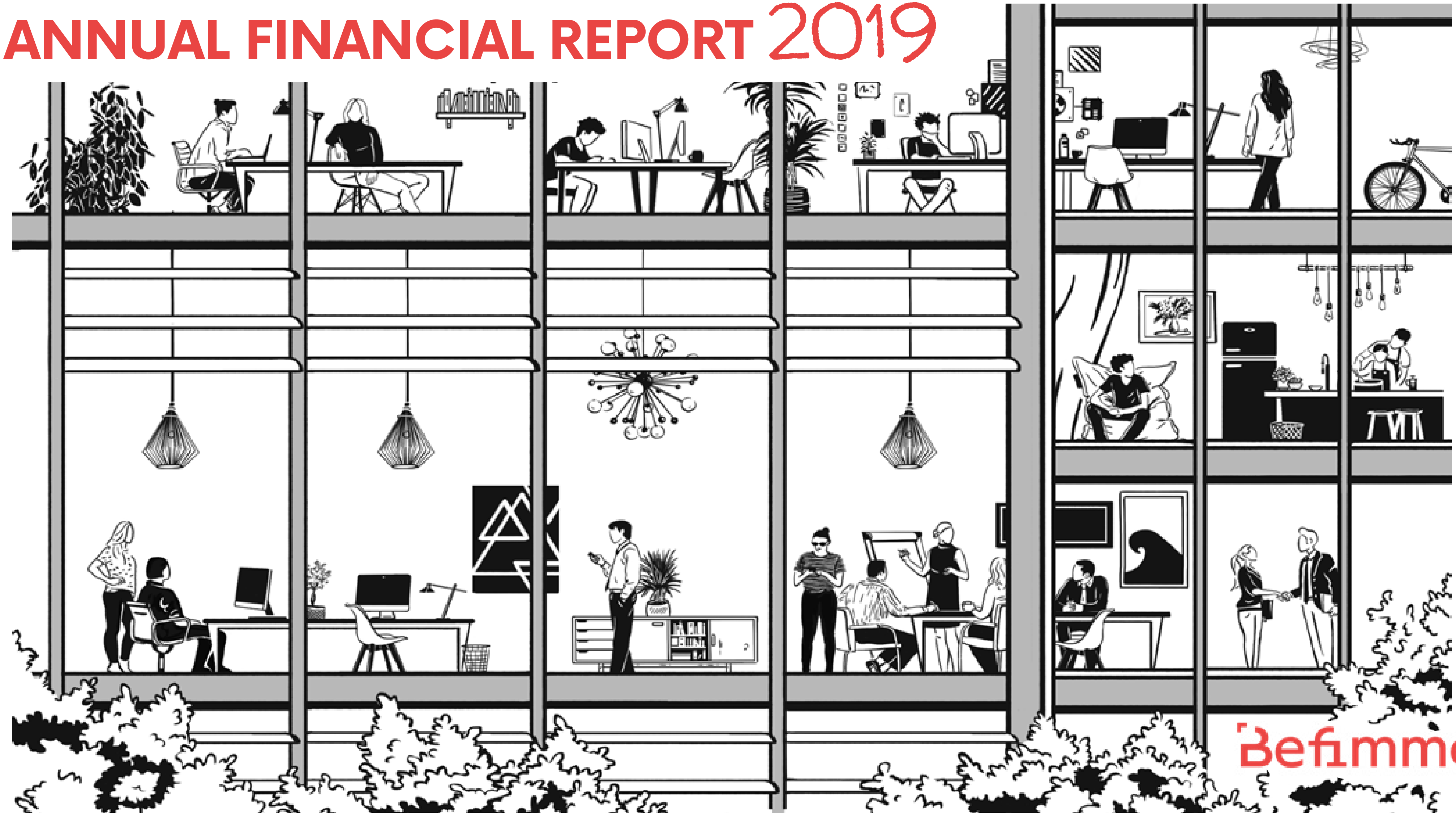
ANNUAL FINANCIAL REPORT 2019



Befimmo

ZIN, AN AMBITIOUS AND INNOVATIVE PROJECT REPRESENTING BEFIMMO'S VISION IN EVERY WAY

ZIN is the project to transform towers 1 and 2 of the WTC complex in the North area of Brussels, an environment in transition with tremendous opportunities but also major challenges.

Instead of a simple renovation of the existing building, the project adds a new dimension to the site by connecting the towers with a new volume of 14 double-height floors, creating new potential for the development of a multifunctional building.

It involves a total re-think of the relationship with the city, with an open ground floor and an own address for each function, developing a variety of links with the city and public space. It is not just an innovative renovation of the building, but a total re-think of the life of an entire district.

The main features of this flagship project are detailed throughout this report.

THE 4 MAIN FEATURES OF THE ZIN PROJECT

FEATURE #1

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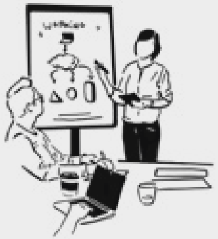
MAKING CITY



FEATURE #2

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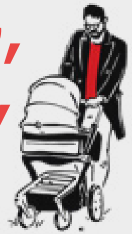
WORKING, HOUSING, LIVING



FEATURE #3

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CIRCULAR ECONOMY

FEATURE #4

page 108

SUSTAINABLE DESIGN

70,000 M^2
OF OFFICE SPACE FOR THE FLEMISH ADMINISTRATION

5,000 M^2
OF COWORKING SPACE

111
APARTMENTS

240
HOTEL ROOMS

OPEN MINDS, OPEN SPACES

Befimmo, a Belgian Real-Estate Investment Trust (SIR-GVV), is an investor and real-estate operator specialising in quality workspace.

These Befimmo Environments are located in Brussels, in the main Belgian towns and cities and in the Grand Duchy of Luxembourg. With its subsidiary, Silversquare, Befimmo aims to develop a Belux network of interconnected and flexible work environments.

As a company that is human, a corporate citizen, and responsible, Befimmo offers its users inspiring work environments and related services in buildings that are sustainable in terms of architecture, location and respect for the environment.

Its portfolio is worth some €2.8 billion and comprises around a hundred office buildings with space totalling over 900,000 m².

Befimmo is listed on Euronext Brussels.

At 31 December 2019, its market capitalisation was €1.5 billion. Befimmo offers its shareholders a solid dividend and a yield in line with its risk profile.

By creating added value for its users, Befimmo also creates value for its shareholders.

2.8 BILLION €
VALUE OF PORTFOLIO

1.5 BILLION €
MARKET CAPITALISATION

>900,000 M²
OVERALL FLOOR AREA

Sustainable buildings and inspiring work environments incorporating a broad, coherent range of services help to make Befimmo a key player in quality working environments.

Annual Financial Report on the financial statements as at 31 December 2019 presented to the Annual General Meeting of 28 April 2020 and approved by the Board of Directors on 6 March 2020.

This Report has been prepared in accordance with the Royal Decree of 14 November 2007 and the Royal Decree of 13 July 2014.

Basis of consolidation

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. Since 1 January 2019 Befimmo has exclusive control of Silversquare Belgium SA and consequently Silversquare Belgium SA and its subsidiaries are included in the global consolidation at 31 December 2019.

Befimmo's activities are presented in this Report by business segment (real-estate operator and coworking).

Real-estate, financial and social responsibility indicators

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

Befimmo has fully committed to standardising its financial and social-responsibility reporting - with a view to improving the quality and comparability of the information - by adopting the EPRA reporting guidelines and GRI Standards[1]. The CSR indicators are set out in the GRI Content Index on page 244.

Alternative performance measures

The Alternative Performance Measures (APM) guidelines[2] of the European Securities Markets Authority (ESMA) have been applicable since 3 July 2016. The APMs used in this Report are identified in a footnote the first time they occur. The full list of APMs, with their definitions, purpose and relevant reconciliation tables are set out in Appendix III to this Report and are published on Befimmo's website.

Online sheet "Reporting & recognition"

www.befimmo.be

1. www.globalreporting.org
2. For further information please see the "Final Report - ESMA Guidelines on Alternative Performance Measures» on the ESMA website (https://www.esma.europa.eu/).

The following explanatory icons are used in this Report:

"Market"
This icon refers to further information in a specific chapter in this Report.

"Glossary"
This icon refers to the glossary in the appendix to this Report on page 220.

www.befimmo.be
This icon refers to further information on the Befimmo website.

"Strategic axes"
These icons refer to more details on the Company's six strategic axes.

"Sheet"
This icon refers to an explanatory sheet published on the Befimmo website.

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RISK FACTORS

This chapter covers the risks identified as potentially affecting the Company, including a description of the measures it has taken to anticipate them, mitigate their potential impact and turn them into opportunities. Note that doing business involves taking risks and so it is not possible to eliminate the potential impact of all the risks identified, nor of any residual risk that therefore has to be borne by the Company and, indirectly, by its shareholders.

The global economic and financial climate and the geopolitical context may accentuate certain risks related to Befimmo's business.

This list of risks is based on information known (including from dialogue with all stakeholders) at the time of writing this Report. The risks in the different categories are ranked in order of importance according to the 'gross' risk (without taking into account mitigation measures or Befimmo's positioning). The risk level mentioned (high, medium or low, illustrated by the use of coloured dots) takes into account Befimmo's positioning in relation to the risk and the mitigation measures. The list of risks in this chapter is not exhaustive: other risks, which may be unknown, improbable, nonspecific or unlikely to have an adverse effect on the Company, its business or its financial situation, may of course exist.

MAIN RISKS RELATED TO EXTERNAL ECONOMIC FACTORS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE NEW WAY OF WORKING		
Office space is being used in increasingly flexible and mobile ways. New technology is facilitating a transformation within businesses: from a static and "sequential" mode of operation to more dynamic environments. Businesses are looking for pleasant and flexible working environments to attract talent. They are setting up for Smart Ways of Working and moving to Activity-Based Working.	The ratio of the number of square metres used per employee is falling and may lead to a decline in buildings' occupancy rates. Conventional office environments no longer meet expectations. The coworking business model is still being developed.	The Company is committed to this new world of work: ▪ a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users; ▪ acquisition of a majority shareholding in the Silversquare coworking company; ▪ plans to develop (with Silversquare) a Belux network of hybrid offices[1]; ▪ a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; ▪ projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions.

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

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK ASSOCIATED WITH CHANGING INTEREST RATES		
Financial charges, the Company's main expense item, are largely influenced by interest rates prevailing on the financial markets.	Increase in financial charges and drop of EPRA earnings and net result. In the context of current interest rates, the practice of some banks to set a 0% floor on Euribor, used as reference in financing contracts, has an adverse impact on financial charges. This practice can also create distortion between the floating rates used in financing contracts and IRS type hedging contracts. A change in interest rates could also have an impact, with a delayed effect, on valuations of the properties in the portfolio.	▪ Implement a policy of hedging the interest-rate risk: finance part of borrowings at fixed rates and arrange IRS financial instruments or cap and floor options on part of borrowings at floating rates. ▪ Total borrowings as at 31 December 2019: - borrowings of €1,040.0 million (95.4% of total debt) are financed at fixed rates (fixed rates specified in agreements or rates fixed by IRS); - the remainder of the debt, €50.3 million, is financed at floating rates, €20.0 million[1] of which is hedged against rising interest rates by means of optional instruments (caps and collars[2]). The remaining 2.8% of the total borrowings is therefore unhedged. ▪ Without any hedging, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €1.4 million (annual amount calculated based on the debt structure as at 31 December 2019). ▪ With the hedging arranged at 31 December 2019, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €0.7 million (annual amount calculated based on the debt structure as at 31 December 2019). ▪ The debt ratio is 42.7% as at 31 December 2019, the LTV ratio is 39.0%. ▪ The Standard & Poor's rating agency confirmed on 12 September 2019 the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.

1. The two caps whose maturity is close (€55m, July 2020) and which have become off-market following the fall in interest rates have been removed from this calculation.
2. Buying a collar (buying a cap and selling a floor) places a ceiling (cap) on the impact of a rise in interest rates, but also involves an undertaking to pay a minimum rate (floor).

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO CHANGING CREDIT MARGINS		
The Company's financing cost also depends on the credit margins charged by the banks and the financial markets. These financing margins change in line with risk appetite in financial markets and regulations, particularly in the banking sector (the "Basel IV" requirements) and the insurance sector (known as "CRD IV"). They also evolve according to the perception of the Company's credit risk profile.	An increase in financial charges and hence an adverse effect on EPRA earnings and the net result.	▪ Spread the maturities of financing over time and diversify sources of financing. ▪ Optimise the use of financing by giving preference to financing with the lowest margins (e.g., depending on market conditions, a short-term commercial paper programme associated with long-term back-up lines or assignments of receivables from future rents). "Financial structure and hedging policy"
RISK OF INFLATION AND DEFLATION		
▪ Risk of deflation on income, as Befimmo leases contain clauses indexing rents to changes in the health index. ▪ Risk of the costs the Company has to bear being indexed on a basis that changes faster than the health index.	The impact of the adjustment of rents can be estimated at €1.4 million on an annual basis (not including protection) per percentage point change in the health index.	▪ 95.7%[1] of the leases in Befimmo's consolidated portfolio are covered, in line with general practice, against the effect of any negative indexing - 42.8% provide for a ceiling on the basic rent; - 52.9% contain a clause that sets the minimum at the level of the last rent paid. ▪ The remaining 4.3% of the leases do not provide for any minimum rent. ▪ Contractual agreements put in place in relations with contractors.

1. Based on the current gross rent under agreements at 31 December 2019.

MAIN RISKS RELATED TO STRATEGY

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO RENTAL VACANCY		
Overall, the office property market is currently characterised by higher supply than demand, and changing types of demand. The Company is exposed to the risks of its tenants leaving, and of renegotiating their leases: ▪ Risk of loss of and/or reduced income. ▪ Risk of negative reversion of rents. ▪ Risk of pressure on the renewal conditions and to grant rental gratuities. ▪ Risk of loss of fair value of properties, etc.	Decline in spot occupancy rates and a reduction in the operating result of the portfolio. On an annual basis at 31 December 2019, a 1% fluctuation in the spot occupancy rate of the Company's portfolio would have an impact of some €1.9 million on the property operating result, -€0.07 on the net asset value per share and +0.07% on the debt ratio. Direct costs related to rental vacancies, namely charges and taxes on unlet properties. They are estimated on an annual basis at €2.3 million, equivalent to around 1.7% of total rental income. Higher expenses in connection with the marketing of properties available for lease. Fall in the value of buildings.	▪ The Company has an investment strategy focused on: - quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors; - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. ▪ The Company is committed to the new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users; - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company; - plans to develop (with Silversquare) a Belux hybrid office network; - extensive and personalised range of services to make life easier for its tenants; - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. ▪ The Company has a professional commercial team dedicated to finding new tenants and actively managing the relationship with its customers. ▪ Steady cash flow depends mainly on rental income being secured. The Company therefore strives to ensure that a large proportion of its portfolio is let on long-term leases and/or to multiple tenants, which helps to spread the rental risks. ▪ At 31 December 2019, the weighted average duration of Befimmo's current leases until the next break was 7.1 years. ▪ The spot occupancy rate of the properties available for lease at 31 December 2019 was 94.4% compared with 94.5% at 31 December 2018. ▪ The major projects in the North area are an opportunity for the Company to address the lack of Grade A[1] buildings in Brussels.

1. A new building (new build or major renovation) meeting the latest environmental, technical and spatial layout standards (notably efficient floor space). Generally, a building that is new or less than 5 years old.

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE COMPANY'S REPUTATION		
Reputational risk in relation to stakeholders (current and prospective tenants, local residents, public authorities, current and potential investors, financial and other analysts, suppliers, etc.). Reputation is influenced by information disseminated by the media and on social networks.	Reputational damage to the Company could have adverse repercussions, notably when negotiating lease agreements, seeking financing and/or the value of the share.	▪ Corporate Governance Charter and Code of Ethics drafted by the Board of Directors. Code of Ethics requiring ethical values to be observed in relations with customers, staff, partners and shareholders. ▪ In addition to its reporting requirements as a listed company and a BE-REIT, Befimmo communicates transparently and proactively in order to best meet the expectations of its stakeholders. ▪ The Company has a communication plan (internal and external) and a crisis communication plan. It commissions reputation analyses from specialist agencies. ▪ The media are monitored daily and any necessary corrections or clarifications are issued. "Environmental risks" "Risk related to a change in the Company's rating"
RISKS RELATED TO (RE)DEVELOPMENT ACTIVITIES		
Risk associated with the renovation or construction of buildings. In preparation for a new life cycle, the buildings in the portfolio must undergo a major renovation or be rebuilt. In this context Befimmo is exposed to risks related to: ▪ the choice of service providers (architects, contractors, specialist lawyers); ▪ choice of use format; ▪ obtaining permits (difficulties, delays, changes in the law, etc.); ▪ construction (costs, delays, compliance, etc.); ▪ commercialisation.	Construction and/or operating costs overrunning the budget. Absence of rental income on completion of the works and costs related to the vacancy. Pressure on marketing conditions and for granting of rental gratuities. Negative impact on the occupancy rate of the portfolio.	▪ Design innovative, sustainable and quality projects (incorporating the latest technologies) to satisfy market needs. ▪ Ongoing analysis of market needs: - a redesigned world of work; workspaces are organized according to the users' type of business and their profile; - wide and personalised range of services to make life easier for its tenants; - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. ▪ Proactive and repeated dialogue with the public authorities for permit applications. ▪ Choice of quality partners. ▪ Professional commercial team dedicated to finding new occupants.

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO MERGERS, DEMERGERS, ACQUISITIONS AND JOINT VENTURES		
Risk that the value of certain assets may have been overestimated or that hidden liabilities have been transferred to the Company during mergers, spin-offs or acquisitions, or joint ventures.	Realisation of the need to revalue certain assets or record certain liabilities that could entail a financial loss to the Company.	▪ Take the usual precautions in operations of this type, mainly by carrying out full due-diligence exercises (real-estate, accounts, taxation, etc.) on properties contributed and on absorbed or merged companies, that may involve obtaining guarantees. ▪ Take similar precautions in case of joint ventures.
RISKS OF SEGMENTAL CONCENTRATION		
The portfolio is almost entirely composed of office buildings (with the exception of a few shops on the ground floor of some buildings).	Sensitivity to the evolution of the office property market.	▪ The Company has an investment strategy focused on: - quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors; - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. ▪ The Company is committed to the new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users; - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company; - plans to develop (with Silversquare) a Belux hybrid office network; - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. "Strategy"

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS ASSOCIATED WITH TENANTS		
Risks related to the insolvency of its tenants.	Loss of rental income, an increase in property charges where rental charges cannot be recovered, and the emergence of unexpected rental vacancies. Risk of pressure on the renewal conditions and to grant rental gratuities, etc.	▪ Prior review of the financial health of potential customers. ▪ Private-sector tenants[1] are required to provide a rental guarantee. ▪ There is a procedure for regularly monitoring outstanding receivables.
RISKS OF GEOGRAPHICAL CONCENTRATION		
The portfolio is not very diversified in terms of geography. It consists of office buildings, mainly located in Brussels and its economic hinterland (68.8% of the portfolio as at 31 December 2019). "Property Report"	Sensitivity to developments in the Brussels office property market, which is characterised in particular by a significant presence of European institutions and related activities.	▪ Under its investment strategy, the Company seeks to avoid excessive concentration of the portfolio in a single area or asset. ▪ As a matter of interest, the AMCA building in Antwerp, the Paradis tower in Liège, the Gateway building at Brussels airport and WTC Tower 3 in Brussels each account for between 5 and 10% of the fair value of the portfolio as at 31 December 2019. "Strategy"
RISKS RELATED TO THE COWORKING MARKET		
Risks related to the entry into a new and fast-developing market (control of the key factors of success, competition, etc.).	Profitability linked to the success of the underlying activity.	▪ Taking a majority stake in a company (Silversquare) with broad experience in coworking. ▪ The impact is relatively limited on Befimmo as it is developing this business gradually.

1. Public-sector tenants (the Belgian Government, Flemish Region and European institutions), which occupy a substantial proportion of the Company's portfolio (59.9% as at 31 December 2019, calculated on the basis of the gross rent under current leases as at 31 December 2019), do not generally provide rental guarantees, however, but do have a more limited risk profile.

MAIN RISKS IN THE PROPERTY PORTFOLIO

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE FAIR VALUE OF THE PROPERTIES		
▪ Risk of a negative change in the fair value of the portfolio. ▪ Risk of the real-estate experts overvaluing or undervaluing 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 still holds true to some extent for the decentralised areas and periphery of Brussels (7.46%[1] of the portfolio), and more generally in the Belgian provincial towns.	Impact on the Company's net result, equity, debt[2] and LTV[3] ratios. Impact on the Company's ability to distribute a dividend[4] if the cumulative negative changes in fair value were to exceed the total value of distributable and non-distributable reserves and the distributable portion of the share premiums. On the basis of the data as at 31 December 2019, a 1% decline in the value of the property assets would have an impact of around -€27.9 million on the net result, entailing a change of around -€1.0 in the net asset value per share, around +0.4% in the debt ratio and around +0.4% in the LTV ratio.	▪ The Company has an investment strategy focused on: - quality office buildings, with a good location, good accessibility and an adequate critical size, among other factors; - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. ▪ The Company is committed to the new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users; - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company; - plans to develop (with Silversquare) a Belux hybrid office network; - extensive and personalised range of services to make life easier for its tenants; - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. ▪ Statutory rotation of independent experts. They are systematically informed of changes in the situation of the buildings, and regularly visit buildings.

1. Calculated on the basis of the fair value of the investment properties as at 31 December 2019.
2. The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.
3. Loan to value (LTV) = [(nominal financial debts – cash)/fair value of portfolio].
4. Please see the chapter "Appropriation of results (statutory accounts)" on page 83 of the Annual Financial Report.

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO INADEQUATE INSURANCE COVER		
Risk of occurrence of a major loss affecting the buildings, with insufficient cover.	Costs of refurbishing the affected building. Fall in the operating result of the portfolio and in the fair value of the building following the termination of the lease through frustration, and therefore an unexpected rental vacancy.	▪ Buildings are covered by a number of insurance policies (risk of fire, storm damage, water damage, etc.) covering loss of rent for a limited period (in principle for the time needed for reconstruction) and the cost of reconstruction, for a total sum (new reconstruction value, excluding the value of the land) of €2,155.5 million as at 31 December 2019. ▪ Buildings are covered by an insurance policy which covers acts of terrorism.
RISK OF DETERIORATION AND OBSOLESCENCE OF BUILDINGS		
Risk of wear and tear and obsolescence, relating to increasingly stringent requirements (legislative, societal or environmental).	Rental vacancies. Investments required to bring the building into compliance with regulatory requirements and tenants' expectations.	▪ Property kept in a good state of repair and maintained in line with good practice in terms of energy, technical and other performance criteria, by making an inventory of preventive and corrective maintenance work to be carried out, and establishing a works programme. ▪ Most of the buildings are covered by "total guarantee" maintenance contracts. ▪ At 31 December 2019, 87% of the consolidated portfolio was covered by such a "total guarantee" contract[1]. ▪ Close monitoring of developments in existing environmental legislation, anticipation of new measures, and analysis of sector studies, with a view to incorporating new technologies and management tools as soon as possible into renovation projects. ▪ Use of resources: Befimmo adopts an eco-responsible approach at every stage of a building's life, making optimal use of energy and natural resources.

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 expenses.

