regarding estimates

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

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

Disputes and uncertainties

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

4. SEGMENT INFORMATION

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

In terms of geographical distribution (based on the fair value of the properties, excluding assets held for sale), most of Befimmo's real-estate portfolio is located in Brussels (68.7%), the remaining 31.3% being in Flanders (21.5%), Wallonia (6.0%) and Luxembourg city (3.8%).

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

The consolidated Befimmo portfolio is described in more detail in the "Property portfolio" chapter of the Management Report.

	Brussels centre (CBD)		Brussels decentralised		Brussels periphery	
(€ thousand)	31.12.13	31.12.12 Restated data	31.12.13	31.12.12 Restated data	31.12.13	31.12.12 Restated data
INCOME STATEMENT						
A. Rental income	80 288	72 308	6 069	7 962	9 882	10 893
B. Property operating result	75 298	66 306	4 154	6 430	7 661	8 541
C. Change in fair value of investment properties	- 10 553	- 761	- 7 218	- 26 087	- 701	- 14 252
D. Gains and losses on disposal of buildings	-	-	105	206	-	-
E. SEGMENT RESULT (= B+C+D)	**64 745**	**65 545**	**- 2 958**	**- 19 451**	**6 960**	**- 5 711**
Percentage by segment	56.8%	80.7%	-2.6%	-23.9%	6.1%	-7.0%
F. Corporate overheads						
G. Other operating income and charges						
H. Financial result						
I. Income tax						
NET RESULT (= E+F+G+H+I)						
Group share						
Non-controlling interests						
	31.12.13	**31.12.12**	**31.12.13**	**31.12.12**	**31.12.13**	**31.12.12**
BALANCE SHEET						
Assets						
Goodwill	7 391	7 391	-	-	-	-
Investment properties	1 254 750	1 169 635	92 940	101 162	152 442	146 965
of which investment during the year	*95 669*	*19 542*	*5 635*	*1 282*	*6 178*	*6 795*
Other assets	-	-	-	-	-	-
TOTAL ASSETS	**1 262 141**	**1 177 026**	**92 940**	**101 162**	**152 442**	**146 965**
Percentage by segment	56.1%	58.1%	4.1%	5.0%	6.8%	7.2%
TOTAL LIABILITIES	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholders' equity						
Group share						
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**-**	**-**	**-**	**-**	**-**	**-**

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

Wallonia		Flanders		Luxembourg city		Unallocated amounts		Total	
31.12.13	31.12.12 Restated data	31.12.13	31.12.12 Restated data	31.12.13	31.12.12 Restated data	31.12.13	31.12.12 Restated data	31.12.13	31.12.12 Restated data
10 748	11 707	25 768	21 815	5 047	4 627	-	-	**137 803**	**129 313**
9 639	10 805	23 839	20 037	4 783	4 097	-	-	**125 373**	**116 216**
3 305	12 937	2 172	- 7 722	1 352	713	-	-	**- 11 643**	**- 35 172**
188	-	-	-	-	-	-	-	**293**	**206**
13 131	**23 742**	**26 011**	**12 315**	**6 135**	**4 810**	**-**	**-**	**114 024**	**81 250**
11.5%	29.2%	22.8%	15.2%	5.4%	5.9%	-	-	**100%**	**100%**
						- 10 973	- 10 215	**- 10 973**	**- 10 215**
						- 663	- 19 247	**- 663**	**- 19 247**
						- 22 371	- 40 601	**- 22 371**	**- 40 601**
						- 860	- 750	**- 860**	**- 750**
								79 156	**10 438**
								79 156	**7 868**
								-	**2 570**

31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12	31.12.13	31.12.12
2 673	2 673	5 710	5 710	-	-	-	-	**15 774**	**15 774**
131 938	112 223	469 129	356 796	82 942	81 834	-	-	**2 184 142**	**1 968 614**
24 305	*8 460*	*110 161*	*- 73*	*- 243*	*- 293*	-	-	***241 705***	***35 713***
2 022	2 144	-	-	-	-	47 421	40 716	**49 443**	**42 860**
136 633	**117 040**	**474 839**	**362 506**	**82 942**	**81 834**	**47 421**	**40 716**	**2 249 359**	**2 027 248**
6.1%	5.8%	21.1%	17.9%	3.7%	4.0%	2.1%	2.0%	**100%**	**100%**
-	**-**	**-**	**-**	**-**	**-**	**1 083 744**	**1 029 009**	**1 083 744**	**1 029 009**
						1 165 614	998 239	**1 165 614**	**998 239**
						1 165 614	998 239	**1 165 614**	**998 239**
-	**-**	**-**	**-**	**-**	**-**	**2 249 359**	**2 027 248**	**2 249 359**	**2 027 248**

5. RENTAL INCOME

I. Rental income (€ thousand)	31.12.13	31.12.12 Restated data
Rents	**136 083**	**130 076**
Cost of rent free periods	-1 569	-1 469
Concessions granted to tenants (incentives)	- 441	- 396
Indemnities for early termination of rental contracts	3 729	1 102
Rental income	**137 803**	**129 313**

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

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

(€ thousand)	31.12.13	31.12.12 Restated data
Less than one year	143 703	132 622
One to five years	468 009	425 591
More than five years	711 498	715 944
Rental income	**1 323 210**	**1 274 157**

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

The amounts Befimmo received for the annual indexing of rents were €2.6 million and €3.1 million for the 2013 and 2012 fiscal years respectively. These amounts depend on the actual level of indexing.

The Befimmo standard lease

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

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

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

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

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

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

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

Each lease is registered.

The Fedimmo standard lease

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

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

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

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

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

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

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

Leases are registered.

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

6. CHARGES LINKED TO LETTING

III. Charges linked to letting (€ thousand)	31.12.13	31.12.12 Restated data
Rents payable on rented premises	- 318	- 297
Write-downs on trade receivables	- 882	- 379
Write-back of write-downs on trade receivables	162	118
Charges linked to letting	**-1 038**	**- 559**

This tables includes the following amounts:

- rent paid for leased premises which were subsequently re-let to customers of the Company;
- write-downs and write-backs on write-downs on trade receivables, realised and unrealised. The increased amount of write-downs for trade receivables is due mainly to a provision set aside for a dispute subject to legal proceedings.

(€ thousand)	31.12.13	31.12.12 Restated data
At less than one year	631	540
One to five years	1 719	1 593
At more than five years	12 111	11 817
Rent paid	**14 461**	**13 950**

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

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

7. REAL-ESTATE CHARGES AND RECOVERY OF REAL-ESTATE CHARGES

31.12.13 (€ thousand)

AT CHARGE		NET		RECOVERY
IX. Technical costs	**-9 542**		**7 194**	**IV. Recovery of property charges**
Recurrent	-6 086	-2 206	3 880	Recurrent
Repairs	-4 318	- 899	3 419	Repairs
Total-guarantee charge	-1 120	- 894	227	Total-guarantee charge
Insurance premiums	- 648	- 413	235	Insurance premiums
Non recurrent	-3 456	-1 313	2 143	Non recurrent
Major repairs (building companies, architects, engineering offices, etc.)	-3 350	-1 265	2 085	Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 106	- 48	0	Recovery of damage expenses
			57	Compensation of damage by insureers
XII. Property management costs	**-1 999**	- 828	1 171	Property management costs
Fees paid to (external) managers	- 485	686	1 171	Management fees received
(Internal) management fees of properties	-1 514	-1 514		
X. Commercial costs	**- 491**	**- 491**		
Letting fees paid to real-estate brokers	- 330	- 330		
Advertising	- 30	- 30		
Lawyer fees and legal costs	- 130	- 130		
XI. Charges and taxes on unlet properties	**-3 514**	**-3 514**		
XIII. Other property charges	**-4 351**	**-4 351**		
Property charges	**-19 898**	**-12 704**	**7 194**	**IV. Recovery of property charges**

31.12.12 (Restated data) (€ thousand)

AT CHARGE		NET		RECOVERY
IX. Technical costs	**-7 709**		**4 925**	**IV. Recovery of property charges**
Recurrent	-5 926	-2 691	3 235	Recurrent
Repairs	-4 097	-1 535	2 562	Repairs
Total-guarantee charge	-1 251	- 783	468	Total-guarantee charge
Insurance premiums	- 578	- 373	205	Insurance premiums
Non recurrent	-1 783	-1 225	558	Non recurrent
Major repairs (building companies, architects, engineering offices, etc.)	-1 668	-1 197	471	Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 115	- 29	-	Recovery of damage expenses
			87	Compensation of damage by insureers
XII. Property management costs	**-1 499**	- 366	1 132	Property management costs
Fees paid to (external) managers	-1 499	- 366	1 132	Management fees received
X. Commercial costs	**- 981**	**- 981**		
Letting fees paid to real-estate brokers	- 835	- 835		
Advertising	0	0		
Lawyer fees and legal costs	- 146	- 146		
XI. Charges and taxes on unlet properties	**-2 808**	**-2 808**		
XIII. Other property charges	**-5 314**	**-5 314**		
Property charges	**-18 311**	**-13 386**	**4 925**	**IV. Recovery of property charges**

These tables set out, for fiscal years 2012 and 2013, the origins of the net real-estate charges borne by the Company.

Note that these expenses also include the costs of staff holding a post related to the operation and management of the buildings.

In 2012, only heading XIII "Other property charges" was affected by the reclassification of €4.125 million as explained in the footnote of the consolidated statement of comprehensive income.

8. RENTAL CHARGES AND TAXES NORMALLY PAID BY TENANTS ON LET PROPERTIES

(€ thousand)	31.12.13	31.12.12 Restated data
V. Recovery of rental charges and taxes normally paid by tenants on let properties	**27 948**	**28 712**
Rebilling of rental charges invoiced to the landlord	10 654	11 886
Rebilling of withholding taxes and other taxes on let properties	17 294	16 826
VII. Rental charges and taxes normally paid by tenants on let properties	**-26 677**	**-27 904**
Rental charges invoiced to the landlord	-8 011	-10 020
Withholding taxes and other taxes on let properties	-18 666	-17 884
Total	**1 271**	**808**

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

9. CORPORATE OVERHEADS

XIV. Corporate overheads (€ thousand)	31.12.13	31.12.12 Restated data
Staff costs (excl. remuneration of Directors)	-3 827	-3 451
Operating and communication costs	-2 461	-2 214
IT costs	- 800	- 541
Fees (project research, real-estate experts, legal advice, ...)	-1 562	-1 691
FSMA and Euronext costs	- 161	- 160
Taxes and non-recoverable VAT	- 942	- 812
Amounts paid to the Managing Agent Befimmo SA (1)	-	-1 331
Refund of costs directly linked to its mission (including remuneration of Directors)	-	*- 973*
Remuneration directly proportional to Befimmo SCA's result (2)	-	*- 358*
Remuneration of Directors (as at 20 December 2012)	-1 219	- 14
Corporate overheads	**-10 973**	**-10 215**

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

They include the costs of Company staff (salaries, social contributions, etc.) working in a business support function, operating costs (office rents, office supplies, etc.), communication and IT costs, and fees paid to various external consultants (legal, technical, financial, fiscal, etc.), notably in the context of specific projects unrelated to the properties in the portfolio.

This heading also includes costs related to the listing of the Company on a public stock exchange (NYSE Euronext Brussels) and the costs of the Financial Services and Markets Authority (FSMA).

(1) Now Befimmo Property Services SA following the Extraordinary General Meeting of shareholders on 20 December 2012.
(2) Now Befimmo SA following the Extraordinary General Meeting of shareholders on 20 December 2012.

Finally, it also includes the remuneration of the Directors and taxes specific to the status of a collective investment undertaking.

Company staff [1]	31.12.13	31.12.12
Number of persons under a contract of employment	70	47
Full-time equivalent	58.83	45.40

The increase in staff numbers in 2013 is due mainly to the integration of the property management business.

10. OTHER OPERATING INCOME AND CHARGES

XV. Other operating income and charges (€ thousand)	31.12.13	31.12.12 Restated data
Spread of rent free periods	- 315	- 197
Others	- 348	-19 050
Other operating income and charges	**- 663**	**-19 247**

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

The other items under this heading are non-recurring. In 2013, they consisted of:

- the booking of a provision in the context of ongoing negotiations on the impact of an investment project on existing contractual commitments;
- fees received for coordinating certain work as delegated contracting authority on behalf of the Government;
- the reversal of the balance of a provision made following certain commitments made in the context of a property sale; and
- a write-down of a receivable related to an expropriation.

We would remind the reader that, at 31 December 2012, this heading included a one-time net negative impact of €20.6 million booked following the transformation of the legal structure of the Sicafi in the context of the agreement with AG Real Estate.

(1) Company staff excluding the CEO.

11. GAINS OR LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES

XVI. Gains and losses on disposals of investment properties (€ thousand)	31.12.13	31.12.12 Restated data
Net sale of properties (selling price - transaction costs)	14 827	3 415
Book value of properties sold	-14 535	-3 209
Gains and losses on disposals of investment properties	**293**	**206**

For fiscal year 2013, the gains or losses on disposals of investment properties consisted of the sale of the Mons I building in Wallonia and the Triomphe III building located in the decentralised area of Brussels.

12. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

XVIII. Changes in fair value of investment properties (€ thousand)	31.12.13	31.12.12 Restated data
Positive changes in fair value of investment properties	30 870	71 166
Negative changes in fair value of investment properties	-42 513	-106 338
Changes in fair value of investment properties	**-11 643**	**-35 172**

The changes in fair value of investment properties do not include investments. The "Property portfolio" chapter of the Management Report contains more information on changes in value.

13. FINANCIAL RESULT

(€ thousand)		31.12.13	31.12.12 Restated data
(+)	**XX. Financial income**	**86**	**80**
(+)	Interests and dividends received	10	12
(+)	Fees for finance leases and similar	76	69
(+/-)	**XXI. Net interest charges**	**-26 284**	**-26 297**
(-)	Nominal interest on loans	-26 196	-24 307
(-)	Reconstitution of the face value of financial debts	- 658	- 846
(-)	Other interest charges	- 56	- 45
(+)	Proceeds of authorised hedging instruments	10 534	7 555
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*10 534*	*7 555*
(-)	Charges of authorised hedging instruments	-9 909	-8 654
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*-9 909*	*-8 654*
(-)	**XXII. Other financial charges**	**-2 728**	**-3 384**
(-)	Bank charges and other commissions	-2 553	-2 643
(-)	Net losses realised on sale of financial assets	- 175	- 741
(+/-)	**XXIII. Changes in fair value of financial assets and liabilities**	**6 555**	**-11 000**
(+/-)	Authorised hedging instruments	-6 525	-3 841
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*-6 525*	*-3 841*
(+/-)	Others	13 080	-7 159
(+/-)	**Financial result**	**-22 371**	**-40 601**

The financial result (excluding changes in the fair value of financial assets and liabilities) was -€28.9 million as at 31 December 2013, compared with -€29.6 million as at 31 December 2012. Charges declined by €0.7 million (2.3%). The decrease in financial charges, despite the rise in the average volume of borrowings, by €74 million or 8.3% (from €889 million to €963 million in 2013), is explained by the fall in the average cost of financing from 3.38% over the 2012 fiscal year to 3.18% over the 2013 fiscal year. This drop is explained by lower Euribor rates (Euribor 1 month and 3 months averaging 0.175% for the 2013 fiscal year as against 0.45% for the 2012 fiscal year) but also by the net increase in the volume of borrowings being arranged at floating rates.

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

(€ thousand)	TOTAL		Financial assets or liabilities at fair value through profit or loss		Loans and receivables		Financial liabilities valued at amortised cost	
	31.12.13	31.12.12 Restated data	31.12.13	31.12.12 Restated data	31.12.13	31.12.12 Restated data	31.12.13	31.12.12 Restated data
Financial income	**86**	**80**	-	-	86	80	-	-
Net interest charges	**-26 284**	**-26 297**	-6 794	-5 532	742	274	-20 233	-21 039
Other financial charges	**-2 728**	**-3 384**	- 175	- 741	-	-	-2 553	-2 643
Changes in fair value of financial assets and liabilities	**6 555**	**-11 000**	6 555	-11 000	-	-	-	-
Total result on financial assets/liabilities	**-22 371**	**-40 601**	**-414**	**-17 273**	**828**	**354**	**-22 786**	**-23 682**

14. INCOME TAXES

The income tax burden is broken down as follows:

XXV. Corporation tax (€ thousand)	31.12.13	31.12.12 Restated data
Current taxes for fiscal year	- 966	- 750
Adjustment of current taxes from previous periods	106	-
Corporation tax	**- 860**	**- 750**

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

The subsidiary Fedimmo SA obtained the status of institutional Sicafi on 25 January 2013 and, since that date, is also subject to the same tax regime as Befimmo SA.

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

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

The estimated amount of corporation tax payable for the 2013 fiscal year, of €0.97 million, was fully provisioned at that date. The taxable base consists mainly of regional and municipal taxes paid by the Company that are not allowable expenses.

15. RESULT PER SHARE

Result for the fiscal period (€ thousand)	31.12.13	31.12.12
NUMERATOR		
Net result for the fiscal period	79 156	10 438
Non-controlling interests	-	*2 570*
Group share	*79 156*	*7 868*
DENOMINATOR		
Shares not held by the group at the end of the period (in units)	21 534 086	18 452 987
Weighted average of shares not held by the group during the period (in units)	19 923 168	17 687 471
Net result per share (basic and diluted) (in €)	**3.97**	**0.44**
Dividend for the fiscal year		
Interim dividend (gross)	56 167	48 613
Final dividend (gross)	17 227 (1)	16 444
Total gross dividend for the fiscal year	**73 394**	**65 056**
Gross dividend per share (in €)	3.4546	3.4500

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

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

16. GOODWILL

Befimmo's acquisition of Fedimmo in 2006 generated goodwill from the positive difference between the acquisition cost (including transaction costs) and Befimmo's share of the fair value of the net asset acquired. This goodwill, recorded on the assets side of the consolidated Financial Statements, represents the future financial advantages associated with the synergies, optimisations and development prospects of a geographically diversified property portfolio.

The following table illustrates the change in value of the goodwill over the fiscal period:

(€ thousand)	31.12.13	31.12.12
COST		
Opening balance	**15 774**	**15 774**
Additional amounts linked to business combinations carried out during the period	-	-
Reductions linked to assets sold during the period	-	-
Closing balance	**15 774**	**15 774**
DECREASE IN VALUE		
Opening balance	**-**	**-**
Decreases in value posted during the period	-	-
Closing balance	**-**	**-**
CARRYING AMOUNT		
Opening balance	**15 774**	**15 774**
Closing balance	**15 774**	**15 774**

(1) Subject for approval by the Ordinary General Meeting of 29 April 2014.

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

Segment (€ thousand)	Goodwill	Carrying amount (including 100% goodwill)	Value in use	Depreciation
Brussels centre	597	29 967	30 040	-
Brussels Leopold district	2 108	114 708	115 190	-
Brussels North area	4 685	231 688	232 180	-
Wallonia	2 673	131 065	132 519	-
Flanders	5 710	266 083	266 665	-
Total portfolio	**15 774**	**773 510**	**776 594**	**-**

Impairment test

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

The result of this test carried out at 31 December 2013 (illustrated in the table above) shows that no impairment need be recorded as the value in use by segment is higher than the carrying amount.

Sensitivity test

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

The sensitivity was tested of the value of the goodwill to changes in the rates of updating the cash flows generated by the groups of buildings to which the goodwill was allocated. It appears that this rate has to rise by 31.2% before the value of the goodwill recorded begins to be impaired. A further 1% rise in the rate above that level would lead to an impairment of the value of the goodwill of €17,258.

17. INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE

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

C. Investment properties (€ thousand)	31.12.13	31.12.12
Properties available for lease	2 038 099	1 909 918
Properties that are being constructed or developed for own account in order to be leased	146 042	50 800
Investment properties	**2 184 142**	**1 960 718**

As at 31 December 2013, "Properties that are being constructed or developed for own account in order to be leased" included the Brederode 13, Paradis Tower and Triomphe I buildings, and the WTC IV land.

A. Assets held for sale (€ thousand)	31.12.13	31.12.12
Investment properties	-	7 896
Assets held for sale	**-**	**7 896**

This heading covers properties held for sale.

As at 31 December 2012, it included the Mons I building located in Wallonia, which was sold in the first quarter of 2013.

(€ thousand)	
Carrying value as at 31.12.2011	**1 971 282**
of which: - Investment properties	*1 971 282*
- Assets held for sale	-
Acquisitions	- 423
Other investments	36 136
Disposals	- 3 209
Changes in fair value	- 35 172
Carrying value as at 31.12.2012	**1 968 614**
of which: - Investment properties	*1 960 718*
- Assets held for sale	*7 896*
Acquisitions	186 871
Other investments	54 834
Disposals	- 14 535
Changes in fair value	- 11 643
Carrying value as at 31.12.2013	**2 184 142**
of which: - Investment properties	*2 184 142*
- Assets held for sale	-

During the 2012 fiscal year, Befimmo completed the sale of the Devroye building located in Brussels. There were no acquisitions in 2012.

In mid-April 2013, Befimmo acquired the shares of Blue Tower Louise SA, owner of the Blue Tower building (Avenue Louise, Brussels) for a total of €38.9 million. This acquisition has not been considered a business combination as defined in IFRS 3. The Blue Tower building has an investment value of €78.5 million. From the date of acquisition until the close of the 2013 fiscal year, the property contributed €3.3 million to the property operating result.

In mid-July 2013, Befimmo also acquired the AMCA building in Antwerp, as a contribution in kind. The building has an agreed value of €110 million, in line with the fair value determined by an independent real-estate expert. From the date of acquisition until the close of the 2013 fiscal year, the property contributed €3.6 million to the property operating result.

Befimmo invested a total of €54.8 million in its buildings, about half of which in connection with the construction of the new Finance Centre in Liège.

Finally, Befimmo also sold two buildings (Mons I in Wallonia and Triomphe III located in the decentralised area of Brussels).

18. OTHER PROPERTY, PLANT AND EQUIPMENT

D. Other property, plant and equipment (€ thousand)	**31.12.13**	**31.12.12**
Property, plant and equipment for own use	746	639
Other property, plant and equipment	**746**	**639**

19. NON-CURRENT AND CURRENT FINANCIAL ASSETS

E. Non-current financial assets (€ thousand)	**31.12.13**	**31.12.12**
Assets at fair value through profit and loss	12 677	11 544
Authorised hedging instruments - level 2	12 677	11 544
Option - CAP	*1 516*	*6*
Forward - IRS	*11 161*	*11 157*
Forward - CCS	*-*	*382*
Loans and receivables	5 388	-
Others	2 234	102
Non-current financial assets	**20 300**	**11 646**

B. Current financial assets (€ thousand)	**31.12.13**	**31.12.12**
Loans and receivables	1 775	380
Current financial assets	**1 775**	**380**

The heading "Assets at fair value through profit or loss" reflects the valuation at fair value of the financial derivatives in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*, which have a positive value. Otherwise, their value is entered in the equivalent heading under liabilities (see note 27 to these Financial Statements). Befimmo does not practice hedge accounting for the financial hedging instruments it holds. Accordingly, these instruments are regarded as trading instruments as per IFRS and the difference in value recorded over the fiscal year is recognised in the income statement under section XXIII of the financial result – "Changes in fair value of financial assets and liabilities". The derivatives were valued as at 31 December 2013 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13, as described in note 32 to these Financial Statements.

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

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

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

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

To cover commitments made in 2012 by Blue Tower Louise SA vis-à-vis Aedifica, notably the commitment to carry out certain alterations to the structure of the basement of the Blue Tower building (see paragraph 35.1.4 hereafter), a guarantee of €2.1 million was set aside in favour of Aedifica and is the principal amount under the heading "Others".

20. FINANCE LEASE RECEIVABLES

This heading relates to finance lease agreements (as per standard IAS 17) and at 31 December 2013 includes only the asset embodied in the building in Wandre. The fair value of this asset is €2,050 thousand, compared with its value at amortised cost of €2,022 thousand.

21. TRADE RECEIVABLES

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

22. TAX RECEIVABLES AND OTHER CURRENT ASSETS

E. Tax receivables and other current assets (€ thousand)	31.12.13	31.12.12
Taxes	2 249	4 521
Others	2 494	3 143
Tax receivables and other current assets	**4 744**	**7 664**

The amount of the sub-heading "Taxes" consists mainly of VAT to be recovered.

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

23. CASH AND CASH EQUIVALENTS

F. Cash and cash equivalents (€ thousand)	31.12.13	31.12.12
Available values	1 524	2 314

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

24. DEFERRED CHARGES AND ACCRUED INCOME

G. Deferred charges and accrued income (€ thousand)	31.12.13	31.12.12
Accrued rental income	-	3
Prepaid property charges	77	224
Prepaid interest and other financial charges	170	255
Others	2 845	2 810
Deferred charges and accrued income	**3 092**	**3 291**

This heading covers:

- income from properties accrued but not yet due, in accordance with the terms of the leases;
- real-estate charges paid in advance;
- interest and other financial charges paid in advance, primarily related to the commercial paper programme;
- under the sub-heading "Others": mainly receivable financial products related firstly to a receiver's IRS agreed when arranging the bond loan in April 2011 (€2.1 million), and secondly to the CCS agreed when arranging the USPP (€0.6 million). The characteristics of these instruments are set out in the table in note 32 to these Financial Statements.

25. CAPITAL AND RESERVES

(€ thousand)	31.12.13	31.12.12
A. Capital	**310 293**	**267 720**
(+) Subscribed capital	320 538	277 795
(-) Costs of capital increase	-10 244	-10 075
B. Share premium account	**662 080**	**548 168**
C. Reserves	**170 252**	**182 350**
(+) (a) Legal reserve	1 295	1 295
(+/-) (b) Reserve for the balance of changes in fair value of investment properties	96 502	133 317
(-) (c) Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-32 273	-31 053
(+/-) (e) Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS	-5 390	-7 492
(-) (h) Reserve for own shares	-29 265	-38 192
(+/-) (j) Reserve for actuarial gains and losses for the defined benefit pension plan	287	-
(+/-) (m) Other reserves	19 818	19 818
(+/-) (n) Result brought forward from previous years	119 277	104 658

The capital and issue premiums were increased three times this year, on 10 July 2013 in the context of the contribution in kind of the AMCA building by AXA Belgium (€109.9 million – net of fees), on 6 September 2013 in connection with the merger of Blue Tower Louise SA (€28.4 million – net of fees) and on 18 December 2013, under the optional interim dividend declared by Befimmo's Board of Directors on 22 November 2013 (€18.3 million – net of fees).

Reserves are presented before the appropriation of the result for the fiscal year. In addition to the appropriation of the result for the previous fiscal year (€0 million) and the payment of the final dividend for 2012 (-€16.4 million), reserves were also impacted in 2013 by:

- placement of treasury shares, related mainly to the acquisition of BTL SA (+€32.4 million);
- the operation to increase the capital concomitant with the merger by absorption of BTL SA:
  - integration of deferred income from BTL SA amounting to +€0.9 million;
  - new Befimmo shares held by the group: impact -€29.3 million;
- the result recognised directly in equity under IAS 19 R representing the actuarial gains and losses of the defined-benefit pension plans (impact of +€0.3 million).

Befimmo directly holds 528,615 own shares, amounting to -€29.27 million in the reserves.

26. CURRENT AND NON-CURRENT FINANCIAL DEBTS

B. Non-current financial debts (€ thousand)	**31.12.13**	**31.12.12**
Credit institutions	274 123	123 123
Other	435 436	430 418
Bond issues	*271 850*	*271 821*
EUPP	*18 000*	-
USPP	*143 502*	*156 582*
Guarantees received	*2 084*	*2 016*
Non-current financial debts	**709 560**	**553 541**

B. Current financial debts (€ thousand)	**31.12.13**	**31.12.12**
Credit institutions	13 853	120 119
Other	255 250	276 200
Commercial papers	*255 250*	*276 200*
Current financial debts	**269 103**	**396 319**

Given the financing in place at the time of writing of this Report and the planned investment programme for 2014 and 2015, the Company does not need additional funding before the fourth quarter of 2015, even though financial liabilities are currently relatively high. Indeed, although the commercial paper should be recorded as a current liability as per IAS 1, as recently amended, the Company has confirmed bank lines in excess of one year as a back-up for the commercial paper.

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

The heading "Other – Bond issues" includes the notional amount of the two bond issues in April and December 2011 of €162 million and €110 million respectively. In accordance with IFRS, the costs of issuing these bonds are spread over the financing term. Similarly, the differences between the issue price and accountable par are spread over the life of the loan and booked to the financial result.

The heading "Other – EUPP" includes the nominal debt linked to the European private placement of €18 million made in July 2013.

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

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

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

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

- the financing relating to the assignments of receivables from future rents/future usufruct fees, structured at fixed rates, of a residual total at 31 December 2013 of €100.7 million;
- the two bond issues;
- the European private placement.

The fixed rates and margins set for these long-term borrowings may no longer correspond to the current market rates and margins, giving rise to a difference between the carrying amount of the liabilities on the face of the balance sheet and their fair values. The table below compares, for information purposes, the carrying amount of the fixed-rate borrowings (excluding the USPP debt which is already carried at fair value) with their fair value at the end of the 2013 fiscal year.

The fair value of the assigned receivables for future rents/future usufruct fees and for the European private debt placement are estimated by updating the future expected cash flows using the 0-coupon yield curve for 31 December 2013, plus a margin to take account of the Company's credit risk (level 2). The fair value of the bond issues is, in turn, obtained from the quoted market prices (level 1).

(€ thousand)	Level in IFRS	Fair value	Book value
Retail bonds	1	284 418	271 850
EUPP	2	17 945	18 000
Sales of receivables	2	104 555	100 722

27. OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

C. Other non-current financial liabilities (€ thousand)	31.12.13	31.12.12
Authorised hedging instruments	16 858	12 791
Financial hedging instruments at fair value through profit and loss - level 2	16 858	12 791
Option - CAP and COLLAR	*832*	*1 575*
Forward - IRS	*5 817*	*9 166*
Forward - CCS	*10 209*	*2 050*
Other non-current financial liabilities	**16 858**	**12 791**

C. Other current financial liabilities (€ thousand)	31.12.13	31.12.12
Authorised hedging instruments	508	257
Financial hedging instruments at fair value through profit and loss - level 2	508	257
Forward - IRS	*508*	*257*
Other current financial liabilities	**508**	**257**

The headings "Other non-current financial liabilities" and "Other current financial liabilities" reflect solely the fair value of the financial instruments, as per IAS 39 – *Financial Instruments: Recognition and Measurement*, which have a negative value. Otherwise, their value is recognised in the equivalent category of the assets (see note 19 to these Financial Statements). Befimmo does not practice hedge accounting for the financial hedging instruments it holds. Accordingly, these instruments are regarded as trading instruments as per IFRS and the difference in value recorded over the fiscal year is recognised in the income statement under section XXIII of the financial result – "Changes in fair value of financial assets and liabilities". The derivatives were valued as at 31 December 2013 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13, as described in note 32 to these Financial Statements.

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

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

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

28. PROVISIONS

A. Current provisions (€ thousand)	**31.12.13**	**31.12.12**
Others	5 004	2 172
Current provisions	**5 004**	**2 172**

The amounts recognised during the year are mainly related, firstly, to the ongoing negotiations relating to the impact of an investment project on existing contractual commitments and, secondly, to the recovery of the balance of a provision following the conclusion of the commitments made at the time of the sale of a semi-industrial property portfolio in Anderlecht.

In addition, this heading also includes a provision for an ongoing dispute that pre-dates the acquisition of Ringcenter SA (Pavilion building), the outcome of which will have no impact on the Company (a debt of an equivalent amount is recorded in the accounts – note 22 to these Financial Statements).

29. TRADE DEBTS AND OTHER CURRENT DEBTS

D. Trade debts and other current debts (€ thousand)	31.12.13	31.12.12
Other	61 268	33 503
Suppliers	*25 455*	*12 430*
Tenants	*17 752*	*14 899*
Tax, salaries and social charges	*18 060*	*6 174*
Trade debts and other current debts	**61 268**	**33 503**

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

- Suppliers: this covers the amounts owed to various suppliers of goods and service providers. The increase in the amount as at 31 December 2013 was due mainly to the scale of the ongoing work on the Paradis Tower and the Brederode 13 building;
- Tenants: relates to amounts received as deposits for provisions for common charges prepaid by tenants, and rent prepaid for later periods;
- Taxes, remuneration and social charges: consists mainly of the amounts of debts related to taxes and withholding charges owed by the Company. As at 31 December 2013, an amount of €12.5 million alone accounts for the withholding tax payable on the interim dividend distributed in late December 2013.

30. OTHER CURRENT LIABILITIES

This item consists mainly of debts payable related to coupons for Befimmo shares and the attendance tokens of the Directors of the Company.

31. ACCRUED CHARGES AND DEFERRED INCOME

F. Accrued charges and deferred income (€ thousand)	31.12.13	31.12.12
Property income received in advance	12 092	12 152
Interest and other financial charges accrued and not yet due	7 836	7 636
Others	4	3
Accrued charges and deferred income	**19 932**	**19 791**

This heading consists principally of:

- income from properties collected in advance, in accordance with the terms of the leases;
- financial interest and charges accrued but not yet due, notably interest on the bonds issued in April 2011 (€4.9 million), on other fixed-rate financing (€1.6 million) and on financial hedging instruments (€0.7 million).

32. QUANTITATIVE DESCRIPTION OF THE PRINCIPAL RISKS OF THE FINANCIAL ASSETS AND LIABILITIES

The quantitative description of the principal risks below complements the chapter on "Risk factors" on page 140 of the Management Report.

A. Credit risk

Please see page 22 of the Management Report for a breakdown of Befimmo's portfolio of tenants.

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

31.12.13 (€ thousand)	TOTAL	Bank	Corporate	State	Others
Non-current financial assets					
E. Non-current financial assets	**20 300**	14 808	4	5 388	99
F. Finance lease receivables	**1 897**	-	-	1 897	-
Current financial assets					
B. Current financial assets	**1 775**	358	69	1 347	2
C. Finance lease receivables	**125**	-	-	125	-
D. Trade receivables	**15 239**	781	10 360	4 098	-
E. Other current assets	**2 494**	-	1 699	795	-
F. Cash and cash equivalents	**1 524**	1 518	-	-	7
Total financial assets	**43 355**	**17 465**	**12 133**	**13 650**	**107**

31.12.12 (€ thousand)	TOTAL	Bank	Corporate	State	Others
Non-current financial assets					
E. Non-current financial assets	**11 646**	11 544	3	-	99
F. Finance lease receivables	**2 022**	-	-	2 022	-
Current financial assets					
B. Current financial assets	**380**	258	122	-	-
C. Finance lease receivables	**122**	-	-	122	-
D. Trade receivables	**14 781**	2 749	6 415	5 617	-
E. Other current assets	**3 143**	-	1 701	1 442	-
F. Cash and cash equivalents	**2 314**	2 317	-	-	- 3
Total financial assets	**34 409**	**16 869**	**8 242**	**9 203**	**96**

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

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

(€ thousand)		31.12.13	31.12.12
Rental guarantees for leases	Blocked accounts/Bank guarantees	14 759	12 507
Rental guarantees for leases	Guarantees received in cash	2 084	2 016
Guarantees for investment work	Blocked accounts	26 163	29 933
Guarantees for acquisitions	Bank guarantees	16 000	-
Guarantees received at the close of the fiscal year		**59 006**	**44 455**

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

Aging balance of trade receivables (€ thousand)	> 3 months	1 to 3 months	< 1 months	Unexpired	Total
Non-doubtful debtors	1 083	249	1 499	12 280	**15 110**
Doubtful debtors	837	-	807	-	**1 644**
Provisions for doubtful debtors	- 746	-	- 769	-	**-1 515**
As at 31.12.13	**1 173** (1)	**249**	**1 537**	**12 280**	**15 239**
Non-doubtful debtors	875	711	899	12 246	**14 730**
Doubtful debtors	639	- 69	296	-	**866**
Provisions for doubtful debtors	- 567	-	- 247	-	**- 814**
As at 31.12.12	**946** (1)	**642**	**948**	**12 246**	**14 781**

Befimmo bears the final risk of trade debts.

A debt repayment plan has been arranged for certain tenants in arrears. At the end of 2013, there were no significant repayment plans.

Furthermore, write-downs of €882,039 were recorded during the 2013 fiscal year (as against €378,960 in 2012); while €161,597 of write-downs were written back in 2013 (as against €117,600 in 2012).

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

Please see page 40 of the Management Report for a description of Befimmo's financial structure and especially its policy of refinancing and interest-rate and currency hedging.

(€ thousand)	31.12.13	31.12.12
Variable-rate borrowings	177 935	19 542
Bilateral credit lines	*177 935*	*19 542*
Fixed-rate borrowings	529 541	531 983
USPP	*143 502*	*156 582*
Bond issue	*271 850*	*271 821*
Assignment of future receivables	*96 188*	*103 580*
EUPP	*18 000*	-
Guarantees received	2 084	2 016
B. Non-current financial debts	**709 560**	**553 541**
Variable-rate borrowings	264 569	391 989
Bilateral credit lines and syndicated loans	*9 319*	*115 789*
Commercial papers	*255 250*	*276 200*
Fixed-rate borrowings	4 534	4 330
Assignment of future receivables	*4 534*	*4 330*
B. Current financial debts	**269 103**	**396 319**
Total borrowings	**978 663**	**949 860**

(1) Most of this amount is owed by public institutions.

During 2013, Befimmo finished arranging bilateral lines with three banks totalling €215 million. In July 2013 it also made a first European private placement of debt to the tune of €18 million. The two syndicated loans still active in early 2013 matured, as expected, during the year. They were refinanced mostly during the 2011 and 2012 fiscal years.

In early 2014, Befimmo arranged an additional bilateral bank line of €50 million.

At constant floor area, the Company does not need additional funding before the fourth quarter of 2015 and has the bank lines needed as a backup for the commercial paper for more than one year.

As at 31 December 2013, the funding available to the Company consisted primarily [1] of:

- a number of bilateral credit lines totalling €559.65 million falling due in November 2015 (€35 million), July/August/September 2016 (€224.65 million), March 2017 (€100 million), December 2017 (€150 million) and March 2018 (€50 million);
- a bond issue in April 2011 for €162 million and a term of 6 years;
- a bond issue in December 2011 for €110 million and a term of 4 years;
- a United States private placement (USPP) at fixed rates in US Dollars and Pounds Sterling arranged in May 2012 for an amount equivalent to €150.3 million maturing in 2019 (€82.77 million) and 2020 (€67.49 million);
- a European private bond placement at fixed rates for an amount of €15 million maturing in 2018 and €3 million maturing in 2023;
- various fixed-rate loans, with a residual total of some €100.7 million, corresponding to the assignment of future rents or future usufruct fees (unindexed) on four buildings in the Fedimmo portfolio and two in the Befimmo SA portfolio.

In order to reduce its financing costs, Befimmo has a commercial paper programme for up to €400 million. As at 31 December 2013, €255 million were in use under this programme for short term issues. The programme has backup facilities consisting of the various credit lines arranged.

In addition, the application of the interest rate hedging policy, described on page 41 of the Management Report, has led the Company to acquire the following financial hedging instruments (as at 31 December 2013) from financial institutions:

(1) The amounts given are the notional amounts, excluding the impact of smoothing the cost of issuing debt and recovery of par value.

	Level in IFRS	Class in IFRS	CURRENCY		€				
			Notional amount (millions)	Interest rate	Notional amount (millions)	Interest rate	Period of hedge		Reference interest rate
CAP bought	2	Option			100	4.50%	Jan. 2012	Jan. 2015	Euribor 3 month
CAP bought	2	Option			100	4.00%	Jan. 2012	Jan. 2015	Euribor 1 month
CAP bought	2	Option			75	3.50%	Jan. 2012	[Jan. 2015 / Jan. 2016]	Euribor 1 month
CAP bought	2	Option			25	2.25%	Jan. 2014	Oct. 2018	Euribor 3 month
CAP bought	2	Option			25	2.00%	Jan. 2013	Jan. 2019	Euribor 3 month
CAP bought	2	Option			50	1.50%	Sept. 2013	Sept. 2017	Euribor 3 month
CAP bought	2	Option			50	1.50%	Jan. 2014	Jan. 2017	Euribor 3 month
CAP bought	2	Option			25	1.00%	Feb.2013	Feb. 2017	Euribor 3 month
CAP bought	2	Option			20	3.50%	Jan. 2012	Jan. 2017	Euribor 3 month
FLOOR (1) sold	2	Option			20	1.51%	Jan. 2012	Jan. 2017	Euribor 3 month
CAP bought	2	Option			30	2.25%	July 2012	Jan. 2019	Euribor 1 month
FLOOR (1) sold	2	Option			30	0.82%	July 2012	Jan. 2019	Euribor 1 month
Payer's IRS	2	Forward			40	3.90%	Jan. 2016	Jan. 2018	Euribor 3 month
Payer's IRS	2	Forward			35	2.05%	Oct. 2011	Oct. 2014	Euribor 1 month
Payer's IRS	2	Forward			35	2.04%	Sept. 2011	March 2015	Euribor 1 month
Payer's IRS	2	Forward			25	1.51%	July 2012	July 2021	Euribor 1 month
Payer's IRS	2	Forward			25	1.41%	Sept. 2013	Sept. 2022	Euribor 3 month
Payer's IRS	2	Forward			25	1.57%	Sept. 2013	Sept. 2022	Euribor 3 month
Payer's IRS	2	Forward			40	2.84%	Jan. 2016	Jan. 2021	Euribor 3 month
Payer's IRS	2	Forward			30	2.99%	Jan. 2016	Jan. 2022	Euribor 3 month
Receiver's IRS	2	Forward			100	3.12%	April 2011	April 2017	Euribor 3 month
Receiver's IRS	2	Forward			40	3.90%	Jan. 2016	Jan. 2018	Euribor 3 month
CCS	2	Forward	75 USD	4.83%	56	4.54%	May 2012	May 2019	Fix USD for Fix EUR
CCS	2	Forward	22 GBP	4.90%	26	4.53%	May 2012	May 2019	Fix GBP for Fix EUR
CCS	2	Forward	90 USD	5.05%	67	4.77%	May 2012	May 2020	Fix USD for Fix EUR

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

As at 31 December 2013, the hedging ratio was 102.7%. Note, however, that if we exclude the optional CAP instruments which have become out of the money owing to falling interest rates (i.e. three cap positions for a total notional amount of €275 million at hedging interest rates of 4.5%, 4.0% and 3.5%), the hedging ratio was 74.8% at 31 December 2013.

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

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

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

The fair value of these contracts is determined at the balance sheet date. The derivatives were valued as at 31 December 2013 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13. The CVAs and DVAs of the financial hedging instruments are calculated on the basis of listed bonds or, alternatively, credit default swaps of counterparty banks and listed Befimmo bonds.

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

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

(in € thousand)		Balance sheet item as of 31.12.13	
Classification by IFRS	**Level in IFRS**	**I.E.b. Assets at fair value through the result**	**I.C. & II.C.Other current and non current financial liabilities**
Option	2	1 516	- 832
Forward	2	11 161	-6 325
CCS	2	-	-10 209
		12 677	**-17 365**

(in € thousand)		Balance sheet item as of 31.12.12	
Classification by IFRS	**Level in IFRS**	**I.E.b. Assets at fair value through the result**	**I.C. & II.C.Other current and non current financial liabilities**
Option	2	6	-1 575
Forward	2	11 157	-9 423
CCS	2	382	-2 050
		11 544	**-13 047**

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

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

The market value of the financial hedging instruments in the Option class is €0.68 million, and in the Forward class €4.8 million for the IRS and -€10.2 million for the CCS.

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

(€ thousand)	Initial fair value	Acquisitions and disposals during the period	Changes in fair value in profit and loss account	Final fair value
31.12.13 fiscal year	**-1 503**	**3 340**	**-6 525**	**-4 688**
31.12.12 fiscal year	**-3 606**	**5 944**	**-3 841**	**-1 503**

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

- it bought IRS worth a notional €50 million covering the period from September 2013 to September 2022;
- it bought a number of CAPs at 1.0%, 1.5%, 2.0% and 2.25% worth a notional €175 million covering a period of 4 to 6 years starting in 2013 or 2014;
- it restructured an IRS of €100 million covering 2016 and 2017 into several IRS worth a notional total of €70 million covering 2016 to 2020 inclusive (€40 million) and 2021 inclusive (€30 million).

C. Liquidity risk

Please see page 148 of the Management Report for a description of the liquidity risk.

The residual (weighted) average duration of Befimmo's financing is 4.10 years. The tables below illustrate the maturities of the financial liabilities held by the Company.

LIABILITIES (31.12.13)	Total	< 1 year	1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**709 560**	-	498 635	210 924
Current financial liabilities				
B. Current financial debts	**269 103**	269 103	-	-
D. Trade debts and other current debts	**44 390**	44 390	-	-
E. Other current liabilities	**1 513**	1 513	-	-
Total financial liabilities	**1 024 566**	**315 006**	**498 635**	**210 924**

LIABILITIES (31.12.12)	Total	< 1 year	1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**553 541**	-	324 218	229 323
Current financial liabilities				
B. Current financial debts	**396 319**	396 319	-	-
D. Trade debts and other current debts	**28 005**	28 005	-	-
E. Other current liabilities	**10 636**	10 636	-	-
Total financial liabilities	**988 502**	**434 961**	**324 218**	**229 323**

33. EMPLOYEE BENEFITS

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

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

The pension plan in place is exposed to various risks including the interest rate risk, credit risk, liquidity risk, the risk associated with equity markets, currency risk, inflation risk, management risk,

risk of changes in statutory pensions and the risk related to changing life expectancies.

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

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

(€ thousand)
At 31 December 2011
Service cost in profit and loss
Current service cost (net of employee contributions)
Past service cost (including effect of curtailments)
Settlement (gain)/loss
Net interest on the net liability/(asset) in profit and loss
Interest cost on Defined Benefit Obligation / income on plan assets / interest on asset ceiling
Components of Defined Benefit Cost recognized in profit and loss
Actuarial (gain)/loss arising from
changes in demographic assumptions
changes in financial assumptions
experience adjustments
Return on plan assets (excluding amounts in net interest)
Change in effect of the asset ceiling (excluding amounts in net interest)
Remeasurements of the net liability/(asset) in 'Other comprehensive income'
Defined benefit cost (total amount recognized in profit and loss and 'Other comprehensive income')
Employee contributions
Employer contributions
Benefit payments from plan assets
Direct benefit payments by employer
Cash Flows
At 31 December 2012
Change due to remeasurement at the date of adoption of IAS 19R
At 31 December 2012 (restated IAS 19R)
Service cost in profit and loss
Current service cost (net of employee contributions)
Past service cost (including effect of curtailments)
Settlement (gain)/loss
Net interest on the net liability/(asset) in profit and loss
Interest cost on Defined Benefit Obligation / income on plan assets / interest on asset ceiling
Components of Defined Benefit Cost recognized in profit and loss
Actuarial (gain)/loss arising from
changes in demographic assumptions
changes in financial assumptions
experience adjustments
Return on plan assets (excluding amounts in net interest)
Change in effect of the asset ceiling (excluding amounts in net interest)
Remeasurements of the net liability/(asset) in 'Other comprehensive income'
Defined benefit cost (total amount recognized in profit and loss and 'Other comprehensive income')
Employee contributions
Employer contributions
Benefit payments from plan assets
Direct benefit payments by employer
Cash Flows
At 31 December 2013

(1) If a net asset exists, it will not be recognized.

Present Value of the Obligation	Fair Value of Plan assets	Total (Asset) / Deficit	Effect of asset ceiling [1]	Net (Asset) / Liability
4 013	**-4 122**	**- 109**	**109**	**0**
559	0	559		559
0	0	0		0
0	0	0		0
217	- 211	6		6
777	- 211	566		566
0		0		0
2 073		2 073		2 073
- 351		- 351		- 351
	- 239	- 239		- 239
		0	- 109	- 109
1 723	- 239	1 483	- 109	1 374
2 500	**- 451**	**2 049**	**- 109**	**1 940**
59	- 59	0		0
	- 707	- 707		- 707
- 107	107	0		0
				0
- 49	**- 658**	**- 707**		**- 707**
6 464	**-5 231**	**1 233**	**0**	**1 233**
164		**164**		**164**
6 627	**-5 231**	**1 397**	**0**	**1 397**
1 009	0	1 009		1 009
0	0	0		0
0	0	0		0
261	- 195	66		66
1 270	- 195	1 075		1 075
- 802		- 802		- 802
- 445		- 445		- 445
- 370		- 370		- 370
	- 101	- 101		- 101
			34	34
-1 616	- 101	-1 718	34	-1 684
- 347	**- 296**	**- 643**	**34**	**- 609**
45	- 45	0		0
	- 788	- 788		- 788
701	- 701	0		0
				0
746	**-1 534**	**- 788**		**- 788**
7 027	**-7 060**	**- 34**	**34**	**0**

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

The rate of return of the assets for the 2013 fiscal year is 4.94%, calculated by weighting the rates of return on the pension fund and the group insurance. The plan assets are broken down as follows:

a) Group insurance (class 21): €1,928 thousand

b) Pension fund: €5,132 thousand, of which 33% is invested in shares, 56% in bonds and 11% in cash and other investments.

The duration of the pension obligations for active plan members is 24 years.

The pension obligations are funded based on the projected credit units method.

The actual yield of the assets over the fiscal year was positive at €296 thousand. For the 2012 fiscal year, it was positive at €450.7 thousand.

The main actuarial assumptions are summarised below:

	31.12.13	31.12.12
Discount rate	3.50%	3.25%
Expected rate of salary increase	4.00%	4.00%
Expected yield rate of plan assets	3.50%	3.25%
Expected rate of pension increase	2.00%	2.00%
Mortality table	MR-5/FR-5	MR-5/FR-5

Befimmo expects to contribute an estimated €819.4 thousand for the 2014 fiscal year.

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

Parameters	Assumptions	Impact on the present value of the obligation
Discount rate	0.50%	Decrease of 12.7%
Discount rate	-0.50%	Increase of 13.1%
Inflation rate	0.50%	Increase of 7.8%
Inflation rate	-0.50%	Decrease of 6.3%
Growth rate of wages	0.50%	Increase of 8.1%
Growth rate of wages	-0.50%	Decrease of 6.5%
Life expectancy	+ 1 year	Increase of 3.5%

34. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES: INFORMATION IN ACCORDANCE WITH IFRS 13

In line with IFRS, Befimmo values its property portfolio at fair value determined by experts. The fair value of a building is its investment value, including registration fees and other transaction costs (also known as "deed-in-hands value") as calculated by an independent expert, minus a standard allowance of 2.5% (1) for property with an investment value exceeding €2.5 million and 10% or 12.5% depending on the Region, for property with an investment value of less than €2.5 million. This 2.5% allowance is derived from an analysis by independent experts of a large number of transactions observed on the market, and represents the average transaction costs actually paid in these transactions.