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO THE REALISATION OF WORKS		
▪ Risks of delays, budget overspending, environmental damage and organisational problems when erecting, redeveloping and carrying out major works in the buildings in the portfolio. ▪ Risk of insolvency and non-compliance with specifications by the contractors responsible for the works.	Adverse impact on the Company's results owing to a loss of rental income and/or an increase in charges. Adverse impact on the Company's reputation.	▪ Site communication plan, dialogue with local residents, etc. ▪ Monitoring of technical, budgetary and planning aspects has been introduced to manage the risks associated with this work. ▪ Contracts with building contractors generally provide for a number of measures to mitigate such risks (price ceilings, delay penalties, etc.). ▪ Regarding environmental issues, specific measures are incorporated into the specifications and contracts applying to successful tenderers. ▪ Monitoring of compliance with these environmental measures while the works are in progress (notably by external environmental coordinators, ISO 14001 procedures, site audits, BREEAM assessors, etc.). ▪ Regular assessment of main suppliers and service providers, and checks that co-contractors have no unpaid social contributions or taxes.
ENVIRONMENTAL RISKS		
▪ Environmental risks in terms of pollution of soil, water and air (high CO_2 emissions) and also noise pollution. ▪ Risk of not achieving the Company's targets for improving its environmental performance and of losing the certifications (BREEAM, ISO 14001, etc.) that it has obtained.	Adverse environmental impact. High costs for Befimmo. Adverse impact on Befimmo's reputation with its stakeholders. In some cases, an adverse impact on the fair value of the portfolio.	▪ A responsible approach, under which, for many years, the necessary action has gradually been taken to reduce the environmental impact of the activities that the Company controls and influences directly. ▪ The implementation of the Environmental Management System (EMS), which is ISO 14001 compliant, helps to anticipate environmental risks at both strategic level (acquisitions, major renovations, etc.) and operational level (building maintenance, use of buildings, etc.). ▪ An analysis was conducted of the environmental performance and the potential for improvement of the portfolio, and compliance with the requirements associated with certifications obtained. ▪ Use of resources: Befimmo adopts an eco-responsible approach at every stage of a building's life, making optimal use of energy and natural resources. "Property report"

MAIN FINANCIAL RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
FINANCIAL LIQUIDITY RISK		
Befimmo is exposed to a liquidity risk related to the renewal of its financing as it reaches maturity or for any additional funding needed to meet its commitments. The Company could also be exposed to this risk if its financing agreements were terminated.	New financing arranged at a higher cost. Sale of certain assets under less than ideal conditions.	▪ Adoption of a financial policy which in particular diversifies the sources and maturities of its financing. At 31 December 2019, the ratio of debt provided by financing from 8 banking institutions was 66.6%. The remainder is provided by various bond issues (one private bond placement in the United States (USPP) and a number of private placements in Europe). ▪ At 31 December 2019, the Company had confirmed unused lines of €333.6 million including cash. The Company aims to continually anticipate its financing needs (notably for its investments) and keep a defined amount in confirmed unused lines at all times so as to hedge this risk over a time frame of at least 12 months. ▪ The debt ratio (as per the Royal Decree) amounts to 42.7% at 31 December 2019 (the statutory limit is 65%) compared to 45.8% as at 31 December 2018.
RISK RELATED TO A CHANGE IN THE COMPANY'S RATING		
The Company's financing cost is influenced mainly by Standard & Poor's rating.	Any downgrade of the rating would make it harder to obtain new financing and, if the rating were reduced by one notch from BBB to BBB-, would entail an additional financing cost estimated at €0.7 million, based on the debt structure and current contracts as at 31 December 2019. Adverse impact on the Company's image with investors.	▪ Regular review of the criteria (ratios) used to determine its rating, analysis of the potential impact of the Company's decisions on any changes in the rating, and the forecast changes in those ratios. ▪ The Standard & Poor's rating agency confirmed on 12 September 2019 the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.
RISK RELATED TO COUNTERPARTY BANKS		
Arranging finance or a hedging instrument with a financial institution creates a counterparty risk of that institution defaulting.	The Company could find itself in a situation where it is unable to access the financing arranged or the cash flows to which it is entitled through hedging instruments.	▪ Diversifying its banking relationships and working with banks that have an adequate rating or an acceptable level of risk. As at 31 December 2019, the Company had a business relationship with several banks: - at 31 December 2019, Befimmo had credit lines of €892.4 million. Banks providing this financing: Agricultural Bank of China Luxembourg, Banque Degroof Petercam, BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and Société Générale; - the counterparty banks for the hedging instruments are BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and Natwest Markets PLC (RBS Group). ▪ The financial model is based on structural borrowing: the amount of cash deposited with financial institutions is structurally very limited. It was €2.9 million as at 31 December 2019 compared with €0.6 million at 31 December 2018.

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK OF A CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE		
A change in the interest and exchange rates alters the value of the financial assets and liabilities carried at fair value.	A change in the interest and exchange rates alters the value of the financial assets and liabilities carried at fair value.	A change in the interest and exchange rates alters the value of the financial assets and liabilities carried at fair value.
RISK RELATED TO OBLIGATIONS CONTAINED IN FINANCING AGREEMENTS		
Risk of financing agreements being cancelled, renegotiated or terminated early should the Company fail to abide by the covenants it made when signing those agreements, notably regarding certain financial ratios. Risk of a penalty if agreements 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.	Any challenge to a financing agreement would expose the Company to have to arrange additional financing at a potentially higher cost or sell certain assets under less than ideal conditions.	The Company negotiates covenants with its counterparties at levels consistent with its estimated forecasts of changes in those indicators, and regularly analyses any changes in those forecasts.
RISK LINKED TO VOLATILITY AND SHARE PRICE		
The Company is exposed to a significant discrepancy between the share price and the Company's net asset value.	More difficult access to new equity may limit development capacity. Adverse impact on the Company's reputation.	▪ Devise and implement a value-creation strategy. ▪ Publish outlook and dividend forecast. ▪ Regular, transparent and proactive communication to financial analysts and current and prospective investors.

MAIN RISKS RELATED TO REGULATION

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO NON-COMPLIANCE OF THE BUILDINGS WITH THE APPLICABLE REGULATIONS		
The Company runs the risk that one or more of its properties does not immediately meet all the applicable new standards and regulations.	Additional investments which entail higher costs for the Company and/or delays in ongoing projects (renovations, etc.). Fall in the fair value of a building. The Company is liable for civil, administrative or criminal fines. Liability of the Company for non-compliance (e.g. in case of fire for failing to comply with safety standards). An adverse impact on the Company's reputation, business and results.	▪ Introduce the necessary procedures to: - anticipate new standards and regulations (legislative and regulatory watch); - check the compliance of buildings newly acquired (technical due diligence) and in the portfolio (product manager in charge of regulatory compliance, checks on compliance with standards and regulations, notably related to the environment); - bring the building concerned immediately into compliance by adopting these new standards and regulations (project management). ▪ Tenants are made aware of their obligations in this regard by a clause in the standard lease.
RISKS RELATED TO THE BE-REIT STATUS		
▪ Risk of non-compliance with the BE-REIT regime. ▪ Risk of future adverse changes to that regime.	Loss of approval for the BE-REIT status, and no longer qualifying for the transparent tax regime applicable to BE-REITs. Early repayment by acceleration of payment of loans taken out by the Company. Any future adverse changes in the BE-REIT regime could 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 BE-REIT must distribute dividends to shareholders.	▪ A legal team with the necessary skills ensures strict compliance with current regulations and, as far as possible, anticipates changes in the law (legislation watch). ▪ The Company also calls upon external consultants.
RISK RELATED TO REGULATION		
The Company is exposed to changes in (Belgian, European and international) law and increasingly numerous and complex regulations, and to possible changes in their interpretation or application by the authorities or the courts, notably accounting, reporting, fiscal, environmental, urban-development and public-procurement regulations.	Risk of the Company being held liable, civil, criminal or administrative convictions, and the risk of not obtaining or the non-renewal of permits. This could adversely affect the Company's business, its results, profitability, financial situation and/or outlook.	▪ A legal team with the necessary skills ensures strict compliance with current regulations and, as far as possible, anticipates changes in the law (legislation watch). ▪ The Company also calls upon external consultants.

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
TAX REGIME		
As a BE-REIT, the Company enjoys a specific tax regime. The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute as much cash flows as possible while enjoying certain advantages. In particular, BE-REITs pay a reduced rate of corporation tax as long as at least 80% of its cash flows are distributed (calculated on the basis of Article 13 of the Royal Decree of 13.07.2014). BE-REITs are exempt from corporation tax on the results (rental income and capital gains realised minus operating costs and financial charges)[1]. The exit tax is calculated as per circular Ci.RH.423/567.729 of 23.12.2004, the interpretation or practical application of which is liable to change. The real value of a property, as referred to in that circular, is calculated after deducting the registration fees or VAT. This real value differs from (and so may be less than) the fair value of the property as set out in the BE-REIT'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 on which the tax is due.		
RISK OF LEGAL PROCEEDINGS		
The Company is a party to legal proceedings and may be involved in others in future.	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 registration document), are unlikely to have a major impact on Befimmo, as the potential losses are highly unlikely to materialise and/or are of insignificant amounts.	▪ A legal team with the necessary skills ensures strict compliance with current regulations and, as far as possible, proactively anticipates changes in the law (legislation watch). ▪ The Company also calls upon external consultants.

1. But this does not apply to its subsidiaries which are not institutional BE-REITs.

MAIN OPERATIONAL RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
OPERATIONAL RISK		
Risk of loss or loss of earnings resulting from inadequate or failed internal processes, people and systems or from external events (natural disasters, human error, etc.).	The Company is exposed to the risk of the loss or theft of sensitive data, financial loss, and interruption of business in the event of a failure of systems or processes.	▪ Corporate Governance Charter and Code of Ethics drafted by the Board of Directors. ▪ Code of Ethics requiring ethical values to be observed in relations with customers, staff, partners and shareholders. ▪ A business continuity plan has been devised, consisting of measures which, in the event of a crisis, allow essential operations and services to continue, possibly in degraded mode, and a planned resumption of business. It covers both functional and IT aspects.
RISK RELATED TO THE INTEGRITY OF INFORMATION SYSTEMS AND DATA		
Failure of information systems and cybercrime that could jeopardise business continuity.	The Company is exposed to the risk of disruption of its business in the event of a failure of information systems or cybercrime.	▪ A business continuity plan has been devised, consisting of measures which, in the event of a crisis, allow essential operations and services to continue, possibly in degraded mode, and a planned resumption of business. It covers both functional and IT aspects. ▪ Depending on the type of data, back-ups are organised using a variety of techniques (redundant infrastructure, daily back-ups online and on cassette). Measures taken to secure access to the Company's data. Outsourced IT support provided by two partners under a service level agreement (SLA). ▪ Awareness actions for the team to the risks of cybercriminality and fraud.
RISK RELATED TO TEAM MEMBERS		
Risk of departure of certain key members of staff.	A loss of key skills in the Company could lead to a delay in achieving some of its objectives.	▪ Special attention is paid to staff wellbeing and motivation. Pay is in line with market rates (benchmarking). ▪ Importance of managing the skills of the team members. ▪ Importance of dialogue with the team. ▪ New procedure for the induction of new employees (mentoring system, etc.). ▪ As far as possible, Befimmo prepares for departures and ensures that know-how is passed on.
RISK OF FRAUD		
Misappropriation of Company assets for own account or for third parties.	The Company is exposed to the risk of loss or theft of sensitive data, and financial loss as a result of fraud.	▪ Corporate Governance Charter and Code of Ethics drafted by the Board of Directors. ▪ Code of Ethics requiring ethical values to be observed in relations with customers, staff, partners and shareholders. ▪ Procedures for controlling sensitive data. ▪ Awareness actions for the team to the risks of cybercriminality and fraud.

Quatuor - Brussels North area

MESSAGE OF THE CHAIRMAN AND THE CEO

Dear Shareholders,

For many years, Befimmo has been carefully studying the rapid evolution of our way of working and living. Our portfolio, of quality buildings in good locations, selected on the basis of demanding real-estate criteria, is a solid foundation for meeting the expectations and new needs of our users. Since customers are central to our reflection process, we are paying ever-greater attention to the services and facilities to be offered to them. Today, workplaces are no longer chosen solely on the basis of a cost analysis. The well-being of employees in the broad sense is also playing an increasingly crucial role. Accordingly, we are not only providing buildings but also creating environments to work, meet, share and live.

In 2019, we made very real progress with this thinking while continuing to pay particular attention to the proper management of our portfolio and of course to our two major ongoing redevelopment projects, the Quatuor and the ZIN, located in the North area of Brussels.

Already in 2015, we announced that Befimmo's portfolio was going to enter a major redevelopment phase and consequently into a period of transition in terms of its revenues. The two leases, accounting for a significant proportion of the portfolio, of the buildings then called "Noord Building" and "Tower 2 of the World Trade Center", today the Quatuor and ZIN projects respectively, expired in 2018.

We have come a long way since then!

The Quatuor, now at an advanced stage of construction, will be completed in the first half of 2021. A third of its floor area is currently pre-let. Now that it is clearly visible, it is attracting a lot of interest from prospective tenants looking for new space in a rental market with a real shortage of available "grade A" premises and a vacancy rate of 7.6%, the lowest level ever seen on the market.

The ZIN project, for its part, will be characterised in particular by its innovative nature in terms of spatial design, mixed use, integration into - and openness to - the city, respect for the environment and the circular economy and, more importantly, by stakeholders being closely involved from the very beginning of its design. It is currently in the final phase of the permit application, and the regional authorities have recently declared it the winner of the "be.exemplary 2019" award.

We would recall that, in March 2019 the ZIN project won the public contract organised by the Flemish Regional Authority, its 70,000 m² of office space are therefore already fully let well before the completion of the project. The Flemish administration has concluded a fixed-term 18-year lease which will commence in 2023. This transaction is the largest on the Brussels office market in over 10 years.

The Brederode project (Brussels - Centre), also fully pre-let, will be completed in the first quarter of fiscal year 2020, ready to welcome its tenant who will occupy the entire building.

The Paradis Express project (Liège) is also progressing well. The residential part was sold to third parties in 2019, while at present 67% of its office space has been let off-plan. We estimate that all of the offices could therefore be pre-let by the end of 2020. The handover of Paradis Express is scheduled for 2021.

Therefore, at the time of writing, more than 77% of the office space under redevelopment and to be handed over between 2021 and 2023 is already let, thus confirming the quality of your company's portfolio and the skills of the team that is devoting all of its energy to it and is able to convince all our stakeholders of the quality and the professionalism of its work.

"Our portfolio, of quality buildings in good locations, selected on the basis of demanding real-estate criteria, is a solid foundation for meeting the expectations and new needs of our users."

"More than 77% of the office space under redevelopment and to be handed over between 2021 and 2023 is already let, thus confirming the quality of your company's portfolio and the skills of the team that is devoting all of its energy to it."

We are therefore confidently forecasting the gradual return of revenues temporarily lost on these buildings and, hence, like-for-like EPRA earnings at the level of the current dividend by 2024.

2019 has been another highly successful year for rentals. In addition to those already mentioned in the ZIN and Paradis Express projects, there have been new leases or renewals in more than 50,000 m² of our space, especially in the Blue Tower (Brussels Louise), Central Gate (Brussels Centre) and Triomphe (Brussels decentralised) buildings. We have therefore been the most active landlord on the Brussels rental market in terms of m² let.

We also continued to develop Silversquare's coworking activities; our six operational spaces currently occupy a total floor area of almost 17,000 m².

Our experience with the Silversquare Triomphe, the first space in our portfolio opened in collaboration with Silversquare, has demonstrated the relevance, in terms of synergies, of our "hybrid" model, housing in the same building tenants on conventional 3/6/9-year or longer leases alongside tenants on flexible arrangements. The diversity, flexible use of the available space and the services provided are creating a lot of value for both categories.

Our first coworking space in the periphery (Zaventem) opened in December 2019, and this year we will open an additional one in the Louise district of Brussels (Bailli), and will expand two others (Europe and Stéphanie). In 2020, we will also very probably open our first centre in Antwerp. Our development plan will continue to be deployed actively with the opening in 2021 of new centres in the Central Gate (Brussels Centre), Quatuor (Brussels North) and Paradis Express (Liège).

The coworking business should therefore make its first positive contributions to EPRA earnings from 2023.

On the investment market, we completed the acquisition of the Loi 44 building (Brussels Léopold), which is strategic in that it adjoins the Joseph 2 building. It allows the redevelopment by 2021-2023 of an innovative and very effective project, with a fine façade on rue de la Loi.

We also sold the Pavilion building (Brussels Léopold) on the back of good momentum in real estate, six years from the final expiry of the usufruct in favour of the European Commission. In this way, we are crystallising part of the revenue from financial resources in order to help finance redevelopment work and generate capital gains that help to secure the dividend for the year.

Furthermore in 2020 and 2021 we will continue to sell certain buildings in the portfolio, where the sale is fully justified from the standpoint of sound management and rotation of the portfolio.

Building on the confidence of our shareholders who entrusted €80 million in new equity to us in December 2019, we intend to be even more present on the investment market and so pursue an approach of accretive growth in EPRA earnings and value creation. The "value-add" profile of the investment projects that we are currently working on meets this expectation.

For fiscal year 2019, Befimmo posted a consolidated group share EPRA earnings (operational cash flow) of €3.29 per share, in line with forecasts. Taking into account the sale of the Pavilion building, which realised a net capital gain of €0.30 per share (net of the absence of income from the building in 2019), the distributable amount for the fiscal year is €3.59 per share.

The consolidated net group share result amounted to €6.95 per share (€3.24 for fiscal year 2018). The difference of €3.71 per share is mainly due to unrealised changes in value (€4.3 per share) and realised capital gains (€0.5 per share) during the fiscal year, which effectively raises the current net result for the year, including capital gains realised for the year, to well above the announced dividend of €3.45 per share.

We will therefore be proposing to the General Meeting on 28 April that a final dividend of €0.86 gross per share be distributed. As forecast, with the interim dividend of €2.59 paid out in December 2019, the dividend for the year will be €3.45 gross per share.

We intend to continue in this way, namely to find the best balance of EPRA earnings and capital gains realised until the buildings being redeveloped begin to earn income again. Our business plan currently indicates that EPRA earnings will return above the €3.45 level by 2024. Accordingly, on the basis of all the above, we are maintaining a dividend guidance, all other things being equal, of €3.45 per share for the current fiscal year 2020. However, it goes without saying that, for example the Coronavirus (COVID-19) health crisis, which has reached a new level in Europe just before these lines were printed, constitutes one of those imponderables whose consequences for business activity are still totally impossible to predict.

Finally, we would like to lay emphasis on the huge amount of work accomplished by the whole team to prepare Befimmo for the opportunities, and also the challenges, of the new decade in these times of digital revolution, of the need to work towards more sustainable development, flexibility, efficiency and well-being. The world is changing fast; the various active generations must reconcile their visions of living together, the world of work of sharing.

As we said at the beginning of this letter, Befimmo is therefore clearly in "transformation" mode; the teams work through collective intelligence on specific projects on the basis of an action plan for 2030, progress on which is measured on the basis of key performance indicators.

On behalf of the Board of Directors, the Executive Committee and our entire team, we are very grateful for your confidence in us and assure you that we are fully motivated and enthusiastic about the delivering the expected results.

Brussels, 6 March 2020.

Benoît De Blieck
Managing Director
CEO

Alain Devos
Chairman of the Board
of Directors

FEATURE #1

MAKING CITY

A new kind of urban development

The existing WTC towers, developed in the 1970s, no longer meet present-day expectations. Flexible working, in terms of both time and space, has become a reality today. Office districts are increasingly becoming places of cooperation where people meet up to work together, in constantly changing configurations.

It is for this reason, among others, that the principle of "building the city" is a main element in the design of the project. ZIN will be fully integrated into its urban ecosystem and will be open to the city. The ground floor will be a true city space, transparent, with a large glazed area accessible to the public, functioning as a meeting place within the district. The view from the roof terrace will be the icing on the cake. The various functions of the site will each have their own address and access, thereby creating new urban routes.

MANAGEMENT REPORT

ZIN - Brussel North area

Our values

PROFESSIONALISM

We give every project, regardless of its size, all the attention, thoroughness and professional dedication required to bring it to fruition in line with best practice.

TEAM SPIRIT

Each member of our team works in a spirit of solidarity and shared responsibility, and is driven as much by achieving common goals as by personal success.

COMMITMENT

The team's dedication to Befimmo means that everyone has a high level of involvement in their work, team and projects.

HUMANITY

We work with an enthusiastic approach that is resolutely human, caring, open and respectful of individuals.

Silversquare - Brussels

Our strategy

With more than 20 years of real-estate expertise, Befimmo is a key player offering inspiring workspaces.

Understanding and anticipating the rapid development of its business is at the heart of Befimmo's strategy. For many years, Befimmo has been carefully studying the evolution of the way of working and living. The digital revolution, the search for flexibility and efficiency, and the attention we pay to the environment, and more generally to social responsibility, are important drivers for Befimmo's activities.

Befimmo provides appropriate and specific responses to the needs of the world of work. In this context, it invests in large-scale real-estate projects that meet high quality criteria. Befimmo operates a portfolio of 76 quality office buildings with an overall value of €2.8 billion, located mainly in city centres near public transport. Befimmo manages its portfolio proactively so as to meet the expectations of its users. It takes care to make arbitrations within the portfolio in order to crystallise values and keep its portfolio at the highest level of quality by selling buildings no longer fitting into the strategic framework. Befimmo has a good pipeline of strategic projects under construction. This pipeline contributes to internal growth, which creates value, in a period of fierce competition between investors looking for returns. Furthermore, Befimmo uses its development skills when buying office buildings that are of good quality but are nearing the end of their cycle (value add) with a view to redeveloping them upon expiry of the lease.

Befimmo environments are an integral part of the urban ecosystem and meet the expectations of all stakeholders. When designing its projects, Befimmo strives to create living and multifunctional neighbourhoods.

Befimmo, together with its subsidiary Silversquare, is developing a Belux network of interconnected workspaces. Communities are being created within the network between start-ups, scale-ups and small and large businesses through the organisation of events, presentations, brainstorming sessions, etc. It is a unique way to stimulate creativity, innovation and interaction between all kinds of businesses and entrepreneurs.

The well-being of users is a key part of this and Befimmo offers a wide range of services to make their lives easier. The environments conceived by Befimmo are all designed and developed so that all users can enjoy a pleasant, productive and more connected experience.

Accordingly, Befimmo aims to create environments to work, meet, share and live.

Befimmo focuses its activities on its six strategic axes: **the world of work, setting an example, use of resources, dialogue, mobility and integration into the city**. These priorities have been brought together in a global action plan for 2030, with specific key performance indicators (KPIs).

Quatuor - Brussels North area

DYNAMIC BUSINESS MODEL

Befimmo's business model is based on three strong fundamentals: our 6 strategic axes, a track record in real-estate for more than 20 years and a healthy financial strategy.

Befimmo manages internally the complete real-estate value chain, with a focus on innovation and the evolution of its business with the objective to create value for all stakeholders.

TRENDS

Changing ways of working and living

- Emergence of new technologies and digital revolution
- Talent attraction
- Work-life balance and well-being
- Metropolisation
- Mobility
- Environment concerns

BEFIMMO'S BUSINESS MODEL

Providing places to work, meet, share and live

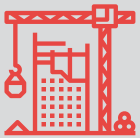
REAL-ESTATE OPERATOR

ASSET MANAGEMENT & ROTATION

Proactive management of quality workspaces with city centre focus in a Belux network

ASSET DEVELOPMENT

Future proof developments to create value in a low yielding environment



COWORKING

WORKSPACE AS A SERVICE

Offering flexibility, community & services

Sustainable, innovative approach and tenant's empowerment are at the center of our stategy

OUR 6 STRATEGIC AXES

In 2017 Befimmo, together with its internal and external stakeholders, devised a new roadmap, in which social responsibility is fully integrated into the Company's strategy. The Company drew up a materiality matrix which enabled it to identify its relevant issues, aligned with 15 of the 17 Sustainable Development Goals[1]. These have been grouped into six areas that reflect the way Befimmo views its business today and tomorrow. In the action plan for 2030, the priorities are grouped together and progress is measured on the basis of key performance indicators.

This strategic evolution is obviously supported by digitisation. Befimmo is aware that this digital acceleration is essential for innovation and also to improve the user experience. Today it provides the tools and solutions needed to reinforce the long-term objectives that it has set for itself both in its overall strategy and in its internal organisation.

THE WORLD OF WORK
Rethinking workspaces based on the type of activity and profile of the users

INTEGRATION INTO THE CITY
The building becomes an ecosystem open to its urban environment that brings together a mix of functions

SETTING AN EXAMPLE
Befimmo shares the benefit of its research with all its partners and uses its influence to foster positive developments in society

TEAM

MOBILITY
Contributing to the development of alternative, environmentally-friendly transport solutions

USE OF RESOURCES
Application of eco-design and circular-economy principles to each phase of a building's life cycle (design, renovation, operation) for a positive evolution of society

DIALOGUE
Fostering and maintaining communication with all stakeholders

TEAM	
Efficiency level	2030
Mobility change	2030
Transverse groups	2030
Waste weight	2030
THE WORLD OF WORK	
Occupant satisfaction	2030
SETTING AN EXAMPLE	
Certifications	Continuous
External communication	Continuous
Green financings	2030
Innovative projects	2025
Non-conformities	Continuous
USE OF RESSOURCES	
Water consumption	2030
Responsible procurement	2021
Material recovery	2020
CO_2e emissions	2030
DIALOGUE	
Dialogue suppliers	2022
Investor relations	2021
Sustainable funds	2030
MOBILITY	
Information on mobility	2022
Mobility solutions	2025
INTEGRATION INTO THE CITY	
Biodiversity potential	2021
Dialogue stakeholders	2020
Open buildings	2023

between 0% and 50% of the objective
between 50% and 75% of the objective
between 75% and 100% of the objective
continuous and not currently measured

1. United Nations Sustainable Development Goals.

WELL-LOCATED QUALITY PORTFOLIO WITH A STRONG AMBITION

Befimmo operates in the main Belgian towns and cities and in the Grand Duchy of Luxembourg.

Its ambition is to develop the Belux network of interconnected workspaces. Befimmo's portfolio will become a high-density network, aligned with the local economy, offering flexible solutions to all users. This new model allows Befimmo to expand its offering to meet the evolution of the needs of the market.

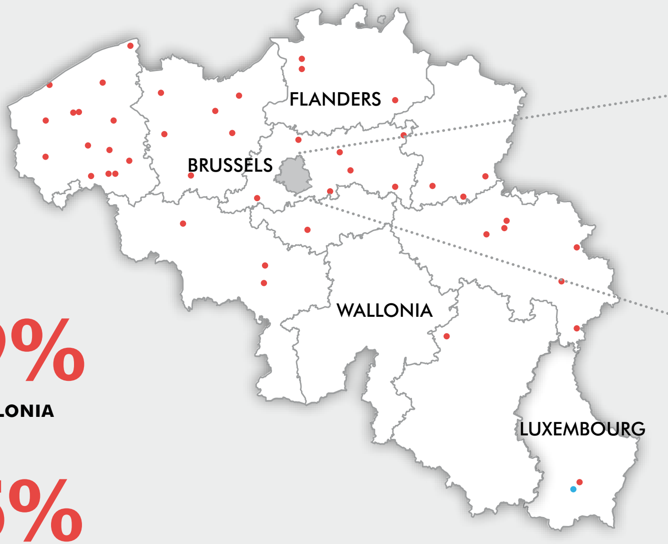
WHO IS SILVERSQUARE?

By creating its first coworking centre in 2008, Silversquare became a pioneer in the sector in Belgium and Europe. Silversquare stands out from its competitors for anticipating a fundamental evolution of the business. 11 years on, the company manages 6 centres, with a floor area of 16,800 m², has more than 1,000 members and generates a turnover of around €7.4 million. Silversquare offers its members flex or fixed desks or even private office space for small businesses under a membership contract of flexible duration (1 day, 1 month, 1 year, etc.). Silversquare takes a proactive facilitation approach in its centres to make them places for sharing knowledge, innovation and networking. Silversquare organises training courses, think-tanks and events in a unique atmosphere. This "Open Incubator" approach is specific to Silversquare and makes its centres true urban business hubs.

www.silversquare.eu

BELGIUM & LUXEMBOURG[1]

LOCATIONS IN CITY CENTRES WHERE VALUE IS GENERATED BY SCARCITY

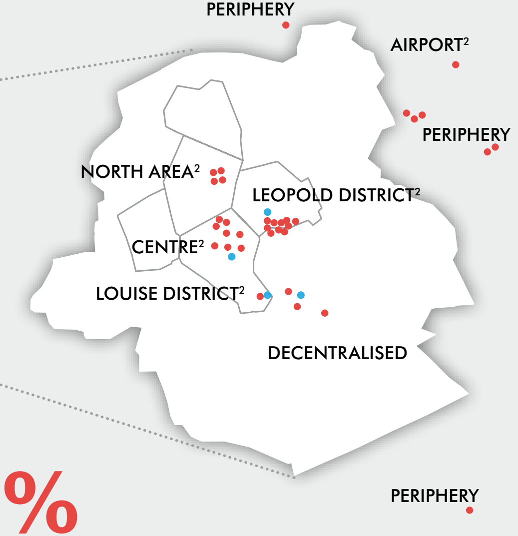


9% WALLONIA

5% LUXEMBOURG

17% FLANDERS

BRUSSELS[2]



69% OF THE PORTFOLIO LOCATED IN BRUSSELS

OF WHICH **58%** IN THE CENTRAL BUSINESS DISTRICT

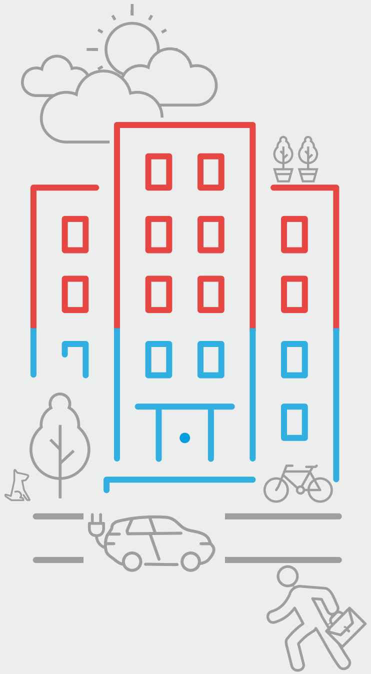
- Office buildings
- Silversquare coworking spaces

1. The percentages are expressed on the basis of the fair value of the investment properties as at 31 December 2019.
2. Brussels CBD and similar.

BEFIMMO ENVIRONMENTS IN A NEW WORLD OF WORK

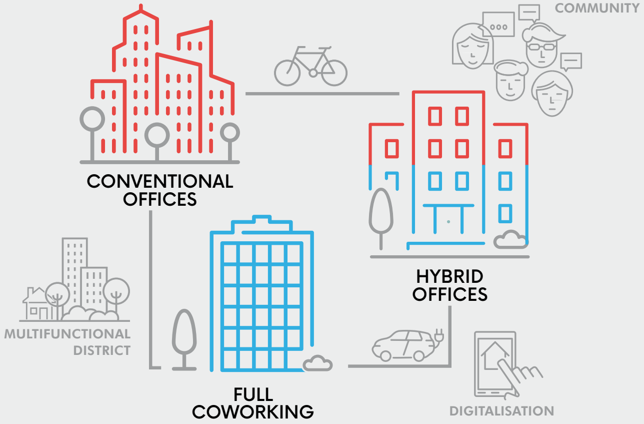
Befimmo offers its users a variety of work environment solutions in a hybrid-office model, ranging from conventional offices to buildings devoted entirely to coworking, or a mix of both solutions. Users enjoy flexibility in terms of time (duration of their contract), workspace (they can easily occupy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

MIXED-USE BUILDINGS



FLOOR 9	Urban farm
FLOOR 7-8	Full office floor
FLOOR 5-6	200 - 500 m²
FLOOR 3-4	50 - 200 m²
FLOOR 2	Private offices, alcoves
FLOOR 1	Event space, flexible space, private offices, meeting rooms, etc.
FLOOR 0	Reception, meeting rooms, lounge, flexible space, barista and garden
FLOOR -1 -2	Parking spaces

NETWORK OF WORK ENVIRONMENTS



LYNX PROGRAMME, CREATING LINKS

Creating links means offering an inspiring experience in an ecosystem that creates opportunities through a network of digital spaces and efficient internal organisation. It is with this goal that Befimmo has brought together a set of digital transformation projects under the banner of the "LynX programme".

This programme has helped to coordinate ongoing projects (such as the Building Information Management (BIM) system, virtual visits, optimisation of accounting systems, customer relations, 'Smart Building' or 'Business Intelligence' solutions) and to initiate new strategic projects.

The programme uses an agile management method. Project managers work in short iterations, prompting them to quickly test the relevance of their solutions.

All of these projects also follow a user-oriented approach. Digitisation must offer an improvement in the user experience, without creating unnecessary needs.

This ambitious programme is budgeted over several years. It is coordinated by a multidisciplinary team reporting directly to the Executive Committee.

The projects are grouped according to their orientation:

1. Projects oriented at **prospects and customers** which aim to provide a relevant response to users' expectations and thus continuously improve their experience.
2. **Team**-oriented projects which aim to improve the efficiency of Befimmo's internal organisation and optimise links with its partners.
3. **Building**-oriented projects which aim to manage the sharing of information between the building, its occupants, managers, operators, designers and builders.

Ikaros - Brussels periphery

SERVING OUR TENANTS

Building facilities

Depending on the characteristics of the buildings (rental situation, location, type of lease, etc.), tenants are provided with a wifi network, restaurant, catering service, coworking space and/or a diverse range of meeting rooms, a nursery, fitness centre, logistics solution for receiving parcels, showers, sports classes, secure lockers, etc.

The Services & Facilities team supports tenants as part of the services offered.

In addition, since the end of 2019, a transversal Services & Facilities unit has been created at Befimmo. Several departments meet to better coordinate actions and to include commercial and CSR aspects in the thinking process from the outset. The aim of this unit is to establish a database of the needs of the tenants by meeting them physically under different formulas (informal lunch, breakfast, tasting, afterwork, etc.). The objective of this "user centricity" approach is to better define the expectations of the tenants so that Befimmo can better adapt its services to the specific needs.

Mobility

Befimmo wishes to contribute to improving urban mobility and its impact on the environment by equipping its buildings with cycling infrastructure and electric vehicle charging systems.

To facilitate short trips, while endeavouring to limit the environmental impact of such trips, Befimmo already provides tenants with Ahooga[1] folding electric bikes. In late 2018, Befimmo and Ahooga launched the "On-Site Bike Store & Services" concept, with the aim of reducing the barriers to the use of bicycles in companies, by offering an on-site service.

The Ahooga team at the service point helps tenants to familiarise themselves with using electric or conventional bikes, either folding or flexible. The service point not only provides tenants with bicycles for short trips but, above all, offers a full range of services, from a simple test-ride of the various models to bike rental or even sale and leasing. You can also get advice and training or have your Ahooga bike maintained on site. The first two service points have been set up in the Central Gate and Triomphe buildings.

Property management

The team of property managers manages the buildings while improving tenant satisfaction and comfort. It develops a regular and transparent relationship with tenants with a view to meeting their expectations. To that end, tenants have a help-desk (24/7 telephone service) and management tools: Helpsite, Extranet, etc.

Space planning & project management

This team provides turnkey solutions by assisting current and prospective tenants with the design and construction of their real-estate projects.

Environmental support

The environmental team monitors the environmental performance of the buildings on a daily basis. It has also been offering support to occupants with measures to optimise their energy consumption and waste management.

Online sheet "The world of work"

Online sheet "Mobility"

Online sheet "Dialogue"

"THERE ARE MANY ASPECTS THAT MAKE THE ZIN PROJECT VERY UNIQUE. WHAT STRIKES ME MOST IS THE PRESERVATION OF STAIR AND ELEVATOR CORES, AROUND WHICH A NEW PROJECT IS BEING BUILT. I'M ALREADY LOOKING FORWARD TO THE IMAGE WHEN THE CORES STILL STANDING THERE, JUST BEFORE CONSTRUCTION."

DAGMAR DECRAMER – PROJECT CONSULTANT (ADVISERS)

"Strategic axes"

www.befimmo.be

1. https://ahooga.bike. With Ahooga, Befimmo is making an ethical and "made in Europe" choice. Indeed, the frames are designed in Belgium and produced in Europe, with aluminium purchased in Belgium. Moreover, 30% of the assembly is done in Brussels. In this way, Ahooga is boosting the local economy and reducing its ecological footprint.

Digitalisation

The changing world of work now goes hand-in-hand with increased digitisation in our society. Befimmo therefore devoted part of its R&D activities to reflect upon its digital transformation. Accordingly, since several years, it held several workshops bringing together various external stakeholders, such as experts and existing and future partners to better understand the benefits that a connected office building could offer tenants and service providers, the owner, and even the city (of tomorrow). Befimmo aims to adapt to a new digital reality that offers new tools needed to meet the expectations of all its users. Concretely, in the "Lynx" program, a part is dedicated to prospects and customers with the aim of continuously improving their experience.

Health and safety

The health and safety of occupants remain a priority. Befimmo makes every effort to ensure that its buildings are healthy and perfectly safe. To that end, defibrillators are installed in most multi-tenant buildings, together with a rest room and/or infirmary. Befimmo constantly checks that the proper mandatory statutory controls are in place and that any observations and/or infringements arising from reports made by qualified staff in its portfolio are addressed. As at 31 December 2019, and based on reports received by that date, 92%[1] of the portfolio of properties with multiple tenants[2] had been checked in four relevant areas, including inspections on fire, lifts, electricity and heating.

In 2019, the Property Managers team managed one minor incident involving people. No major incidents, penalties, fines, etc. were reported during the fiscal year.

Community

Befimmo aims to ensure that every building in its portfolio is harmoniously integrated into its local neighbourhood. The "Community Engagement" indicator, published by EPRA, has been calculated for the past three years. The goal is to measure the percentage of buildings for which measures have been taken to engage in dialogue with local communities.

To calculate the indicator, Befimmo takes account of the projects (m^2) that it is supporting and setting up in the North area: its activities in the Up4North association, the dialogue with local residents as part of the Quatuor project, and public announcements, surveys or consultations that it organises when making applications for environmental and urban planning permits. It also takes account of buildings in which a coworking space is present.

In terms of community, Befimmo now benefits from Silversquare's expertise in community facilitation and networking. Indeed, many events are organised within multi-tenant buildings to promote links between members and tenants and to support the creation of business networks. Befimmo is convinced that installing a coworking centre makes the buildings more open to the city, with in particular a lively ground floor.

In fiscal year 2019, 25%[3] of the consolidated portfolio was covered and the goal is to improve this result each year. The teams are working to bring about this urban evolution.

1. This percentage was calculated using the EPRA sBPR methodology, see page 95 of this Report.
2. Note that for buildings let to a single tenant, the tenants themselves are responsible, and they deal with the statutory controls in their buildings.
3. The value of the indicator is notable directly related to and/or influenced by the number of permit applications that depend on ongoing and/or development projects.

Key figures 2019

REAL ESTATE

2,788.6 € MILLION
FAIR VALUE OF PORTFOLIO

94.4%
OCCUPANCY RATE

7.1 YEARS
WEIGHTED AVERAGE DURATION OF CURRENT LEASES UP TO NEXT BREAK

76%
PRE-LET RATE OF OFFICE DEVELOPMENT PROJECTS (ENGAGED, ONGOING)

FINANCIAL RESULTS

3.29 €/SHARE
CONSOLIDATED EPRA EARNINGS

59.29 €/SHARE
NET ASSET VALUE

3.45 €/SHARE
GROSS DIVIDEND

FINANCIAL STRUCTURE

2.0%
AVERAGE COST OF FINANCING

BBB
STANDARD & POOR'S RATING

39.0%
LTV

TEAM

86
EMPLOYEES

53%
MEN

47%
WOMEN

STOCK MARKET

1.5 € BILLION
MARKET CAPITALISATION

6.4%
GROSS DIVIDEND YIELD OF THE SHARE

COWORKING

6
SILVERSQUARE COWORKING SPACES

93%
OCCUPANCY RATE OF MATURE SPACES

"Property report"
"Financial report"
"EPRA Best Practices"
"Befimmo on the Stock market"
"Environmental and energy performance glossary"
"Glossary"
"Glossary of real-estate indicators"

PROPERTY KEY FIGURES	31.12.2019	31.12.2018	31.12.2017
Fair value of portfolio (in € million)	2 788.6	2 655.3	2 494.4
Spot occupancy rate of properties available for lease (in %)[1]	94.4	94.5	94.4
Weighted average duration of current leases up to next break (in years)[1]	7.1 years[2]	7.0 years[2]	7.3 years
Weighted average duration of current leases up to final expiry (in years)[1]	7.8 years	7.8 years	7.8 years
Gross initial yield on properties available for lease (in %)[1]	5.4	6.0	6.2
Gross potential yield on properties available for lease (in %)[1]	5.6	6.3	6.5
Gross initial yield of the investment properties (in %)[1]	4.6	5.5	5.9

FINANCIAL KEY FIGURES	31.12.2019	31.12.2018	31.12.2017
Net asset value (in € per share)	59.29	56.42	56.63
Consolidated net result (in € per share)	6.95	3.24	5.32
Net result real-estate operator (in € per share)	7.03	3.24	5.32
Shareholders' equity (in € million)	1 603.90	1 443.21	1 448.50
Return on shareholders' equity[3] (in € per share)	6.47	3.24	5.33
Return on shareholders' equity[3] (in %)	11.6	5.8	9.9
Debt ratio[4] (in %)	42.7	45.8	41.6
Loan-to-value[5] (in %)	39.0	43.6	39.6
Average financing cost[6] (in %)	2.0	2.0	2.1
Weighted average duration of debts (in years)	4.4	4.8	4.7

EPRA KEY FIGURES	31.12.2019	31.12.2018	31.12.2017
Consolidated EPRA earnings[7] (in € per share)	3.29	3.68	3.74
EPRA earnings real-estate operator[7] (in € per share)	3.26	3.68	3.74
EPRA NAV[7] (in € per share)	60.80	57.02	57.03
EPRA NNNAV[7] (in € per share)	58.54	55.93	56.35
EPRA Net Initial Yield (NIY)[7] (in %)	4.9	5.7	5.8
EPRA Topped-up NIY[7] (in %)	5.1	5.9	6.0
EPRA Vacancy Rate (in %)	4.1	4.3	5.4
EPRA Like-for-Like Net Rental Growth[8] (in %)	4.7	2.4	2.8
EPRA cost ratio (including direct vacancy costs)[7] (in %)	21.7	19.7	17.4
EPRA cost ratio (excluding direct vacancy costs)[7] (in %)	20.0	17.8	15.8

KEY FIGURES ON BEFIMMO'S SHARE	31.12.2019	31.12.2018	31.12.2017
Closing share price (in €)	54.10	48.55	53.55
Gross dividend[9] (in € per share)	3.45	3.45	3.45
Gross yield[10] (in %)	6.4	7.1	6.4
Return on share price[11] (in %)	18.7	-2.9	7.0
Number of outstanding shares	28 445 971	25 579 214	25 579 214
Average number of shares during the period	27 052 443	25 579 214	25 579 214
Average number of shares not held by the group during the period	25 676 219	25 579 214	25 579 214

ENVIRONMENTAL KEY FIGURES[12]	31.12.2019	31.12.2018	31.12.2017
Gas | Normalised direct energy consumption (in kWh/m^2)	69.6	72.9	71.4
Electricity | Indirect energy consumption			
Consumption common areas (in kWh/m^2)	30.8	34.0	33.7
Consumption private areas (in kWh/m^2)	39.8	40.0	41.9
Water | Consumption (in l/m^2)	265.0	249.0	254.0
CO_2 | Direct and indirect energy emissions (in kg CO_2e/m^2)	13.8	14.6	14.3

AWARDS AND CSR BENCHMARKS	2019	2018	2017	2016
EPRA BPR[13]	Gold	Gold	Gold	Gold
EPRA sBPR[13]	Gold	Gold	Gold	Gold
CDP[13]	Awareness C	A- Leadership	B Management	A- Leadership[14]
GRESB[13]	83% Green Star	81% Green Star	86% Green Star	82% Green Star
MSCI	A	A	A	BBB
OEKOM	-	Prime C+	-	-
VIGEO EIRIS	Not publicly available	Not publicly available	Not publicly available	Not publicly available
Standard Ethics	-	EE-	EE-	EE-
Sustainalytics	56/100	64/100	-	-

Online sheet "Reporting & recognition"

1. This is a real-estate indicator. For more information, please refer to Appendix II of this Report.
2. Excluding the WTC 2, of which the lease expired at the end of the year 2018, the weighted average duration of leases up to next break would be 7.8 years as at 31 December 2018.
3. Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, if applicable the participation in the optional dividend and, if applicable the participation in the capital increase. This is an Alternative Performance Measure. For more information, please consult Appendix III to this Report.
4. The debt ratio is calculated in accordance with article 13 of the Royal Decree of 13 July 2014.
5. Loan-to-value ("LTV"): [(nominal financial debts – cash)/fair value of portfolio]. This is an Alternative Performance Measure. For more information, please consult Appendix III to this Report.
6. This is an Alternative Performance Measure. For more information, please refer to Appendix III of this Report.
7. This is an Alternative Performance Measure. For more information, please consult the chapter "EPRA Best practices" on page 86.
8. Trend of the net rental income at constant perimeter, calculated on the basis of the "EPRA Best Practices Recommendations". This is an Alternative Performance Measure. For more information, please consult the chapter "EPRA Best practices" on page 86.
9. Subject to a withholding tax of 30%.
10. Gross dividend divided by the closing share price.
11. Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, if applicable the participation in the optional dividend and, if applicable the participation in the capital increase.
12. For more information, please refer to the Methodology in Appendix VI of this Report.
13. Voluntary participation of Befimmo. For CDP, the score decrease between 2018-2019 is in no way related to the deterioration of the quality of Befimmo's portfolio or to a change in strategy, but is the result of an incomprehension at the level of the online CDP questionnaire. Befimmo maintains its ambitions to reduce the CO_2e emissions. The 2019 values are in line with these ambitious objectives.
14. New rating system (from A to D-) since 2016.

2019 in a nutshell

Q1

- Befimmo completes the largest rental transaction on the Brussels office market since 10 years. It is awarded the public tender organised by the Flemish Government. The 70,000 m² of office space in the ZIN project is entirely pre-let. The 18-year lease will commence in 2023.

Q2

- Befimmo sold the Pavilion building, located in the Brussels CBD (Leopold district), generating a capital gain of €10.0 million (€0.39 per share) in relation to the fair value as the fiscal year opened.

Q3

- "EPRA Gold Award - Financial Reporting" (since 2010) and "EPRA Gold Award Sustainability Reporting" (since 2015) for the Annual Financial Report 2018.

Q4

- Acquisition of the Loi 44 building, located in the heart of the European quarter of Brussels (Central Business District). The location of Loi 44, near the Joseph II building, offers great potential for value creation. When the lease expires (mid 2021), a new innovative complex will be developed.
- Paradis Express :
  - Pre-let of 10,900 m² of the 21,000 m² of office space under construction in the Paradis Express project;
  - Befimmo and Matexi (residential developer) signed a cooperation agreement for the transfer of part of the land (0.6 ha) to be developed by Matexi. Matexi will handle the development of the residential spaces, shops and hospitality businesses.
- Opening of the Silversquare Zaventem coworking space in Ikaros Park. Befimmo's subsidiary Silversquare now operates six coworking spaces, two of which are in Befimmo buildings.
- €69 million raised following the private placement of 1,266,300 treasury shares.
- €11 million new funds raised through interim dividend.

Subsequent key events after closing

COVID-19

Since 6 March 2020, and following the spread of the coronavirus COVID-19 on Belgian and European territory, the Belgian State has taken various binding measures (by Royal Decree of 18 March 2020) aimed at protecting the population but having the collateral effect of slowing down all economic activity in the country. At the closing of this Annual Financial Report, however, it is too early to estimate the impact of these measures on Befimmo's outlook. The content of this Annual Financial Report has therefore not been updated on this matter. Befimmo will come back on this matter in the near future, as the case may be in the publication of the quarterly results at 31 March 2020, which will take place on 7 May 2020.