A. Measurement of fair value as at 31 December 2013

Investment properties (€ thousand)	**Total**	**Level 3**
Proporties available for lease	**2 038 099**	**2 038 099**
Brussels centre (CBD)	1 187 881	1 187 881
Brussels decentralised	71 834	71 834
Brussels periphery	152 442	152 442
Flanders	469 129	469 129
Wallonia	73 871	73 871
Luxembourg city	82 942	82 942
Development projects and lands	**146 042**	**146 042**
TOTAL INVESTMENT PROPERTIES	**2 184 142**	**2 184 142**

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

B. Valuation techniques used for level 3

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

The Sicafi's independent experts use several valuation techniques to determine the fair value of the properties in the portfolio:

- The method of updating the future cash flows generated by the building: this technique requires the net rental income generated by the building to be valued on an annual basis for a given period. At the end of this period, a residual value is calculated taking into account the expected condition of the property. In Befimmo's panel of experts, this technique is applied in two variants:

  - A "conventional" method which estimates future income based on current leases and any assumptions about renegotiation, indexed annually according to an assumption based on market outlook and updated at a rate reflecting both the state of the property and financial markets and quality of the tenant. The residual value is calculated by capitalising an estimated income from reletting the building, minus an amount for works, rental vacancy and marketing costs estimated for reletting on the basis of the defined assumptions.

  - A method known as "Term & Reversion", involving the calculation of the present value of contractually secure income at the valuation date, and the residual value at the end of current contracts. The present value of the income is calculated on the basis of non-indexed income updated at a rate that excludes inflation, while the residual value is calculated for each individual area, similarly to the conventional method, also updated at a rate that excludes inflation.

- The income capitalisation method: this method involves capitalising the estimated rental value of the building using a capitalisation rate in line with the property market. The capitalisation rate is chosen on the basis of an analysis of comparable market data, including publicly available information for the sector concerned. The rate is the expected rate of return for potential investors on the valuation date. The resulting value is then adjusted for the (positive or negative) differential between the hypothetical rent used and the rent from current leases, as well as assumptions about works and/or anticipated rental vacancies in the building on the expiry of the current leases.

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

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

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

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

(€ thousand)	
Opening balance as of 31 december 2012	**1 968 614**
Gains/losses recognized in profit and loss	
- realized :	+ 293
- non-realized :	- 11 643
Investments	54 834
Acquisitions	186 871
Disposals	- 14 827
Transfer between levels	-
Opening balance as of 31 december 2013	**2 184 142**

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

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

OFFICES	Fair value 31.12.2013 (€ thousand)	Valuation techniques
Brussels centre (CBD)	1 187 881	Discounted cashflow
		Capitalization method
Brussels decentralised	71 834	Discounted cashflow
		Capitalization method
Brussels periphery	152 442	Discounted cashflow
		Capitalization method
Flanders	469 129	Discounted cashflow
		Capitalization method
Wallonia	73 871	Discounted cashflow
		Capitalization method
Luxembourg city	82 942	Discounted cashflow
		Capitalization method
Property being constructed or developed for own account in order to let (Liège Paradis, WTC IV, Brederode 13, Triomphe I)	146 042	Capitalized net revenue less cost of the remaining work
TOTAL fair value 31.12.2013	**2 184 142**	

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

A change of + or -5% in the estimated rental values of properties in the portfolio would result in a change in the fair value of the portfolio of the order of +€70.7 million and -€70.5 million respectively.

A change of + or -50 basis points in the updating and capitalisation rates (used for both the income capitalisation method and the discounted future cash flows) generate a change in fair value of the portfolio of the order of -€146.9 million and +€170.8 million respectively.

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

Unobservable data	Intervals	(weighted average)
Annual rent	116 €/m² - 314 €/m²	(190 €/m²)
Discount rate	1.50% - 6.00%	(3.96%)
Capitalization rate of the residual value	5.75% - 7.95%	(6.55%)
Annual rent/ rental value	145 €/m² - 285 €/m²	(186 €/m²)
Capitalization rate	4.95% - 8.00%	(5.97%)
Annual rent	64 €/m² - 164 €/m²	(137 €/m²)
Discount rate	4.00% - 7.00%	(4.83%)
Capitalization rate of the residual value	6.85% - 8.00%	(7.00%)
Annual rent/ rental value	-	(-)
Capitalization rate	-	(-)
Annual rent	44 €/m² - 175 €/m²	(112 €/m²)
Discount rate	5.00% - 8.17%	(5.90%)
Capitalization rate of the residual value	6.75% - 9.00%	(7.57%)
Annual rent/ rental value	-	(-)
Capitalization rate	-	(-)
Annual rent	56 €/m² - 153 €/m²	(112 €/m²)
Discount rate	2.20% - 5.00%	(3.85%)
Capitalization rate of the residual value	4.95% - 8.50%	(6.99%)
Annual rent/ rental value	105 €/m² - 161 €/m²	(134 €/m²)
Capitalization rate	6.25% - 6.75%	(6.59%)
Annual rent	87 €/m² - 157 €/m²	(122 €/m²)
Discount rate	0.50% - 4.61%	(3.70%)
Capitalization rate of the residual value	6.25% - 8.25%	(6.76%)
Annual rent/ rental value	60 €/m² - 70 €/m²	(64 €/m²)
Capitalization rate	9.75% - 10.50%	(10.13%)
Annual rent	378 €/m² - 411 €/m²	(399 €/m²)
Discount rate	4.00% - 4.00%	(4.00%)
Capitalization rate of the residual value	6.00% - 6.00%	(6.00%)
Annual rent/ rental value	-	(-)
Capitalization rate	-	(-)
Capitalized net income	2 186 €/m² - 3 736 €/m²	(3 157 €/m²)
Annual rent	157 €/m² - 197 €/m²	(180 €/m²)
Capitalization rate	5.19% - 7.46%	(5.67%)
Costs of the remaining work	322 €/m² - 2 802 €/m²	(1 898 €/m²)

F. Valuation process

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

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

35. COMMITMENTS

35.1. Commitments to third parties

35.1.1. Commitments to tenants

Fedimmo had a commitment to the Belgian Government to carry out renovation work in Tower III of the World Trade Center. The last phase of the work was handed over in early 2013. The work cost a total of €18.0 million.

Under a public development contract, Fedimmo also has a commitment to the Buildings Agency to build the Paradis Tower, a new centre for the Federal Public Finance Service in Liège. Fedimmo began erecting the building in early March 2012, and handover is expected in late 2014. The total cost of the project is around €95 million. The property is leased for a fixed term of 25 years from the date the building is handed over and at the start of the lease will generate rental income of some €6 million per year.

Under the long-term lease with the law firm Linklaters, Befimmo has undertaken to renovate the Brederode 13 building, with a total budget of some €26 million. The new 15-year lease will commence as soon as the work is completed, expected in the second half of 2014.

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

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

35.1.2. Commitments to purchasers of properties to be sold

The Belgian Government also has an option to purchase the new Paradis Tower Finance Centre, currently under construction in Liège, at the end of the 25-year lease.

35.1.3. Commitments to approved building contractors and design teams

Commitments entered into by Befimmo with approved building contractors:

Befimmo's main contractual commitments with approved building contractors and design teams amount to some €13.1 million including VAT. These commitments mainly concern the Brederode 13, Triomphe I and II buildings and Ikaros Business Park Phase II (buildings 7B and 12B).

Commitments entered into by Fedimmo with approved building contractors:

Fedimmo's main contractual commitments with approved building contractors and design teams amount to some €53 million including VAT. These commitments relate mainly to the Paradis Tower (the new Finance Centre).

Commitments entered into by Befimmo Property Services:

The main commitments entered into by Befimmo Property Services relate to the various contracts for maintenance, upkeep and total guarantee, cleaning and guarding of the buildings it manages on behalf of Befimmo. These commitments vary in length depending on the contracts and account for some €3.4 million including VAT annually. These services are mostly billed to tenants under the heading of common charges.

35.1.4. Other commitments

Under the agreements reached in 2012 between Aedifica and Blue Tower Louise SA, Befimmo gave an undertaking to Aedifica to carry out some work to alter the structure of the basements of the Blue Tower building to enable Aedifica to carry out its plan to build a residential building. The amount of this work is capped at €1.3 million including VAT.

Befimmo is also committed for periods of one to three years under specific contracts such as the surveying of the buildings (for the quarterly valuation of the property portfolio), property management services for the Axento and Blue Tower buildings, and insurance policies. The amounts of these commitments are nevertheless very limited.

35.2. Restrictions on assignment

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

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

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

35.3. Guarantees given

(€ thousand)		31.12.13	31.12.12
Guarantees for investment work	Bank guarantee	10 562	10 741
Guarantees issued at the close of the fiscal year		**10 562**	**10 741**

Fedimmo issued two substantial guarantees in the context of the project to build the new Finance Centre at Rue Paradis, Liege. The first, amounting to €5.4 million in favour of the Buildings Agency, to guarantee the performance of the development contract concluded on 31 March 2009 for the provision of a building to house the Federal Public Finance Service in Liège. The second, amounting to €5.1 million in favour of the City of Liège, to guarantee the performance of all the work and planning charges applicable to the single permit issued for the construction of the new building.

36. RELATED-PARTY TRANSACTIONS

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

FISCAL YEAR 31.12.13 (in €) Name	Short-term benefits (salaries, bonuses) (1)	Post-employment benefits (pension,...)
Arcade Consult BVBA - André Sougné	70 000	
Hugues Delpire	86 500	
Alain Devos	139 250	
Benoît Godts	82 250	
Roude BVBA - Jacques Rousseaux	93 750	
Marc VH-Consult BVBA - Marcus Van Heddeghem	79 000	
SPRL Etienne Dewulf - Etienne Dewulf	83 000	
Sophie Goblet (nominated on 30 April 2013)	45 000	
Guy Van Wymersch-Moons (nominated on 6 September 2013)	20 000	
CEO - SPRLu BDB Management	686 000	
variable portion	*171 000*	
Other Executive Officers (2)	962 193	144 580
variable portion	*183 767*	
Total	**2 346 943**	**144 580**

FISCAL YEAR 31.12.12 (in €) Name	Short-term benefits (salaries, bonuses) (1)	Post-employment benefits (pension,...)
Arcade Consult BVBA - André Sougné	69 500	
Hugues Delpire	72 000	
Alain Devos	65 250	
Benoît Godts	86 500	
Roude BVBA - Jacques Rousseaux	93 250	
Marcus Van Heddeghem	57 750	
SPRL Etienne Dewulf - Etienne Dewulf	69 500	
CEO - Benoît De Blieck (directorship expired on 20 December 2012)	528 182	98 255
variable portion	*156 000*	
CEO - SPRLu BDB Management (nominated on 20 December 2012)	14 436	
Other Executive Officers (2)	918 813	133 649
variable portion	*208 952*	
Total	**1 975 181**	**231 905**

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

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

The Company did not grant any other long-term benefits during the 2012 or 2013 fiscal years.

(1) Short-term benefits are fixed and variable remuneration, and any other miscellaneous components and benefits (including social charges).
(2) This amount may be influenced by fluctuations in staff numbers.

Statutory Auditor's report

Statutory auditor's report
to the shareholders' meeting on the
consolidated financial statements
for the year ended 31 December 2013

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2013

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of total comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – UNQUALIFIED OPINION

We have audited the consolidated financial statements of Befimmo NV/SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 2.249.359 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 79.156 (000) EUR.

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

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

Statutory auditor's responsibility

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

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

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

Unqualified opinion

In our opinion, the consolidated financial statements of Befimmo NV/SA give a true and fair view of the group's net equity and financial position as of 31 December 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

Diegem, 3 March 2014
DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by
The statutory auditor

Rik Neckebroeck Kathleen De Brabander

Statutory statement of total comprehensive income (€ thousand)

		31.12.13	31.12.12 Restated data
I.	(+) Rental income	85 639	81 282
III.	(+/-) Charges linked to letting	- 890	- 416
NET RENTAL INCOME		**84 750**	**80 866**
IV.	(+) Recovery of property charges	6 583	4 888
V.	(+) Recovery of rental charges and taxes normally payable by tenants on let properties	18 943	21 214
VII.	(-) Charges and taxes normally paid by tenants on let properties	-17 633	-20 413
VIII.	(+/-) Other revenue and charges for letting	41	38
PROPERTY RESULT		**92 684**	**86 593**
IX.	(-) Technical costs	-7 838	-5 963
X.	(-) Commercial costs	- 442	- 583
XI.	(-) Charges and taxes on unlet properties	-3 538	-2 511
XII.	(-) Property management costs	-1 329	-1 490
XIII.	(-) Other property charges	-2 066	-1 217
	(+/-) Property charges	**-15 213**	**-11 766**
PROPERTY OPERATING RESULT		**77 471**	**74 827**
XIV.	(-) Corporate management costs	-8 129	-10 859
XV.	(+/-) Other operating income and charges	- 381	134
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**68 962**	**64 102**
XVI.	(+/-) Gains or losses on disposals of investment properties	293	206
XVIII.	(+/-) Changes in fair value of investment properties	-12 688	-32 329
OPERATING RESULT		**56 567**	**31 979**
XX.	(+) Financial income	22 966	19 023
XXI.	(-) Interest charges	-24 612	-24 242
XXII.	(-) Other financial charges	-2 673	-3 330
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	25 253	-5 676
	(+/-) Financial result	**20 934**	**-14 225**
PRE-TAX RESULT		**77 500**	**17 754**
XXIV.	(-) Corporation tax	- 749	- 720
	(+/-) Taxes	**- 749**	**- 720**
NET RESULT		**76 751**	**17 034**
TOTAL BASIC NET RESULT AND DILUTED PER SHARE		**3.79**	**0.93**
Other comprehensive income - actuarial gains and losses - non-recyclable		287	-
TOTAL COMPREHENSIVE INCOME		**77 039**	**17 034**

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

Statutory statement of financial position
(€ thousand)

ASSETS	31.12.13	31.12.12
I. Non-current assets	**2 178 638**	**1 989 073**
C. Investment properties	1 344 342	1 150 049
D. Other property, plant and equipment	590	381
E. Non-current financial assets	833 706	838 643
II. Current assets	**27 247**	**34 358**
A Assets held for sale	-	7 896
B. Current financial assets	3 802	4 820
D. Trade receivables	15 435	12 472
E. Tax receivables and other current assets	4 437	4 285
F. Cash and cash equivalents	416	1 641
G. Deferred charges and accrued income	3 156	3 244
TOTAL ASSETS	**2 205 884**	**2 023 430**

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.13	31.12.12
SHAREHOLDERS' EQUITY	**1 165 610**	**1 030 843**
A. Capital	310 293	267 720
B. Share premium account	662 080	548 168
C. Reserves	172 652	214 955
D. Net result for the fiscal year	20 585	-
LIABILITIES	**1 040 274**	**992 587**
I. Non-current liabilities	**680 842**	**518 258**
B. Non-current financial debts	663 985	505 467
a. Credit institution	228 596	75 097
c. Other	435 389	430 371
Bond issues	*271 850*	*271 821*
USPP	*143 502*	*156 582*
EUPP	*18 000*	-
Guarantees received	*2 036*	*1 968*
C. Other non-current financial liabilities	16 858	12 791
II. Current liabilities	**359 432**	**474 329**
A. Provisions	1 744	2 172
B. Current financial debts	287 539	414 364
a. Credit institution	11 355	117 734
c. Other	276 184	296 630
Commercial papers	*255 250*	*276 200*
Other	*20 934*	*20 430*
C. Other current financial liabilities	508	257
D. Trade debts and other current debts	48 893	27 757
b. Other	48 893	27 757
E. Other current liabilities	1 401	10 149
F. Accrued charges and deferred income	19 347	19 630
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2 205 884**	**2 023 430**

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

Note on statutory shareholders' equity

The reader is invited to go to page 46 of the Management Report to consult the chapter "Appropriation of result".

The changes in equity before and after the proposed appropriation of the result for the 2013 fiscal year are as follows:

(€ thousand)	A. Capital	a. Subscribed capital (+)	b. Costs of capital increasel (-)	B. Share premium account	C. Reserves	a. Legal reserve (+)
31.12.2012 SHAREHOLDERS' EQUITY (Before appropriation of result)	**267 720**	277 795	- 10 075	**548 168**	**214 955**	1 295
Appropriation of result 2012 in the reserves					**0**	
Payment of the final dividend of the 2012 fiscal year					**- 16 444**	
31.12.2012 SHAREHOLDERS' EQUITY (After appropriation of result)	**267 720**	277 795	- 10 075	**548 168**	**198 511**	1 295
Capital increase - contribution in kind AMCA	**29 469**	29 595	- 126	**80 405**		
Capital increase - merger by absorption of BTL SA	**7 657**	7 680	- 23	**20 699**	**887**	
Acquisition own shares					**- 27 033**	
Interim dividend - fiscal year 2013						
Capital increase - optional interim dividend	**5 446**	**5 468**	**- 21**	**12 808**		
Other comprehensive income					**287**	
31.12.2013 SHAREHOLDERS' EQUITY (Before appropriation of result)	**310 293**	320 538	- 10 244	**662 080**	**172 652**	1 295
Appropriation of result 2013 in the reserves (1)					**20 585**	
Payment of the final dividend of the 2013 fiscal year (1)					**- 17 227**	
31.12.2013 SHAREHOLDERS' EQUITY (After appropriation of result)	**310 293**	320 538	- 10 244	**662 080**	**176 009**	1 295

(1) Subject for approval by the Ordinary General Meeting of 29 April 2014.

	b. Reserve for the balance of changes in fair value of investment properties (+/-)	c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties (-)	e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS (+/-)	h. Reserve for own shares (-)	j. Reserve for actuarial gains and losses for the defined benefit pension plan (+/-)	m. Other reserves (+/-)	n. Result brought forward from previous years (+/-)	D. Result for the fiscal year	TOTAL SHARE-HOLDERS' EQUITY (group share)
	145 105	- 29 230	- 7 492	-	-	19 818	85 459	**-**	**1 030 843**
	- 33 309	282	2 103				30 925		
							- 16 444		
	111 796	- 28 949	- 5 390	-	-	19 818	99 940	**-**	
							887		
				- 27 033					
								- 56 167	
					287				
	111 796	- 28 949	- 5 390	- 27 033	287	19 818	100 827	**20 585**	**1 165 610**
	- 5 087	- 4 660	- 3 649				33 980		
							- 17 227		
	106 710	- 33 609	- 9 039	- 27 033	287	19 818	117 580	**-**	

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

Shareholders' equity that can not be distributed according to Article 617 of the Company Code (€ thousand)	31.12.13
Net assets	**1 165 610**
(+) Paid-up capital or, if greater, subscribed capital	320 538
(+) Share premium account unavailable for distribution according to the articles of association	603 323
(+) Reserve of the postive balance of the changes in fair value of the investment properties	106 710
(-) Reserves for estimated transaction costs resulting from hypothetical disposal of investment properties	- 33 609
(+/-) Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	- 9 039
(-) Reserve for own shares	- 27 033
(+/-) Reserve for actuarial gains and losses of the defined benefit pension plan	287
(+) Other reserves declared non-distributable by the General Meeting of Shareholders	3 633
(+) Legal reserve	1 295
TOTAL NON-DISTRIBUTABLE SHAREHOLDERS' EQUITY	**966 105**
BALANCE	**199 505**

Obligation to distribute dividends according to the Royal Decree of 7.12.2010 concerning Sicafis (€ thousand)	31.12.13
NET RESULT	**76 751**
(+) Depreciation	326
(+) Writedowns	1 340
(-) Writeback of writedowns	- 116
(-) Writebacks of lease payments sold and discounted	-
(+/-) Other non-cash elements	7 348
(+/-) Result on the disposal of property assets	- 118
(+/-) Changes in fair value of investment properties	-19 093
CORRECTED RESULT (A)	**66 438**
(+/-) Realised gains and losses on property assets during the year	293
(-) Realised gains and losses on property assets during the year, exonerated from the obligation to distribute if reinvested within 4 years	- 293
(+) Realised gains on property assets previously exonerated from the obligation to distribute and that were not reinvested within 4 years	-
NET GAINS ON REALISATION OF PROPERTY ASSETS NON-EXONERATED FROM THE DISTRIBUTION OBLIGATION (B)	**-**
TOTAL (A+B) X 80%	**53 150**
DECREASE IN BORROWINGS (-)	**-**
OBLIGATION TO DISTRIBUTE	**53 150**

General information

218

General information

IDENTIFICATION

NAME

Befimmo SA, a public Sicaf incorporated under Belgian law.

REGISTERED OFFICE

Chaussée de Wavre 1945 in 1160 Auderghem.
Tel. : +32 (0)2 679 38 60

The registered office may be transferred by decision of the Board of Directors to any place in Belgium.

LEGAL FORM

Société Anonyme (Limited Liability Company).

FOUNDING

Befimmo SA was founded on 30 August 1995 as a Limited Liability Company under the name "Woluwe Garden B&D" by a deed executed before Gilberte Raucq, notary public in Brussels. The Company was later converted into a Société en Commandite par Actions (Partnership Limited by Shares), with the name "Befimmo", on 24 November 1995, again by a deed executed before notary Gilberte Raucq.

On 20 December 2012, the Extraordinary General Meeting of the shareholders of Befimmo met to approve the transformation of the Partnership structure into a Limited Liability Company. On that date, the Company was converted back into a Limited Liability Company under the same name of "Befimmo" by a deed executed before notary Damien Hisette. For further information, please see the Annual Financial Report 2012.

The articles of association have been amended several times, most recently on 18 December 2013. The coordinated articles of association are available on the Befimmo SA website: www.befimmo.be/en/coordinated-articles-association.

@ www.befimmo.be

DURATION

Befimmo SA has been established for an unlimited duration.

REGISTER OF CORPORATE BODIES

Befimmo SA is entered in the Register of Corporate Bodies under number 0 455 835 167.

RECORDING PLACE

Brussels

COMPANY OBJECT (ARTICLE 4 OF THE ARTICLES OF ASSOCIATION)

The primary purpose of Befimmo SA is the collective investment of funds collected from the public, in the category "real estate", as referred to in article 7, § 1 (5) of the law of 3 August 2012.

Real estate means:
- immovable goods as defined by articles 517 and following of the Civil Code as well as real rights on immovable goods;
- shares with voting rights issued by real-estate companies exclusively or jointly controlled by the Sicafi;
- option rights on immovable goods;
- shares of public or institutional Sicafis subject, in the latter case, to joint or exclusive control over such Sicafis;
- shares in foreign collective real-estate investment trusts registered on the list referred to in article 149 of the law of 3 August 2012;
- shares in collective real-estate investment trusts established in another country of the European Economic Area and not registered on the list referred to in article 149 of the law of 3 August 2012, insofar as they are subject to control similar to that applicable to public Sicafis;
- real-estate certificates specified in article 5, § 4, of the law of 16 June 2006 on public offers of investment vehicles and listing of investment vehicles on regulated markets;
- rights stemming from leasing agreements for one or more assets under real-estate leasing contracts of the Sicafi or granting other similar rights;
- as well as all other goods, shares or rights defined as immovable goods by the implementing Royal Decrees, applicable to collective investment undertakings that have opted to invest in immovable goods.

Befimmo SA may, however, as an ancillary or temporary activity, make investments in movable goods, according to the provisions set forth in article 5.2 of the articles of association and own unallocated liquid assets. These investments and the holding of liquid assets must be the subject of a special decision of the Board of Directors establishing the investment's ancillary or temporary nature. The holding of movable goods must be compatible with the pursuit, in the short or medium term, of the investment policy described above. In addition, such securities shall be tradable on a regulated market operating regularly, recognised, and open to the public. The liquid assets can be held in all currencies under the form of deposits on a current account or a deposit account or of any instrument of the money market that can be mobilised easily.

Befimmo SA may acquire movable and immovable goods for the purpose of its direct operations.

It may take an interest, through mergers or otherwise, in all companies having a similar object.

It may take all necessary measures and conduct all transactions, namely those mentioned in article 5 of the articles of association, deemed useful for the realisation and enhancement of its purpose within the legal and regulatory provisions that regulate it.

FISCAL YEAR

The financial year begins on 1 January and ends on 31 December of each year.

PLACES WHERE PUBLICLY ACCESSIBLE DOCUMENTS CAN BE CONSULTED

- The articles of association of Befimmo SA can be consulted at the Clerk's Office of the Brussels Commercial Court, at the registered office and on the website: www.befimmo.be/en/coordinated-articles-association.
- The annual accounts will be deposited at the Banque Nationale de Belgique and may be consulted at the Clerk's Office of the Brussels Commercial Court.
- The annual accounts as well as the relative reports of Befimmo SA are sent every year to registered shareholders as well as to any other person requesting a copy. They are also available on the Befimmo website: www.befimmo.be/en/publications/all.
- Decisions concerning the appointment and termination of the mandates of the members of the Board of Directors of Befimmo SA are published in the Annexes to the Belgian Official Gazette.
- Invitations to General Meetings are published in the Annexes to the Belgian Official Gazette and in two daily financial newspapers. These notices and all documents relating to General Meetings may be consulted on the Befimmo website: www.befimmo.be/en/oga-ega/all.
- Financial notices concerning Befimmo SA are published in the financial press and are sent to Euronext. They may also be consulted on the Befimmo website at www.befimmo.be/en/publications/all.