ZIN - Brussel North area

FEATURE #2

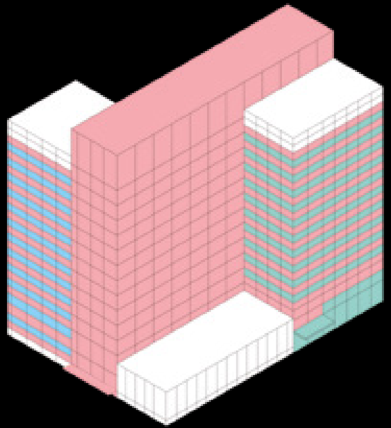
WORKING, HOUSING, LIVING

A MULTIFUNCTIONAL AND INSPIRING LIVING ENVIRONMENT

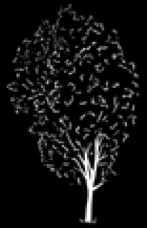
A new central volume will link the two existing towers, offering 14 floors of exceptional size: 4,500 m² each, with a ceiling height in excess of 5 metres. The offices occupying these floors will benefit from myriad spatial planning possibilities.

The intermediate floors, located in the existing towers and half as high, will be occupied by apartments to the east and a hotel to the west. They will enjoy the same panoramic view over the city.

This mix of functions will create a building where there will always be life, seven days a week, with different users occupying the spaces at different times. In this way, ZIN will make a full contribution to the development of a new dynamic in the North area of Brussels.

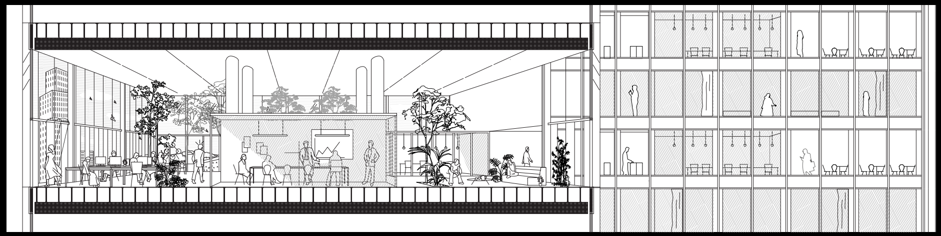


- Offices
- Apartments
- Hotel



24h/day
7 DAYS/WEEK

70,000 m²
SPREAD OVER 14 FLOORS



Property report

Central Gate - Brussels Centre

OFFICE PROPERTY MARKETS

CUSHMAN & WAKEFIELD

All of the following information, covering Brussels and Luxembourg, comes from Cushman & Wakefield's databases, analyses and market reports as at 31 December 2019.

The Brussels office market

The Brussels office market relates to the area covered by the Brussels-Capital Region in the administrative sense of the term, along with part of Flemish Brabant and part of Walloon Brabant, which form the economic hinterland of Brussels. This area has a population of some 1,850,000 and provides more than a million jobs.

Take-up

Take-up in 2019 was 543,000 m². It was mainly because of an exceptional first quarter with a take-up of more than 237,000 m² that 2019 was one of the best years on record. By way of comparison, take-up in 2018 was 361,000 m². In terms of the number of transactions, performance in 2019 was better than last year, with 382 transactions, as against 337 in 2018. Note also that 2019 saw the highest number of pre-letting transactions ever.

The largest transactions include:

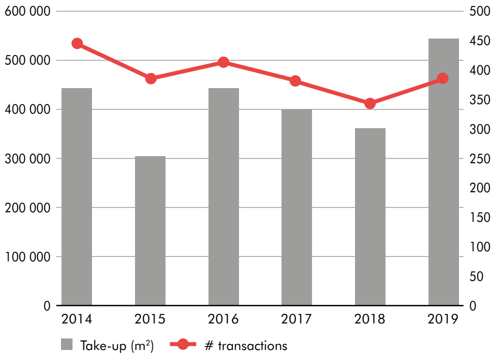
- 70,000 m² taken up by the Flemish community in the ZIN project (North area);
- 37,000 m² pre-let by the Brussels administration in the Silver Tower (North area);
- 23,000 m² taken up in the PwC Campus (Airport periphery) by PwC;
- 17,000 m² leased by BPost in the Multi Tower (city centre);
- 14,500 m² leased by Fedex in the Leopold Square building (decentralised north east).

The public sector (European Union, Belgian federal, regional and local governments) contributed some 169,000 m² of take-up this year, accounting for nearly 30% of total take-up. Belgian administrations contributed more than 21%. This is mainly thanks to the 70,000 m² pre-let by the Flemish Community in the ZIN project, together with the pre-letting of the Silver Tower (37,000 m²) by the Brussels administration.

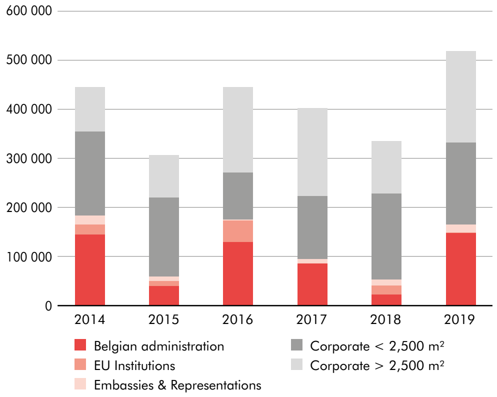
The private sector continues to grow since 2014 and has already taken up around 374,000 m². The coworking sector and the financial sector and consulting firms were very active in 2019, with 14%, 9% and 7% of total take-up respectively.

BRUSSELS	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Stock (m²)	13 462 133	13 467 886	13 496 075	13 474 982
Take-up (m²)	542 737	360 742	399 513	441 942
Vacant space (m²)	1 018 792	1 074 714	1 184 329	1 228 846
Vacancy rate (%)	7.57%	7.98%	8.78%	9.12%
Prime rent (€/m²/year)	320	315	305	275
Average rent (€/m²/year)	180	171	165	163
Investment volume offices (€ billion)	2 085	1 891	1 448	1 481
Prime yield	4.10%	4.25%	4.40%	4.50%
Prime yield long term	3.55%	3.65%	3.65%	3.65%

TAKE-UP AND NUMBER OF TRANSACTIONS



YEARLY TAKE-UP BY OCCUPANT TYPE (IN M²)



COWORKING

The coworking sector is continuing to expand remarkably in the Brussels office market, with take-up of 75,000 m² in 18 transactions in 2019. With 14% of total take-up, the coworking sector is the second most active sector of the year (after the Belgian administrations). While the business started to develop in 2017, it was in 2018 that the sector saw strong growth in Brussels. Last year, the number of transactions doubled and take-up has more than tripled in relation to coworking activity in 2017. Note that the main coworking operators are both Belgian companies (including Silversquare and Fosbury & Sons) and international companies (notably WeWork). With its multiple coworking brands, the IWG group (approx. 55,000 m² in Brussels) is the largest operator in Brussels, followed by Silversquare (approx. 44,000 m² in Brussels). The coworking market in Brussels currently accounts for some 1.3% of the office stock, a proportion that is fully in line with the European average (excluding the United Kingdom).

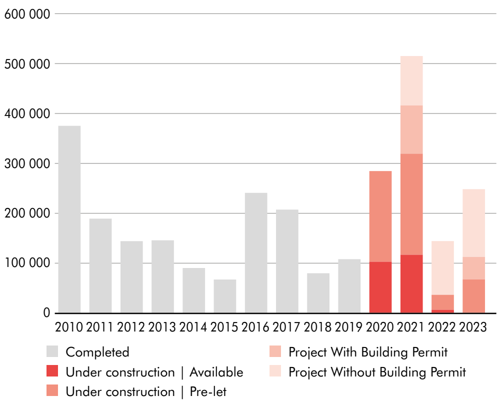
Recent hand-overs and future projects

Since the start of the year, some 108,000 m² of office space have been handed over onto the Brussels market. Recent hand-overs include The One (0% occupied - negotiations are under way to achieve full occupancy) in the Leopold district, Phoenix (approx. 60% occupied) and the Seven building (approx. 95% occupied) in the North area.

Some 633,000 m² of new developments (speculative and pre-let) are currently under construction with an expected hand-over date between 2020 and 2022. The biggest developments partly at risk launched in 2020 and 2021 include Mobius II (44,000 m² in the North area), Multi-Tower (42,000 m² in the city centre, 31,500 m² of which are pre-let), the Gare Maritime building (45,000 m², 18,000 m² of which are pre-let in the North area), the Manhattan Center (redevelopment of 41,000 m² in the North area, with 50% pre-let), Copernicus (13,000 m² in the Leopold district) and the Quatuor (62,000 m² in the North area) where Beobank has already pre-let 22,000 m².

All of these developments are attracting interest from prospective tenants and should be at least partially pre-let before handover. This confirms that tenants are seeking quality and accessibility.

YEARLY TAKE-UP BY OCCUPANT TYPE (IN M²)

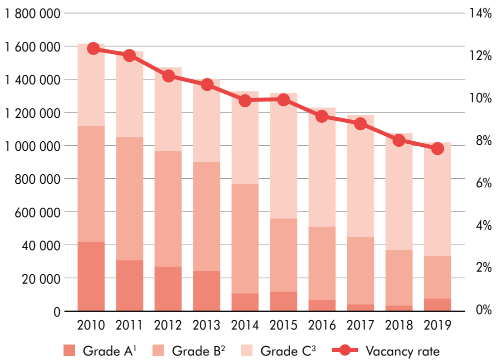


Evolution of rental vacancies

Vacancies are continuing to fall, to 7.6% at the end of 2019, from 7.98% at the end of 2018. The vacancy rate is currently at its lowest level since 2001. The handover of new office space has slightly increased the availability of Grade A buildings (less than 5 years old). That said, availability of Grade A stock remains fairly low at roughly 77,000 m², or 7.5% of total vacancies. This includes 29,000 m² in The One, under negotiations for full occupancy.

In late 2019 and 2020, the arrival on the market of several speculative developments could lead to a slight rise in the vacancy rate.

RENTAL VACANCIES BY TYPE OF PROPERTY (IN M²) AND VACANCEY RATE (IN %)



1. A new buidling (new build or major renovation) meeting the latest environmental, technical and spatial layout standards (notably efficient floor space). Generally, a building that is new or less than 5 years old.
2. A building with good technical and environmental specifications and efficient floor spaces. Generally, a building that is between 5 and 15 years old.
3. Remaining office stock of lower quality. Generally, a building over 15 years old.

Evolution of rents

Prime rents rose at the end of 2018 and again during the second quarter of 2019, reaching a record high of €320/m²/year. The scarcity of available quality space and the confidence of some owners in being able to earn high rents contributed to this significant price rise. The North area is also seeing an increase in prime rent this year, from €210 to €220/m²/year. Average rents also increased in 2019 to €180/m²/year across the whole Brussels market. Again, there are wide variations between districts.

As a consequence of the buildings recently put on the market or being handed over and the lack of available Grade A space, prime rents could reach €325/m²/year by the end of 2021.

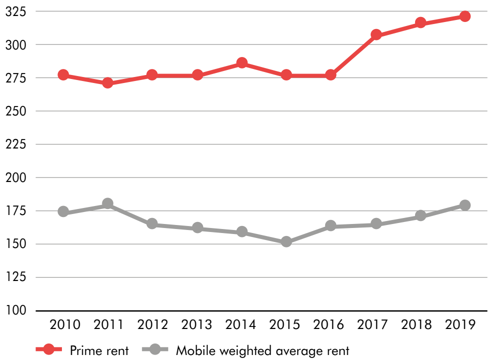
Office investment market

Investments in offices have attained a volume of €2.085 billion in Brussels for 2019. Note, however, that the majority (67%) of the volume of investment in the Brussels office market comes from foreign investors. This means that Brussels is maintaining its strong position as a more stable investment choice for major foreign investors in relation to cities such as London, Paris and Frankfurt. We find not only that the appetite of foreign investors for the Brussels market remains high, but that there is still interest in all types of office products, both buildings with long-term leases and "value-added" products, although these tend to interest Belgian investors. Investor profiles obviously differ, but there is still clear interest everywhere.

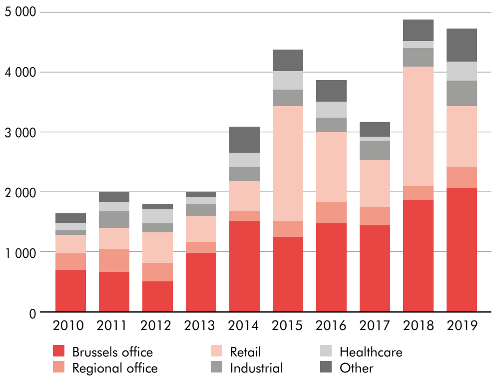
Investments in office buildings in Brussels and the region together account for almost 50% of total investment volumes in 2019 in Belgium. The retail sector came second, with investments of around €974 million. The more niche sectors, such as hotels, leisure parks and others, recorded a high investment volume of more than €540 million. Industry also saw a high investment volume of €440 million.

Prime yields continue to be compressed as a result of the European Central Bank's policy of low interest rates and of competition among investors for the best products. At present, prime rates of return for buildings with 6/9-year leases are around 4.10% and could continue to be compressed over the coming quarters. Prime rates of return for buildings on long-term leases have also been compressed this year to around 3.55%.

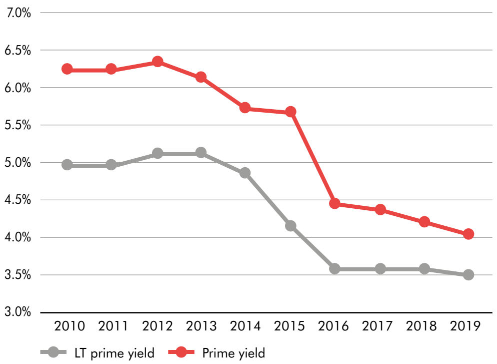
PRIME AND AVERAGE RENT (IN €/M²/YEAR)



INVESTMENT VOLUME ON THE BELGIAN MARKET (IN € MILLION)



PRIME YIELDS (IN %)



Antwerp and Liège office property market

ANTWERP	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Stock (m²)	2 300 900	2 290 933	2 211 285	2 177 638
Take-up (m²)	125 390	144 322	198 270	104 800
Vacant space (m²)	148 580	146 841	219 253	189 967
Vacancy rate	6.46%	6.41%	9.92%	8.72%
Prime rent (€/m²/year)	160	155	155	150
Average rent (€/m²/year)	126	119	119	107
Investment volume offices (€ million)	166	90	75	161
Prime yield	5.50%	6.25%	6.25%	6.75%

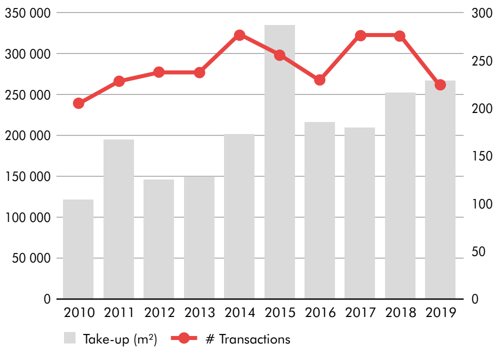
LIÈGE	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Stock (m²)	459 290	440 955	427 735	427 506
Take-up (m²)	53 206	31 834	23 961	26 867
Vacant space (m²)	16 289	18 054	27 594	37 391
Vacancy rate	3.55%	4.09%	6.45%	8.75%
Prime rent (€/m²/year)	155	150	150	140
Average rent (€/m²/year)	137	122	128	133
Investment volume offices (€ million)	42	12.35	1.3	23
Prime yield	6.75%	6.75%	6.75%	6.75%

Goemare - Brussels decentralised

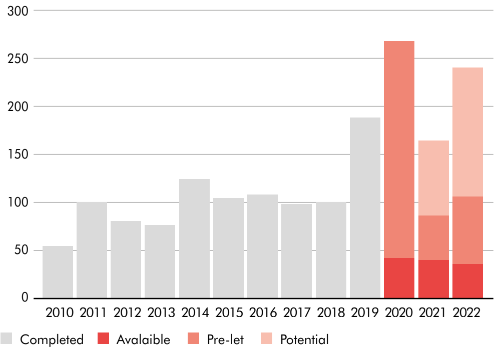
Luxembourg office property market

LUXEMBOURG	31.12.2019	31.12.2018	31.12.2017	31.12.2016
Stock (m²)	4 141 350	3 950 000	3 850 000	3 790 000
Take-up (m²)	266 820	252 133	209 380	215 700
Vacant space (m²)	123 085	135 000	151 000	185 000
Vacancy rate	2.97%	3.40%	3.90%	4.90%
Prime rent (€/m²/month)	51	50	50	46
Investment volume offices (€ million)	1 268	1 880	920	897
Prime yield	4.00%	4.00%	4.30%	4.50%

TAKE-UP AND NUMBER OF TRANSACTIONS



DEVELOPMENT PROJECTS (IN M²)



Take-up

In 2019, take-up was 267,000 m² on the Luxembourg office market. The first two quarters of the year saw the lowest levels of take-up since 2009. Take-up during the second half was particularly strong at 225,000 m². In total, 230 transactions were recorded in 2019, which is below the annual average.

The most significant transactions of the year include:

- 39,800 m² by the European Court of Justice in its third tower at the Kirchberg;
- 29,500 m² taken up by Ferrero for its new HQ in the Airport district;
- 14,000 m² bought (for own use) in the Findel Business Center by the Luxembourg Government;
- 10,700 m² taken up by the Education Ministry (M.E.N.J.E.) in the CBD;
- 10,400 m² taken up by Silver Holding in the Royal Hamilus, CBD district.

The private sector, mainly banking and finance, and companies working in business services, have dominated take-up for many years. This remains the case in 2019, but note also that the activity of the European institutions has been remarkable as it accounts for almost 20% of total occupancy this year, in just three transactions.

Recent hand-overs and future projects

In 2019, some 189,000 m² have been handed over in Luxembourg, principally the third *Court of Justice* tower (75,000 m²) in the Kirchberg, the new Ferrero HQ (29,500 m²) in the airport district, and the Naos building (13.700 m²) in Esch-sur-Alzette.

More than 355,000 m² of space is under construction in Luxembourg over 2020 and 2021. More than 274,000 m² of these projects are already pre-let, principally 160,000 m² in the KAD project due to house the European Parliament. There is a relatively limited number of speculative projects since they account for only 133,000 m² in a particularly dynamic market.

Note however that 305,000 m² are on the drawing board, and could fill up the speculative pipeline in the coming months, owing in particular to the healthy market in Luxembourg. Hand-over should be postponed until 2022-2023, however, in most cases.

Evolution of rental vacancies

The Luxembourg market has one of the lowest vacancy rates in Europe, at around 3% at the end of 2019. The vacancy rate has been in constant decline since 2010, when it was close to 8%.

Today, there are significant differences between sub-markets, since the CBD and the Kirchberg have a vacancy rate below 1% while in the decentralised districts it is around 7.5%.

The vacancy rate is expected to remain relatively low in the coming months on account of the scarcity of speculative developments and strong demand from propsective tenants.

Evolution of rents

Owing to the combined effect of a low vacancy rate and rising take-up, prime rents are logically under pressure. Occupants are seeking the best locations and buildings. These factors have driven up prime rents to €51/m²/month (€621/m²/year) in the CBD, the highest level ever seen in Luxembourg. And future rises cannot be ruled out. Prime rents have remained stable in the station district (€36/m²/month) and in the Kirchberg (€37/m²/month). Strong demand in peripheral areas has boosted prime rents to €25.5/m²/month.

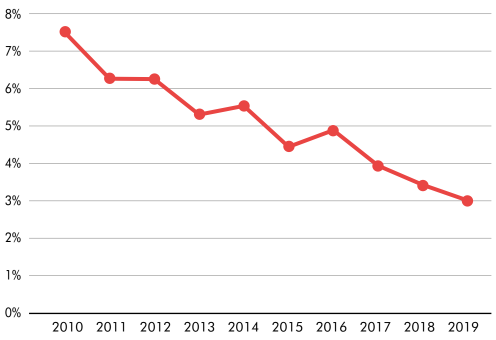
Office investment market

After a very good year in 2018 thanks to the country's good economic performance, the healthy take-up market and the monetary policy of the European Central Bank, 2019 also saw a very good performance despite a rather weak start to the year. An office investment volume of around €1.3 billion was recorded for the year (compared with €1.8 billion in 2018), weighted by a few exceptional transactions such as the acquisition of *Helios* (€370 million), the sale of *D-Square* (€268 million) and the acquisition of *Terres Rouge* for over €150 million.

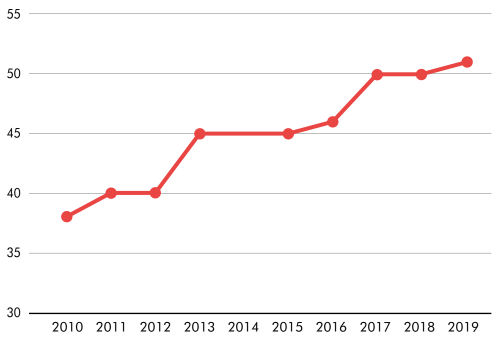
All sectors combined, the Luxembourg investment market attracted more than €1.45 billion. The office sector therefore clearly dominates the investment market and accounts for roughly 90% of investment volume.

Prime yields continue to be compressed as a result of the European Central Bank's policy of low interest rates and of competition among investors for the best products. At the end of 2018, prime yields in Luxembourg fell to 4.0%, from 4.3% at the end of 2017 and 4.5% at the end of 2016. In 2019, there was no change in prime yields but a compression is expected in the coming quarters.

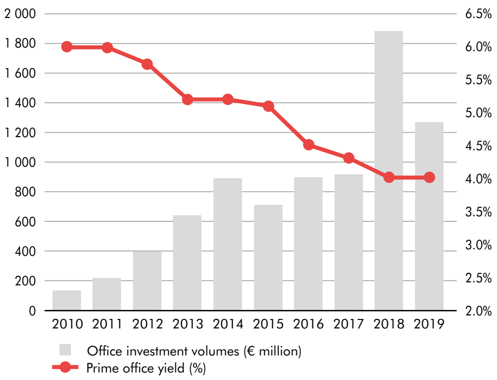
VACANCY RATE (IN M²)



PRIME RENT (IN €/M²/MONTH)



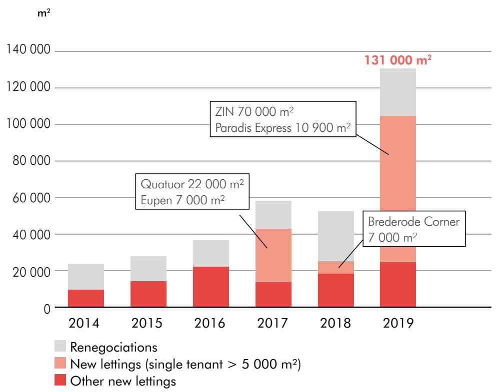
INVESTMENT VOLUME (IN € MILION) AND PRIME YIELD (IN %)



REAL-ESTATE BUSINESS I REAL-ESTATE OPERATOR

Letting activity

During the fiscal year 2019, Befimmo concluded new leases and renewals for a total surface area of 130,999 m² (of which 117,178 m² are offices and 13,822 m² are retail and multi-purpose spaces) compared to the 52,693 m² concluded in 2018. 80% of the leased areas represent the signing of new leases (i.e. 42 transactions), while the balance concerns the renegotiation of existing leases (i.e. 28 transactions).



EPRA "like-for-like net rental growth"

The EPRA "like-for-like net rental growth" was 4.7% compared to 2.4% for the 2018 fiscal year. The increase in the operating result on a like-for-like basis is the result of the combined effect of new leases and indexing.

Main transactions

OPERATING PORTFOLIO

- **Blue Tower:** Signature of several extensions (of duration and surface) and new leases (7,800 m²).
- **Central Gate:** Signature of a lease with Mediahuis (2,300 m²). The lease will commence in mid-2020 and has a duration of 9 years. In addition, Befimmo has signed further new leases and extensions (6,000 m²). These letting in the Central Gate building confirm the market's appetite for this iconic building, located opposite Brussels Central Station. In this way, Befimmo has already re-let part of the space that Alpha Crédit (a tenant since 1997) vacated at the end of 2019. These spaces are being renovated.
- **Triomphe:** Signing of several new leases (4,500 m²). The success of the more flexible offering (combination of office floors with coworking space), community life and coworking café is reflected in an increase in the occupancy rate. After Boehringer Ingelheim's incorporation in 2020, the building is now fully leased.

ONGOING PROJECTS

- **ZIN:** Signing of the lease with the Flemish Community for the take-up of all offices (70,000 m²) of the ZIN project (110,000 m²). The lease will commence in 2023 and has a duration of 18 years.
- **Paradis Express:** the pre-let of 10,900 m² to the Walloon Public Service. The lease will commence in 2021 and has a term of 18 years.

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

OCCUPANCY RATE AND "EPRA VACANCY RATE"

	31.12.2019	31.12.2018
"Spot" occupancy rate of properties available for lease	94.4%	94.5%
EPRA Vacancy Rate[2]	4.1%	4.3%

WEIGHTED AVERAGE DURATION OF LEASES[3]

	31.12.2019	31.12.2018
Weighted average duration of current leases up to next break	7.1 years	7.0 years[4]
Weighted average duration of current leases up to final expiry	7.8 years	7.5 years

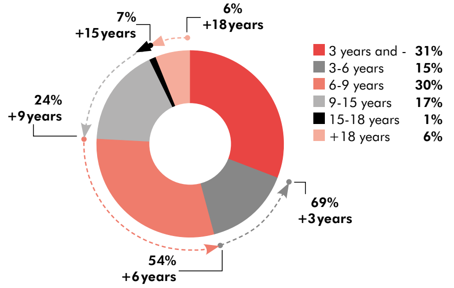
The longer duration of leases compared with 31 December 2018 is related mainly to WTC 2 leaving the portfolio of properties available for lease. Note that it will be replaced by the ZIN (110,000 m²), the office part of which (70,000 m²) is already fully pre-let for a duration of 18 years. In accordance with the definitions, this duration will be reflected in the real estate indicators only from the commencement of the lease in 2023.

1. Based on the number of square meters let.
2. This is an EPRA indicator. For more information, please consult the chapter "EPRA Best Practices".
3. The weighted average duration of ongoing leases is calculated solely on the basis of the buildings available for lease ; the leases of buildings under construction that will only take effect on completion of the work, as is the case for the Quatuor project with the Beobank lease (15-year term), the Eupen project with the Régie des Bâtiments lease (25-year term) and the Brederode Corner project with the 6/9 lease from McKinsey & Company, are therefore not included in the calculation of this ratio.
4. Excluding the WTC 2, where the lease expired at the end of 2018, the weighted average duration of leases up to next break would be 7.8 years as at 31 December 2018.

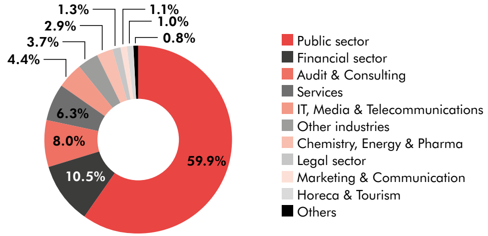
TENANTS

	WEIGHTED AVERAGE DURATION UP TO NEXT BREAK	PERCENTAGE OF THE GROSS CURRENT RENT FROM LEASE AGREEMENTS
	IN YEARS	IN %
PUBLIC SECTOR		
Federal		49.3
Flemish Region		2.1
Belgian public sector	**8.66**	**51.3**
European Commission		3.5
European Parliament		3.8
Representations		1.3
European public sector	**5.10**	**8.6**
Total public-sector tenants	**8.15**	**59.9**
PRIVATE SECTOR - TOP 5		
Deloitte Services & Investments NV		5.6
BNP Paribas and affiliated companies		4.9
Beobank (Crédit Mutuel Nord Europe)		2.4
Docler Services S.à.r.l.		1.7
KPMG Luxembourg		1.3
Total private-sector top-5 tenants	**8.52**	**15.9**
OTHER TENANTS		
± 250 tenants	3.62	24.2
Total of portfolio	**7.11**	**100.0**

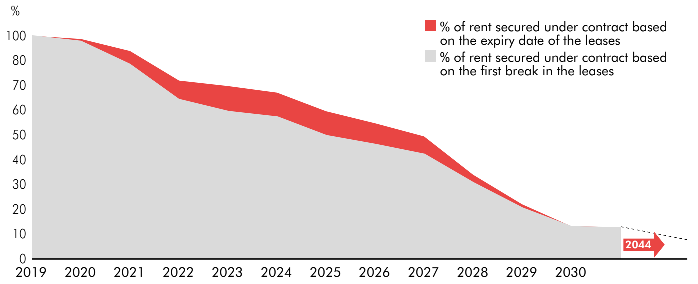
DURATION OF LEASES[1]



TENANTS



PERCENTAGE OF RENT SECURED UNDER CONTRACT IN RELATION TO THE RESIDUAL DURATION OF LEASES IN THE CONSOLIDATED PORTFOLIO[2] (IN %)



1. The proportions are expressed on the basis of the gross current rent from lease agreements as at 31 December 2019.
2. 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 2019.

FAIR VALUE[1] PER GEOGRAPHICAL ZONE

	CHANGE IN 2019[2]	PROPORTION OF PORTFOLIO[3] 31.12.2019	FAIR VALUE 31.12.2019	FAIR VALUE 31.12.2018
			IN € MILLION	IN € MILLION
Brussels CBD and similar[4]	1.0%	48.3%	1 346.1	1 440.6
Brussels decentralised	3.7%	3.0%	83.2	81.7
Brussels periphery	-2.2%	4.3%	121.1	116.5
Flanders	0.4%	17.0%	474.9	474.3
Wallonia	3.3%	8.3%	230.6	220.2
Luxembourg city	13.1%	5.0%	138.6	122.6
Properties available for lease	*1.6%*	*85.9%*	*2 394.5*	*2 455.8*
Properties that are being constructed or developed for own account in order to be leased	*22.1%*	*14.1%*	*394.1*	*199.5*
Investment properties	4.1%	100.0%	2 788.6	2 655.3
Total	**4.1%**	**100.0%**	**2 788.6[5]**	**2 655.3**

For information purposes, the AMCA building in Antwerp, the Paradis Tower in Liège, the Gateway building at Brussels Airport and the WTC Tower III in Brussels individually represent between 5 and 10% of the fair value of the portfolio at 31 December 2019. All those buildings together represent together 25.8% of the portfolio. For more information, please refer to the table "Buildings of Befimmo's consolidated portfolio" on pages 60 to 63 of this Report.

As at 31 December 2019, the fair value of the portfolio was €2,788.6 million, as against €2,655.3 million as at 31 December 2018.

This change in value incorporates:

- the renovation or redevelopment works carried out in the portfolio;
- the investments (Loi 44) and divestments made (the disposal of the buildings Pavilion, Eagle, Menen, Izegem and Kortrijk Ijzerkaai);
- the changes in fair value booked to the income statement (IAS 40).

At constant perimeter, the value of the portfolio (excluding the amount of investments and divestments) increased during the fiscal year (change of +4.1% or €110.2 million).

This increase in the value of the portfolio confirms the further compression of market yields and the quality of Befimmo's portfolio. Overall, the real estate expert has reviewed his parameters taking into account this market situation. For information, the signing of the lease in the ZIN project generated an initial increase in value of €49 million.

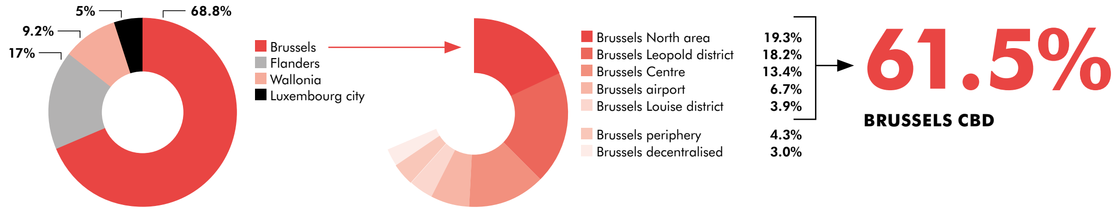
In general, increases in value for city-centre buildings (82% of the portfolio) on long-term leases are slightly offset by decreases in value on buildings with a lease approaching expiry and/or which have less good locations (a smaller proportion of the portfolio, i.e. 18%).

"ZIN inspires everyone who gets to know it! The Flemish authorities have chosen ZIN as the future work environment for more than 3,500 of its officials. The City of Brussels, the Region, Brussels Environment, ... praised the quality and ambition of the project when delivering the permits.
The redevelopment of the old WTC towers aspires to more than just developing a building. ZIN wants to give a qualitative image to the neighbourhood, to be a catalyst that must contribute to the transformation into a neighbourhood that also lives outside office hours.
ZIN is the fruit of an intense collaboration of a team of more than 80 creative specialists in various fields. Mostly young people, people who have a warm heart for Brussels and the North area, people who have been able to think freely about the future of the WTC towers.
The result is fantastic! What a pleasure to be able to contribute to this."

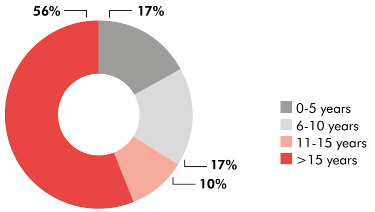
WERNER JORIS – CHIEF BUSINESS DEVELOPMENT

1. These values are established in application of the IAS 40 standard which requires investment properties to be booked at "fair value". The fair value of a building is its investment value, including registration fees and other transaction costs (also known as "deed-in-hands value") as calculated by an independent expert, minus a standard allowance of 10% (Flanders) or 12.5% (Wallonia and Brussels) for buildings with an investment value of less than €2.5 million, and 2.5% for buildings with an investment value of more than €2.5 million. This 2.5% allowance represents the average transaction costs actually paid in these transactions and is derived from an analysis by independent experts of a large number of transactions observed on the market. This accounting treatment is detailed in the press release issued by BeAMA on 8 February 2006 and confirmed in the press release of the BE-REIT Association of 10 November 2016. This rule is also applied for determining the fair value of property located in the Grand Duchy of Luxembourg.
2. The change over the year is the change in fair value between 1 January 2019 and 31 December 2019 (excluding the amount of acquisitions, investments and divestments).
3. The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 December 2019.
4. Including the Brussels airport zone, in which the Gateway building is situated.
5. Except Gateway land.

GEOGRAPHICAL BREAKDOWN[1]

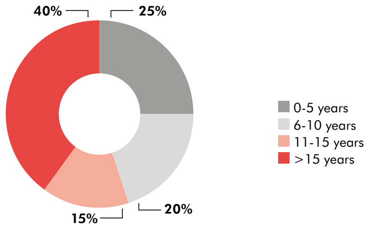


BREAKDOWN OF PORTFOLIO BY AGE CLASS[1,2]



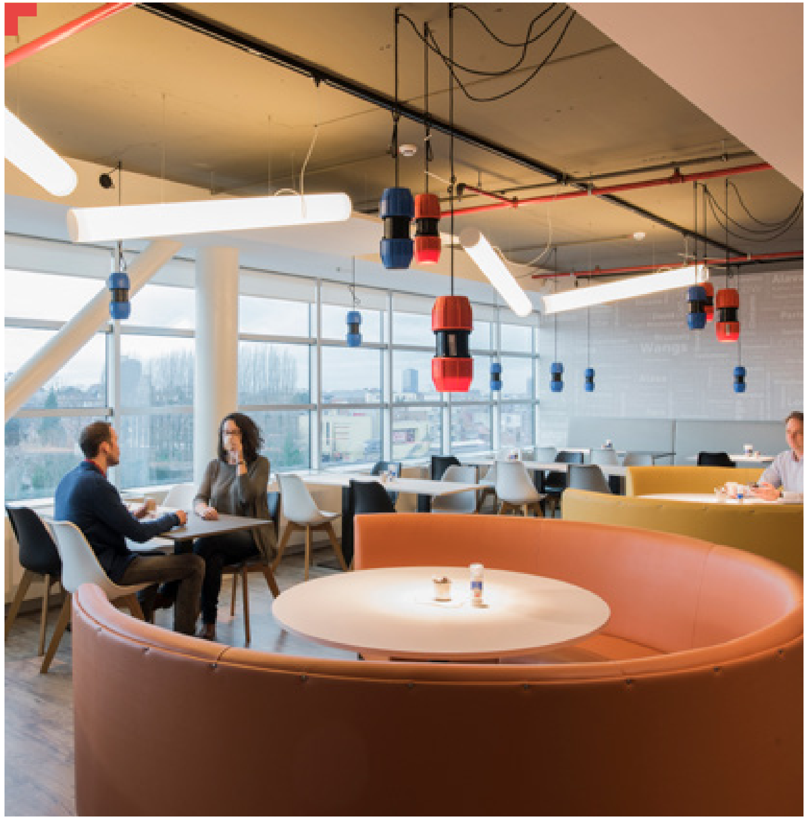
This graph shows the breakdown of the Befimmo portfolio (investment properties excluding land) by age group. The buildings are divided according to their year of construction or, where applicable, to the year in which they last underwent a major renovation, defined as substantial investment work on the 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[3]



This graph shows the breakdown of the Befimmo portfolio in accordance with the estimated building renovation programme. This planning is presented based on the estimated period, taking account of the age of the buildings and their rental situation, after which a major renovation will have 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"



Triomphe - Brussels decentralised

1. The proportions are expressed on basis of fair value of the investment properties as at 31 December 2019.
2. Publication pursuant to Annex B to the Royal Decree of 13 July 2014.
3. Breakdown based on the m² of the investment properties as at 31 December 2019.

OVERALL RENTAL YIELD

OFFICES	GROSS INITIAL YIELD	GROSS INITIAL YIELD	GROSS POTENTIAL YIELD	GROSS POTENTIAL YIELD
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Brussels CBD and similar	4.9%	6.0%	5.3%	6.2%
Brussels decentralised	8.1%	7.7%	8.7%	8.7%
Brussels periphery	7.7%	7.9%	9.1%	10.3%
Wallonia	4.6%	4.8%	4.6%	4.8%
Flanders	6.3%	6.3%	6.3%	6.3%
Luxembourg city	4.0%	4.4%	4.0%	4.5%
Properties available for lease	**5.4%**	**6.0%**	**5.6%**	**6.3%**
Total investment properties[1]	4.6%	5.5%		

EPRA NIY AND TOPPED-UP NIY

	31.12.2019	31.12.2018
EPRA Net Initial Yield (NIY)	4.9%	5.7%
EPRA Topped-up NIY[2]	5.1%	5.9%

The decline in yields between 31 December 2018 and 31 December 2019 is due mainly to the WTC 2 building leaving the portfolio of properties available for lease, in early 2019, which had a very high yield at 31 December 2018, coupled with the increase in value of certain properties in the portfolio (see also page 53 for more details).

ACQUISITION PRICE AND INSURED VALUE ON PROPERTIES OF BEFIMMO'S CONSOLIDATED PORTFOLIO

OFFICES	ACQUISITION PRICE	INSURED VALUE[3] 31.12.2019	FAIR VALUE 31.12.2019	ESTIMATED RENTAL VALUE (ERV) 31.12.2019	GROSS INITIAL YIELD[7] 31.12.2019
	IN € MILLION	IN € MILLION	IN € MILLION	IN € THOUSAND	
Brussels CBD and similar	972.8	825.2	1 346.1	63 270	4.9%
Brussels decentralised	78.3	120.6	83.2	7 072	8.1%
Brussels periphery	124.4	215.2	121.1	11 803	7.7%
Flanders	445.7	578.9	474.9	27 231	6.3%
Wallonia	159.2	179.2	230.6	9 955	4.6%
Luxembourg city	-[4]	47.9	138.6	5 516	4.0%
Properties available for lease	*1 780.3*[5]	*1 966.9*[6]	*2 394.5*	*124 846*	*5.4%*
Properties that are being constructed or developed for own account in order to be leased	*350.0*	*188.6*	*394.1*	-	-
Investment properties	**2 130.3**	**2 155.5**	**2 788.6**	-	**4.6%**
Properties held for sale	-	-	-	-	-
Total	2 130.3[5]	2 155.5	2 788.6	-	-

1. Comprising properties that are being constructed or developed for own account in order to be leased.
2. Since 31 March 2019 Befimmo no longer takes into account the "Future rent relating to signed contracts" in the calculation of the EPRA Topped-up NIY. The percentage at 31 December 2018 has therefore been restated on the basis of this change.
3. The insured value is the reconstruction value (exluding the land).
4. Pursuant to the Royal Decree of 13 July 2014, a public BE-REIT is entitled not to disclose the purchase price for a segment containing a single property.
5. Excluding Luxembourg city.
6. This amount includes the All-Risk Fire insurance. Befimmo is also covered by the kind of All-Risk Construction Site insurance.
7. The ratio between the gross current rent from lease agreement and the "deed-in-hands" value of properties available for lease.

Rotation in portfolio

Acquisitions

In November 2019, Befimmo acquired the **Loi 44** building, the current Touring headquarters, located in the heart of the European Quarter of Brussels (Central Business District). The location in close proximity to the Joseph II building offers substantial potential for value creation. At the end of the occupancy, Befimmo will develop a new innovative complex on the basis of its in-house expertise and track record in that regard to meet the needs of occupants in search of new high-quality work environments in the centre of Brussels. This type of investment will create value in a market now characterized by high prices for new buildings.

Disposals

- In line with its dynamic portfolio management strategy, in the second quarter of the year, Befimmo sold the **Pavilion** building (18,000 m²), located in the Brussels CBD, generating a capital gain of €10.0 million (€0.39 per share) in relation to the fair value as the fiscal year opened;
- In line with its strategy of focusing on its city-centre portfolio, Befimmo also sold the **Eagle building** (7,400 m²), located in the Brussels periphery and mostly vacant, earning a capital gain of €2.7 million (€0.11 per share) compared with the fair value as the fiscal year opened;
- As foreseen in the outlook and in accordance with the strategy of selling small Fedimmo properties located in the provinces, Fedimmo sold **three buildings**[1] **during the period that were nearing the end of their leases**, earning a capital gain of €0.5 million (€0.02 per share) in relation to the fair value as the fiscal year opened.
- In the **Paradis Express** eco-neighbourhood (under construction), in late 2018 Befimmo sold off a residential building, in state of future completion, to specialist operator Gands, developing the Young Urban Style co-living concept. In 2019, it sold the rights in rem to Matexi (residential developer), allowing it to build the other four residential buildings on the site, together with retail and hospitality spaces. Befimmo will develop the office part on the Paradis Express site (52% of which is already pre-let). Marketing is progressing very well and all of the offices should therefore be pre-let by the end of 2020.

Paradis Express - Liège

1. Namely the Menen, Izegem and Kortrijk Ijzerkaai buildings.

(Re)development projects

Over the 2019 fiscal year, Befimmo invested **€94.4 million** in its portfolio, of which €5.2 million related to the coworking projects (Zaventem (Ikaros Park) and Central Gate) delivered turnkey to Silversquare.

In 2019 Befimmo completed several important transactions in its portfolio of (re)development projects, bringing the pre-let rate of its office projects (under construction) to 76%.

Brederode Corner (Brussels CBD, Centre)

The building Brederode Corner (7,000 m²) is currently undergoing a major renovation, due for completion in early 2020.

Befimmo signed a lease in 2018 with McKinsey & Company for a duration of 6/9 years for the take-up of the entire building. This transaction confirms Befimmo's ability to create value by redeveloping its properties on the expiry of the lease. The quality of the building and its location are the key factors for this transaction. The pre-let 2 years before the end of the works illustrates the quality of the offering in Befimmo's portfolio, in a market with a lack of new quality buildings (Grade A).

The construction cost of the building amounts to €22 million. The return on total investment value amounts to about 5.5%.

A BREEAM "Excellent" certification is obtained in the "Design" phase.

Courthouse Eupen (Wallonia)

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

The first phase of the works, the demolition of the existing building and the reconstruction of a new 5,300 m² complex, was completed in 2018. The lease for the first phase, which has a term of 25 years, took effect at the end of 2018. Phase two, a major renovation of the 1,900 m² existing building, was completed in January 2020. The lease for the second phase has therefore commenced at that time and will terminate at the same time as the lease for the first phase.

The construction cost amounts to €14 million. The return on total investment value amounts to about 5.4%.

Paradis Express (Liège, Wallonia)

The Paradis Express project involves the construction of an eco-neighborhood providing a mix of office (21,000 m²), residential (15,600 m²) and local shops (395 m²) functions. Befimmo is also planning a 4,000 m² Silversquare coworking area. With the Guillemins train station and a new tram line nearby, Paradis Express will be a perfectly integrated neighbourhood project, enjoying a privileged location in Liege.

The works began in July 2019 and construction is ongoing. Befimmo has already pre-let more than 14,100 m² of the 21,000 m² of office space by the end of March 2020. The marketing is progressing very well and all the offices should therefore be pre-let before the end of 2020. The delivery of Paradis Express is scheduled for 2021.

Befimmo sold, at the end of 2018, one of the five 5,400 m² residential buildings, in state of future completion, to a specialist operator, developing the Young Urban Style co-living concept. In November 2019, Befimmo and Matexi (residential developer) signed a cooperation agreement for the transfer of part of the land (0.6 ha) to be developed by Matexi. They will handle the development of the residential spaces, shops and hospitality businesses. Befimmo will develop the office part of the eco-neighbourhood currently under construction.

The cost of construction of the office part amounts to €51 million. The expected return on total investment of the office part should be above 6.0%.

A BREEAM "Excellent" certification is aimded in the "Design" phase.

OFFICES	INVESTMENT REALISED IN 2019	TOTAL INVESTMENT	PERCENTAGE OF COMPLETION	YIELD ON TOTAL INVESTMENT (LAND INCLUDED)
	IN € MILLION	IN € MILLION		
Committed ongoing projects				
Brederode Corner (Brussels CBD, Centre)	12.5	22	77%	±5.5%
Eupen Courthouse[1] (Wallonia, Eupen)	3.1	14	100%	±5.4%
Paradis Express (office part) (Wallonia, Liège)	3.7	51	17%	> 6%
Quatuor (Brussels CBD, North)	32.1	158	34%	> 5.3%
ZIN (Brussels CBD, North)	23.1	375[2]	10%	±4.5% (on all functions)
Ongoing projects to be committed				
WTC 4 (Brussels CBD, North)	1.0	140	15%	
PLXL (currently "La Plaine") (Brussels decentralised)	1.2	50	3%	
Other investments	17.7			
Total	94.4			

www.befimmo.be

1. The first phase of the construction of the Courthouse in Eupen was completed in 2018 and the lease on that phase commenced.
2. "All-in" construction cost (including other functions than offices).

Quatuor (Brussels CBD, North area)

The construction of the Quatuor building is proceeding, despite a slight delay due to several unforeseen events during the demolitions. The Quatuor is currently pre-let for 30% to Beobank for a period of 15 years. The current lease is scheduled to take effect at the end of January 2021. The building's removal from the ground makes the signs of interest very concrete. In this context, a marketing box has been set up on the building site and numerous visits are organised.

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

The construction cost amounts to €158 million and the expected return on total investment value would be above 5.3%.

A BREEAM "Outstanding" certification is obtained in the "Design" phase for the "The Cloud" building. This same certification is aimed at the entire site. The Cloud" building was also shortlisted for the BREEAM Award 2020.

Quatuor - Brussels North area

ZIN (Brussels CBD, North area)

ZIN is a multifunctional project that combines various functions in an innovative way. The site will comprise approximately 110,000 m² and involves 70,000 m² of offices, 5,000 m² of coworking, 111 apartments, 240 hotel rooms and also sports areas, leisure areas, hospitality, and shops.