@ www.befimmo.be

The other documents accessible to the public and referred to in the Annual Financial Report can be consulted at the registered office of Befimmo SA.

REGISTERED CAPITAL

ISSUED CAPITAL

As at 31 December 2013, the registered capital totalled €320,537,602.80.

It is represented by 22,062,701 fully paid no-par-value shares.

AUTHORISED CAPITAL

The Board of Directors is authorised to increase the capital in one or more stages by up to €253,194,780.59.

Subject to the same conditions, the Board of Directors is authorised to issue convertible debentures or subscription rights.

This authorisation is granted for five years from 5 July 2011 and may be renewed.

Capital increases may be performed as a cash contribution, a contribution in kind or by the incorporation of reserves.

As at 31 December 2013, the authorised capital amounts €193,531,933.05.

CHANGES TO THE CAPITAL SINCE 30.09.2009

The following table shows the changes in capital since 30 September 2009.

The complete history of changes to capital is set out in article 50 of the articles of association.

	Amount (in €)	Number of shares
As at 30 September 2009	**243 934 746.09**	**16 790 103**
No changes during the 2010 fiscal year		
As at 30 September 2010	**243 934 746.09**	**16 790 103**
As at 22 June 2011	253 194 780.59	17 427 474
As at 15 December 2011	264 061 592.80	18 175 440
As at 31 December 2011	**264 061 592.80**	**18 175 440**
As at 3 October 2012	272 690 074.09	18 769 341
As at 19 December 2012	277 794 918.53	19 120 709
As at 31 December 2012	**277 794 918.53**	**19 120 709**
As at 10 July 2013	307 389 978.39	21 157 746
As at 6 September 2013	315 069 953.06	21 686 361
As at 18 December 2013	320 537 602.80	22 062 701
As at 31 December 2013	**320 537 602.80**	**22 062 701**

SHAREHOLDER STRUCTURE

The Company applies a statutory threshold of 3% for the application of the legal rules relating to notification of large holdings in issuers whose shares are admitted for trading on a regulated market.

According to the transparency notifications received, the share ownership of Befimmo SA is structured as follows:

Shareholding (as at 06.02.2014)

Declarants	Number of shares (declared) the day of the statement	Date of receipt of the declaration	(in %)
Ageas and affiliated companies	3 288 668	20.12.2013	14.9
AXA Belgium SA	2 118 518 (1)	10.07.2013	9.6
BlackRock Inc.	664 130	06.02.2014	3.0
Befimmo SA	528 615	-	2.4
Other shareholders under the statutory threshold	15 462 770	-	70.1
TOTAL	**22 062 701**		**100.0**

Befimmo SA is not aware of the existence of shareholder agreements.

(1) Number of shares taking into account the participation of AXA Belgium SA in the optional dividend of December 2013.

IDENTITY OF THE FOUNDER OF BEFIMMO SA

Befimmo SA was founded at the initiative of Bernheim-Comofi SA (now known as AG Real Estate SA) with registered office at Boulevard Saint-Lazare 4-10, 1210 Brussels.

ARTICLES OF ASSOCIATION OF BEFIMMO SA

The complete coordinated articles of association of Befimmo SA can be consulted at the Clerk's Office of the Brussels Commercial Court, at Befimmo's registered office and on the website: www.befimmo.be/en/coordinated-articles-association.

@ www.befimmo.be

SOCIÉTÉ ANONYME (LIMITED LIABILITY COMPANY)

The Extraordinary General Meeting of 20 December 2012 approved the conversion of Befimmo SCA into a Société Anonyme (Limited Liability Company). Befimmo SA owns 100% of the shares of Fedimmo SA, Meirfree SA, Vitalfree SA and Axento SA.

NAME AND QUALIFICATIONS OF THE REAL-ESTATE EXPERTS

Befimmo SA uses three real-estate experts, namely: Jones Lang LaSalle (represented by Mr R. P. Scrivener), DTZ - Winssinger & Associés (represented by Mr C. Ackermans) and Price Waterhouse Coopers (represented by Mrs Anne Smolders and Mr Jean-Paul Ducarme). These are expert real-estate companies with specialist knowledge of the market and which enjoy a first-class international reputation.

SHAREHOLDERS(2)

Ageas	14.9% (3)
AXA Belgium SA	9.6% (4)
BlackRock Inc.	3.0% (5)
Befimmo SA	2.4%
Shareholders under the declaration treshhold	70.1%

Global internal team of 70 people (6)

Befimmo
Limited Liability Company

Fedimmo SA
100% subsidiary

Meirfree SA
100% subsidiary

Vitalfree SA
100% subsidiary

Axento SA
100% subsidiary

Befimmo Property Services SA
100% subsidiary

(2) As at 6 February 2014.
(3) Based on the transparency declaration received on 20 December 2013.
(4) Based on the transparency declaration received on 10 July 2013. Number of shares taking into account the participation of AXA Belgium SA in the optional dividend of December 2013.
(5) Based on the transparency declaration received on 6 February 2014.
(6) As at 31 December 2013.

REAL-ESTATE SICAF (BELGIUM)

The Sicafi regime was created in 1995 to promote collective investment in real estate. The concept of public fixed-capital investment trust is similar to Real Estate Investment Trusts (REIT) put in place in several countries (REIT (USA), SIIC (France) and FBI (Netherlands)).

The legislator intended the Sicafi to ensure a high degree of transparency for real-estate investments and distribute as much cash flow as possible while enjoying certain advantages.

The Sicafi is monitored by the Financial Services and Markets Authority (FSMA) and subject to specific regulations.
The main rules are as follows:
- it must have the status of "Société Anonyme" or "Société en Commandite par Actions";
- it must be listed on the stock exchange;
- borrowings may not exceed 65% of total assets at market value;
- there are strict rules relating to conflicts of interest;
- the portfolio must be carried at market value without applying any depreciation;
- the real-estate assets must be valued every quarter by independent experts;
- the risk must be diversified: no more than 20% of the assets may be invested in any one property complex;
- exemption from corporation tax provided that 80% of profits are distributed;
- a withholding tax of 25% is deducted when paying out dividends.

This set of rules is designed to minimise the risk incurred.

Companies merging with a Sicafi are subject to tax of 16.995% on unrealised capital gains and untaxed reserves (16.5% plus 3% additional crisis levy).

INSTITUTIONAL SICAFI

On 25 January 2013, Fedimmo SA (a 100% subsidiary of Befimmo SA) obtained the status of Institutional Sicafi.

The Institutional Sicafi was introduced by the Royal Decree of 7 December 2010.

The main features of the Institutional Sicafi are:
- a company controlled by a Public Sicafi;
- registered shares held by institutional or public investors;
- no requirement for diversification or debt ratio (consolidated at the level of the Public Sicafi);
- compulsory distribution of a dividend at a minimum of 80% of the results;
- jointly or solely controlled by a Public Sicafi;
- sole purpose of investing in real estate;
- no obligation to appoint a real-estate expert, the real-estate assets being valued by the expert of the Public Sicafi;
- statutory accounts prepared in accordance with IFRS standards (same accounting scheme as the Public Sicafi);
- strict rules regarding conflicts of interest;
- subject to FSMA control.

"Glossary"

TYPICAL INVESTOR PROFILE

The profile of a typical investor for whom the Befimmo Sicafi was designed is a private or institutional investor wishing to make an investment in office property, mainly in Belgium. The share ownership structure is set out before.

STATEMENTS

PERSONS RESPONSIBLE

BDB Management SPRLu[1], Managing Director, represented by its Permanent Representative Mr Benoît De Blieck and Mr Laurent Carlier, Chief Financial Officer of the Company, declare for and on behalf of Befimmo SA, that to the best of their knowledge:
(a) the financial statements, prepared in accordance with the applicable accounting standards, give an accurate picture of the assets, financial situation and the results of the Company and the businesses included in the consolidation;
(b) the management report contains an accurate account of the development of the business, results and situation of the Company and the businesses included in the consolidation.

DECLARATION REGARDING THE DIRECTORS

The Board of Directors of Befimmo SA hereby declares that to its knowledge:
- none of the Directors has ever been convicted of fraud, no official and/or public accusation has been made and no penalty has ever been imposed by a judicial or supervisory authority,
- no Director has been disqualified by a court from acting as a member of the Board of Directors,
- no Director has ever been involved in that capacity in a bankruptcy or liquidation,
- no contract of employment has been concluded with the Directors that provides for the payment of compensation upon termination of the contract with the exception of the management agreement between Befimmo SA and BDB Management SPRLu that provides for 12 months' compensation,
- the Directors do not hold shares in Befimmo SA except for Mr Benoît Godts (998 shares), Mr Jacques Rousseaux (232 shares), Mr André Sougné (1,224 shares) and Mr Benoît De Blieck (1,404 shares),
- so far no Befimmo SA share option has been awarded,
- there is no family relationship between the Directors.

INFORMATION FROM THIRD PARTIES

The real-estate experts DTZ - Winssinger & Associés, Jones Lang LaSalle and Price Waterhouse Coopers have agreed that their assessment methods and real-estate expert reports may be included in this Annual Financial Report.

The external auditor has agreed to the inclusion of its report of 28 March 2013 in this Annual Financial Report on the consolidated accounts closed as at 31 December 2013 and of its report on forecasts of 28 March 2013.

The Company confirms that the information taken from the reports of the real-estate experts DTZ - Winssinger & Associés, Jones Lang LaSalle and PWC, and of the external auditor have been faithfully reproduced and that, to the best of the Company's knowledge and as far as it can ascertain in the light of the data published by these third parties, nothing has been omitted that would make the information reproduced inaccurate or misleading.

(1) With registered office at B-1140 Brussels, rue Colonel Bourg 127/129, box No 15.

Appendices

226

Appendices

Appendix I: Glossary

BEAMA
Belgian Asset Managers Association Association Belge des Asset Managers.

Break
The first option to terminate a lease agreement by giving due notice.

BREEAM
(BRE Environmental Assessment Method)
BREEAM is the first environmental assessment method for buildings. It is a benchmark for best practice in sustainable design. It has become the most widely used benchmark of a building's environmental performance (www.breeam.org).

BREEAM Design
Refurbishment and renovation work. The extraction and use of resources to create materials and products during renovation (and construction) work are among the greatest causes of direct environmental impact in the real-estate sector. Ecological impact, such as loss of biodiversity, greenhouse-gas emissions and waste, can be effectively reduced by recycling and dismantling.

One requirement of BREEAM certification, which Befimmo systematically implements for its major renovation projects, is to keep up-to-date data on the use of natural resources and recycled materials.

But a building's environmental performance is also determined at the Design stage. The adoption of an eco-design approach from the initial phase, in consultation with the architects and consultancy bureaux, also extends the building's potential commercial life.

BREEAM In-Use
BREEAM In-Use certification is in line with the requirement for continuous improvement of the ISO 14001 standard.

This is a valuable tool that validates Befimmo's efforts to improve the sustainability of the buildings in its portfolio. The initial performance of the buildings is first measured, for the building itself (Asset) and for its management (Management).

Among other things, this certification requires consumption data to be monitored. The validation of the resulting data is an important step towards achieving correct benchmarking figures.

CAP
A CAP is a financial derivative instrument belonging to the options family. Purchasing a CAP provides protection against rising interest rates, to a preset maximum level (strike price). It therefore enables us to take advantage of rising rates. Purchasing a CAP involves the payment of a premium.

CBD
(Central Business District)
The business areas in central Brussels, comprising the Centre, Leopold and Louise districts, South and North areas.

CCS
(Cross Currency Swap)
A CCS is a contract whereby two parties exchange streams of interest charges and notional amounts denominated in two different currencies. Exchange interest flows may be agreed as fixed-against-fixed, floating-against-floating or floating-against-fixed (or vice versa).

CDP
(Carbon Disclosure Project)
CDP is an independent, non-profit organisation that aims to reduce greenhouse-gas emissions by businesses and cities. It achieves this by means of a global database of greenhouse-gas emissions. The organisation acts on behalf of many investors representing more than US$ 92 trillion in assets.

Code 2009
Belgian Code of Corporate Governance issued on 12 March 2009 by the Corporate Governance Commission. The Code includes practices and provisions to be followed by Belgian listed companies. The 2009 Code replaces the previous version of 2004, and can be accessed on the GUBERNA website (www.guberna.be/fr).

COLLAR
A COLLAR is a combination of financial derivatives comprising the purchase of a CAP and sale of a FLOOR. This combination offers protection against rising interest rates (through the purchase of the CAP) with a premium fully or partially subsidised by the sale of a FLOOR (which involves a commitment to pay a minimum interest rate).

Current net result
EPRA earnings + result of sale of properties.

Current rent
Current annual rent at the closing date plus rent on leases signed, as reviewed by the real-estate experts.

DCF
(Discounted Cash Flow)
Method for evaluating cash flows.

Debt ratio
[liabilities - provisions - other financial liabilities (permitted hedging liability instruments) – deferred tax liabilities - accruals]/[total balance sheet assets – permitted hedging instruments, booked to the assets side of the balance sheet]. This ratio is calculated in accordance with the Royal Decree of 7 December 2010.

Economic Hinterland
Periphery of Brussels.

EIRIS
EIRIS is a world leading provider of research into corporate environmental, social and governance performance.

E Level
A building's maximum primary energy consumption level.

EMS
(Environmental Management System)
An EMS is a framework for managing environmental performance. It describes the policies and objectives to be implemented and monitored, challenges to be managed, and how the operation of various systems and strategies should be analysed and assessed.

EPB
(Energy Performance of Buildings)
This index, based on EU Directive 2002/91/EC, expresses the amount of energy needed to meet the various needs of a building in normal use. It is calculated on the basis of the various factors influencing energy demand (insulation, ventilation, solar and internal gains, heating system, etc.).

EPRA
With over 200 active members, EPRA (European Public Real-Estate Association – www.epra.com) is the voice of European listed real-estate companies and represents €250 billion in real-estate assets.

EPRA Earnings
EPRA earnings is defined by EPRA as "Recurring earnings from core operational activities". It generally corresponds to the Company's recurring cash flow.

EPRA NAREIT/Europe
EPRA, in collaboration with FTSE and NAREIT, provides a benchmark of global listed real estate. The FTSE EPRA/NAREIT index is divided into eight areas covering the major global investment markets. The EPRA NAREIT/Europe index covers listed real estate in Europe.

ERV
The estimated rental value of vacant premises as reviewed by the real-estate expert.

Ex-date
The date a coupon is detached.

Fair value
Fair value is obtained by deducting the average costs for transactions established by independent real-estate experts from the "investment value". These costs amount to (i) 2.5%[(1)] for property worth more than €2.5 million and (ii) 10% (Flanders) or 12.5% (Wallonia and Brussels) for property worth less than €2.5 million. These values are established in application of standard IAS 40 which requires investment property to be booked at "fair value".

Fedesco
Fedesco is a public energy services company (ESCO) founded in March 2005 at the initiative of the Federal Government. It facilitates and finances energy efficiency projects in federal public buildings (www.fedesco.be).

FLOOR
A FLOOR is a financial derivative instrument belonging to the options family. Purchasing a FLOOR offers protection against falling interest rates, at a minimum predefined level (strike price). It therefore enables us to take advantage of rising rates. Purchasing a FLOOR involves the payment of a premium.

Free float
The percentage of shares held by the public. These are the shares for which Befimmo has received no transparency declaration from a third party or which are not held by Befimmo or its subsidiaries.

FSMA
(Financial Services and Markets Authority)
The independent regulator of the financial and insurance markets in Belgium.

GRESB
(Global Real Estate Sustainability Benchmark)
GRESB is an initiative to assess the environmental and social performance of public and private real estate investments. The benchmark serves as a starting point for engagement and forms the basis for a collective effort towards a more resource efficient real estate industry (www.gresb.com).

GRI
(Global Reporting Initiative)
GRI is the organisation behind the establishment of a globally recognised reporting standard on Social Responsibility. It is committed to its continuous improvement and application worldwide.

Gross yield
The gross yield is equal to the gross dividend divided by the share price at the end of the fiscal year.

Hedging ratio
Hedging ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAP) / total borrowings.

(1) Average level of costs paid on transactions recorded by the experts on the Belgian market. This accounting method is described at length in the BEAMA press release of 8 February 2006.

IAS
(International Accounting Standards)
International accounting standards developed by the International Accounting Standards Board.

IBGE
Institut Bruxellois pour la Gestion de l'Environnement (Brussels Institute for Environmental Management - www.ibgebim.be): the Brussels-Capital Region authority responsible for environmental protection.

IFRS
(International Financial Reporting Standards)
International financial reporting standards developed by the International Accounting Standards Board.

Investment value
The investment value is defined by the expert as the most likely value under normal conditions of sale between the fully informed and consenting parties, on the date of valuation, before deducting conveyancing costs.

IRR
(Internal Rate of Return)
The IRR is the annualised internal rate of return.

IRS
(Interest Rate Swap)
An interest rate swap contract (most commonly fixed against floating or vice versa) is a commitment between two parties to exchange financial flows based on a particular notional amount, frequency and duration.

IRS
"payer"
An IRS (fixed rate) payer is an IRS for which a fixed rate is paid to the counterparty in exchange for a floating rate.

IRS
"receiver"
An IRS (fixed rate) receiver is an IRS for which a floating rate is paid to the counterparty in exchange for a fixed rate.

ISO 14001
The international environmental management standard ISO 14001 defines internationally accepted requirements for environmental management systems. It focuses on a process of continuous improvement in the implementation of environmental objectives within companies and other institutions. These may have their environmental management systems certified according to ISO 14001 by independent auditors.

K level
A building's overall primary thermal insulation level.

KPI
(Key Performance Indicator)
Key performance indicators are figures that are used to measure the progress that an organisation has made in implementing its main objectives.

Law of 6 April 2010
Law on market practices and consumer protection.

Law of 20 December 2012
Law on the exercise of certain rights of shareholders in listed companies.

Law of 3 August 2012
Law on certain forms of collective management of investment portfolios.

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

Leasehold
Temporary right in rem entitling its holder, for at least 27 years and up to 99 years, to the full use of a property belonging to another owner, in consideration of the payment to the owner of an annual fee in cash or in kind, known as the "ground rent", in consideration of its right of ownership. Throughout the duration of the leasehold, the leaseholder exercises all the rights deriving from the ownership of the property, but may not do anything that reduces its value.

Market capitalisation
Closing stock price multiplied by the total number of shares outstanding at that date.

NAV
Net asset value of the shareholder's equity.

Net result
Result established in accordance with IFRS accounting standards. It is the profit or loss for the period.

Occupancy rate
Current rent / (current rent + estimated rental value for vacant space).

Pay-out ratio
The pay-out ratio is calculated by dividing the gross dividend by EPRA earnings.

Property management
Property management is the supervision of the activities of technical maintenance, accounting for rents and accounting for property-related charges, to be passed on to tenants. During the first quarter of the 2013 fiscal year Befimmo integrated its property management business and thereby became the only direct day-to-day contact with its tenants.

Pure Player
An investor specialising in a single geographical or business segment.

Rating
Befimmo's credit rating assigned by the Standard & Poor's rating agency.

Record date
The record date is the date on which a shareholder must hold securities in order to be entitled to payment of the dividend for the securities held at that date.

REIT
(Real-Estate Investment Trust) Fixed-capital investment company in the United States.

Reversion rate of the rent
Reversion rate = 1-((current rent + estimated rental value for vacant premises) / estimated rental value for total space).

RICS
Royal Institution of Chartered Surveyors (www.rics.org).

Royal Decree of 14 November 2007
Royal Decree on the obligations of financial option writers admitted to trading on a regulated market.

Royal Decree of 7 December 2010
Royal Decree on Sicafis.

RPM
Register of corporate bodies.

Sicafi
Fixed-capital real-estate investment trust.
The Sicafi regime was created in 1995 to promote collective investment in real estate. The concept is similar to the Real-Estate Investment Trust in the USA.
The legislator intended the Sicafi to ensure a high degree of transparency for real-estate investments and distribute as much cash flow as possible while enjoying many advantages.
The Sicafi is monitored by the Financial Services and Markets Authority (FSMA) and subject to specific regulations.

Take up
Prise en occupation d'espaces locatifs.

UPSI
Professional Union of the Real-Estate Sector (www.upsi.be).

Velocity
Velocity is an indicator of the speed of movement of shares on the regulated market and is calculated by dividing the total number of shares traded during the fiscal year by the average number of shares outstanding during the period.

Weighted average duration (of leases)
The weighted average duration of leases is the sum of the (annual current rent for each lease multiplied by the term remaining up to the first break in the lease) divided by the total current rent of the portfolio.

Withholding tax
Dividends are income taxable in Belgium. In most cases, the withholding tax normally deducted from such income is the final tax payable.

Appendix II: Extracts of the articles of association
(coordinated as at 18 December 2013)

1. REGISTERED OFFICE (ARTICLE 2 OF ARTICLES OF ASSOCIATION)

The registered office of the company is located in 1160 Brussels, Chaussée de Wavre, 1945.

The registered office of the company may be transferred to any other location in Belgium by simple decision of the board of directors who has full powers to have the amendment of the articles of association resulting from such a change recorded in a notarial deed.

In case of extraordinary events of political, military, economic or social nature that could compromise the normal operation of the registered office or smooth communication between the registered office and a foreign country, the registered office of the company may temporarily be transferred in Belgium or abroad by simple decision of the board of directors until complete disappearance of such abnormal circumstances. This provisional measure shall, however, have no consequence whatsoever on the nationality of the company, which will remain Belgian despite such provisional transfer of the company's registered office.

The company may, by simple decision of the board of directors, establish branches or agencies in Belgium as well as abroad.

2. PURPOSE (ARTICLE 4 OF ARTICLES OF ASSOCIATION)

The primary purpose of the company is the collective investment of funds collected from the public, in the category "real estate" as mentioned in article 7, first subparagraph, 5° of the law of 3 August 2012.

Real estate means:
- immovable goods as defined by articles 517 and following of the Civil Code as well as real rights on immovable goods;
- shares with voting rights issued by real-estate companies exclusively or jointly controlled by the sicafi;
- option rights on immovable goods;
- Shares of public or institutional sicafi subject to, in the latter case, joint or exclusive control performed on such sicafi;
- shares of foreign collective real estate investment trusts registered on the list referred to in article 149 of the aforementioned law of 3 August 2012;
- shares of collective real estate investment trusts established in another country of the European Economic Area and not registered on the list referred to in article 149 of the law of 3 August 2012, insofar as they are subject to control similar to that applicable to public sicafi;
- real estate certificates specified in article 5, § 4 of the law of 16 June 2006 on public offers of investment vehicles and listing of investment vehicles on regulated markets;
- rights stemming from leasing agreements for one or more assets under real-estate leasing contracts of the sicafi or granting other similar rights;
- as well as all other goods, shares or rights defined as immovable goods by the existing royal decrees, applicable to the collective investment undertakings that opted to invest in immovable goods.

The company may, however, as ancillary or temporary activity, make investments in movable goods, according to the provisions set forth in article 5.2 of the articles of association and own unallocated liquid assets. These investments and the holding of liquid assets must be the subject of a special decision of the board of directors who will justify the investment's ancillary or temporary character. The holding of movable goods must be compatible with the pursuit, in the short or medium term, of the investment policy described above. In addition, such securities shall be tradable on a regulated market operating regularly, recognised, and open to the public. The liquid assets can be held in all currencies under the form of deposits on a current account or a deposit account or of any instrument of the money market that can be mobilised easily.

The company may acquire movable and immovable goods for the purpose of its direct operations.

It may be interested, through mergers or otherwise, in all companies having a similar object.

Article 559 of the Code of Company Law is applicable by virtue of article 21, § 4, of the law of 3 August 2012.

It may take all necessary measures and conduct all transactions, namely those mentioned in article 5 of the articles of association, deemed useful for the realisation and enhancement of its purpose within the legal and regulatory provisions that regulate it.

It may be interested, by means of a merger or other, in any venture with an identical purpose.

Article 559 of the Code of Company Law is applicable by virtue of article 21, § 4, of the law of 3 August 2012.

3. SHARE - CAPITAL

Article 7 - Capital
The capital is set at three hundred twenty million five hundred thirty seven thousand six hundred and two euros and eighty cents (€320,537,602.80). It is represented by twenty two million sixty two thousand seven hundred and one (22,062,701) shares without nominal value.

Article 8 - Authorised capital
The board of directors is authorised to increase the share capital, in one or several stages, on the dates and pursuant to the terms and conditions resolved by him, by an amount of maximum two hundred fifty-three million one hundred ninety-four thousand seven hundred and eighty euros and fifty-nine cents (€253,194,780.59). Shareholders' right of preference can be restricted or withdrawn in accordance with article 10 of the articles of association.
The board of directors is authorised to issue convertible bonds or subscription rights under the same conditions.

This authorisation is granted for a period of five years from the date of publication in the Annexes of the Belgian Official Gazette of the minutes of the shareholders' meeting of 22 June 2011.
The authorisation is renewable.

Such capital increase(s) may be achieved by way of subscription in cash, by contributions in kind or by incorporation of reserves provided the rules set forth in the Code of Company Law and these articles of association pursuant to article 13 of the royal decree of 7 December 2010. They can also occur by means of conversion of convertible bonds or the exercise of subscription rights – whether or not attached to another security – which may give rise to the creation of shares with voting right.