In March 2019, Befimmo obtained the public tender of the Flemish authorities for the design, construction and provision of a building in the North area of Brussels. The lease with the Flemish authorities for 70,000 m² of offices will begin in 2023 and has a fixed term of 18 years. The first phase of demolition work began in 2019. The second phase is expected to begin mid-2020 after the necessary permits have been obtained. Work will be completed in 2023.

The construction cost (all functions included) is estimated at €375 million. The expected gross return on the total investment value is expected to be around 4.5%.

A BREEAM "Excellent" certification is aimed in the "Design" phase.

In January 2020, the ZIN project won the "be.exemplary 2019" award, organised by the Brussels Authority ("Urban.brussels") in the category "Large private projects". The ambition of this prize is to reward Brussels real estate projects that are exemplary and innovative.

PLXL (Brussels decentralised)

Befimmo is preparing the future of the site of the current "La Plaine" building (15,180 m²), which Beobank will leave in the first half of 2021 to move into its new headquarters in the Quatuor building. La Plaine has served as the headquarters of Beobank (formerly Citibank) for 25 years and has reached the end of its first life cycle. The site enjoys a very good location, next to the Etterbeek railway station and opposite the Université Libre de Bruxelles. Befimmo is currently finalising the new project and will apply for the permit in the first half of 2020. The new PLXL building will enable Befimmo to carry out an innovative project. PLXL will strengthen the link with the urban fabric in which it is sited. It will offer flexible working environments including a coworking space, a modular auditorium, a restaurant, a rooftop space and a wide range of services and facilities (green spaces, showers, etc.). User well-being and health are key elements of PLXL. Befimmo is aiming for a BREEAM Outstanding in the Design phase for this project.

PLXL - Brussels decentralised,
Image for illustrative purposes, permit to be applied for

REAL-ESTATE BUSINESS I COWORKING

PORTFOLIO COWORKING SPACES

SPACES	SURFACE	LOCATION
Europe (since Q1 2013)	2 300 m^2	Leopold district, Brussels CDB
Louise (since Q4 2014)	3 300 m^2	Louise district, Brussels CDB
Luxembourg (since Q2 2018)	2 200 m^2	Railway station district, Luxemburg city, Grand Duchy of Luxemburg
Stéphanie (since Q4 2016)	2 100 m^2	Leopold district, Brussels CDB
Triomphe (since Q2 2018)	4 300 m^2	University district, Brussels decentralised
Zaventem (since Q4 2019)	2 600 m^2	Brussels periphery
Total	16 800 m^2	

OCCUPANCY RATE

SPACES	NUMBER OF OCCUPIED DESKS AS AT 31.12.2019 (A)	NUMBER OF AVAILABLE DESKS AS AT 31.12.2019 (B)	OCCUPANCY RATE AS AT 31.12.2019 (A/B)
"Mature" coworking spaces[1]	930	995	93%
All coworking spaces	1 429	2 037	70%

Pipeline of coworking spaces

The coworking spaces planned in the buildings of the Befimmo portfolio are generally fitted out by Befimmo (as real-estate operator) and handed over to Silversquare as "turnkey" premises. Silversquare (as coworking operator) invests in the furniture and IT for these spaces.

For the spaces provided in third-party buildings, Silversquare invests in the fitting-out as well as in furniture and IT.

In 2019, Silversquare has invested €2.5 million in its coworking spaces. As stated above, Befimmo (the property operator) invested €5.2 million in 2019 in ongoing turnkey projects (Zaventem and Central Gate).

NEW OPENINGS AND EXTENSIONS FOR THE NEXT 3 YEARS

SPACES		SURFACE	LOCATION
Brussels		**10 700 m^2**	
Bailli (building "The Platinum")	New space	7 200 m^2	Louise district, Brussels CDB
Europe	Extension	+ 1 800 m^2	Léopold district, Brussels CDB
Stéphanie	Extension	+ 1 700 m^2	Louise district, Brussels CDB
Flanders		**5 600 m^2**	
Total 2020	2 new openings and 2 extensions identified	16 300 m^2	
Central Gate	New opening	9 000 m^2	Centre, Brussels CDB
Paradis Express	New opening	4 300 m^2	Liège, Wallonia
Quatuor	New opening	10 000 m^2	North area, Brussels CDB
Total 2021	3 new openings identified	23 300 m^2	
Total 2022	New opening(s) identified	5 000 m^2	

1. A space is considered as mature after 3 years of existence.

BUILDINGS OF BEFIMMO'S CONSOLIDATED PORTFOLIO[1]

BUILDINGS OF BEFIMMO'S CONSOLIDATED PORTFOLIO[1]	CONSTRUCTION YEAR OR YEAR OF THE LAST RENOVATION[2]	FLOOR AREA FOR LEASE	PROPORTION OF PORTFOLIO[3]	RENT BILLED DURING THE FISCAL YEAR[4]	OCCUPANCY RATE[5]
		IN M²		€ THOUSAND	
Brussels centre					
Central Gate - Rue Ravenstein 50-70 and Cantersteen 39-55, 1000 Brussels	2012	29 036	2.9%	4 951	79.4%
Choux - Rue aux choux 35, 1000 Brussels	1993	5 114	0.9%	1 239	100.0%
Empereur - Boulevard de l'Empereur 11, 1000 Brussels	1963	5 700	0.9%	1 119	100.0%
Gouvernement Provisoire - Rue du Gouvernement Provisoire 15, 1000 Brussels	2005	2 954	0.5%	674	100.0%
Lambermont - Rue Lambermont 2, 1000 Brussels	2000	1 788	0.3%	391	100.0%
Montesquieu - Rue des Quatre Bras 13, 1000 Brussels	2009	16 931	3.8%	4 995	100.0%
Pachéco - Boulevard Pachéco 32, 1000 Brussels	1976	5 770	0.6%	796	100.0%
Poelaert - Place Poelaert 2-4, 1000 Brussels	2001	12 557	2.9%	3 785	100.0%
		79 850	**12.8%**	**17 950**	**92.4%**
Brussels Leopold district					
Arts 28 - Avenue des Arts 28-30 and Rue du Commerce 96-112, 1000 Brussels	2005/-	16 793	3.4%	4 492	100.0%
Arts 56 - Avenue des Arts 56, 1000 Brussels	2007	22 139	4.1%	4 837	95.3%
Froissart - Rue Froissart 95, 1000 Brussels	2010	3 107	0.6%	872	90.1%
Guimard - Rue Guimard 9 et Rue du Commerce 87-91, 1040 Brussels	2017	5 514	0.5%	368	59.3%
Joseph II - Rue Joseph II 27, 1000 Brussels	1994	12 820	3.5%	4 633	100.0%
Schuman 3 - Rond-point Schuman 2-4a and Rue Froissart 141a-143, 1040 Brussels	2001	5 275	0.7%	1 079	68.9%
Schuman 11 - Rond-point Schuman 11, 1040 Brussels	2004	5 255	0.9%	1 367	93.6%
Science-Montoyer - Rue Montoyer 30, 1000 Brussels	2011	5 180	1.0%	1 302	100.0%
View Building - Rue de l'Industrie 26-38, 1040 Brussels	2001	11 075	1.6%	2 096	99.3%
Wiertz - Rue Wiertz 30-50, 1050 Brussels	1996	10 108	2.8%	3 651	100.0%
		97 266	**19.1%**	**24 697**	**93.4%**
Brussels Louise district					
Blue Tower - Avenue Louise 326, 1000 Brussels	1976	24 339	4.3%	5 028	84.5%
		24 339	**4.3%**	**5 028**	**84.5%**

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		IN M²		€ THOUSAND	
Brussels North area					
World Trade Center - Tower 3 - Boulevard du Roi Albert II 30, 1000 Brussels	1983	76 810	9.8%	12 845	100.0%
		76 810	**9.8%**	**12 845**	**100.0%**
Brussels Airport					
Gateway -Brussels Airport - 1930 Zaventem	2017	34 493	5.5%	7 247	100.0%
		34 493	**5.5%**	**7 247**	**100.0%**
Brussels decentralised					
Goemaere - Chausée de Wavre 1945, 1160 Brussels	1997	6 950	0.8%	1 030	100.0%
La Plaine - Boulevard Général Jacques 263G, 1050 Brussels	1995	15 180	2.4%	3 173	100.0%
Triomphe - Avenue Arnaud Fraiteur 15-23, 1050 Brussels	2014	17 189	2.0%	1 924	84.2%
		39 319	**5.2%**	**6 127**	**92.8%**
Brussels periphery					
Fountain Plaza - Belgicastraat 1-3-5-7, 1930 Zaventem	2012	17 756	1.3%	1 556	86.0%
Ikaros Business Park (phases I to V) - Ikaroslaan, 1930 Zaventem	1990/2019[6]	45 902	3.2%	3 827	79.2%
Media - Medialaan 50, 1800 Vilvoorde	1999	14 069	1.6%	1 903	94.5%
Ocean house - Belgicastraat 17, 1930 Zaventem	2012	4 623	0.4%	468	99.2%
Planet II - Leuvensesteenweg 542, 1930 Zaventem	1988	10 277	0.5%	646	82.9%
Waterloo Office Park - Drève Richelle 161, 1410 Waterloo	1992	1 980	0.3%	325	99.7%
		94 607	**7.3%**	**8 725**	**85.4%**
Wallonia					
Ath - Place des Capucins 1	1995	4 256	0.5%	617	100.0%
Braine-l'Alleud - Rue Pierre Flamand 64	1977	2 340	0.2%	280	100.0%
Eupen - Vervierserstrasse 8	1989	2 240	0.2%	315	100.0%
Eupen - Rathausplatz	2018	7 184	0.6%	698	100.0%
La Louvière - Rue Ernest Boucqueau 15	1997	6 116	0.7%	940	100.0%
Liège - Rue Fragnée 2 - Paradis Tower	2014	37 195	4.9%	6 416	100.0%
Malmedy - Rue Joseph Werson 2	2000	2 757	0.3%	362	100.0%
Marche-en-Famenne - Avenue du Monument 25	1988	3 720	0.4%	567	100.0%
Saint-Vith Klosterstrasse 32	1988	3 156	0.3%	397	100.0%
Seraing - Rue Haute 67	1971	2 109	0.2%	252	100.0%
		71 073	**8.3%**	**10 845**	**100.0%**

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6. Ikaros Business Park - Phase II (buildings1-3, 2-4, 5-7 and 6-8).

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		IN M²		€ THOUSAND	
Flanders					
Antwerpen - Amca - Italiëlei 4	1991/1992	58 413	5.9%	7 737	100.0%
Antwerpen - Meir 48	19th century/1985	17 763	2.8%	3 650	100.0%
Bilzen - Brugstraat 2	1995	1 676	0.2%	210	100.0%
Brugge - Boninvest 1	1996	2 844	0.2%	219	100.0%
Deinze - Brielstraat 25	1988	3 251	0.3%	419	100.0%
Dendermonde - Sint-Rochusstraat 63	1987	6 453	0.7%	967	100.0%
Diest - Koning Albertstraat 12	1995	2 869	0.3%	437	100.0%
Diksmuide - Woumenweg 49	1979	2 207	0.2%	313	100.0%
Eeklo - Raamstraat 18	1993	3 155	0.3%	431	100.0%
Haacht - Remi van de Sandelaan 1	1985	2 744	0.2%	308	100.0%
Halle - Zuster Bernardastraat 32	1985	7 440	0.9%	1 170	100.0%
Herentals - Belgiëlaan 29	1987	3 296	0.4%	481	100.0%
Ieper - Arsenaalstraat 4	1994	5 421	0.5%	680	100.0%
Knokke-Heist - Majoor Vandammestraat 4	1979	3 979	0.4%	466	100.0%
Kortrijk - Bloemistenstraat 23	1995	12 137	1.3%	1 699	100.0%
Leuven - Vital Decosterstraat 42-44	1993	16 718	1.7%	2 179	97.3%
Lokeren - Grote Kaai 20	2005	1 938	0.2%	293	100.0%
Nieuwpoort - Juul Filliaertweg 41	1982	2 868	0.3%	413	100.0%
Oudenaarde - Marlboroughlaan 4	1963	4 701	0.4%	536	100.0%
Roeselare - Rondekomstraat 30	1987	6 873	0.6%	850	100.0%
Sint-Niklaas - Driekoningenstraat 4	1992	6 897	0.7%	973	100.0%
Sint-Truiden - Abdijstraat 6	1984	3 932	0.4%	476	100.0%
Tervuren - Leuvensesteenweg 17	1980	20 408	1.1%	1 405	100.0%
Tielt - Tramstraat 48	1982	4 180	0.4%	543	100.0%
Tienen - Goossensvest 3	1985	6 390	0.7%	915	100.0%
Tongeren - Verbindingsstraat 26	2002	7 710	1.0%	1 245	100.0%
Torhout - Burg 28	1973	1 720	0.2%	216	100.0%
Torhout - Elisabethlaan 27	1985	1 284	0.1%	170	100.0%
Vilvoorde - Groenstraat 51	1995	6 117	0.7%	956	100.0%
		225 384	**23.2%**	**30 355**	**99.8%**

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		IN M²		€ THOUSAND	
Grand Duchy of Luxembourg					
Axento - Luxembourg city, Avenue JF Kennedy 44	2009	12 247	4.3%	4 870	98.8%
		12 247	**4.3%**	**4 870**	**98.8%**
Properties available for lease		755 389	100.0%	128 690	95.1%
Brederode Corner - Rue Brederode and Rue de Namur, 1000 Brussels	Renovation ongoing	7 200	-	35	-
Binche - Rue de la Régence 31	Renovation ongoing	2 480	-	-	-
Loi 44 - Rue de la loi 44, 1000 Brussels	End of occupancy mid-2021 Redevelopment project in preparation	6 290		32	
Paradis Express - Rue Paradis 1, 4000 Liège	Under construction	35 000	-	-	-
Quatuor - Boulevard Baudouin 30, 1000 Brussels	Under construction	60 000	-	-	-
WTC 4 - Boulevard du Roi Albert II 30, 1000 Brussels	Implementation of the permit According to commercialisation	53 500	-	-	-
ZIN - Boulevard du Roi Albert II 30, 1000 Brussels	Ongoing permit demand	110 000	-	-	-
Properties that are being constructed or developed for own account in order to be leased		274 470	-	67	-

"What makes the ZIN project unique is the extensive energy exchange between the different functions, and the resulting efficiency."

JORIS VANDERSTRAETEN – PROJECT MANAGER

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Arts 56 - Brussels Leopold district

ENVIRONMENTAL AND ENERGY PERFORMANCE

Given the scale of its property business, its local roots and its use of resources, Befimmo continues to work on environmental issues. Befimmo is sensitive to the expectations of its stakeholders and is aware that its environmental impact affects all levels of its business and value chain as illustrated in the figure below.

Befimmo follows an investment strategy which systematically incorporates a cross-cutting environmental component into its everyday in-house operations.

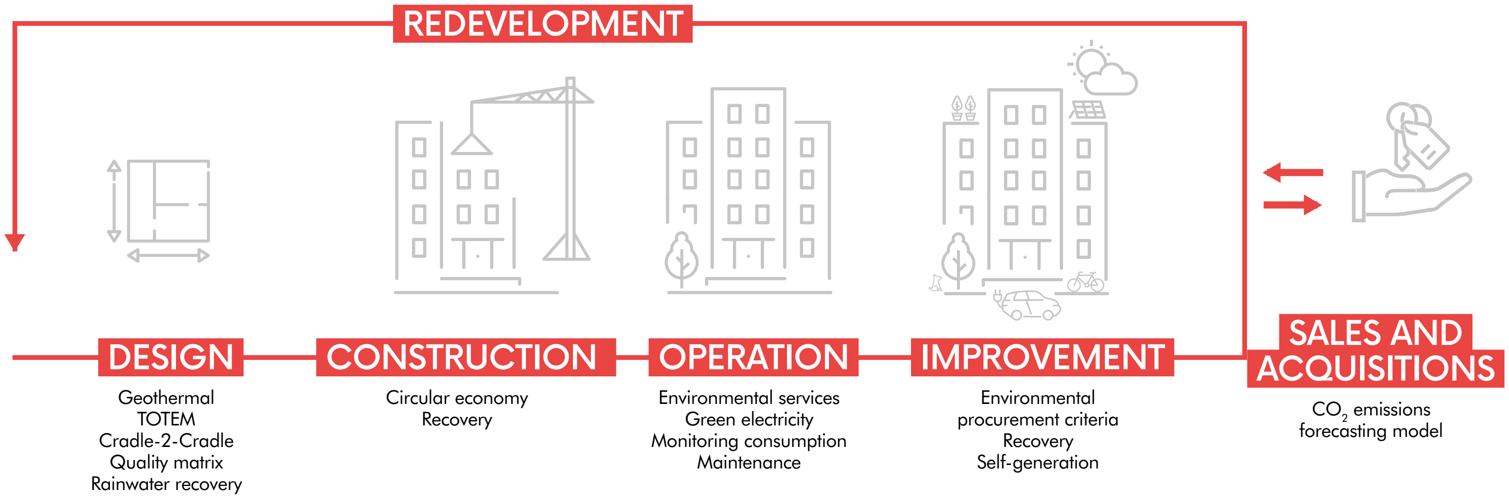
The feasibility, profitability and follow-up of the environmental projects related to the operational portfolio are assessed by the Environmental Technical Team composed of four specialists in the field.

In cooperation with Befimmo's various real-estate departments, they ensure that Befimmo's standards issued from a quality in-house matrix guarantee the expected environmental performance and minimise the environmental impact in its choices of construction methods.

Befimmo is aware that effective governance in the long term requires a committed approach, focused on anticipating the environmental risks of its business.

By applying the precautionary principle and controlling its costs, it identifies the risks that could affect it and puts in place the necessary measures to anticipate them and limit their potential impact.

This approach prompts Befimmo to return to and to keep striving for a continuous improvement in the portfolio's environmental performance. In addition, it enables it to achieve its ambitious targets for reducing the environmental impact by 2030.



Online sheet "Use of resources"

"Risk factors"

CO_2e emissions[1]

In 2017, Befimmo revised its energy-related environmental objectives, starting from the transposition of energy consumption into CO_2 equivalent for its entire portfolio.

Based on the methodology proposed by the Science Based Targets Initiative (SBTi)[2], designed to limit the increase in global average temperature to below 2°C, long-term objectives were defined, taking into account potential for renovations, improvements and/or sales of assets in the portfolio. Firstly, the specific emission reduction targets (CO_2e per m²) allow Befimmo to set an energy performance standard for the buildings in the portfolio. Secondly, with the target for an absolute quantity of "avoided CO_2e emissions" Befimmo can evaluate the improvements in energy efficiency of buildings acquired and renovated over time.

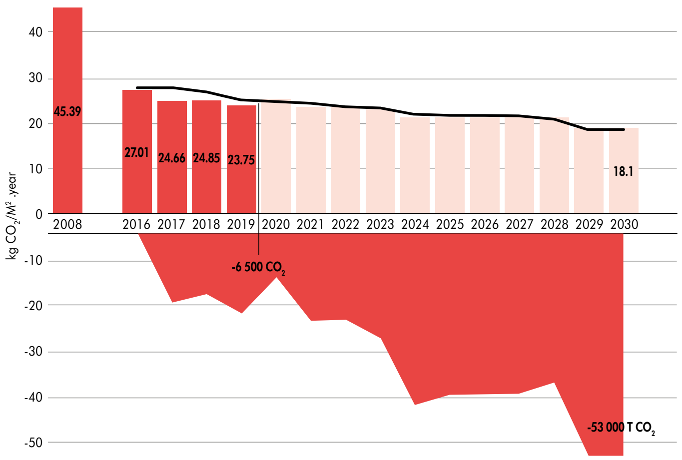
The forecasting model implemented in 2017 and reviewed during each strategic decision taken enabled Befimmo to set the following objectives: by 2030, Befimmo undertakes to achieve an average level of CO_2e emissions per m² of its entire portfolio equal to 18.1 kgCO_2e/m², a reduction of 33% compared with 2016. This corresponds to avoiding cumulative emissions of 53,000 tCO_2e, equivalent to 2.3 years of CO_2e emissions related to the portfolio's energy consumption (reference year 2016).

These targets are divided into three sub-targets:

1. 50% reduction in "controlled"[3] CO_2e emissions from heating for the entire portfolio;
2. 17% reduction in "controlled" CO_2e emissions related to electricity consumption[4] by common installations;
3. 17% reduction in CO_2e emissions related to the "uncontrolled"[5] electricity consumption of private installations (under the control of tenants).

In 2019, these efforts enabled Befimmo to cut specific energy-related CO_2e emissions by 12% in relation to 2016. This reduction is equivalent to an avoided cumulative volume of 6,500 tCO_2e (since 2016). These results are fully in line with the values returned by the forecasting model.

OUTLOOK FOR 2030



2019 RESULTS AND OUTLOOK FOR 2030[6]

YEAR	2016 VALUE OF REFERENCE	2019	OBJECTIVE 2030
Avoided CO_2e cumulated since 2016 (in tCO_2e)	-	6 500	53 000
Average specific CO_2e emissions (in kgCO_2e/m²)	27.01	23.75	-33%
a. linked to heating	14.44	12.83	-50%
b. linked to electricity consumption of controlled installations	5.47	4.58	-17%
Of which offset	*5.42*	*4.55*	
c. linked to electricity consumption of uncontrolled installations	7.11	6.60	-17%
Of which offset	*6.64*	*6.36*	

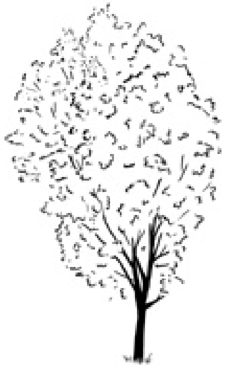
Online sheet "Use of resources: water/energy/CO_2e emissions"

1. See methodology in Appendix VI to the Report and the detailed tables on the Befimmo website.
2. http://sciencebasedtargets.org/
3. Befimmo has control and/or a direct influence over the emissions related to the operation of the installations concerned (lifts, lighting of common areas, ventilation, etc.).
4. The model considers "location-based" emission factors that do not take account of any supply contracts for green energy, with no CO_2e emissions.
5. Befimmo does not have control and/or a direct influence over the emissions related to the operation of the installations concerned (private installations).
6. The specific emissions between 2016 and 2019 are calculated on the basis of real data, not normalised according to the climate. The specific emissions projected for 2020 to 2030 are calculated on the basis of emissions that are normalised in relation to the reference year.

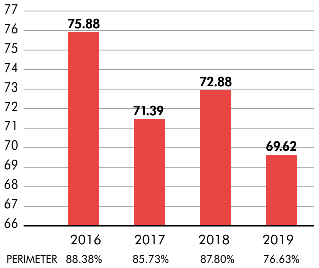
Energy consumption - self-generation[1] - renewable energy

The energy performance of buildings plays a very important role in achieving Befimmo's ambitious targets for reducing CO_2e emissions by 2030.

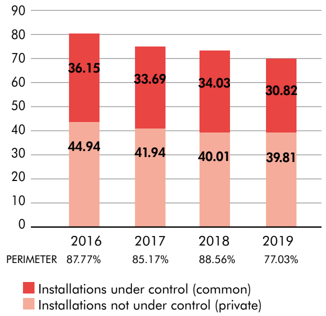
Continuing to reduce the energy consumption of operational buildings by ensuring that they are run well and that the occupants are comfortable remains a priority for Befimmo. Developing or redeveloping and putting new high-performance buildings on the market is an essential process without which Befimmo cannot achieve the reduction targets it has set itself. The teams are working hand-in-hand to meet these challenges.



DIRECT SPECIFIC ENERGY CONSUMPTION (KWH/M²)



INDIRECT SPECIFIC ENERGY CONSUMPTION (KWH/M²)



For the direct and indirect specific energy consumption, there is a decrease of respectively almost 4% and 10% in 2019 in relation to 2018.

These are justified firstly by the ongoing investments made to improve and optimise the functioning of the existing technical installations and above all linked to the strategy of rejuvenating the Befimmo portfolio. By 2024, some 50% of the floor area of the Brussels portfolio will be less than 5 years old! The old buildings, which are less efficient despite improvements made in the past, will be gradually renovated and replaced, in the long term, by buildings that are more efficient than is required by law. In this way Befimmo is thinking ahead and aligning itself with the European political vision for sustainable construction.

The forecasting model developed by Befimmo confirms today the objective of a 50% cut in emissions linked to direct energy and a 17% cut in emissions linked to the electricity consumption of common facilities by 2030. The achievement of these ambitious objectives assumes a transition from the use of appliances burning fossil fuels to alternatives such as geothermal energy and/or heat pumps. It also implies an increase in self-generation of renewable energy.

The ongoing construction works in the Quatuor and ZIN projects in the North area of Brussels include the geothermal principle. The aim is to design innovative and sustainable office buildings with low energy consumption and excellent thermal comfort.

The use of this type of technology is expected to reduce energy consumption and CO_2e emissions by 20 to 30% compared with a "traditional" solution in which all heating and cooling needs would be met by conventional installations (condensing boilers and chillers).

Given this very positive outcome, Befimmo initiated a study in 2019 on the potential and the feasibility of developing new projects based on the geothermal principle in its existing portfolio. To that end, the feasibility of using geothermal energy is assessed during each renovation project.

Furthermore, aware of the impact that the expected climate disturbances could have on the consumption needed to keep its tenants comfortable, Befimmo is also studying all architectural and technical measures for limiting the risks of overheating, thereby reducing the need for coolers, however efficient they may be.

Befimmo also aims to limit its CO_2e emissions, in particular by continuing to invest in renewable energy generation.

Depending on the configuration of the buildings and any subsidies granted on account of their geographical situation, an update of the study of the photovoltaic potential carried out in 2017 was initiated in 2019.

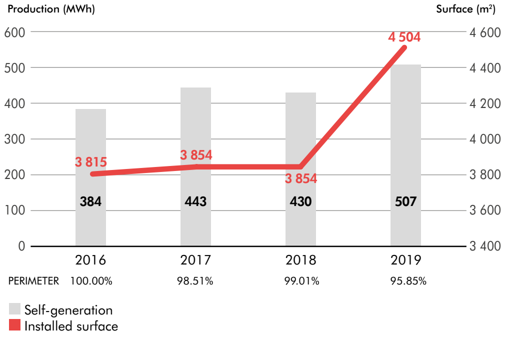
All the sites identified in 2019 as having a high potential for installation or extension have been equipped with new self-generation facilities. This work on two buildings located in Brussels represent an additional area of some 650 m² of solar panels that complement the 3,854 m² of panels already installed.

Furthermore, by the end of 2019, self-generation by all these installations covered electricity needs equivalent to the annual consumption of 150 households[1].

In addition, new installation sites have been identified and detailed feasibility studies will be conducted on them in 2020.

1. A Belgian household consumes an average of 3,500 kwh a year (source: www.energuide.be/en).

PHOTOVOLTAIC PANELS



Since Befimmo also aims to reduce its electricity consumption, the CO_2e reduction targets for 2030 do not take account of the positive impact of green electricity consumption.

However, until it reaches its target for reducing CO_2e emissions by 2030, Befimmo is limiting its environmental impact by subscribing to a green electricity supply contract to cover the consumption of the installations in its buildings that are under its control. In 2019, 98% of the portfolio's floor area was covered by such a supply contract.

Moreover, Befimmo also aims to cover uncontrolled consumption by means of a green electricity supply contract, where technically and administratively possible, by transferring the electricity supply contracts into its name.

In 2018, Befimmo took over 46 private electricity supply meters under the same conditions as its green energy supply contract. This approach is now systematically applied whenever there is a change of tenants. In 2019, this approach covered about ten meters.

This positive approach will be continued in 2020 with the aim of achieving a 100% green energy supply by 2021.

Water consumption

Befimmo regards water consumption as an important issue. As a responsible landlord of a large property portfolio, it feels a duty to be very mindful of the proper management and conservation of this resource.

It therefore pays particular attention in each of its development projects to incorporating water recovery systems, leak detection, and deploying low-consumption appliances in accordance with the standard in-house quality matrix. This includes the guidelines of the BREEAM certification that Befimmo applies to its projects.

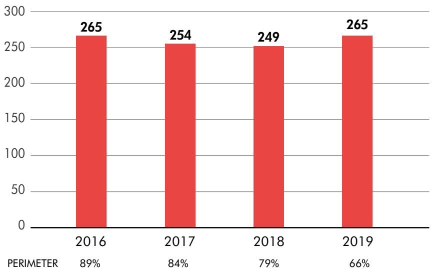
Specific consumption (litres/m²) in 2019 was up 6% in relation to 2018, returning to a level equivalent to 2016, rising from 249 l/m² to 265 l/m². This difference is partly explained by the increase in the number of spaces in the portfolio offering catering.

However, Befimmo aims to reduce the specific water consumption of its portfolio by 15% in relation to 2016 by 2030. It will keep monitoring consumption, replacing obsolete equipment high-performance equipment and raising awareness among users and maintenance companies about the rational use of water. If necessary, it will study whether it is worthwhile implementing segmentation to separate office space from other water-consuming activities in its portfolio.

The Befimmo Green Adviser conducts detailed accounting, the management of telemonitoring (installed where possible) and continuous monitoring using warning systems designed to optimise consumption and limit the impact of leaks.

Full tables of the portfolio's absolute and specific water consumption are published on Befimmo's website[1].

WATER CONSUMPTION (LITERS/M²)[2]



1. https://www.befimmo.be/en/csr/challenges-and-strategic-axes.
2. Excludes figures for a fitness centre located in a building in the portfolio.

Sustainability and the circular economy

In all stages of its life cycle, a building generates a substantial flow of materials.

Befimmo's strategy for resource use aims to reduce the environmental impact of these various flows by integrating the principles of sustainable building and the circular economy at each phase of a building's life cycle.

In practice, these principles have been integrated into a responsible procurement charter and quality matrix. This matrix is the result of ongoing collaboration between the various real-estate departments of Befimmo (Commercial Management, Environmental Management, Property Management, Services & Facilities and Project Development) and incorporates Befimmo's minimum technical requirements applicable to all renovation or construction projects, as well as to operational assets. For the most part, these requirements exceed existing standards and regulations; they include, among other things, the obligation to carry out an inventory for re-use, to consider disassembly and future dismantling from the design stage, to consider the use of materials that have been recovered and/or have environmental certification, and to use the TOTEM tool[1].

This is a tool developed by the Belgian public authorities for large sites that enables the overall societal impact of these various construction and renovation scenarios to be estimated and compared.

Building waste

For several years now, Befimmo has been monitoring building waste (quantities and treatment types) to make sure it is traceable, as detailed in the table below.

While in recent years significant efforts have been made in terms of recycling[2] Befimmo now intends to strive to limit flows of waste, in particular:

- by systematically considering the re-use of the structure of a building to be redeveloped, and the re-use of as many components as possible in the project;
- by sending the highest possible proportion of materials that cannot be maintained in the project to re-use facilities.

For instance, the renovation project of the WTC towers 1 and 2 - now called ZIN - in the North area of Brussels, is aiming to retain 65% of the existing structures.

In 2019, more than 900 tonnes were sent to re-use facilities during the dismantling phase.

Befimmo is also drawing up building contracts and aims for levels of BREEAM certification that require its contractors to be very strict in the management and traceability of waste produced by the sites. All stakeholders involved in the project are educated about sorting waste. Waste management plans are drawn up by specialist consultancies, such as the BREEAM assessor, while environmental coordinators are appointed to ensure that environmental regulations are properly applied and respected.

BUILDING WASTE (IN TONNES)

	2019		2018		2017		2016	
Total	**91 935**	**100%**	**52 574**	**100%**	**9 591**	**100%**	**1 641**	**100%**
Of which recycled	74 548	81.1%	52 076	99.1%	9 201	96.0%	1 554	94.8%
Of which re-used	925	1.0%	41	0.1%	17	0.2%	36	2.2%
Of which composted	1	0.0%	-	0.0%	2	0.0%	-	0.0%
Of which incinerated	672	0.7%	420	0.8%	353	3.6%	45	2.8%
Of which burried of landfilled	15 791	17.2%	38	0.1%	18	0.2%	4	0.3%

1. www.totem-building.be
2. In 2019, the decrease in the overall recycling rate and the increase in the proportion going to tips or landfill is largely due to the excavation of earth from one exceptional site and the measures taken to decontaminate the soil.

The ZIN building: the circular economy at work

In the ZIN redevelopment project, particular attention has been placed on the circular economy, using what Befimmo calls the 4R approach:

- REUSE: maximum reuse of materials on site or in other projects;
- REVIVE: improvement of the existing structure and its environment;
- RECYCLE: when materials cannot be reused, ensure they are transformed for other applications;
- RETHINK: ecological design and use of materials - Cradle-to-Cradle (C2C)[1].

In 2019, as part of the cleaning phase of WTC towers 1 and 2, significant work was done to find buyers for as much of the materials to be disposed of as possible. The materials that will be re-used in the future project have been stored in a space close to the site, and various recovery facilities have been set up for the remaining materials.

As examples:

- 120 metres of cable trays, 60 fluorescent light fittings, 120 partitions (insulated wooden panels) and 10 fire doors have been taken by a Brussels school for a construction project;
- 46 tonnes of wood panels will be re-used by a company specialising in making furniture from recovered materials;
- 209 tonnes of raised floor tiles were taken for re-use in another building;
- 32 tonnes of flint floor tiles were recovered by a building contractor for one of its projects;
- 600 light fittings were taken by a manufacturer to be reconditioned and placed back on the market.

At the same time, as part of its strategic priority "Setting an example", Befimmo continued taking steps to stimulate and inform potential suppliers of the future building and to convince those who were not yet certified, to consider environmental certification of the impact of their products. In 2019, these steps have already led to Cradle to Cradle (C2C)[1] certification of a major player in the prefabricated concrete sector, and will continue in 2020.

Waste management in operational buildings

The table hereafter shows trends in the quantities and treatment of operational waste.

After a significant drop in 2018, the recycling rate of waste from operational buildings improved significantly from 47.6% in 2018 to 61.1% in 2019. The positive trend in the recycling rate confirms the value of the waste management contract which includes raising user awareness of waste sorting. This contract currently covers 45% of the portfolio's floor area.

OPERATIONAL WASTE (IN TONNES)

	2019		2018		2017		2016	
Total	1 642	100%	2 188	100%	2 347	100%	1 644	100%
Of which recycled	1 004	61.1%	1 045	47.8%	1358	58.1%	873	53.1%
Of which reused	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Of which composted	1	0.1%	-	0.0%	-	0.0%	5	0.3%
Of which incinerated	636	38.7%	1143	52.2%	989	42.1%	767	46.6%
Of which burried of landfilled	-	0.0%	-	0.0%	-	0.0%	-	0.0%

ZIN - Brussels North area

1. Cradle-to-Cradle (C2C) is a part of ecodesign but also a concept of environmental ethics, an industrial production philosophy that incorporates into all levels of the design, production and reuse of a product, an ecological requirement based on the principle of zero pollution and 100% end-of-life reuse.

Certification and compliance

In order to limit any adverse impact of its activities and preserve the quality of the environment, Befimmo strives to ensure that its portfolio is operated in compliance with current standards and regulations.

In 2010, Befimmo introduced an Environmental Management System (EMS) based on ISO 14001 (2015).

With a view to continuous improvement, internal and external audits of the management system (EMS) were conducted during 2019. These led to measures to improve the EMS, focused essentially on increasing the involvement of the team members at all levels.

Befimmo wants its buildings to achieve an environmental performance that surpasses the regulatory requirements. With this in mind, since 2010 Befimmo has been applying the most widely used method of assessing the environmental performance of buildings, developed by Environmental Assessment Method (BRE), to its entire portfolio of buildings, whether they are under construction or renovation or in operation.

Since its strategy is evolving in direct connection with the expectations of its stakeholders, in 2019 Befimmo assessed several other certifications of interest. Its goal for 2020 will be to test them on several planned redevelopment projects.

BREEAM certification level of the portfolio[1]

BUILDINGS IN CONSTRUCTION

	DESIGN		POST CONSTRUCTION	
RATING	SURFACE	# BUILDINGS	SURFACE	# BUILDINGS
Outstanding	72 725	2		
Excellent	95 413	6	47 736	3
Very Good	15 204	4	56 381	6
Good	7 749	3	4 623	1
Total	191 091	15	108 740	10

BUILDINGS IN OPERATION

	IN-USE ASSET		IN-USE MANAGEMENT	
RATING	SURFACE	# BUILDINGS	SURFACE	# BUILDINGS
Very Good	26 586	6	85 859	3
Good	447 505	56	52 722	3
Pass	10 108	1	298 290	48
Acceptable	0	0	22 524	6
Non certified	416 913	49	441 717	52
Total	901 112	112	901 112	112

“What makes the ZIN project unique and innovative is the horizontal mix of functions and the ambition to maintain a continuous life and animation to revitalize a monofunctional neighbourhood. Taking this bold gamble and to be one of the first to participate in changing the image of a neighbourhood is extremely rewarding and motivating.“

FRÉDÉRIC TOURNÉ – HEAD OF ENVIRONMENTAL MANAGEMENT

Online sheet “Environmental certification & compliance”

Glossary

1. Some BREEAM certificates have passed their expiry date. The certificates will not be updated until work to achieve an improved score has been carried out.

CONCLUSIONS OF THE REAL-ESTATE EXPERT COORDINATOR

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

Dear Mesdames,
Dear Sirs,

Re: Valuation of the real-estate portfolio of Befimmo as at 31st December 2019.

Context

In accordance with Chapter III, Section F of the law of 12th of May 2014 on BE-REITs, Befimmo has instructed an independent valuer to provide an opinion of value for its portfolio as at 31st December 2019. We have been mandated to value part of the Befimmo and Fedimmo portfolios while Cushman and Wakefield have been mandated to value another part of the Befimmo and Fedimmo portfolios. The part valued by Jones Lang LaSalle is the part leased on multiple short term leases mainly in Brussels and its hinterland. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder. As requested by Befimmo, Cushman and Wakefield is also responsible for determining the fair value of the right of use arising from leases under which Befimmo and/or Silversquare have obligations in their capacity as lessee. This request arises from the publication by the International Accounting Standards Board (IASB) of IFRS 16, effective for annual reporting periods beginning on or after 1 January 2019, which requires the lessee to recognise in the balance sheet a right-of-use asset and lease liability representing its obligation to make lease payments. This fair value, as defined in IFRS 16, is obtained by updating rent flows remaining until the end of the agreement, taking account of gratuities, benefits and other adjustments. As at 31st December 2019, the cumulative fair value of the right-of-use asset amounts to €24,044,390. The fair value of the right of use of land amounts to €2,187,029 million.

Jones Lang LaSalle has been active in Belgium since 1965 and has a long track record in valuing professional real estate. Cushman & Wakefield also indicate that they benefit from sufficient knowledge of the property markets in which Befimmo and Fedimmo are 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 BE-REIT 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 and as confirmed in the press release of the BE-REIT Association dated 10 November 2016, 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 consolidated Befimmo property portfolio as at 31st December 2019 amounts to a total of € 2,858,594,000 (TWO BILLION EIGHT HUNDRED FIFTY EIGHT MILLION FIVE HUNDRED NINETY FOUR THOUSAND EUROS) ;
this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield Valuation Services.

The most likely sale value corresponding to the fair value of the consolidated Befimmo property portfolio as at 31st December 2019 amounts to a total of
€ 2,788,590,870 (TWO BILLION SEVEN HUNDRED EIGHTY-EIGHT MILLION FIVE HUNDRED NINETY THOUSAND EIGHT HUNDRED SEVENTY EUROS) ;
this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield Valuations services.

On this basis, the initial yield of the portfolio with properties available for lease stood at 5.35%. Should the vacant accommodation be fully let at estimated rental value, the initial yield is 5.64% for the same portfolio.

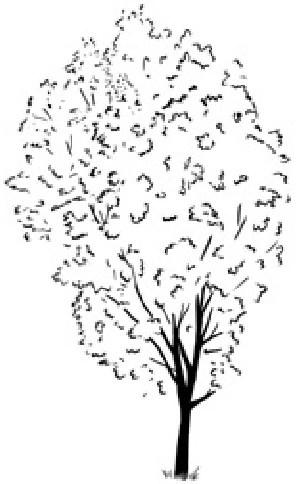
The occupation rate of the portfolio with properties available for lease is 94.36%.

Yours sincerely,

Brussels, 29th January 2020

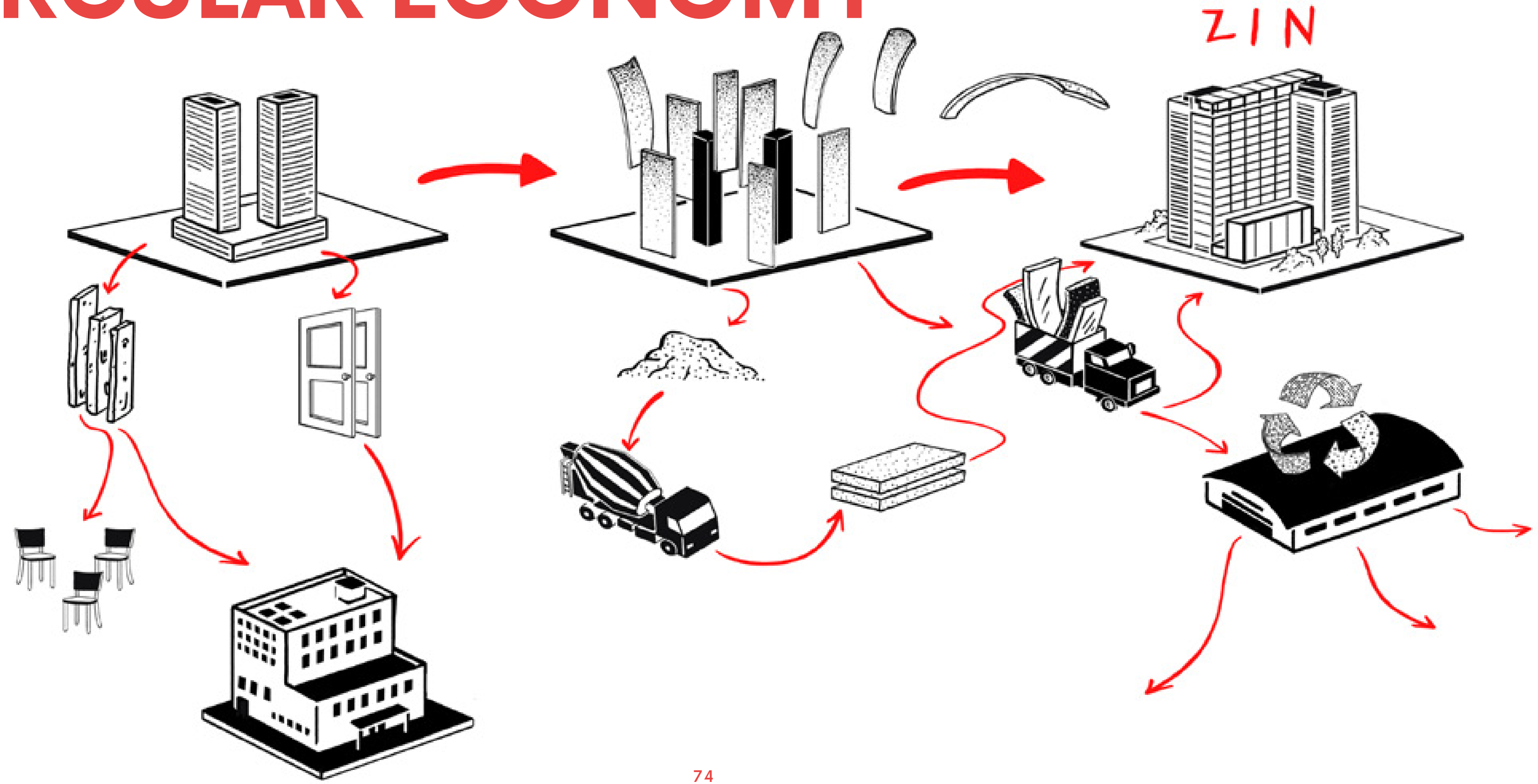
R.P. Scrivener FRICS
Head of Valuation and Consulting
On behalf of Jones Lang LaSalle

OFFICES	FAIR VALUE IN € MILLION	IN %
Properties available for lease	2 394.5	85.9%
Brussels CBD and similar	1 346.1	48.3%
Brussels decentralised	83.2	3.0%
Brussels periphery	121.1	4.3%
Wallonia	230.6	8.3%
Flanders	474.9	17.0%
Luxembourg city	138.6	5.0%
Properties that are being constructed or developed for own account in order to be leased	394.1	14.1%
Total buildings	**2 788.6**	**100.0%**
Right of use of leased offices (IFRS 16)[1]	24.0	
Right of use of land (IFRS 16)[1]	2.2	
Total of investment property	**26.2**	
Total	2 814.8	



1. A debt related to these rights of use has been recognized in the balance sheet liabilities.

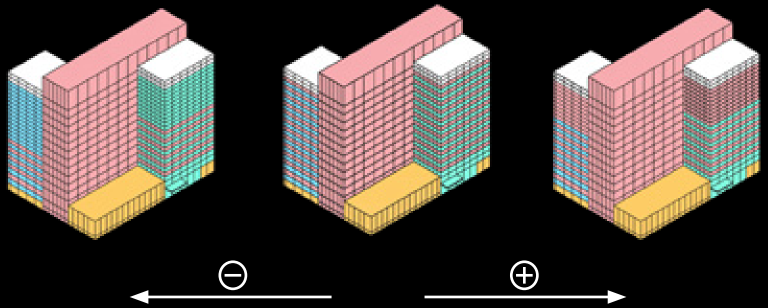
CIRCULAR ECONOMY



SUSTAINABLE AND MODULAR CONSTRUCTION

The circular economy is one of the essential elements of ZIN. Firstly, it's about reducing the quantity of waste by preserving as much as possible of the existing building (basement floors, foundations and circulation cores) and by giving a new life to the components that are not re-used on site (re-use elsewhere or recycling). Secondly, the new construction materials used are sustainable and low-polluting.

But the circular economy also embraces the very conception of the building over several life cycles, with long-term flexibility to meet the new needs of the future. The basic structure of the building is designed to remain the same but, with the exception of the structural floors and the façade, all the components can easily be dismantled to allow the spaces to be adapted to new functions.