Whenever the share capital increases resolved pursuant to this authorisation involve an issue premium, the amount of such premium shall be allocated after possible deduction of costs by the board of directors to a blocked account which constitutes, like the share capital, the guarantee of third parties, and this issue premium shall, subject to its incorporation in the share capital by the board of directors as set forth above, only be reduced or suppressed by resolution of the shareholders' meeting taken in compliance with the quorum and majority requirements set forth in the Code of Company Law for a share capital reduction, by reimbursement to the shareholders or by the shareholders' release of the paying-up of their contribution.

Article 9 – Capital increase
9.1. The capital of the company may be increased by resolution of the shareholders' meeting, resolving in accordance with articles 558 and, as the case may be, 560 of the Code of Company Law or by decision of the manager within the framework of the authorised share capital. However the company may not directly or indirectly subscribe to its own share capital increase.
9.2. Upon any capital increase, the manager determines the rate and conditions of issuance of new shares, unless the shareholders' meeting decides on it itself.
9.3. In case of issuance of shares without mention of nominal value under the accounting par value of the existing shares, the notice of shareholders' meeting must expressly mention this fact.
9.4. Should the share capital be increased with an issue premium, the amount of such premium must be fully paid-up upon subscription.

Article 10 – Capital increase by means of cash contribution
10.1. In the event of a capital increase by means of cash contribution, and without prejudice to compliance with articles 592 to 598 of the Code of Company Law, the preferential right may only be restricted or denied on condition that an irrevocable priority allocation right is granted to existing shareholders upon allocation of the new shares.
This irrevocable priority allocation right has the following characteristics:
1) it pertains to all newly issued shares;
2) it is granted to shareholders on a pro rata basis of the portion of the capital represented by their shares at the time of the transaction;
3) a maximum price per share is announced no later than the day before the opening of the public subscription period; and
4) the public subscription period must, in such case, be a minimum of three market days ("jours de bourse").
10.2. Without prejudice to compliance with articles 595 to 599 of the Code of Company Law, article 10.1 of the articles of association does not apply in the case of cash contribution with restriction or denial of the preferential right combined with a contribution in kind with regard to an optional dividend distribution, provided the granting of the latter is effectively open to all shareholders.

Article 11 – Capital increase by means of contribution in kind - Reorganisation
11.1. Capital increases by contribution in kind are subject to the rules set forth in articles 601 and 602 of the Code of Company Law.
11.2. Contributions in kind can also pertain to the right to dividend with regard to an optional dividend distribution, with or without complementary cash contribution.
11.3. Thereby, in accordance with article 13 § 2 of the royal decree of 7 December 2010, the following conditions must be complied with:
1° the identity of the contributor must be mentioned in the board of directors' report specified in article 602 of the Code of Company Law, as well as, as the case may be, in the notice to the shareholders' meeting that will decide on the capital increase;

2° the issue price cannot be lower than the lowest value between (a) a net inventory value determined no later than four months prior to the contribution agreement or, at the company's choice, prior to the date of the deed of the capital increase and (b) the average stock exchange closing price over 30 days prior to such date.
Regarding the application of the previous sentence, it is allowed to deduct from the amount referred to under point (b) of the subparagraph above the amount corresponding to the portion of undistributed gross dividend of which the new shares may be deprived, provided the board of directors specifically evidences in his special report the amount of accrued dividend to be deducted and describes the financial conditions of the transaction in the annual financial report;

3° unless the issue price or, in the case described under article 11.5 of this article, the conversion parity, as well as their terms, are determined and published no later than the business day following the conclusion of the contribution agreement, with mention of the term upon which the capital increase will take effect, the capital increase deed is executed within a maximum term of four months; and

4° the report referred to in 1° must also describe in detail the impact of the proposed contribution on the situation of the former shareholders, particularly regarding their part in the profit, the net inventory value and the capital, as well as the impact in terms of voting rights.

11.4. Article 11.3 of the articles of association does not apply in case of contribution of the right to dividend with regard to an optional dividend distribution provided the granting of the latter is effectively open to all shareholders.

11.5. Article 11.3 of the articles of association applies mutatis mutandis to mergers, spin-offs and similar transactions as referred to in articles 671 to 677, 681 to 758 and 772/1 of the Code of Company Law. In the latter case, "date of the contribution agreement" must be understood as the date of deposit of the merger or spin-off project.

Article 11bis – Capital increase of a subsidiary with the status of institutional sicafi

Pursuant to the royal decree of 7 December 2010, in the event of a capital increase of a subsidiary with the status of institutional sicafi by means of a cash contribution at a price lower by 10% or more of the lowest value between (a) a net inventory value determined no later than four months prior to the opening of the issuance and (b) the average of closing prices over the 30 calendar days preceding the opening day of the issuance, the board of directors shall write a report describing the economic rationale of the applied discount, the financial consequences of the transaction for Befimmo shareholders, and the advantages of the capital increase envisioned for Befimmo. This report, as well as the criteria and valuation methods used, shall be discussed by the auditor of Befimmo in a separate report.

It is allowed to deduct from the amount referred to under point (b) of the subparagraph above the amount corresponding to the portion of undistributed gross dividend of which the new shares may be deprived, provided the board of directors specifically evidences the amount of accrued dividend to be deducted and describes the financial conditions of the transaction in the annual financial report of the company.
In the event the concerned subsidiary is not listed, the discount referred to in subparagraph 1 is only calculated based on a net inventory value determined no later than four months earlier.

This article does not apply to capital increases subscribed in full by the company or by its subsidiaries of which the company directly or indirectly holds the capital in full.

Article 12 – Repurchase of own shares

12.1. The company may, by virtue of the decision of the shareholders' meeting in compliance with articles 620 and 630 of the Code of Company Law, acquire or pledge its ownshares that have been fully paid-up in cash.
That same meeting may determine the conditions for disposal of such shares.

12.2. The board of directors is authorised to acquire securities mentioned in article 12.1 of the articles of association when such acquisition is necessary to prevent serious and imminent damage to the company. Such authorisation is valid for three years as of the date of publication of the minutes of the shareholders' meeting of 22 June 2011 and is renewable for an equal time period.

12.3. The conditions for the disposal of securities acquired by the company are determined by the shareholders' meeting or by the board of directors as the case may be according to article 622 § 2 of the Code of Company Law.

12.4. The board of directors is authorised to dispose of the company's own shares acquired by the company in the following cases: 1) on the stock market or off-stock market when these shares are admitted to be listed on a regulated market in the meaning of article 4 of the Code of Company Law; 2) when the disposal takes place in a stock exchange of movable goods or as a result of a public sale offer directed to all shareholders under the same conditions, in order to prevent serious and imminent damage to the company, being understood that such authorisation is valid for a period of three years from the date of publication of the minutes of the meeting of 22 June 2011 and that it is renewable for identical periods; 3) in all other cases permitted for by the Code of Company Law."

12.5. Rights and authorisations described in this article 12 extend to acquisitions and disposals of shares of the company by one or several subsidiaries directly controlled by the company as described in the Code of Company Law.

4. SECURITIES

Article 13- Nature and form

13.1. With the exception of founders' shares and similar securities, and subject to specific provisions of the royal decree of 7 December 2010, the company may issue the securities referred to in article 460 of the Code of Company Law, in accordance with regulations therein.

13.2. Shares are registered shares, bearer shares or dematerialised shares, within the limits set forth by the law.
All shares are fully paid-up and are without indication of nominal value.

13.3. A register of registered shares is kept at the registered office, as the case may be and if the law allows it, in an electronic form; it is available for consultation by all shareholders. Certificates evidencing a person's registration shall be delivered to the shareholders.
All transfers amongst the living or because of decease as well as any conversion of securities are recorded in this register.

13.4. As of 1st January 2008, the company no longer issues bearer shares. The bearer shares of the company that have already been issued and have been registered on a securities account as of 1st January 2008 shall exist in dematerialised form as of that date. The other bearer shares are also, as and when registered on the securities account as of 1st January 2008, automatically converted into dematerialised shares.
Upon expiration of time periods set forth by the applicable legislation for the abolition of bearer shares, shares that have not yet been converted shall be converted by operation of law into dematerialised shares and shall be registered by the board of directors, or the person mandated by the board of directors to this end, in the securities account. The converted securities shall be registered in the name of the company until the securities holder identifies himself and obtains registration of these shares on his own name.

13.5. Dematerialised shares are represented by an entry into the account in the holder's name at a recognised account holder or settlement institution.

13.6. The holder of dematerialised shares may, at any time, request the conversion of such shares, at his expense, into registered shares, and conversely.

Article 13bis - Thresholds

Regarding the application of the statutory rules concerning the disclosure of important holdings in issuers whose shares are admitted to trade on a regulated market, the company has determined, in addition to the statutory thresholds, a threshold of three per cent (3%).

5. ADMINISTRATION – CONTROL

Article 14 – Composition of the board of directors

14.1. The company is administered by a board of directors is composed in such a way that it ensures independent management and acts in the sole interest of the shareholders of the company.

14.2. The board of directors is composed of at least three directors, shareholder or not, appointed for four years or more by the general meeting and revocable at any time by this meeting. This board includes at least three independent directors as defined in article 526 ter of the Code of Company Law.

14.3. The board of directors elects a president from among its members.

14.4. The members of the board are eligible for re-election.

14.5. The directorship of the directors is remunerated.

14.6. If a legal person is appointed as director he must appoint a permanent representative during its nomination. This permanent representative mandate is given for the duration of the one of the legal person he's representing.

14.7. When the legal entity dismisses its representative, it shall notify the company thereof without delay by registered letter and appoint a new permanent representative under the same conditions; the same applies in the event of death or resignation of the permanent representative
Should any of the offices of director become vacant, the remaining directors shall have the right to temporarily fill such vacancy until the next general meeting of shareholders, which shall make a final appointment.

14.8. The members of the board of directors or their permanent representative must fulfill the requirements of reliability, expertise and experience as described in article 39 of the law of 3 August 2012 and must not come within the scope of the cases of prohibitions set forth in article 40 of the law of 3 August 2012.

14.9. The board of directors can appoint one or more observers who can assist to all or part of the meetings of the board on the basis of the procedures to be decided by the board.

Article 15 – Powers of the board of directors

15.1. The board of directors of the company has all powers to accomplish all acts necessary or useful for the realisation of the company's purpose, with exception of the acts which the law or the articles of association have granted to the general meeting.

15.2. The board of directors establishes the half-yearly report referred to in article 88, § 1 of the law of 3 August 2012 and the drafts of the annual report and of the prospectus referred to in this provision in accordance with articles 56 to 60 of the law of 3 August 2012.
The board of directors appoints one or several independent real estate experts to be responsible for the valuation of the immovable goods of the company and of its subsidiaries, in accordance with article 6 of the royal decree of 7 December 2010.
The board of directors appoints and revokes the credit institution responsible for the financial services of the company. The identity of this credit institution is included in the annual financial report.

15.3. The board of directors may grant to each proxyholder all specific powers, limited to certain acts or to a series of specific acts, with the exception of powers that are entrusted to him by virtue of the Code of Company Law or the law of 3 August 2012 and its implementing decrees.

15.4. The board of directors is authorised to determine the compensation of said proxyholder(s), which shall be withheld from the company's operating expenses
The board of directors can revoke said proxyholder(s) at any time.

Article 16 – Deliberation of the board of directors

16.1. The meetings of the board of directors are held in Belgium or abroad, at the place indicated in the notices. The person chairing the meeting can appoint the secretary of the meeting, who is a director or not.

16.2. The Board of Directors meets upon convocation by the chairman, the vice-chairmen or two directors, done within at least 24 hours before the meeting.
16.3. Any director who is unable to attend may, by letter or other means of (tele)communication providing documentary confirmation of the nomination as proxy, empower another member of the Board to represent him and to vote in his stead at a specific meeting. A director may represent more of its colleagues and may issue, in addition to his own vote, as many votes as he received proxys.
16.4. Except in the case of "force majeure", the board of directors may only validly deliberate and validly resolve if at least half of the members of the board are present or represented. If this condition is not met, a new meeting must be convened, which will validly deliberate and validly resolve on items which are on the agenda of the previous meeting, provided that at least three directors are present or represented.
16.5. Decisions of the board shall be adopted by the absolute majority of the present or represented directors. In case of abstention of one or more directors, decisions are adopted by the majority of the other directors. In case of a tie vote, the person chairing the meeting shall have the casting vote.
16.6. In exceptional cases duly justified by urgency and the need to serve the interests of the company the decisions of the Board of Directors may be expressed by means of a circular. This procedure, however, may not be invoked to approve the annual accounts or release authorised capital.
Decisions must be taken by unanimous agreement of the directors. Their signature will be placed on one document or one different copies of the same document.
These resolutions will be equally valid as if they were taken during a meeting of the board, which are regularly convened and held, and will carry the date of the last signature placed by the directors on the abovementioned documents.

Article 17 - Minutes
The decisions of the board of directors are recorded in minutes signed by at least two of directors, as well as all directors who express an interest to do so.

Article 18 – Advisory and specialised committee
18.1. The board of directors may establish one or more committees of which the members may be chosen from within or outside the board.
18.2. It nominates at least an audit committee, a nomination committee and a remuneration committee (the nomination committee and the remuneration committee may be combined) of which they implement the missions, the powers and the composition in accordance with applicable law.

Article 19 – Executive committee
19.1. The board of directors may delegate its management powers to an executive committee, made up from within or outside the board, without this transfer being able to relate to the general policy of the company or to any acts reserved for the board of directors on the grounds of other provisions of the law or the articles of associations.
19.2. The board of directors implements the missions, the powers, fixed or variable emoluments, by overall charges overhead, of the persons designated for that purpose; where necessary, he dismisses them.
19.3. The members of the board of directors or their permanent representative must fulfil the requirements of reliability, expertise and experience as described in article 39 of the law of 3 August 2012 and must not come within the scope of the cases of prohibitions set forth in article 40 of the law of 3 August 2012.

Article 20 – Day-to-day management
20.1. The board of directors may confer the day-to-day management of the company as well as the representation of the company on one or several of its members, who will or won't carry the title of executive director, or to one or several appointed agents chosen within or outside the board.
With the exception of the so-called joint-signature clauses, the restrictions placed on the powers of representation for the needs of the day-to-day management are not binding on third parties, even if they are published.
Similarly, the managing director(s) of the day-to-day management may grant special powers to each authorised representative, but within the limits of the day-to-day management.
20.2. The managing director(s) of the day-to-day management must fulfil the requirements of reliability, expertise and experience as described in article 39 of the law of 3 August 2012 and must not come within the scope of the cases of prohibitions set forth in article 40 of the law of 3 August 2012.

Article 21 – Internal organisation and quality
21.1. The effective control of the company must be appointed to at least two natural persons or single-person limited liability company with, as a permanent representative under article 61 § 2 of the Code of Company Law, the associate or managing agent of the single-person limited liability company concerned.
21.2. Representatives of the single-person limited liability companies set out in paragraphs above, must fulfil the requirements of reliability, expertise and experience as described in article 39 of the law of 3 August 2012 and must not come within the scope of the cases of prohibitions set forth in article 40 of the law of 3 August 2012.
21.3. The company is organised pursuant to article 41 of the law of 3 August 2012.

Article 22 – Representation of the company
22.1. The company is validly represented in all acts, including those in which a public officer or notary intervene, and before a court of law, by:
- two directors acting jointly, or
- within the limits of the day-to-day management, a managing director of this management.
22.2. The company shall moreover be validly bound by special proxyholders of the company acting within their powers.

22.3. The copies or extracts of the minutes of the general meeting of shareholders and the meetings of the board of directors to be produced in court or in any other place, and notably each extract to be published in the annexes to the Belgian Official Gazette, are validly signed by a director, a person in charge of the day-to-day management or a person explicitly authorised by the board.

22.4. Pursuant to article 9, § 2 of the royal decree of 7 December 2010, the company shall be represented, for each act of disposal pertaining to an immovable good as defined in article 2, 20° of said royal decree, two directors acting jointly. However, this rule does not apply in the case of a transaction pertaining to an asset of a value under the lowest amount between 1% of the consolidated assets of the company, and €2,500,000.
The power of representation referred to in the 1st paragraph, may be subject to a special proxy, as long as the following conditions are met in a cumulative way:
- the board of directors exercises effective control on the signed acts/documents by the special representatives and establishes an internal procedure for content of the control as well as its frequency;
- the proxy can only treat one precise operation or one group of clearly delineated operations (the fact that the operation or the group of operations is "determinable" is not enough). General proxys are not allowed;
- relevant values (in terms of amounts for example) must be indicated in the proxy and the proxy must be limited in time, in the sense that it will only be valid during the necessary period to finalise the operation.

Article 23 – Prevention of conflicts of interests

23.1. The company shall be structured and organised in such a manner that the risk that conflicts of interests affect the interests of the security holders is minimised, in accordance with article 41, § 7, of the law of 3 august 2012.

23.2. The following persons referred to in article 18, § 1 of the royal decree of 7 December 2010 :
- persons who control or hold shares of the company;
- persons with which the company, one of its subsidiaries, the promoter and other shareholders of a subsidiary are bound or have a shareholding connection;
- the promoter;
- the other shareholders of any subsidiary of the company;
- the directors, members of the management committee, managing directors of the day-to-day management, executive officers or representatives: of the company, of one of its subsidiaries, of the promoter, of the other shareholders of any subsidiary of the company and of a person who controls or holds shares in the company may not act as counterparty in a transaction with the company or with one of its subsidiaries nor obtain any advantage in such a transaction, unless the transaction represents any interest for the company, enters in the scope of its investment policy and is executed in accordance with normal market conditions.

23.3. The company must inform the FSMA prior to any transaction mentioned in article 23.2 of the articles of association.

23.4. Information regarding the transaction mentioned in article 23.2 shall immediately be made public in the press release, if any, pertaining to such transaction. It shall be discussed in the annual financial report and by the statutory auditor in his report.

23.5. The aforementioned provisions shall not apply to:
- transactions for an amount less than the lowest amount between 1% of the consolidated assets of the company and €2,500,000;
- the acquisition of movable goods by the company or one of its subsidiaries within the framework of a public offering made by a third party issuer, for which a promoter or one of the persons referred to in article 18, § 1 of the royal decree of 7 December 2010 intervene as intermediaries as defined in article 2, 10° of the law of 2 August 2002;
- the acquisition or subscription, by the persons mentioned in article 18 § 1 of the royal decree of 7 December 2010, of the company's shares issued pursuant to a resolution of the shareholders' meeting; and
- the transactions concerning liquid assets of the company or one of its subsidiaries provided that the person who acts as counterparty has the capacity of intermediary as defined in article 2, 10° of the law of 2 August 2002 and that such transactions are executed in compliance with the market.

23.6. In addition to the preceding provisions, the directors shall comply with articles 523 and 524 of the Code of Company Law.

Article 24 - Control

24.1. The control of the financial situation, of the annual accounts and of the compliance of the transactions, to be recorded in the annual accounts, is entrusted to one or more auditors, member(s) of the Institute for Company Auditors.
Said auditor(s) is/are appointed by the shareholders' meeting for a renewable term of three years and may only be removed for serious grounds, under penalty of damages, as the case may be.
The shareholders' meeting determines the number of auditors and their remuneration. Said auditor(s) control(s) and certify(ies) the accounting data stated in the annual accounts of the company and confirm(s), as the case may be, all of the information to be provided in accordance with articles 101 and 106 of the law of 3 August 2012.

24.2. Article 141, 2° of the Code of Company Law is not applicable to the company having the status of a closed-end investment company, in accordance with article 101, § 1, second subparagraph, of the law of 3 August 2012.

24.3. In accordance with article 96 of the law of 3 August 2012, authorised members of the personnel of the FSMA are entitled to any information or may complete on the spot searches and peruse all the company's documents.

6. GENERAL MEETING OF SHAREHOLDERS

Article 25 – Composition - Powers

The general meeting is composed of all shareholders entitled to vote either in person or by proxyholder in compliance with the statutory provisions or the articles of association.

Article 26 - Meetings

26.1. The annual general meeting shall take place on the last Tuesday of April at 10:30.
The agenda of the yearly general meetings includes at least the approval of annual accounts, the granting of discharge to the directors and auditor, and the approval of the remuneration report by the general meeting.

26.2. An extraordinary meeting may be convened each time it is in the company's interest.
It must be convened at the request of shareholders jointly holding one/fifth of the share capital.

26.3. The general meetings shall take place at the registered office or at any other location in Belgium, which shall be specified in the notice.

Article 27 – Notices & information

27.1. The general meeting, whether annual or extraordinary, is held following a notice by the board of directors or the auditor. The notices contain all topics required by the Code of Company Law and by any other regulation.

27.2. The company shall provide shareholders with any information required by the Code of Company Law and by any other regulation.

Article 28 – Admission to the meeting

28.1. Any shareholder may participate in a general meeting and exercise his right to vote:

(i) if his shares are registered in his name on the fourteenth day prior to the shareholders' meeting, at 24 hours (midnight, Belgian time), either:
- by registration of the shares in the company's registered shares register;
- by registration of the shares in the account of an authorised holder or settlement institution;
- by provision of the bearer shares to a financial intermediary. The aforementioned day and time shall be the recording date.

(ii) and if the company has been informed, no later than the sixth day prior to the date of the meeting, of the shareholders' desire to participate in the shareholders' meeting, as the case may be, directly by the shareholder for holders of registered shares or by a financial intermediary, authorised account holder or settlement institution for holders of bearer or dematerialised shares.

28.2. Any shareholder may, as of the date of notice and no later than six days prior to the date of the meeting, ask questions in writing, which will be answered during the meeting provided the concerned shareholder has complied to requirements for admission to the meeting.

Article 29 – Participation and voting procedures for shareholder's meetings

29.1. All shareholders may vote in person or through a proxy holder.
Proxy notifications to the company must be remitted in writing.

29.2. The proxy must be provided to the company no later than six days prior to the date of the meeting.

29.3. Any shareholder may vote by post using a form available from the company. The postal vote form must be received by the company no later than six days prior to the date of the meeting.

29.4. The joint owners, usufructuaries and bare owners, pledgee creditors and pledgee debtors must be represented respectively by one and the same person.

Article 30 - Office

All general meetings are chaired by the chairman of the board of directors. If the chairman is unable to attend, the meetings will be chaired by a director appointed by its colleagues, or by a member of the general meeting appointed by the latter.
The chairman appoints the secretary.
The chairman appoints two vote-takers amongst the shareholders.

Article 31 - Presence list

31.1. A register dedicated by the board of directors includes for each shareholder who expressed his desire to participate in the general meeting his name, surname or corporate name, address or registered office, the number of shares he held at the registration date, and a description of documents evidencing shareholding at such registration date.

31.2. The shareholder or his proxy holder ensures that all elements required, as the case may be, for the shareholder's identification are provided to the company.

Article 32 – Voting right of the shareholders

32.1. Each share entitles its holder to one vote.

32.2. In case of acquisition or pledging by the company of its own shares, the voting right of these securities shall be suspended.

32.3. Voting take place by raising hands or by calling names, unless the general meeting, by majority of votes, decides otherwise.

Article 33 – Deliberations of the general meeting

33.1. No meeting shall deliberate on items that were not specified in the agenda, unless all shareholders are present and unanimously approve of the new items.

33.2. Any draft amendment to the articles of association must first be submitted to the FSMA in accordance with article 8 of the royal decree of 7 December 2010.

33.3. Except in cases set forth by the law or the articles of association, each resolution shall be adopted by a majority of votes irrespective of the number of shares represented at the meeting.

7. DISTRUTION (ARTICLE 40 OF ARTICLES OF ASSOCIATION)

7.1 Article 616 of the Code of Company Law concerning the establishment of a reserve fund is not applicable to companies having the status of a closed-end investment company by Belgian law in accordance with article 21, § 4, of the law of 3 August 2012.

7.2. The company shall, by way of remuneration of the capital, distribute an amount that shall correspond at least to the positive difference between (i) 80 % of the amount determined according to the table in Chapter III of Annex C of the royal decree of 7 December 2010 and (ii) the net decrease, in the course of the same financial year, of the indebtedness of the company as specified in article 27 of the royal decree of 7 December 2010.

7.3. The company shall simultaneously comply with the obligations regarding distributions that have been imposed on it or that may be imposed on it by the laws of any State that may be applicable to it and in particular the obligations regarding distribution that may be imposed on it by virtue of its acceptance of the status of "Société d'Investissements Immobiliers Cotée" ("SIIC") ("Listed Company for Real Estate Investments" – "LCREI") in accordance with article 208 – C of the "Code Général des Impôts français" ("General Code of French Taxes") on the ground of its transactions in France.

7.4. The balance shall be allocated in the manner resolved by the shareholder's meeting on proposal of the board of directors

7.5. The company may distribute an optional dividend with or without cash complement.

7.6. Unclaimed dividends of registered shares and fees within the five years of their payment will expire.

8. GENERAL PROVISIONS

Article 45 – Election of domicile

For the performance of these articles of association, every shareholder, managing director, member of the coordination committee, director, liquidator who is domiciled abroad, makes an election of domicile at the company's registered office where all communications, default notices, writs of summons or notifications can validly be served.

Article 46 - Jurisdiction

For all lawsuits between the company, its shareholders, bondholders, managing director, member of executive committee and liquidators concerning the affairs of the company and the execution of the present articles of association, only the courts of the registered office of the company shall have jurisdiction, unless the company expressly waives such jurisdiction.

Article 47 – General law

47.1. Parties agree to fully comply with the Code of Company Law, as well as with the law of 3 August 2012 and with their implementing royal decrees and more particularly the royal decree of 7 December 2010.
As a consequence, the provisions of said laws are deemed to be set forth in these articles of association, and all provisions conflicting with the imperative provisions of these laws are deemed non-existent, unless lawful departure.

47.2. Special mention is made, in accordance with articles 21, § 4 and 101, § 1, second subparagraph, of the law of 3 August 2012, that articles 111, 141, 2°, 439, 440, 448, 477 and 616 of the Code of Company Law are not applicable.

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Appendix III: Communication with external and internal stakeholders [G4-24 | G4-26]

✶ Within the framework of Befimmo's materiality matrix creation, a one-to-one interview by the CSR Manager was organised with this stakeholder, which provided an opportunity to explore the stakeholder's expectations.

Level	External stakeholders	Activities
Public authorities	**European Union**	› Monitoring of new legislation
	Brussels: BIM/IBGE ✶ Brussels Institute for Environmental Management (1) **Wallonie: DGARNE** Operational Directorate-General for Agriculture, Natural Resources and Environment (2)	Befimmo endeavours to maintain good relations and synergies with **IBGE**. In September 2012, Befimmo gave a presentation to officials of the IBGE Department of Energy in which it explained the viewpoint and workings of the real-estate sector, and its difficulties with the measures taken by IBGE regarding sustainable buildings. This very constructive brainstorming was beneficial to both parties and will certainly be repeated.
	Flandre: LNE Department of Environment, Nature and Energy(3)	› Monitoring of regional legislation; › Interaction during the design phase of major renovations; › Participation in exemplary buildings competitions.
Non-profit associations	**BRE** Building Research Establishment	**BRE** has developed the BRE Environmental Assessment Method (BREEAM), a global standard and an environmental assessment rating system for buildings, launched in 1990. More than 200,000 buildings are BREEAM certified. The association issues BREEAM certifications.
	Business & Society asbl ✶ A reference network for businesses striving, in collaboration with various stakeholders, to build a sustainable society.	**B&S** conducted a comprehensive assessment of the Company when it entered the network. Befimmo's results were described in the Annual Financial Report 2011. Befimmo continues to gradually improve as far as possible the shortcomings reported. The main ones were mobility, diversity and enhancing relationships with stakeholders. As an active member, Befimmo regularly attends information meetings and working groups organised by B&S.
Sectoral associations	**UPSI** Professional Union of the Real-Estate Sector (4)	Befimmo reste très investie dans la relation qu'elle entretient Befimmo continues to maintain close ties with **UPSI**. UPSI and Befimmo actively cooperated again in 2013 via working groups to incorporate federal and regional real-estate requirements.

(1) www.ibgebim.be.
(2) http://environnement.wallonie.be/administration/orgdgarne.htm.
(3) www.lne.be.
(4) www.upsi-bvs.be.

Level	External stakeholders	Activities
Sectoral associations	**UPSI** Professional Union of the Real-Estate Sector (4)	During the 2013 fiscal year, the following main topics were dealt with: the BREEAM-compatible Sustainable Building benchmark and setting up Breeam.be, environmental liability 2015, the energy performance of buildings, urban development charges, the order of 2 May 2013 on COBRACE. The CEO serves on the UPSI Board of Directors and the CTO is Chairman of its Technical Commission. The CFO also participates in the UPSI Taxation Committee: discussion of the impact of (new) tax regulations, determining the sector's stance on these issues.
	Construction Confederation ✶	A one-to-one interview by the CSR Manager with the Construction Confederation provided an opportunity to explore this stakeholder's expectations.
	RICS Royal Institution of Chartered Surveyors (5)	**RICS** is an independent non-profit body with nearly 100,000 qualified members in some 140 countries. RICS establishes high standards of competence and integrity, organises training and specific studies, and helps its members to fine-tune their sustainable-development strategies. The CEO is a Fellow Member of RICS. The CTO is a member of the Board of RICS Belux.
	EPRA ✶ European Public Real Estate Association (6)	With over 200 active members, **EPRA** is the voice of European listed real-estate companies and represents €250 billion of real-estate assets. EPRA establishes good practice in accounting, information and corporate governance. It provides quality information to investors and publishes financial and environmental reporting standards which Befimmo meets every year. The CEO sat on the Board of EPRA until the end of his term, until September 2012. The General Secretary and the CFO are members of the EPRA Regulatory Committee: discussion of European regulations in preparation, defence of the sector's position in relation to draft regulations.
Tenants [G4-PR5]	**Private tenants** ✶	Befimmo intends to invite its tenants to take part in its approach to achieve more sustainable development, and to that end proposes to organise biannual meetings between tenants, the property manager and Befimmo's commercial department in order to inform tenants about the building they occupy, its technical operation, and the influence and role of each party in relation to environmental protection. A Cooperation Agreement and a Building User Guide (BUG) will be systematically offered to new tenants as well as to existing ones. The integration of the property management business has made Befimmo the tenant's day-to-day contact point, and it therefore has more room to manoeuvre in raising its customers' awareness of these environmental issues. › Several one-to-one interviews by the CSR Manager and commercial staff have been an opportunity to explore this stakeholders' expectations.

(5) www.rics.org.
(6) www.epra.com.

Level	External stakeholders	Activities
Tenants [G4-PR5]	**Public tenants** **Buildings Agency** ✶	The Buildings Agency is the main tenant in Befimmo's portfolio. › A one-to-one interview by the CSR Manager, the Senior Environmental Manager and the SPOC with the Buildings Agency, as the main tenant in Befimmo's portfolio, was an opportunity to explore this stakeholder's expectations.
Analysts, Investors, Shareholders and others ✶	Befimmo answers specific questionnaires on Social Responsibility from stakeholders. The answers to these questionnaires are made available to other stakeholders via the Company website www.befimmo.be/en/questionnaires. Furthermore, Befimmo regularly presents its approach at roadshows and lectures on this topic. (i) The CEO took part as a speaker in January 2014 in a presentation to institutional investors "Investors Forum". He explained Befimmo's Social Responsibility strategy in that presentation. (ii) In 2013, the CTO also took part in training in sustainable real estate at the University of Leuven. General feedback from analysts/investors Overall, the Company's strengths have been assessed as: › strategy and analysis; › reporting, disclosure and external communication; › environmental aspects; › monitoring; › certification. Areas for improvement are: › socio-economic aspects; › relationship with rental customers. › A dialogue between the CSR Manager, in cooperation with the IR Officer and a financial analyst who has been following Befimmo for many years and represents many institutional investors, was an opportunity to explore this stakeholder's expectations. Assessment questionnaire In line with Befimmo's desire to come into more direct contact with external stakeholders, they can also assess Befimmo's sustainable development approach and make comments and suggestions for improvement by filling in an "External Stakeholders questionnaire" which is available on the corporate website at: http://www.befimmo.be/en/stakeholders-questionnaire. In 2013, no comments were made on the feedback form available on the website.	
	Carbon Disclosure Project (1) ✶	Befimmo answered the CDP questionnaire during the past fiscal year. Befimmo took part in reporting carbon emissions linked to its activities by responding to the questionnaire of the "Carbon Disclosure Project", which aims to set up a global database of corporate greenhouse-gas emissions. This organisation acts on behalf of 767 investors representing more than US$92 trillion in assets. In late December, Befimmo received its score on the CDP 2013 questionnaire, doubling the figure for 2012. It achieved a score of 81%, exceeding the average for the real-estate sector. This substantial increase in Befimmo's score reflects the quality of its reporting for investors. › The CSR Manager took account of the topics and questions raised by investors in exploring the expectations of these stakeholders.

(1) www.cdproject.net.

Level	External stakeholders	Activities
	GRESB (2) ✶ Global Real Estate Sustainability Benchmark	GRESB members are institutional investors representing a total of more than US$6.1 trillion. Befimmo also answered the GRESB questionnaire during the past fiscal year. Thanks to the action taken in recent years, Befimmo increased its score and improved its shortcomings identified at the beginning, namely the involvement of management in the CSR and social factors strategy. It was awarded a "Green Star" in 2012, and retained it in 2013. While Befimmo has achieved a higher level than its competitors, it still has matters requiring attention, such as new developments, performance indicators and stakeholder commitments. › The CSR Manager took account of the topics and questions raised by investors in exploring the expectations of these stakeholders.
Architects, Consultancy bureaux	Various bureaux involved in the major renovations	Consultation from the design stage to identify the impacts and opportunities of major renovations.
Property managers	BNP Paribas Fortis, Single tenants	Regular meetings to assess opportunities for improvement, at both strategic and operational levels.
Subcontractors Suppliers	External property managers/ maintenance companies ✶	Regular consultation at strategic and operational levels with the principal external property manager helps to identify priorities to be addressed for reducing environmental impact. The property manager, as the main point of contact with maintenance companies, is responsible for educating them. The property manager also plays an important role in educating tenants and is audited annually by and at the initiative of Befimmo. › A one-to-one interview by the CSR Manager with a maintenance company provided an opportunity to explore this stakeholder's expectations
	Suppliers ✶	Suppliers and contractors must abide by sustainable procurement procedures and the minimum technical criteria that Befimmo has devised, to demonstrate the measures they are taking to reduce and/or manage environmental risks.

(2) www.gresb.com

Level	Internal stakeholder	Activities
Board of Directors	Directors ✶	› During the materiality exercise, the directors were informed of the various steps involved, took part in the preparation of the matrix by answering a questionnaire and validated the matrix and the priority topics at a meeting organised by the CEO in cooperation with the CSR Manager.
Management	Executive Officers ✶	The executive officers are members of the professional associations in their fields of expertise. For example, the General Secretary is a member of the Belgian Association of Listed Companies (FEB) [governance and financial regulations], the CFO is on the Issuer Committee Large Caps organised by Euronext Brussels [discussion of topics of interest to issuers], the Sicafi sector working party [discussion of various regulatory and fiscal issues impacting the sector] and the Vlerick FEIB CFO club. › During the materiality exercise, two management meetings were organised. The first meeting aimed to take a practical approach, firstly prioritising and validating the CSR topics and, secondly, approving the identified stakeholders. The second meeting took a more abstract approach, taking a step back from the exercise of prioritising the topics, through the involvement of an external speaker.
Befimmo team	All team members ✶	› Almost all members of the team took part in preparing the materiality matrix by responding via the intranet to a confidential and anonymous satisfaction survey notably covering well-being, internal communication, mobility and Befimmo's Social Responsibility strategy.
Potential candidates	Students of the Louvain School of Management ✶	In 2013, Befimmo made a positive response to the call for corporate projects organised by the Louvain School of Management. › Under the supervision of the CSR Manager, a group of students produced a questionnaire on CSR, interviewed some fifteen students and professors from various Belgian universities and consolidated the expectations of these students, as potential future candidates, for incorporation into the materiality matrix.
Property management	Befimmo Property Services SA (100% subsidiary) ✶	› A one-to-one interview by the CSR Manager with the Head of Property Management provided an opportunity to explore this stakeholder's expectations.
Outsourced services	External Human Resources consultant ✶	› A one-to-one interview by the CSR Manager with the HR consultant provided an opportunity to explore this stakeholder's expectations.

Appendix IV: Analysis of stakeholders’ expectations

[G4-20 | G4-21 | G4-27]

★ Important on the short term
✫ Important on the mid-long term
☆ Important on the long term

	Priorities	Subcontractors, Suppliers	Shareholders, Investors, Analysts	Professional associations	Public authorities	Certification and inspection bodies	Tenants [G4-PR5]	Property managers	Befimmo’s team	Potential candidates	All stakeholders
Environment	Certifications	★	★	★	★	★	★	✫	★	★	★
	Waste	★	★	★	★	★	★	☆	✫	★	★
	Energy	★	★	★	★	★	★	★	★	★	★
	Raw materials	★	✫	★	★	★	★	✫	✫	★	★
	Water	✫	★	★	★	★	★	✫	✫	✫	★
	Air pollution	✫	✫	★	★	★	★	★	✫	★	★
	Mobility	★	✫	★	★	★	★	✫	✫	✫	★
	CO_2e emissions | Climat changes	★	★	★	★	★	★	★	★	✫	★
	Life cycle	★	✫	★	✫	★	★	★	✫	✫	★
	Biodiversity	✫	✫	✫	✫	✫	✫	✫	✫	✫	✫
Team	Ethics (HR management, recruitment, etc.)	★	★	★	✫	★	★	✫	✫	★	★
	Well-being | Balance work/private life	★	✫	★	★	★	★	✫	★	★	★
	Mobility (CSR Conciousness)	★	✫	★	★	★	★	✫	★	✫	★
	Training | Appraisal	✫	✫	★	☆	★	★	✫	✫	★	✫
	Social commitment	✫	✫	✫	✫	✫	✫	★	✫	★	✫
	Dialogue employee/employer	★	✫	✫	✫	★	★	★	★	★	★
Responsible purchases	Choice of products/services/materials	★	★	★	★	★	★	✫	★	★	★
	Choice of suppliers	★	★	★	★	★	★	★	★	★	★
Governance	Legislation/compliance	★	★	★	★	★	★	★	★	✫	★
	Reporting / Communication	★	★	★	★	★	★	★	✫	✫	★
	Real-estate disinvestments	✫	✫	✫	✫	✫	✫	☆	✫	✫	✫
	Relations | Dialogue with stakeholders	★	★	★	★	★	★	★	★	★	★
Responsibility towards clients	Selection / Choice	★	✫	✫	✫	★	✫	★	✫	✫	✫
	Safety & Health	★	✫	★	✫	★	★	✫	✫	★	★
	Privacy	✫	✫	✫	✫	★	✫	✫	☆	★	✫
	Dialogue	★	★	★	★	★	★	★	★	✫	★
	Client-oriented service	✫	✫	✫	✫	★	★	★	★	✫	✫
	Education & awareness	★	✫	★	★	★	★	★	★	✫	★
Ethics	Ethics	★	★	★	★	★	★	✫	★	★	★

Appendix V: Methodology

[G4-22]

ELECTRICITY – GAS – WATER – GREENHOUSE-GAS EMISSIONS

The reporting methodology used in 2013 has not fundamentally changed in relation to 2012.

General remark:

After checking, some additional historical data obtained after the publication of the last Annual Report were integrated, where appropriate, into the available data.

Other minor changes were also made to the data in order to improve the quality and accuracy of the consolidated data for environmental reporting, notably:

- Global Lettable Area (GLA) was updated where assets were re-surveyed;
- The conversion factors needed to calculate CO_2e emissions were checked and updated;
- Certain data showing abnormally high or low consumption were excluded from the specific consumption calculations;
- The method of calculating the floor area for the gas consumption data were adjusted to include only the buildings that consume gas.

Interpreting the data and results in the environmental reporting tables

In most cases the available information was processed separately for the Befimmo and Fedimmo portfolios. These two companies were also subdivided by country and region; their respective sizes relative to the total area are expressed as a percentage in the table hereafter.

	Befimmo					
	2008	**2009**	**2010**	**2011**	**2012**	**2013**
GLA[1] Total (m²)	502 636	513 901	513 331	516 542	518 387	606 346
Brussels	68%	66%	66%	66%	66%	61%
Flanders	29%	28%	28%	28%	28%	34%
Wallonia	3%	3%	3%	3%	3%	3%
Luxembourg	0%	3%	3%	3%	3%	2%

	Fedimmo					
	2008	**2009**	**2010**	**2011**	**2012**	**2013**
GLA[1] Total (m²)	349 001	344 371	344 766	332 662	332 662	332 663
Brussels	32%	32%	32%	33%	33%	33%
Flanders	45%	44%	44%	42%	42%	42%
Wallonia	23%	23%	23%	24%	24%	24%

This **segmentation by country/region** was applied to the most relevant energy and environmental performance indicators.

This concept of weighting by region helps to interpret and assess the results.

The reporting perimeter is expressed as a percentage and is determined on the basis of the ratio between the area covered by the data obtained and the total floor area of the portfolio for the considered period. It is directly affected by any sales and/or acquisitions.

The calculation at **constant perimeter**, expressed as a year-on-year percentage difference, helps to assess how an indicator changes over time. Indeed, by excluding variations due to changes in floor area, it is possible to analyse, compare and explain the results achieved in relation to the stated objectives.

(1) Gross Lettable Area.

The **total of all assets** is the value corresponding to the data for the indicator calculated on the basis of the reporting perimeter.

The **average annual occupancy rate** (calculated on the basis of historical monthly occupancy) of the buildings is an important factor that occurs repeatedly in the data processing.

- Excluded perimeter: When reporting at constant floor area, any difference of more than 10% of the average occupancy rate for the same building entails the exclusion of the building from the reporting perimeter.
- Calculation of the specific energy consumption: The area of a building used to calculate the specific energy consumption is proportional to the average annual occupancy rate. An occupancy rate of 100% implies taking account of 100% of the area of the property when calculating the floor area. However, to cater for irreducible basic consumption, the minimum rate is deliberately restricted to 50%.

On the basis of the long-term lease agreement with the Buildings Agency, the occupancy rate of Fedimmo's buildings is considered to be 100%. It may nevertheless happen that, in certain special circumstances, that rate does not reflect the actual occupancy of the building and that the figures reported in these rare cases are not representative.

The expression "n.a." used several times in the data analysis tables means "not applicable".

This applies:
- Where a building was not in the portfolio at the reporting date (the only case being the Axento building in Luxembourg);
- Where data are not available;
- Where the floor area relating to the production of renewable energy has not been measured and/or in the absence of data for that production source.

Generally speaking,

- Abnormal consumption data (water, gas, electricity) discovered and possibly related to an occasional activity in the building, such as a major renovation, are removed from the reporting perimeter so as to avoid influencing the results and specific consumption in particular.
- Any incomplete or partial consumption data obtained are systematically excluded from the perimeter.

- The electricity consumption data for private areas obtained directly from information received from tenants with a utility-company meter and unspecified own supply contracts are counted as non-renewable power. Where the type of supply contract is known, only contracts specified as "100% green" are considered renewable, and a zero CO_2e emission rate is applied.

Furthermore, calculations of CO_2e emissions are reviewed and adjusted, including for historical data, based on any new information provided by the tenants regarding their private energy supply contracts.

CO_2e emission factors (g CO_2e/kWh)

Supplier	Type	2009	2010	2011	2012	2013
Electrabel	Gas					188
Electrabel	Normal electricity	202	177	158	168	153
Electrabel	Green electricity	0	0	0	0	0
City of Luxembourg	Heating network	43	43	43	43	43
Luxembourg	Green electricity	0	0	0	0	0

Type	2009-2013	Units
Diesel	2.662	kg Co_2e/litre
Petrol	2.425	kg Co_2e/litre
Plane (short-haul flight)	0.126	kg Co_2e/km
Plane (long-haul flight)	0.113	kg Co_2e/km
Train	0.015	kg Co_2e/km

Appendix VI: Social Responsibility Programme

[G4-27]

THE ENVIRONMENT

I: Internal stakeholder (team) | External stakeholders (Tenants: **M** (multiple tenants) - **S** (single tenant) - **B** (Buildings Agency)

ENERGY

	Action plan		Status
Implementation	Electricity	Cut consumption of office equipment on standby (computers, printers, photocopiers, etc.). for corporate premises.	New initiative
		Sustain regular cooperation with the heads of the Buildings Agency to stay informed of their projects on energy and sustainable development with a view to improving the energy performance of the Fedimmo portfolio.	Continuous improvement
	Water	Include the recovery of rainwater and/or groundwater in new projects (renovations or new constructions).	Continuous improvement
		Monitoring of anomalous consumption by telemonitoring.	Continuous improvement
	Gas | Electricity | Water	Improved management of consumer data, or improve the quality of telemonitoring data, and improve the cross-referencing and consolidation of electronic billing data from network providers with data from telemonitoring.	Partially completed
		Continue to work on quick-wins, such as monitoring alarm management, control and standardisation of operating hours of technical installations, educating tenants and maintenance companies, etc., with a view to improving the energy performance of the Befimmo portfolio.	Continuous improvement
		Multiannual five-year energy investment plan based notably on energy audits and check of the effectiveness of energy investments made (improved pay-back time).	Continuous improvement
	Other	Recruit a Green Advisor to check energy investments. This is an operational position with responsibility for checking the effectiveness of energy measures on the ground.	New objective
Impacts	**Indicators**		**GRI-G4**
	Consumption related to heating of buildings: › total [kWh] › specific [kWh/m²]		G4-EN3 to G4-EN7
	Electricity consumption in common and private areas of buildings: › total [kWh] › specific [kWh/m²]		G4-EN3 to G4-EN7

Perimeter				Objectives & achievements in 2013	Specific measures
I	M	S	B		
√				-	IT service to generalise management of office equipment standby systems.
			√	Two meetings were organized at the initiative of Befimmo for dialogue and exchanging useful information on sustainable development and/or energy projects.	Sustain and step up cooperation on the exchange of CSR information with the Buildings Agency.
	√	√	√	Drilling for withdrawing ground water is complete for the Goemaere building. The feasibility study is under way and the permit for the Triomphe I has been applied for as part of the renovation project.	For each new construction project, assess the advisability of collecting water (rainwater, ground water, grey water).
√	√	√		Alarms for thresholds overrun have been fitted in all Befimmo buildings and have avoided significant over-consumption.	Recruit a Green Advisor to continue analysing the alarms and resolving the issues.
√	√	√	√	Collection of the necessary permission to obtain private consumption data from tenants via network managers is under way.	Continue implementing systems for consolidating and monitoring energy consumption. This work will be partially automated during 2014.
√	√	√	√	Alarms (gas and water) have all been implemented for the Befimmo portfolio. Operating hours have been provisionally set and have yet to be adjusted if necessary.	Monitor alarms and measure via the Green Advisor to be recruited.
√	√	√		The multiannual energy investments are continuing. In 2013, the budget allocated to improving the energy performance of Befimmo buildings was €1.8 million.	The budget for energy-related work is €1.5 million in 2014, €1.9 million in 2015 and €1.8 million in 2016. The budget is down slightly in 2014 compared with the 2013. This is explained by Befimmo's intention to focus on and give priority to optimising existing technical installations rather than investing in new ones.
√	√	√	√	-	Creation of the new position of Green Advisor in 2014. This measure is intended to achieve a cut in energy consumption (water-gas-electricity), ensure a proper level of tenant comfort and compliance with the environmental permit.

Impacts	Objectives	EPRA	CRESS
Cut in total energy consumption of gas and specific average weighting of buildings.	New objective: 3% cut (reference period 2013) in total natural gas consumption for 2014	Absolute measures | Intensity measures	CRE1
Cut in total energy consumption of electricity and specific average weighting of buildings.	New objective: 2.5% cut (reference period 2013) in electricity consumption in common areas for 2014. New objective: 1% cut (reference period 2013) in electricity consumption in private areas for 2014.	Absolute measures | Intensity measures	CRE1

ENERGY	Impacts	Water consumption of buildings: › total [m³] › specific [m³/m²] Water recovery in buildings: › total volume recovered by recovery type [m³]		G4-EN8 | G4-EN10
		Electricity consumption of the Befimmo headquarters: › specific [kWh/m²]		G4-EN3 | G4-EN5
		Ratio between energy savings achieved and total amount invested: › profitability ratio [%]		G4-EN6 | G4-EN31
POLLUTION	Implementation	**Action plan**		**Status**
		Carbon	Produce carbon footprint for the entire portfolio.	New objective
			Continuous improvement of carbon reporting via the Carbon Disclosure Project questionnaire.	Continuous improvement
			Explore opportunities for implementing renewable energy for the Befimmo portfolio by installing photovoltaic panels.	Completed and renewed
			Consider opportunities for implementing renewable energy in the Fedimmo portfolio.	New objective
			Analyse the various projects where cogeneration could be implemented.	New objective
		Waste	Educate the team in good (corporate) waste management through various concrete measures including cutting paper consumption per employee.	Continuous improvement
			A Cleanliness Product Manager was appointed within the team in late 2013. This person is responsible in particular for dealing with waste in the Befimmo portfolio.	New objective
			Recovery of office equipment and building components (partitions, lighting, carpets, etc.) on building sites.	Completed and renewed
	Impacts	**Indicators**		**GRI-G4**
		Greenhouse-gas emissions › total [tonnes CO_2e] › specific [tonnes CO_2e/m²]		G4-EN15 to G4-EN19
		Area of photovoltaic panels: › total [m²] Reduce the carbon footprint of buildings by producing green energy: › cut GHG emissions [tonnes/CO_2e]		G4-EN19
		Result of the Carbon Disclosure Project (CDP) and carbon footprint: › specific GHG emissions [tonnes CO_2e/m²] › CDP performance score [# points] › CDP performance band [letter A to E]		G4-EN15 to G4-EN19
		Quantities of waste generated by buildings by type of waste: › total amount of waste [tonnes]		G4 -EN23

Reduction in total and specific consumption of mains water.	No quantitative objective has been set to date. However, a new policy has been introduced to assess whether it is worth collecting water (rain water, groundwater, grey water) for each new construction project.	Absolute measures | Intensity measures	CRE2
Reduction in average electricity consumption of corporate premises.	New objective: -5% in all corporate premises by the end of 2014.	Absolute measures | Intensity measures	CRE1
Improving energy performance (gas and electricity) and checking the relevance of energy investments.	Befimmo takes account of this indicator in its energy investments. No objective has yet been set, however.	-	-

Perimeter				**Objectives & achievements in 2013**	**Specific measures**
I	**M**	**S**	**B**		
√	√	√	√		Environment Manager to produce a carbon footprint of the Befimmo portfolio by the end of 2014. This footprint will be a reference tool for setting new qualitative and quantitative targets.
				Befimmo responded to the CDP questionnaire as it does every year. Befimmo has significantly improved its reporting and has doubled its score to 81%.	Ensure a level of reporting at least equivalent to the current level for the 2014 questionnaire, which must be completed by June 2014.
	√	√		The installation of photovoltaic panels for the planned buildings has been completed. In 2013, Befimmo installed 847 m² of additional photovoltaic panels in relation to 2012. Current total coverage is almost 2,000 m². The target set in early 2013 of 15% more space was easily exceeded.	In view of the renovation and construction in progress and planned, the total area of solar panels will be further increased. The total coverage should increase from 1,895 m² at the end of 2013 to 3,310 m² by the end of 2014.
			√	Befimmo does not have the necessary information in terms of renewable energy from the Buildings Agency.	Identify projects that have a pay-back time shorter than the duration of the lease by the end of 2014.
	√	√		The study for installing a cogeneration plant in the View building has been completed.	Installing cogeneration in the View Building. New feasibility studies will be conducted during 2014 throughout the whole portfolio, including Fedimmo's.
√				Befimmo has provided sorting bins and set printers to recto/verso by default. Average paper consumption was 71 kg/employee in 2012 and 53 kg in 2013, a decline of about 25%.	Continue to educate the team.
	√	√			The Cleanliness Product Manager is responsible for centralising and consolidating the data on the amount of waste generated, producing statistics and cost comparisons, setting up framework contracts and, with the help of an external partner, running awareness campaigns for tenants and their respective cleaning companies, etc.
	√	√	√	Befimmo has recovered materials on three current building sites. 750 light fittings and 37 tonnes of miscellaneous materials were recovered on building sites.	Steps to encourage a contractor/materials reclamation non-profit association, such as ROTOR, will continue on all sites. The next site planned is Brederode 9 which will open early in 2015.

Impacts	**Objectives**	**EPRA**	**CRESS**
Cutting greenhouse gas emissions.	No target has as yet been set. The situation will be analysed as soon as the carbon footprint is produced.	Absolute measures | Intensity measures	CRE3
Increase renewable energy and reduce the impact of buildings on the climate.	Increase the total area of solar panels by 75%, from 1,895 m² in late 2013 to 3,310 m² covered area in late 2014.	-	-
Transparency on air pollution.	Maintain a high score of > 80%.	Absolute measures | Intensity measures	CRE3
Waste reduction.	On this day, no target has yet been set for waste of construction site and waste from tenants. Befimmo aims first to educate its tenants and suppliers. As for the team, Befimmo is committed to further cutting its paper consumption per employee.	Absolute measures | Intensity measures	-

MOBILITY	**Implementation**	**Action plan**		**Status**
		Befimmo team	Cut CO_2e emissions in the Befimmo car park.	Continuous improvement
			Development of a mobility plan to encourage sustainable mobility.	Not completed and postponed
	Impacts		Analyse the feasibility and possibly test the usefulness of an electric vehicle for a short period for short trips by the team, such as: Zencar, Athlon, etc.	Completed
		Indicators		**GRI-G4**
		Vehicle emissions in the vehicle fleet: › Average CO_2e rate of the fleet [gCO_2e/km]		G4-EN15 |G4-EN30
CERTIFICATION	**Implementation**	**Action plan**		**Status**
		ISO 14001	Process of improving and simplifying the procedures of the Environmental Management System (EMS), including the integration of the property management business.	Continuous improvement
			Review of "impacts aspect": update the register and introduce new criteria (e.g. BREEAM score, water and energy consumption/m^2, EPB certification level, K and E coefficients, etc.). Also include positive impacts on the environment (e.g. solar panels).	Continuous improvement
		BREEAM	BREEAM IN-USE Asset: (i) carry out certification for new acquisitions, (ii) continue the programme of upgrading certification for buildings already certified by improving the score (Pass to Good) and (iii) update the certificates of the buildings that have undergone major renovations.	Partially complete
			BREEAM IN-USE Management: assess whether it is worth considering an upgrade of this certification for the Befimmo portfolio.	Not completed and postponed
		Other	Study of whether it is worthwhile implementing ISO 9001 certification (integrated management throughout the Company).	Partially complete
			At corporate level, apply for an eco-dynamic label (IBGE).	Not completed and postponed
	Impacts	**Indicators**		**GRI-G4**
		BREEAM level of buildings: › BREEAM In-Use Asset score [level on the BREEAM scale] › BREEAM In-Use Management score [level on the BREEAM scale] › BREEAM Design score [level on the BREEAM scale] › ISO 14001 certification obtained		G4-PR3
		Correspondence of levels in GRI, CDP and GRESB standards: › GRI Materiality Matters Check › CDP performance score [# points] › CDP performance band [letter A to E] › GRESB Overall score [%] › GRESB Benchmark position [Green position]		G4-PR7

Perimeter				Objectives & achievements in 2013	Specific measures		
I	M	S	B				
√				The objective for 2013 of reducing CO_2e emissions by 3% in the Befimmo vehicle fleet was achieved and even exceeded. This cut in the overall average emission rate per vehicle by 8.5% in 2013 in relation to 2012 is the result of applying the 2012 car policy to new and replacement vehicles.	Befimmo intends to pursue its policy of awareness-raising in the team and introducing the 2012 car policy.		
√				This goal has not yet been achieved but is reported as an objective for 2014.	By mid-2014, Befimmo will carry out a general analysis of mobility opportunities, with the help of external consultants.		
√				With regard to the integration of an electric vehicle in the pooling fleet, many studies were conducted (electric, hybrid, etc.) in 2013 and Befimmo chose an electric two-seater.	Befimmo signed a one-year contract to test the usefulness of such a vehicle. The renewal of this contract will be reviewed in one year's time, in early 2015.		
Impacts					**Objectives**	**EPRA**	**CRESS**
Cut CO_2e emissions related to staff transport.					Before setting specific goals, Befimmo plans to review the calculation of overall emissions of its fleet by adding new parameters such as mileage, Ecoscore, etc.	-	-

Perimeter				Objectives & achievements in 2013	Specific measures		
I	M	S	B				
	√	√	√	Review and simplify current procedures.	Pursue this goal. The review and simplification should be completed by the end of April 2014.		
	√	√	√	Analysis and inventory work in progress.	Pursue this goal. This analysis work should be completed by the end of April 2014. Then validation and review of the register by management.		
	√	√	√	Attention was focused on Ikaros Park with a view to raising the score of all the remaining buildings at once. The quantitative target (set in 2012) to upgrade 7-8 buildings per year for five years was not achieved. In 2013, only three buildings were upgraded.	The aim is to continue along this path of improving the rating (Pass => Good) for 20 new buildings over 2014. The improvement in the rating of the remaining 15 buildings is planned by the end of 2015. The rating of the buildings undergoing renovation is reviewed as appropriate in each case after completion of the work.		
	√	√		This objective has been suspended temporarily pending the integration of the property management business.	After the property management business has been fully integrated in 2014, Befimmo will assess the added value of improving the BREEAM Management rating of its portfolio. New objectives will be set if appropriate.		
	√	√	√	An opinion on incorporating ISO 9001 certification has been requested from an external consultant in the context of the project to review and simplify ISO 14001 procedures. There is nothing against continuing to improve these procedures as proposed by Befimmo. It is quite possible to implement ISO 9001 from the existing ISO 14001.	In 2014, Befimmo will give priority to developing and improving the ISO 14001 certification but with a vision broad enough to encompass ISO 9001.		
				This objective has been left temporarily suspended due to the integration of property management. However, it is carried over as an objective for 2014.	At corporate level, apply for an eco-dynamic label (IBGE) by the end of 2014.		
Impacts					**Objectives**	**EPRA**	**CRESS**
Recognition of environmental measures.					Over the coming years, Befimmo will continue to develop and improve its ISO 14001 certification and the BREEAM certifications level of its buildings.	-	-
Align CSR measures with standards.					Over the coming years, Befimmo will continue to subscribe to the GRI guidelines and respond to questionnaires (GRESB, CDP, etc.) published by investors. The continuous improvement objective relates to both the reporting level and the results presented.	-	-

THE TEAM

WELL-BEING		Action plan		Status
	Implementation	Survey of the team	Continue implementing the recommendations from the well-being and efficiency at work survey, conducted in 2012.	Completed and renewed
			Respond to the Business & Society questionnaire via their new tool for assessing companies in terms of CSR, developed in collaboration with CAP Conseil. The tool was developed according to ISO 26000 and has links to the GRI indicators; it will be available in the second quarter of 2014.	New objective
		Procedures	Introduce a "seminars and training" procedure and systematic notification of any entry to the HR department. Create a feedback form to be completed after each seminar. Introduce a procedure for managing absenteeism.	Completed
		New ways of working	Consider New Ways of Working topics, follow best practices.	New objective
		Values	Further develop the values identified to put them into practice within Befimmo and have them recognised outside through our activities.	New objective
		Training & career development	Access to information on available training.	New objective
			Training in sustainable development for the team.	Completed and renewed
			Review of the appraisal process and introduction of a development plan.	New objective
		Indicators		**GRI-G4**
	Impacts	Staff satisfaction survey: › participation rate [%] › how far do you agree with the statement "The Befimmo management cares for the well-being of its employees" [results] Absenteeism: › absenteeism rate [# average hours absent/# theoretical working hours] Retention: › staff turnover [(# recruitments - # departures)/total staff at start of period] › distribution and benefits of part-time and full-time working Comparison with third parties: › "Employer of the Year" award		G4-LA1 | G4-LA2 | G4-LA6
		Staff satisfaction survey: › participation rate [%] › responses to the section on business culture and team spirit [results]		
		Internal mobility: › promotion rate [# promotions/total workforce] › internal recruitment rate [# internal transfers/total workforce] Training: › time in training [# training hours/year] › training expenditure per employee [Training expenditure/total workforce] Staff satisfaction survey: › participation rate [%] › responses to the "Training & development" section [results]		G4-LA9 to G4-LA11

Perimeter Team	Objectives & achievements in 2013	Specific measures
√	All points approved by the management have been implemented. Moreover, 1 January 2013 saw the start of out-patient care insurance, Vision Care and the new cover against incapacity for work. A new satisfaction survey was conducted at the end of 2013.	Follow-up of the specific measures implemented as a result of the satisfaction survey and a new satisfaction survey to be conducted at least every two years.
√		To take stock of the state of integration of CSR within Befimmo and raise staff awareness of CSR topics. The tool will be used as an internal management tool for CSR and allow benchmarking between member companies of B&S. Once the assessment is complete (by the end of 2014), Befimmo will receive a report on its strengths and weaknesses, together with recommendations.
√	Both procedures have been completed and posted on the intranet.	The HR department is responsible for checking that these procedures are relevant and effective.
√		During 2014, the CSR Manager will be responsible – in cooperation with HR – for monitoring best practices, analysing its relevance and making proposals to management.
√		Following the satisfaction survey, three values were identified and communicated within Befimmo. These values will be further developed during 2014 through various activities, discussions, etc.
√		During 2014, the HR Department will centralise information on training, improve communication with managers on existing training courses and inform the team of the procedure in place.
√	Presentation on sustainable construction to the whole Befimmo team.	Further training on environmental topics, within the framework of ISO 14001, will be given to the team during 2014.
√		Skills development boosts the staff's motivation to progress, empowering them to take responsibility and to display their versatility. The objective is to review the appraisal process in order to focus less on employees' achievements, difficulties encountered over the past year and their performance, and more on their development and how to enable them to attain each stage in their development. This review should be completed by end of 2014.

Impacts	Objectives
Enhance the team's well-being and satisfaction.	The involvement of the Befimmo team is crucial to the success of its global strategy. Befimmo therefore plans to conduct further satisfaction surveys to measure at least every two years any changes in the mindset of managers and employees regarding CSR and check their level of knowledge and commitment. The objective is to maintain a high rate of participation (> 85%) in each survey.
Integration of the Befimmo culture | the values are actually experienced within the team.	
Career development opportunities within the company.	The objective is to review the appraisal process in order to focus more on employee development.

Appendices

ETHICS	Implementation	**Action plan**		**Status**
		Diversity	Discussion of diversity within Befimmo (age, gender, origin, language, etc.).	New objective
		Other	To ensure fair treatment of the team, Befimmo uses market research as a benchmark.	Continuous improvement
			Integration of CSR into the team through annual targets during year-end appraisals.	Completed and renewed
	Impacts	**Indicators**		**GRI-G4**
		Gender diversity: › male/female ratio in the team [%] Generational diversity: › breakdown of workforce by age group [%] Cultural diversity: › breakdown of workforce by region of origin [%] › breakdown of workforce by mother tongue [%] Number of complaints filed		G4-LA12 | G4-LA16
DIALOGUE	Implementation	**Action plan**		**Status**
		Commu-nication	Consideration and improvement of intranet content.	New objective
			In-house presentations and information to be more varied and more frequent on all relevant topics.	New objective
			Enhance dialogue between departments, promote teamwork and improve the dissemination of information.	New objective
			Post a special "did you know" on the Environmental Management System once a month on the intranet.	Not completed and postponed
			Appeal to the creativity of the team on specific topics.	New objective
	Impacts	**Indicators**		**GRI-G4**
		Staff satisfaction survey: › participation rate [%] › responses to the section on internal and external communication [results] › answers to questions on the subjects on which the communication needs to be improved [results]		-
		Staff satisfaction survey: › participation rate [%] › responses to the section on internal and external communication [results]		-
		Staff satisfaction survey: › participation rate [%] › responses to the section on "My role in the organisation" [results] Entrepreneurship: › ideas from team members that have been developed [#]		-

Perimeter Team	Objectives & achievements in 2013	Specific measures
√		In 2014, Befimmo intends to commit to a diversity plan under the diversity label of the Brussels Capital Region.
√		Continue to employ benchmarks and ensure fair treatment of the team.
√		Continued integration of annual CSR objective into future appraisals.
Impacts		**Objectives**
Increasing diversity within the team.		In 2014, Befimmo intends to commit to a diversity plan under the diversity label of the Brussels Capital Region.

Perimeter Team	Objectives & achievements in 2013	Specific measures
√		The intranet is highly appreciated by the team and is in everyday use for internal communication. In 2014 Befimmo aims to facilitate access and improve its content to increase its appeal and boost traffic.
√		Improve the team's knowledge of the activities of each department, the content of certain specific functions, etc. by organising "breakfast presentations" facilitated by the staff concerned.
√		Organise regular inter-departmental meetings to enhance communication and facilitate relations and transmission of information between departments.
√	This objective has been temporarily suspended since the review and simplification of EMS procedures has yet to happen.	Achieve integration during 2014.
√		Consult the team more regularly via the intranet to appeal for ideas, thereby enabling staff to make suggestions on specific topics.
Impacts		**Objectives**
Improve internal communication.		Improve internal communication and make it more efficient.
Facilitate in-house relationships and transmission of information.		Better information flow.
Improve staff creativity and participation.		Stimulate the team's creativity.

THE TENANTS

		Action plan		Status
DIALOGUE	Implementation	Dialogue/ communica-tion	Bring Buildings Agency and Fedimmo Social Responsibility activities into line. The Buildings Agency is implementing the guidelines laid down in the federal sustainable development plan.	Continuous improvement
			Meeting with existing tenants: meeting with commercial department every 6 months. Include environmental issues in regular talks. Meeting with new tenants: meeting with commercial staff and the Property Manager.	Completed and renewed
			Set up an extranet to publish notices from the Manager, environmental documents, access to monitoring by building, the Building User Guide (BUG), Environmental Cooperation Agreement, etc.	New objective
		Awareness-raising	Provide tenants with the Building User Guide (BUG) for their building.	Partially completed
			Encourage tenants to use green energy.	Continuous improvement
			New tenants and also existing tenants are being offered an Environmental Cooperation Agreement (formerly known as a Green Lease) associated with each lease. This agreement encourages the landlord and tenant to strive to improve the environmental performance of the building and let spaces (reducing consumption of resources, waste production, carbon emissions, etc.). The agreement is intended for new tenants but will also gradually be brought in for all existing tenants.	New objective
			Raise tenants' awareness on the compliance with the Environmental Permit.	Continuous improvement
		Help desk	Following the integration of the property management business, Befimmo set up a help desk and a quality Customer Relationship Management (CRM) system, which will subsequently be linked to the extranet.	New objective
	Impacts	**Indicators**		**GRI-G4**
		Retaining tenants: › occupancy rate of the lettable area [%] › renewal of leases [# renegotiated contracts] › weighted average term of leases [# years] Departures: › vacated areas [m²] › leases ending [# leases not renewed]		-
		Attractiveness: › occupancy rate of the lettable area [%] › new tenants [# new leases]		-
		Satisfaction survey: › participation rate [%] › responses to the section on the perception of Befimmo [results] Report of dialogues with tenants as a result of the stakeholders consultation process: › analysis of reports on tenants' perception of Befimmo [results] Management of complaints and requests: › complaints recorded via the help desk [# non-safety-related complaints]		G4-PR5 | G4-EN27

Perimeter			Objectives & achievements in 2013	Specific measures
M	S	B		
		√	Several meetings were held with the Buildings Agency in late 2013. This dialogue was an opportunity to take stock of the action taken and/or to be taken by the Buildings Agency to manage its property portfolio and in particular the situation of the Fedimmo buildings.	Continue the regular dialogue with the Buildings Agency, exchange information and have the Agency's work programme implemented to improve the energy and environmental performance of the buildings.
√	√	√	The objective has been achieved, 42 appointments made since December 2013. These talks allow us to develop a good relationship with the new tenant, better understand existing tenants, learn about any concerns they may have, etc.	Achieve the same goal in 2014, paying special attention to (i) the preparation of this dialogue in advance with the Property Manager and (ii) reporting on these dialogues by commercial staff to the Property Manager to ensure effective follow-up and implementation of specific measures.
√	√	√		Improve transparency and dialogue with rental customers and provide them with a platform where they can find general information about their building. Since the extranet will also be linked to the help desk, it will also serve as a platform for exchanging confidential information.
√	√	√	The code of conduct mentioned in the previous report has evolved into a document called the BUG. It is a guide for occupants of the building to the proper operation of the installations and for limiting the environmental footprint. Currently, the BUG has been prepared for one building.	The objective for 2014 is to produce and implement new BUGs for a prioritised list of buildings. Property management will transmit this document to new and existing tenants alike.
√	√	√	In 2013, Befimmo already identified some major tenants who have signed contracts for green energy for their private electricity consumption. These tenants represent 13 million kWh more green energy than in 2012.	Tenants' energy supply contracts are currently being re-assessed.
√	√	√		The objective for 2014 is to identify these 10 largest consumers of private electricity and to have these tenants sign this agreement, offer them solutions to reduce consumption, and review them next year to check the impact of these measures taken. This objective is therefore linked to the one for cutting electricity consumption in private areas by 1% a year for three years. The document, drafted in cooperation with the Environmental Technical Team, will be transmitted by property management to new tenants and existing tenants alike.
√	√	√	Raise awareness and check compliance via the property manager of the tenant's activities with the Environment Permit. Warn the tenant directly of any non-compliance with the operating conditions of the Environmental Permit and ask them to rectify the situation as soon as possible.	This process is ongoing.
√	√	√		Provide an efficient 24/7 help desk for tenants of the Befimmo and Fedimmo portfolios by June 2014, linked to an extranet. This tool will enable tenants easily to track their requests.

Impacts	Objectives
Tenant retention.	Maintain a high occupancy rate. Maintain a high weighted average duration of leases.
Attracting new tenants.	
Reputation (perceived positioning).	Improve current and prospective tenants' perception of Befimmo.

HEALTH & SAFETY		Action plan		Status
	Implementation	Construction site	Monitoring of safety compliance on building sites.	Continuous improvement
		Other	Recruitment of a Risk & Quality Manager, whose main responsibilities will include quality control of maintenance and tenant comfort in occupied premises.	Continuous improvement
			Property management checks that all statutory controls are properly implemented and that any observations and/or infringements arising from reports by inspectors are remedied.	Continuous improvement
	Impacts	Indicators		GRI-G4
		Accidents for which Befimmo is directly or indirectly responsible [# accidents]		G4-PR2 | G4-PR9
		Management of complaints and requests: › complaints recorded via the help desk [# safety-related complaints]		-

Perimeter			Objectives & achievements in 2013	Specific measures
M	S	B		
√	√	√	Specific safety measures – compliant with regulations – are included in the specifications. Compliance with these measures is monitored while the works are in progress (notably by external safety coordinators, site audits, BREEAM assessors, etc.).	This process is ongoing.
√	√			Befimmo has taken the decision to release the necessary resources to recruit a Risk & Quality Manager in 2014.
√	√			This process is ongoing.

Impacts	Objectives
Number of accidents.	Reduce as far as possible the number of accidents in the portfolio.
Provision of healthy buildings, offering impeccable safety. Number of complaints from tenants.	Reduce as far as possible the number of safety-related complaints.

GOVERNANCE

DIALOGUE AND COMMUNICATION	**Implementation**	**Action plan**		**Status**
		Transparent communica-tion	Respond to CDP, GRESB and other questionnaires published by institutional investors.	Continuous improvement
			Enhance dialogue with stakeholders (tenants and investors) and devise a means of communication best suited to each stakeholder.	New objective
			Audit non-financial information every two years.	Completed and renewed
			Consider Befimmo's joining the Ethibel stock index.	Completed and renewed
		Analysis	CSR benchmark (national and international references).	Continuous improvement
		Other	Creating the new position of CSR Manager.	Continuous improvement
	Impacts	**Indicators**		**GRI-G4**
		Development of expectations by topic | Materiality matrix.		-
		Review of programme.		-
		Stakeholder satisfaction survey.		G4-PR5
		Feedback from dialogues with stakeholders.		-
		Level of support from Board of Directors | Results of staff satisfaction survey.		-
		Corporate reputation estimated on the basis of stakeholder consultations.		G4-PR7
ETHICS	**Implementation**	**Action plan**		**Status**
		Sustainable procurement	Improve and update existing conditions of sustainable procurement. Notify them to suppliers as soon as possible and ensure monitoring and compliance. As a second step, draft a sustainable procurement charter and identify suppliers.	New objective
			At corporate level, analyse the sustainability of office supplies ("eco-labelled brands") other than paper, orientate procurement policy in that direction and generally adopt a "sustainable" corporate procurement policy (e.g. for gifts, etc.).	Continuous improvement
		Compliance	Educate the team in compliance with ethical values in its relations with its customers, partners and shareholders. Befimmo abides by in-house rules designed to limit the risks associated with money laundering and funding of terrorism.	Continuous improvement

Perimeter				Objectives & achievements in 2013	Specific measures
I	M	S	B		
				The objective is to respond to these questionnaires and then analyse the results and implement any necessary specific measures.	This process is ongoing
	√	√	√	In 2013, a broad consultation of around 30 internal and external stakeholders was conducted.	Continuous improvement through regular dialogue and enhanced communication tools, such as the website, intranet dedicated to the team, presentations, reports, etc. Set up an extranet for rental customers
				The limited assurance of non-financial data in the Annual Financial Report 2012 was carried out.	Since this limited assurance was conducted on 2012 data, the next exercise should relate to 2014 data. However, since Befimmo has complied for the first time with GRI-G4, it called upon an external consultant to assist with the preparation of its reporting and had a "Materiality Matters Check" carried out by the GRI.
				An analysis was performed. VIGEO, the company responsible for integration into the Ethibel index, analyses only companies that are already in the DJ Stoxx 1800 and the MSCI World index. Since Befimmo's market capitalisation is too low to belong to those indexes, VIGEO did not analyse the Company for inclusion in the Ethibel index. The next analysis will take place in June 2015.	VIGEO will be contacted when the next analysis takes place, i.e. by June 2015.
				This objective was achieved through studies, reports published by GRESB and CDP, discussions with Business & Society, the industry, etc.	This approach is to continue and a CSR benchmark will be completed by December 2014.
√	√	√	√	In September 2013, Befimmo created the new position of CSR Manager.	Continue to strengthen Social Responsibility. The CSR Manager has a role that is both strategic (developing CSR strategy, managing relations with stakeholders) and operational (coordinating CSR projects, acting as in-house consultant for other departments).

Impacts	Objectives
Visibility of stakeholder expectations.	Continue a regular dialogue with stakeholders encountered. Broaden the range of stakeholders encountered.
Challenge CSR policy and programme (continuous improvement).	Annual review of CSR programme.
Enhance reputation.	Continue a regular dialogue with stakeholders. Broaden the range of stakeholders encountered.
Improve communication with stakeholders.	
Support from all internal stakeholders (Board of Directors, executive officers and team) for the CSR policy and programme.	
All external stakeholders acknowledge Befimmo's position as a responsible landlord and business.	

Perimeter				Objectives & achievements in 2013	Specific measures
I	M	S	B		
	√	√	√		The improvement and update will be completed by the end of 2014. However, the charter should be prepared during 2015. The objective is to continue the general discussion of the introduction of electronic invoicing across the board by adding a supplier assessment component including from the perspective of respect for the environment, human rights, impact on the Company.
√				This objective has been achieved notably for refillable ink cartridges, office supplies, etc.	This process is ongoing.
√				The code of ethics, dealing code and governance charter will be updated during the first half of 2014. This update will be followed by a briefing session for the team about the content of these documents. They must then be approved and signed by each employee.	The updates and information sessions will be carried out by December 2014 by the General Counsel.

		Action plan		Status
ETHICS	Implementation	Conflicts of interest	For the prevention of conflicts of interest, Befimmo is governed by statutory rules and the additional rules of its corporate governance charter.	Continuous improvement
		Awareness	Raising awareness in maintenance companies.	Not completed and postponed
			Raise awareness among suppliers through the sustainable procurement conditions.	Not completed and postponed
	Impacts	Indicators		GRI-G4
		Respect the team's expectations in terms of conduct and ethics › Infringements identified [# infringements]		G4-HR3 | G4-SO5 | G4-SO4 | G4-SO7 | G4-PR7
		Number of suppliers audited.		G4-EN32 | G4-EN33 | G4-LA14 | G4-LA15 | G4-HR10 | G4-HR11 | G4-SO9 | G4-SO10
COMPLIANCE	Implementation	Specific measures		Status
		Environmental permit	Monitoring of environmental permit for Fedimmo portfolio.	Partially completed
			Monitoring of environmental permit for Befimmo portfolio.	Partially completed
			Inventory of toxic products and waste, annual loss of gases that deplete the ozone layer, etc.	Continuous improvement
		EPB	Inventory of the energy performance of buildings conducted in late 2011 and compliance measures taken in 2012.	Completed
		Legal	Update of register of legislation and implementation of a "checklist" tool.	Continuous improvement
		Other	Take part in working groups and where necessary team up with other companies in the same sector to discuss, defend a project, etc.	Continuous improvement
			Recruit a Risk & Quality Manager who will be responsible for regular monitoring of quality and risks related to the operational, technical, administrative and budgetary management of the buildings and any renovation projects and improvements carried out.	New objective
	Impacts	Indicators		GRI-G4
		BREEAM level of buildings: › BREEAM IN-USE Asset score [level on the BREEAM scale] › BREEAM IN-USE Management score [level on the BREEAM scale] › BREEAM Design score [level on the BREEAM scale] EPB level of buildings › EPB certificates obtained and their levels [# certificates by level]		-
		Respect of the legislations and regulations into force: › Infringements per type of infringement [# infringements] › The amount of compensation paid following infringements [€]		G4-EN29 | G4-SO7 | G4-SO8

Perimeter				Objectives & achievements in 2013	Objectives
I	M	S	B		
√				Under the additional rules of its corporate governance charter, Befimmo goes above and beyond the legal requirements where it deems appropriate.	The prevention of conflicts of interest is managed by the General Counsel.
	√	√		This objective has been left temporarily suspended due to the integration of the property management business. However, it is carried over as an objective for 2014.	Offer training to all maintenance companies working for Befimmo and add a sustainable development addendum to their contracts.
	√	√	√	This objective has been left temporarily suspended due to the integration of the property management business. However, it is carried over as an objective for 2014.	During 2014 and 2015, continue the general discussion of the introduction of electronic invoicing across the board by adding a supplier assessment component including from the perspective of respect for the environment.

Impacts	Objectives
Irreproachable in-house ethics. Number of infringements.	Prevent and reduce the number of infringements as far as possible.
Irreproachable ethics towards suppliers. Number of audited suppliers.	To date, no objective has been set since the full inventory of providers is not currently identified as a priority. The situation will be reviewed in 2015.

Perimeter				Objectives & achievements in 2013	Objectives
I	M	S	B		
			√	Some data are still missing (notably for emergency generators) and must be added in the source file.	This process is ongoing The objective is to obtain the missing data by the end of 2014.
	√	√		A campaign of audits and checks of environmental permits was carried out for certain buildings. All the data on environmental permits are now complete in a centralised source file.	Consider and respond to any comments from the audits conducted in 2013 and conduct a new audit programme.
	√	√	√	Information collected through audits of compliance with environmental permits.	This process is ongoing.
	√	√	√	Befimmo portfolio brought into compliance except for buildings on leaseholds (Wiertz, Pavilion) and postponement for regularisation of the Noordbuilding (demolition/reconstruction project).	When major works are carried out, Befimmo ensures that the certificates are updated, as was previously the case following renovations in various buildings. Although theoretical, the data on the certificates are also compared with the actual specific consumption figures.
	√	√	√	The recasting is complete.	Extend the existing register to incorporate aspects linked to the property management business.
	√	√	√	The approach has been implemented.	This approach is continuing and is managed by the Legal Manager and the General Counsel.
	√	√	√		The new position of Risk & Quality Manager should be created in 2014.

Impacts	Objectives
Overall improvement in average EPB / BREEAM of the portfolio. BREEAM level - EPB.	For BREEAM certification, the aim is to continue along this path of improving the rating (Pass => Good) for 20 new buildings over 2014. The improvement in the rating of the remaining 15 buildings is planned for 2015. The rating of the buildings undergoing renovation is reviewed as appropriate in each case after completion of the work.
Anticipation of future regulatory measures. Number of infringements.	Reduce the number of infringements as far as possible.

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Appendix VII : Index of GRI content

GENERAL STANDARD DISCLOSURES		
Indicators [1]	Annual Financial Report 2013 | Page(s)	External assurance[2]
STRATEGY AND ANALYSIS		
G4 - 1	6-7: Letter to the shareholders 74: CSR – Introduction	No external assurance [2]
G4 - 2	12-13: Identity and strategy 143-145: Main risks in the property portfolio 149-150: Main risks related to regulation 151: Main operational risks	
ORGANISATIONAL PROFILE		
G4 - 3	220-221: Identification 139: Structure and organisation	No external assurance [2]
G4 - 4	12-13: Identity and strategy 20-33: Property portfolio	
G4 - 5	220-221: Identification	
G4 - 6	12-13: Identity and strategy 29-33: Consolidated portfolio: Belgium & Luxembourg	
G4 - 7	218-225: General information	
G4 - 8	12-13: Identity and strategy 25: Summary of real-estate data for the Befimmo portfolio 29-33: Consolidated portfolio: Belgium & Luxembourg 23: Tenants	
G4 - 9	93: CSR – Team – Social Indicators 25: Purchase price and insurance value of the Befimmo property portfolio 25: Summary of real-estate data for the Befimmo portfolio 155: Consolidated statement of financial position	
G4 - 10	93: CSR – Team – Social Indicators 97: CSR – Team – Ethics – Social Indicators	
G4 - 11	93: CSR – Team – Social Indicators	
G4 - 12	76: CSR – Materiality exercise	
G4 - 13	107: CSR – General information – Reporting perimeter and changes since 1 January 2013 14-19: Key events of the year	
G4 - 14	75: CSR – Moving from of an “environmental” policy to a «Social Responsibility» policy	
G4 - 15	106: CSR – Recognition 108: Statement of corporate governance – principles	
G4 - 16	240-244: CSR – Appendix III – Communication with external and internal stakeholders	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4 - 17	106: CSR - Internal organisation | 139: Structure and organisation	No external assurance [2]
G4 - 18	75: CSR – Moving from of an «environmental» policy to a “Social Responsibility” policy 76: CSR – Materiality exercise	
G4 - 19	78: CSR – Priority topics	
G4 - 20	78: CSR – Priority topics 245: CSR – Appendix IV – Analysis of stakeholders’ expectations	
G4 - 21	78: CSR – Priority topics 245: CSR – Appendix IV – Analysis of stakeholders’ expectations	
G4 - 22	246-247: CSR – Appendix V – Methodology 107: CSR – General information – Reporting perimeter and changes since 1 January 2013	
G4 - 23	107: CSR – General information – Reporting perimeter and changes since 1 January 2013 75: CSR – Moving from of an “environmental” policy to a “Social Responsibility” policy 76: CSR – Materiality exercise	
STAKEHOLDER ENGAGEMENT		
G4 - 24	76: CSR – Materiality exercise 240-244: CSR – Appendix III – Communication with external and internal stakeholders	No external assurance [2]
G4 - 25	76: CSR – Materiality exercise	
G4 - 26	76: CSR – Materiality exercise 240-244: CSR – Appendix III – Communication with external and internal stakeholders 103: CSR – Governance – Dialogue	
G4 - 27	245: CSR – Appendix IV – Analysis of stakeholder expectations 248-265: CSR – Appendix VI – CSR Programme	
REPORT PROFILE		
G4 - 28	107: CSR – General information – Reporting period	No external assurance [2]
G4 - 29	107: CSR – General information – Reporting period	
G4 - 30	107: CSR – General information – Reporting period	
G4 - 31	107: CSR – General Information – Contact person and further information 274: Contact	
G4 - 32	266-271: CSR – Appendix VII – Index of GRI content 107: CSR – General information 103: CSR – Governance – Transparent communication	
G4 - 33	107: CSR – General information – External assurance	

(1) For further details on the GRI indicators, please see the official GRI website: https://www.globalreporting.org.
(2) External assurance: In the context of the GRI reporting of its sustainable development indicators, every other year Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. Since this limited assurance was conducted on 2012 data, the next exercise should relate to 2014 data.

GENERAL STANDARD DISCLOSURES		
Indicators [1]	Annual Financial Report 2013 | Page(s)	External assurance
	GOVERNANCE	
G4 - 34	109-139: Management structure 106: CSR – Internal organisation	No external assurance [2]
G4 - 35	106: CSR – Internal organisation 79, 92, 99, 102: CSR – Introduction to the four main topics: Environment, Team, Tenants and Governance 117-118: Activities of the Board of Directors during fiscal year 2013	
G4 - 36	106: CSR – Internal organisation	
G4 - 37	77: CSR – Materiality exercise – Prioritising the topics	
G4 - 38	108-139: Statement on corporate governance	
G4 - 39	108-139: Statement on corporate governance 116: Election and role of the Chairman of the Board of Directors	
G4 - 40	116: Procedure for the appointment of directors and renewal of their directorships	
G4 - 41	130-136: Rules for preventing conflicts of interest 131-132: Additional rules provided for in Befimmo's corporate governance charter	
G4 - 42	106: CSR – Internal organisation 117-118: Activities of the Board of Directors during fiscal year 2013	
G4 - 43	76: CSR – Materiality exercise 244: CSR – Appendix III – Communication with internal and external stakeholders – Board of Directors and management	
G4 - 44	118: Self-assessment 106: CSR – Internal organisation	
G4 - 45	119-120: Audit Committee – Operation and activities during the 2013 fiscal year 128-130: Report on internal control and risk-management systems 76: CSR – Materiality exercise	
G4 - 46	119-120: Audit Committee – Operation and activities during the 2013 fiscal year 128-130: Report on internal control and risk-management systems 102: CSR – Governance – Introduction	
G4 - 47	128-130: Report on internal control and risk-management systems	
G4 - 48	106: CSR – Internal organisation	
G4 - 49	106: CSR – Internal organisation	
G4 - 50	248-265: CSR – Appendix VI – CSR Programme	
G4 - 51	120-121: Appointment and Remuneration Committee 123-128: Remuneration report	
G4 - 52	120-121: Appointment and Remuneration Committee 123-128: Remuneration report	
G4 - 53	120-121: Appointment and Remuneration Committee	
G4 - 54	unpublished	
G4 - 55	unpublished	
	ETHICS AND INTEGRITY	
G4 - 56	3: Values 129: Ethics 104: CSR – Governance – Ethics 94-96: CSR – Team – Well-being	No external assurance [2]
G4 - 57	102: CSR – Governance – Introduction 104: CSR – Governance – Ethics 130-136: Rules for preventing conflicts of interest 135: Role of the Compliance Officer	
G4 - 58	131-136: Rules for preventing conflicts of interest 135: Role of the Compliance Officer 151: Operational risk	
	GENERIC DISCLOSURES ON MANAGEMENT APPROACH	
G4 - DMA	79, 92, 99, 102: CSR – Introduction to the four main topics: Environment, Team, Tenants and Governance: Approach, stakeholder expectations, Befimmo's commitments 248-265: CSR – Appendix VI – CSR Programme: implementation, impacts, objectives	No external assurance [2]

SPECIFIC STANDARD DISCLOSURES		
Material aspects (ditto G4-19) Main topics | Befimmo priorities	**DMA and indicators (1)**	
CATEGORY: ECONOMIC		
Economic performance		
Value creation	G4 - EC1	Direct economic value generated and distributed
Team	G4 - EC3	Coverage of the organisation's defined-benefit plan obligations
CATEGORY: ENVIRONMENT		
Energy		
Environment | Energy Environment | Pollution	G4 - EN3	Energy consumption within the organisation
Environment | Energy	G4 - EN4	Energy consumption outside of the organisation
Environment | Energy	G4 - EN5	Energy intensity
Environment | Energy	G4 - EN6	Reduction of energy consumption
Environment | Energy	G4 - EN7	Reductions in energy requirements of products and services
Water		
Environment | Energy	G4 - EN8	Total water withdrawal by source
Environment | Energy	G4 - EN10	Percentage and total volume of water recycled and reused
Emissions		
Environnement | Pollution Environment | Mobility	G4 - EN15	Direct greenhouse gas emissions (scope 1)
Environnement | Pollution	G4 - EN16	Energy indirect greenhouse gas emissions (scope 2)
Environnement | Pollution	G4 - EN17	Other indirect greenhouse gas emissions (scope 3)
Environnement | Pollution	G4 - EN18	Greenhouse-gas emissions intensity
Environnement | Pollution	G4 - EN19	Reduction of greenhouse gas emissions
Effluents and waste		
Environnement | Pollution	G4 - EN23	Total weight of waste by type and disposal method
Environnement | Pollution	G4 - EN24	Total number and volume of significant spills
Environnement | Pollution	G4 - EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff
Products and services		
Tenants | Dialogue Governance | Ethics	G4 - EN27	Extent of impact mitigation of environmental impacts of products and services
Compliance		
Governance | Compliance	G4 - EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
Transport		
Environment | Mobility	G4 - EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce
Overall		
Environment | Energy	G4 - EN31	Total environmental protection expenditures and investments by type
Supplier Environmental Assessment		
Governance | Ethics	G4 - EN32	Percentage of new suppliers that were screened using environmental criteria
Governance | Ethics	G4 - EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken

(1) For further details on the GRI indicators, please see the official GRI website: https://www.globalreporting.org.

SPECIFIC STANDARD DISCLOSURES

Annual Financial Report 2013 | Page(s)	Omissions	External assurance[2]
43-45: Financial results 154: Consolidated statements of comprehensive income 197-200: Employee benefits 197-200: Employee benefits		No external assurance [2]
81: Befimmo's corporate energy consumption in kWh per full-time equivalent 82: Energy for heating and electricity (GWh) 82-83: Gas consumption (total consumption in GWh and specific consumption in kWh/m^2) 84-85: Electricity consumption (total consumption in GWh and specific consumption in kWh/m^2) 86: Renewable energy production | Solar panels 87: Renewable energy production | Cogeneration 82: Energy for heating and electricity (GWh) 82-83: Gas consumption (total consumption in GWh and specific consumption in kWh/m^2) 84-85: Electricity consumption (total consumption in GWh and specific consumption in kWh/m^2) 81: Befimmo's corporate energy consumption in kWh per full-time equivalent 82-83: Gas consumption (total consumption in GWh and specific consumption in kWh/m^2) 84-85: Electricity consumption (total consumption in GWh and specific consumption in kWh/m^2) 84-85: Electricity consumption (total consumption in GWh and specific consumption in kWh/m^2) 85: Financial savings due to energy savings made during fiscal year 2013 84-85: Electricity consumption (total consumption in GWh and specific consumption in kWh/m^2)		No external assurance [2]
85-86: Water consumption (m^3) 85-86: Water consumption (m^3)		No external assurance [2]
88-89: Energy-related greenhouse gas (GHG) emissions (tonnes CO_2e) 89-90: CO_2e emissions related to Befimmo corporate transport (tonnes CO_2e) 88-89: Energy-related greenhouse gas (GHG) emissions (tonnes CO_2e) 88-89: Energy-related greenhouse gas (GHG) emissions (tonnes CO_2e) 89: CO_2e emissions related to Befimmo corporate use of paper (tonnes CO_2e) 88-89: Energy-related greenhouse gas (GHG) emissions (tonnes CO_2e) 88-89: Energy-related greenhouse gas (GHG) emissions (tonnes CO_2e)		No external assurance [2]
87: Total waste (tonnes) by type 88: Waste processing 101: Health and Safety – Incidents Waste water is discharged into public sewers.		No external assurance [2]
100: Provision of an environmental cooperation agreement 100: Provision of a Building User Guide (BUG) 100: Provision of a help desk 101: Creation and provision of an extranet 104: Governance – Raising awareness in maintenance companies		No external assurance [2]
105: Energy Performance Certificates (EPB)		No external assurance [2]
89-90: CO_2e emissions related to Befimmo corporate transport (tonnes CO_2e)	The indicator is currently restricted to travel by team members.	No external assurance [2]
80-81: Multi-annual investment plan		No external assurance [2]
104: Sustainable procurement policy 104: Sustainable procurement policy	Objective for 2015 Objective for 2015	No external assurance [2]

(2) External assurance: In the context of the GRI reporting of its sustainable development indicators, every other year Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. Since this limited assurance was conducted on 2012 data, the next exercise should relate to 2014 data.

CATEGORY: SOCIAL		
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK		
Employment		
Team	G4 - LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region
Team	G4 - LA2	Benefits provided to full-time employees that are not provided to temporary or part- time employees, by significant locations of operation
Occupational health and safety		
Team | Well-being	G4 - LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender
Training and education		
Team | Appraisal and training	G4 - LA9	Average hours of training per year per employee by gender, and by employee category
Team | Appraisal and training	G4 - LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings
Team | Appraisal and training	G4 - LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category
Diversity and equal opportunity		
Team | Ethics	G4 - LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity
Supplier assessment for labor practices		
Governance | Ethics	G4 - LA14	Percentage of new suppliers that were screened using labour practices criteria
Governance | Ethics	G4 - LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken
Labor practices grievance mechanisms		
Team | Ethics	G4 - LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms
SUB-CATEGORY: HUMAN RIGHTS		
Non-discrimination		
Governance | Ethics	G4 - HR3	Total number of incidents of discrimination and corrective actions taken
Supplier Human Rights Assessment		
Governance | Ethics	G4 - HR10	Percentage of new suppliers that were screened using labour practices criteria
Governance | Ethics	G4 - HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken
SUB-CATEGORY: SOCIETY		
Anti-corruption		
Governance | Ethics	G4 - SO4	Communication and training on anti-corruption policies and procedures
Governance | Ethics	G4 - SO5	Confirmed incidents of corruption and actions taken
Anti-competitive behaviour		
Governance | Ethics	G4 - SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes
Compliance		
Governance | Compliance	G4 - SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations
Supplier assessment for impacts on society		
Governance | Sustainable procurement policy	G4 - SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken
Grievance mechanisms for impacts on society		
Governance | Ethics	G4 - SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms
SUB-CATEGORY: PRODUCT RESPONSIBILITY		
Customer health and safety		
Tenants | Health and safety	G4 - PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes
Product and service labeling		
Environment | Certification	G4 - PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements
Tenants | Dialogue Governance | Dialogue and communication	G4 - PR5	Results of surveys measuring customer satisfaction
Marketing communications		
Governance | Dialogue and communication Environment | Certification	G4 - PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes
Compliance		
Tenants | Health and safety	G4 - PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services
SECTOR-SPECIFIC DISCLOSURES		
Construction & real-estate sector supplement (CRESS)		
Environment | Energy	CRE 1	Energy intensity
Environment | Energy	CRE 2	
Environment | Pollution	CRE 3	

93: Team – Social Indicators	No segmentation by gender or region	No external assurance (1)
93: Team – Social Indicators		
93: Team – Social indicators		No external assurance (1)
96-97: Team | Appraisal and training		No external assurance (1)
96-97: Team | Appraisal and training		
97: Team – Ethics		
97: Composition of governance bodies and breakdown of employees by gender (as at 31 December 2013) 97: Composition of governance bodies and breakdown of employees by age (as at 31 December 2013)		No external assurance (1)
104: Sustainable procurement policy	Objective for 2015	No external assurance (1)
104: Sustainable procurement policy	Objective for 2015	
97: Team – Ethics		No external assurance (1)
There were no cases of discrimination over the reporting period.		No external assurance (1)
104: Sustainable procurement policy	Objective for 2015	No external assurance (1)
104: Sustainable procurement policy	Objective for 2015	
104: Code of ethics, dealing code and governance charter	Objective for 2014	No external assurance (1)
There were no incidents of corruption over the reporting period.		
There were no legal actions for anti- competitive behaviour, anti-trust or monopoly practices during the reporting period.		No external assurance (1)
There were no sanctions over the reporting period.		No external assurance (1)
104: Sustainable procurement policy	Objective for 2015	No external assurance (1)
There was no legal action related to impact on society during the reporting period.		No external assurance (1)
101: Health and Safety – Incidents		No external assurance (1)
78: EMS ISO 14001 certified 90: Environmental Management System, ISO 14001 certified 90: BREEAM Design at Befimmo and Fedimmo 91: BREEAM In-Use at Befimmo		No external assurance (1)
241-242: CSR – Appendix III – Communication with external and internal stakeholders 245: CSR – Appendix IV – Analysis of stakeholders' expectations	One-to-one consultations with a limited number of tenants	
103: Transparent communication There were no incidents of non-compliance with regulations concerning marketing communications during the year.		No external assurance (1)
101: Health and Safety – Incidents		No external assurance (1)
82-83: Gas consumption (total consumption in GWh and specific consumption in kWh/m²) 84-85: Electricity consumption (total consumption in GWh and specific consumption in kWh/m²)		No external assurance (1)
85-86: Water consumption (m³)		
88-89: Energy-related greenhouse gas (GHG) emissions (tonnes CO_2e)		

(1) External assurance: In the context of the GRI reporting of its sustainable development indicators, every other year Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. Since this limited assurance was conducted on 2012 data, the next exercise should relate to 2014 data.

Appendix VIII : Summary table of EPRA performance indicators

EPRA sustainability **performance measures**

Topic	Sustainability performance measure	Unit	Page(s)
	Absolute measures		
Energy	Total energy consumption | Electricity	kWh	84-85
	Total energy consumption | Urban heating and cooling system (N.B. does not apply to Befimmo)	kWh	82-83
	Total energy consumption | Fuels	kWh	82
Greenhouse gases	Total direct greenhouse-gas emissions	metric tonnes CO_2e	88-89
	Total indirect greenhouse-gas emissions	metric tonnes CO_2e	88-89
Water	Total water withdrawal by source	m^3	85-86
Waste	Total weight of waste by type and disposal method	metric tonnes	87-88
	Percentage of waste by type and disposal method	proportion by weight (%)	87-88
	Intensity measures		
Energy	Intensity of the energy consumption of the buildings	$kWh/m^2/year$	82-84
Greenhouse gases	Intensity of the greenhouse-gas emissions from the energy use of the buildings	kg $CO_2e/m^2/year$	88-89
Water	Intensity of the water consumption of the buildings	$m^3/m^2/year$	85-86

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CREATION, CONCEPT, DESIGN AND PRODUCTION:

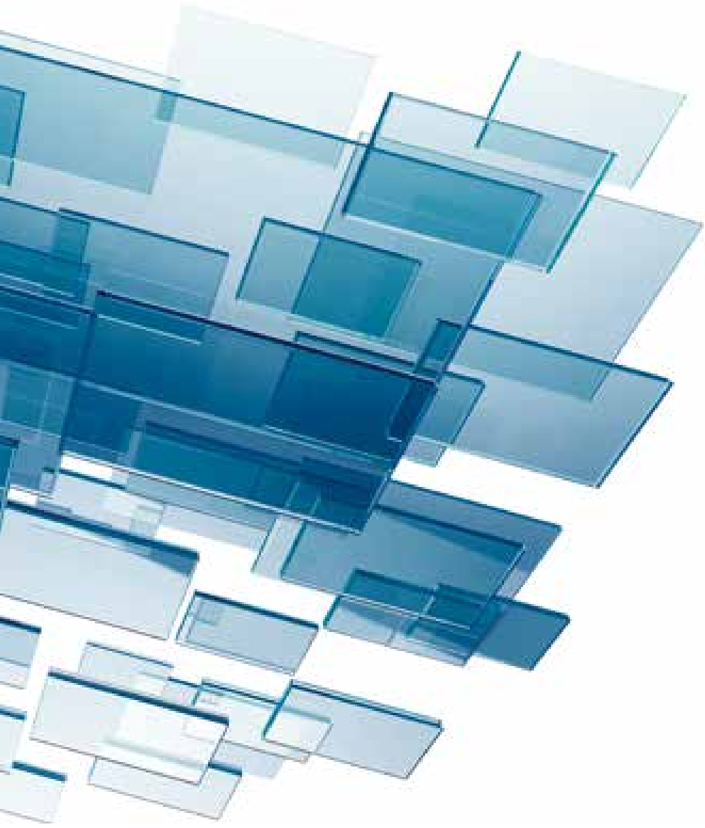
The Crew Communication
The Befimmo team

TRANSLATIONS:

This Annual Financial Report was drafted in French.
In the event of any inconsistency between the French version and the translations, the French version shall prevail.

Ce Rapport Financier Annuel est également disponible en français.
Dit Jaarlijks Financieel Verslag is ook verkrijgbaar in het Nederlands.

IMPRESSION :



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