- Offices
- Apartments
- Hotel

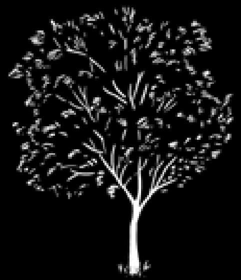
ALMOST

65 %

OF THE EXISTING BUILDING IS RETAINED

+95 %

OF EXISTING MATERIALS AND EQUIPMENT ARE RETAINED, RE-USED OR RECYCLED



Financial report

Central Gate - Brussels Centre

FINANCIAL RESULTS

KEY FIGURES

CONSOLIDATED	31.12.2019	31.12.2018
Number of shares issued	28 445 971	25 579 214
Number of shares not held by the group	27 052 443	25 579 214
Average number of shares not held by the group during the period	25 676 219	25 579 214
Shareholders' equity attributable to shareholders (in € million)	1 603.9	1 443.2
Net asset value (in € per share)	59.29	56.42
EPRA NAV[1] (in € per share)	60.80	57.02
EPRA NNNAV[1] (in € per share)	58.54	55.93
Net result (in € per share)	6.95	3.24
EPRA earnings (in € per share)	3.29	3.68
Average (annualised) financing cost[2] (in %)	2.0	2.0
Weighted average duration of the debt (in years)	4.4	4.8
Debt ratio as per the Royal Decree (in %)	42.7%	45.8%
Loan-to-value[3] (in %)	39.0%	43.6%
Return on shareholders' equity[4] (in € per share)	6.47	3.24
Return on shareholders' equity[4] (in %)	11.6%	5.8%

REAL-ESTATE OPERATOR BUSINESS	31.12.2019	31.12.2018
Net result (in € per share)	7.03	3.24
EPRA earnings (in € per share)	3.26	3.68
EPRA Like-for-Like Net Rental Growth[5] (in %)	4.7%	2.4%

EVOLUTION OF THE NET ASSET VALUE

	IN € PER SHARE	IN € MILLION	NUMBER OF SHARES NOT HELD BY THE GROUP
Net asset value as at 31 December 2018 (group share)	**56.42**	**1 443.2**	**25 579 214**
Final dividend of the 2018 fiscal year		-22.0	
Other elements of comprehensive income - actuarial gains and losses on pension obligations		-1.6	
Valuation of the put option held by minority shareholders, net of profit attributable to non-controlling interests		- 7.0	
Private placement of 1,266,300 treasury shares[6]		67.9	
Interim dividend of the 2019 fiscal year net of capital increase[6]		- 55.1	
Net result (group share) as at 31 December 2019		178.5	
Net asset value as at 31 December 2019 (group share)	**59.29**	**1 603.9**	**27 052 443**

EPRA NAV AND NNNAV

	31.12.2019	31.12.2018
EPRA NAV (in € per share) (group share)	60.80	57.02
EPRA NNNAV (in € per share) (group share)	58.54	55.93

1. This is an Alternative Performance Measure. For more information, please consult the chapter "EPRA Best practices".
2. Including margin and hedging costs. This is an Alternative Performance Measure. For more information, please consult Appendix III of this Report.
3. Loan-to-value (LTV) = [(nominal financial debts – cash)/fair value of portfolio]. This is an Alternative Performance Measure. For more information, please consult Appendix III of this Report.
4. Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, if any, and the participation of the optional dividend. This is an Alternative Performance Measure. For more information, please consult Appendix III of this Report.
5. Trend of the net rental income at constant perimeter, calculated on the basis of the "EPRA Best Practices Recommendations".
6. Amounts net of transaction costs.

CONDENSED CONSOLIDATED BALANCE SHEET

IN € MILLION	31.12.2019	31.12.2018
Investment and held for sale properties	2 814.8	2 655.3
Other assets	97.4	79.8
Total assets	**2 912.3**	**2 735.1**
Shareholders' equity	1 603.9	1 443.2
Financial debts	1 134.7	1 178.5
non current	637.6	735.5
current[1]	497.2	443.0
Other debts	173.6	113.4
Total equity & liabilities	**2 912.3**	**2 735.1**
LTV	**39.0%**	**43.6%**

Comments on the condensed consolidated balance sheet

As at 31 December 2019, 96.7% of the assets side of the balance sheet consisted of investment properties at fair value, based on an assessment by independent real-estate experts in accordance with IAS 40.

The other assets consist mainly of goodwill recognised on the acquisition of Fedimmo in 2006 and Silversquare in 2019 (€23.6 million), hedging instruments (€20.0 million) and trade receivables (€31.5 million).

Shareholders' equity accounts for 55.1% of sources of finance.

Non-current financial debts comprise €201.4 million in bank debt, €406.9 million in a number of European private placements and €25.8 million in IFRS 16 financial debts.

Current financial debts comprise mainly in a United States private placement (USPP) for €80.1 million (debt denominated in USD at fair value and converted into EUR) and in short-term commercial paper (for €352.0 million), for which the Company has confirmed bank lines at more than one year as a back-up.

Other liabilities consist mainly of hedging instruments (€46.5 million), trade and other payables (€85.6 million; suppliers, received advance payments and withholding tax and taxes) and accrued charges and deferred income (principally €22.4 million in property income received in advance).

Central Gate - Brussels Centre

1. According to IAS 1, the commercial paper needs to be recorded as a current liability. It is important to note that the Company has confirmed bank lines in excess of one year as a back-up for the commercial paper.

Events changing the scope

The scope of the real-estate business changed during fiscal year 2019 owing mainly to the Pavilion building leaving the portfolio.

Moreover, the comparison of the data per share is also affected by the placement of 1,266,300 treasury shares in December 2019, and the 206,929 new shares issued as part of the optional dividend in December 2019.

Comments on the results of the Real-estate operator business

The data given below cover the real-estate operator business. Since Befimmo did not have its own coworking business before 1 January 2019, these data are strictly comparable with the consolidated data presented as at 31 December 2018.

CONDENSED INCOME STATEMENT OF THE REAL-ESTATE OPERATOR BUSINESS

IN € THOUSAND	31.12.2019	31.12.2018
Net rental result	134 786	143 566
Net rental result excluding spreading	*133 604*	*143 119*
Spreading of gratuities/concessions	*1 182*	*447*
Net property charges[1]	-14 347	-13 588
Property operating result	**120 440**	**129 978**
Corporate overheads	-14 559	-14 282
Other operating income & charges	-1 177	- 447
Operating result before result on portfolio	**104 703**	**115 249**
Operating margin[1]	***77.7%***	***80.3%***
Gains or losses on disposals of investment properties	12 961	343
Net property result[1]	**117 664**	**115 592**
Financial result (excl. changes in fair value of financial assets and liabilities)[1]	-22 801	-20 545
Corporate taxes	- 741	- 566
Deferred taxes	- 472	- 219
Net result before changes in fair value of investment properties and financial assets and liabilities[1]	**93 650**	**94 263**
Changes in fair value of investment properties	109 882	-5 514
Changes in fair value of financial assets and liabilities	-22 921	-5 901
Changes in fair value of investment properties & financial assets and liabilities	**86 961**	**-11 415**
Net result	180 611	82 628
EPRA earnings	83 605	94 139
Net result (in € per share)	7.03	3.24
EPRA earnings (in € per share)	3.26	3.68

"A complex and innovative project such as ZIN entails the challenge of reconciling the sometimes parallel, sometimes conflicting interests and expectations of the various stakeholders, ranging from the Flemish Government as the end user of the offices, the inhabitants of the North area in transition, to the administrations and the shareholders Befimmo. With a clear and transparent external communication combined with an open mind and a willingness to listen, we have tried to create as much support as possible for the ZIN project. It is an impossible task to get all the stakeholders on the same page, but thanks to the open and constructive cooperation, the ZIN project can count on broad support, with Befimmo remaining faithful to its vision and core values."

NASTASSJA VAN GUCHT – LEGAL COUNSEL

1. This is an Alternative Performance Measure. For more information, please consult Appendix III of this Report.

Analysis of the results of the real-estate operator business

The **like-for-like net rental result** is up 4.0% as a result of the combined effect of new leases and indexing. Following the expiry of the lease of the WTC 2 building, the total net rental result is down 6.1% year-on-year. The fall in net rental result was partially offset by compensation for termination of leases recorded in 2019 (higher than in 2018).

Net property charges rose from €13.6 million to €14.4 million. Befimmo benefited from a positive differential between flat-rate charges paid by the lessee and actual charges of the lessor for the lease of the WTC 2 building, which expired at the end of December 2018.

EPRA like-for-like net rental growth was 4.7% as at 31 December 2019.

Overheads amounted to €14.6 million as against €14.3 million in 2018. This change is explained mainly by the expansion of the teams and support missions for the digitisation of the businesses.

The **Operating result before result on portfolio** was €104.7 million at the end of December (-9.2%).

The **Net property result** was €117.7 million, up 1.8% on the back of the sale of the "Pavilion" building.

The **Financial result** (excluding changes in the fair value of the financial assets and liabilities) was -€22.8 million. The increase in financial charges mainly related to the increase in the average volume of debt by 1.5% is held in check by good control of the average cost of financing which was 2.0% (stable compared with fiscal year 2018). The increase in financial charges is due mainly to a one-off charge (€2.7 million) related to the termination of a fixed-rate assignment of credit on the Pavilion building, sold in May 2019. This financing deal has been restructured at a fixed rate in line with market conditions.

The **Net result** is very sharply up. It stood at €180.6 million compared with €82.8 million thanks to (i) the capital gain realised on the sale of the Pavilion building (€10.0 million, €0.39 per share) and (ii) the positive change in the fair value of the investment properties (€110 million, or 4.0%), partly offset by the negative change in fair value of the financial assets and liabilities (-€22.9 million) reflecting the continuing fall in interest rates.

EPRA earnings were €83.6 million as against €94.1 million last year. The average number of shares not held by the group during the period rose from 25,579,214 at the end of 2018 to 25,676,219 at the end of 2019. EPRA earnings per share which stood at €3.26 at the end of 2019 in relation to €3.68 at the end of 2018. The net result per share amounted to €7.03, a significant increase on last year (€3.24 per share).

Note on the results for the coworking business

The turnover for the coworkig business amounted to €7.4 million over the fiscal year. The coworking business contributed €0.03 per share to the consolidated EPRA earnings[1].

Note on the consolidated results

Consolidated net rental result was €141.9 million, slightly down on last year. The net result (group share) was €178.5 million, up €95.6 million compared with 31 December 2018, mainly on account of the positive change in the fair value of the investment properties. EPRA earnings per share were €3.29 per share as against €3.68 at 31 December 2018.

Silversquare - Zaventem

1. Eliminating the effect of the application of IFRS 16 on leases signed by Silversquare with third party owners, EPRA earnings would be - €0.01 per share.

FINANCIAL STRUCTURE AND HEDGING POLICY

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

Main characteristics of the financial structure

- Confirmed credit facilities for a total amount of €1,421 million (66.6% of which were bank loans), €1,090 million of which were in use. The volume of unused lines is determined on the basis of the Company's liquidity criteria, taking account of the maturities of the financing agreements and commitments planned for the coming years.
- 95.4% of total borrowings at fixed rates (including IRS).
- An average (annualised) financing cost (including hedging margin and costs) of 2.0%, stable with fiscal year 2018.
- A weighted average duration of the debt of 4.4 years (as against 4.8 years as at 31 December 2018).
- A debt ratio of 42.7%[1] (compared with 45.8% as at 31 December 2018).
- An LTV ratio of 39.0%[2] (compared with 43.6% as at 31 December 2018).
- A hedge ratio[3] of 102.3% (compared with 92.7% as at 31 December 2018).

Financing arranged during the fiscal year

Private placement of 1,266,300 treasury shares

In December 2019, Befimmo successfully made a private placement of 1,266,300 treasury shares (4.5% of the outstanding shares) at a price of €54.5 per share.

This operation raised €69 million for Befimmo. The net funds raised will be used to strengthen its investment strategy in quality office space in Belgium and the Grand Duchy of Luxembourg, and to further develop its network of flexible working environments. The transaction also strengthened the Company's balance sheet, as the LTV ratio fell immediately by -2.5%[4] (in absolute terms).

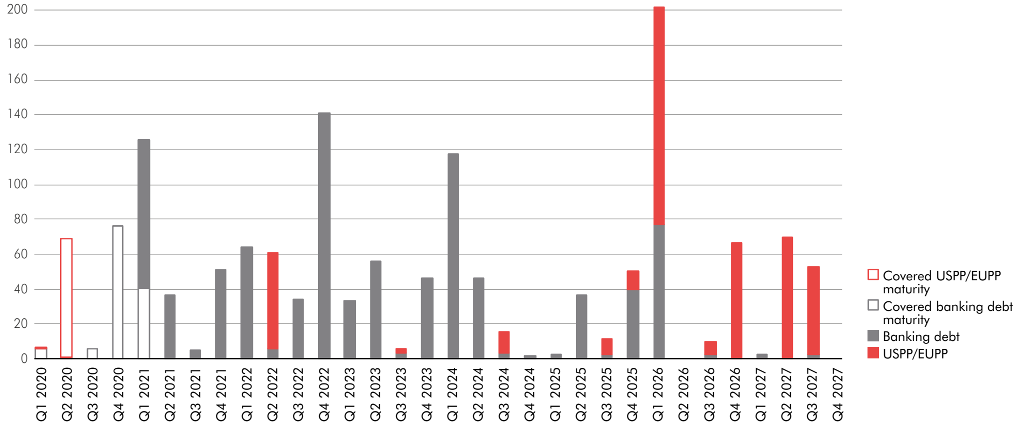
Other loans

- Substituion of a fixed-rate sale of receivables on the Pavilion building, sold in May 2019, by a sale of receivables on the "Wiertz" building. This restructured financing was arranged at a fixed rate in line with market conditions.
- Extension of a bilateral financing arrangement of €62.5 million for a further year (2024).
- Fixed-rate European private bond placement over 8 years for a notional amount of €50 million.
- Arrangement of bilateral financing of €40 million, including fixed-rate financing of €15 million and a revolving credit facility of €25 million.

- Since 31 December 2019, Befimmo has renewed a financing of €75 million for a further period of 6 years.

On this basis, and all other things being equal, the Company has covered its financing needs until 31 December 2020.

MATURITIES OF COMMITMENTS BY QUARTER (IN € MILLION)

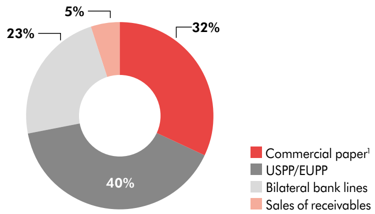


1. The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.
2. Loan-to-value (LTV) = [(nominal financial debts – cash)/fair value of portfolio].
3. Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAPs)/total borrowings. This ratio takes into account CAP-type optional hedging instruments that are close to maturity (July 2020) and that have become off-market as a result of the fall in interest rates (i.e. two CAP positions for a total notional amount of €55 million at hedging interest rates of 0.50% and 0.85%). Excluding these instruments, the hedge ratio would be 97.2%.
4. Calculation based on an LTV ratio of 39.5% as at 30 September 2019.

On 12 September 2019, 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 of a maximum amount of €600 million, €352 million of which was in use as at 31 December 2019 for short-term issues and €101.3 million for long-term issues. For short-term issues, this programme has back-up facilities consisting of the various credit lines arranged. The documentation for this programme also covers the European private placements of debt.

DEBT DISTRIBUTION



Hedging the interest rate and exchange-rate risk

The hedging policy is designed to cover a decreasing portion of the projected debt over a 10-year time scale, using instruments selected on the basis of an analysis of interest rate forecasts from a number of banks consulted, and arbitrage between the cost of the instrument, its level and type of protection. Using this policy, the Company fixes the interest rates on a portion of its debt (either directly by arranging financing at fixed rates, or by acquiring IRS-type hedging instruments) and limits the impact of rising interest rates by optional hedging instruments (CAP). Such a hedging and financing structure creates a situation in which the result is nevertheless sensitive to changing interest rates.

Befimmo holds a portfolio of instruments to hedge (i) the interest-rate risk, consisting of IRS, CAPs and COLLARs[2], and (ii) the exchange-rate risk on its fixed-rate United States private placement (USPP) by holding Cross Currency Swaps.

Befimmo has extended the maximum duration of its hedging policy, with maturities of up to 20 years.

Operations carried out:

- arrangement of a new payer IRS for €50 million with a maturity of 10 years;
- arrangement of two payer IRSs with a total notional amount of €50 million and a total maturity of 18 years from January 2020;
- restructuring of an IRS for a notional amount of €25 million (extension of the coverage period);
- since 31 December 2019, arrangement of an IRS for €25 million from January 2022 until January 2040.

The package of instruments in place gives the Company a hedging ratio of 102.3%[3] as at 31 December 2019. The hedge ratio remains above 70% until the second quarter of 2022 and above 50% until the fourth quarter of 2025 inclusive.

EVOLUTION OF THE PORTFOLIO OF HEDGING INSTRUMENTS AND FIXED-RATE DEBTS

ANNUAL AVERAGE		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	>	2039
CAP	Notional (in € million)	47	20	0	0	0	0	0	0	0	0	0	0	>	0
	Average rate	0.9%	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	>	0.0%
FLOOR	Notional (in € million)	20	20	0	0	0	0	0	0	0	0	0	0	>	0
	Average rate	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	>	0.0%
Fixed-rate financing (incl. IRS)	Notional (in € million)	1 109	1 072	1 058	1 000	933	856	716	520	227	125	100	100	>	37
	Average rate[4]	0.8%	0.8%	0.8%	0.8%	0.8%	0.9%	0.8%	0.9%	0.8%	0.7%	0.8%	0.8%	>	0.7%

1. With confirmed bank lines in excess of one year as a back-up.
2. Subscription to a COLLAR places a ceiling on the rise in interest rates (CAP), but also involves an undertaking to pay a minimum rate (FLOOR).
3. Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAPs)/total borrowings. This ratio takes into account CAP-type optional hedging instruments that are close to maturity (July 2020) and that have become off-market as a result of the fall in interest rates (i.e. two CAP positions for a total notional amount of €55 million at hedging interest rates of 0.50% and 0.85%). Excluding these instruments, the hedge ratio would be 97.2%.
4. Average fixed rate excluding credit margin, including swap options (SWAPTIONS) considered at the cap rate.

Paradis Tower - Liège

APPROPRIATION OF RESULTS (STATUTORY ACCOUNTS)

The net result for the fiscal year is €197,758,905.1.

Taking account of the result carried forward at 31 December 2018 of €155,332,535.6, the net result for the fiscal year, the integration by merger-absorption of the reported result of Beway SA and the realized result on the sale of treasury shares, the result to be appropriated is €383,195,006.3.

The result for the fiscal year relates to 27,052,443 shares an increase of 5.8% compared to the previous fiscal year. The increase in the number of shares issued is the result of:

- the creation of 2,659,828 shares on 13 May 2019 as part of the merger-absorption of Beway SA;
- the creation of 206,929 shares on 20 December 2019 as part of the optional dividend in shares decreed by Befimmo on 20 November 2019.

In accordance with article 11(3) of the law of 12 May 2014 on BE-REITs (SIR/GVV), no appropriation to the legal reserve is made. The Ordinary General Meeting will therefore be invited to:

1. approve the annual accounts at 31 December 2019 which, in accordance with the Royal Decree of 13 July 2014 on BE-REITs, contain appropriations to the statutory reserves;
2. distribute, as return on capital, a dividend of €3.45 gross per share. This dividend would consist of an interim dividend of €66,250,164.3, or €1.8130 net per existing share, declared on 21 October 2019, and a final dividend of €23,265,101.0, or €0.6020 net[1] per share, payable by detaching coupon No 39;
3. carry forward the balance again, i.e. the sum of €199,751,893.8.

The proposed dividend for fiscal year 2019 (including the interim dividend declared on 21 October 2019 and the final dividend referred to above) complies with article 13 of the Royal Decree of 13 July 2014 on BE-REITs, 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, minus the net reduction in the Company's borrowings over the fiscal year, as reflected in the statutory accounts.

The pay-out ratio (compared to the EPRA earnings) of 2019 is 106.1%, compared to 93.7% in 2018).

1. Amount subject to the approval of the Ordinary General Meeting of 28 April 2020.

RESULT TO BE APPROPRIATED, PROPOSED APPROPRIATIONS AND WITHDRAWALS

IN €	
A. Net result	**197 758 905.1**
B. Transfer to/from reserves (±)	**-108 243 639.8**
I. Transfer to / from reserve of balance (positive or negative) of changes in fair value of properties (±)	-124 828 113.2
- Accounting year	-117 141 338.4
- Previous fiscal years	
- Realisation of properties	-7 686 774.7
II. Transfer to / from reserve of estimated fees and charges incurred in the hypothetical disposal of investment properties (±)	6 351 239.1
VI. Transfer from reserve or balance of changes in fair value of permitted hedging instruments to which hedging accounting as defined in IFRS is not applied (±)	24 549 026.8
- Accounting year	24 549 026.8
- Previous fiscal years	
XI. Transfer to/from result brought forward from previous fiscal years (±)	-14 315 792.6
C. Remuneration of capital	**-89 515 265.2**
- Interim dividend for the fiscal year paid out in December 2019	-66 250 164.3
- Final dividend for the fiscal year (payable after the Ordinary General Meeting of 28 April 2020)[2]	-23 265 101.0
D. Remuneration of capital apart from C	**0.0**

EXPLANATORY TABLE OF THE STATUTORY RESULT OF THE 2019 FISCAL YEAR[1]

IN €	
Result to bring forward as at 31 December 2017	**150 243 133.6**
Result for the 2018 fiscal year	82 847 295.3
Result to be appropriated as at 31 December 2018	**233 090 428.8**
Interim dividend for the 2018 fiscal year	-66 250 164.3
Impact of appropriation to reserves other than "(n) Result brought forward from previous years" (Royal Decree of 13 July 2014)	10 490 395.1
Final dividend proposed for the 2018 fiscal year[2]	-21 998 124.0
Result to bring forward as at 31 December 2018	**155 332 535.6**
Result for the 2019 fiscal year	197 758 905.1
Result brougth forward Beway SA	32 003 015.6
Impact of the realised result on direct sale of own shares	-1 899 450.0
Result to be appropriated as at 31 December 2019	**383 195 006.3**
Interim dividend for the 2019 fiscal year	-66 250 164.3
Impact of appropriation to reserves other than "(n) Result brought forward from previous years" (Royal Decree of 13 July 2014)	-93 927 847.3
Final dividend proposed for the 2019 fiscal year[2]	-23 265 101.0
Result to bring forward as at 31 December 2019	**199 751 893.8**

1. Please see the note of the statutory shareholders' equity on pages 206 and 207 of the financial statements.
2. Amount subject to the approval of the Ordinary General Meeting of 28 April 2020.

EPRA Best Practices

Blue Tower - Brussels Louise district

PERFORMANCE INDICATORS - DEFINITION & USE

The European Public Real Estate Association (EPRA) publishes recommendations for defining the main financial performance[1] indicators applicable to listed real-estate companies. Befimmo supports the reporting standardisation approach designed to improve the quality and comparability of information destined to investors.

The Statutory Auditor has checked whether the EPRA ratios have been calculated in accordance with the definitions and whether the financial data used to calculate those ratios tally with the accounting data included in the consolidated financial statements.

Befimmo is also following the trend towards reporting on Social Responsibility by subscribing to the indicators published by EPRA[2] in its report "Best Practices Recommendations on Sustainability Reporting (3rd version – September 2017)".

EPRA INDICATORS	EPRA DEFINITION[1]	EPRA PURPOSE[1]
EPRA earnings	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value[3] and to exclude certain items not expected to crystallise in a long-term investment property business model.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real-estate company.
(i) EPRA Net Initial Yield (NIY)	Annualised rental income[4] based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value[3] of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
(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).	
EPRA Vacancy rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.
EPRA Cost ratio	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.
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.	Provide information (in %) on the growth in net rental income (property charges deducted) at constant perimeter of the portfolio (excluding the impact from acquisitions and disposals)[5].

1. Source: EPRA Best Practices (www.epra.com).
2. Befimmo commissioned Deloitte to carry out a limited assurance review. Data marked with the V symbol have been audited by Deloitte as part of this limited assurance review. The Deloitte report can be found on pages 248 and 249 of this Report.
3. According to the BE-REIT legislation, the buildings of the portfolio of Befimmo are booked at their fair value.
4. For Befimmo, the annualised rental income is equivalent to the annual current rent at the closing date plus future rent on leases signed, as reviewed by the real-estate experts.
5. Because the EPRA doesn't publish the use of the EPRA Like-for-Like, Befimmo wrote it.

KEY PERFORMANCE INDICATORS

KEY FIGURES

EPRA INDICATORS - CONSOLIDATED		31.12.2019	31.12.2018
EPRA earnings	in € thousand in €/share	84 377 3.29	94 139 3.68
EPRA NAV	in € thousand in €/share	1 644 662 60.80	1 458 489 57.02
EPRA NNNAV	in € thousand in €/share	1 583 604 58.54	1 430 736 55.93
EPRA INDICATORS - REAL-ESTATE OPERATOR BUSINESS		**31.12.2019**	**31.12.2018**
EPRA earnings	in € thousand in €/share	83 605 3.26	94 139 3.68
EPRA Net Initial Yield (NIY)	in %	4.9%	5.7%
EPRA Topped-up NIY	in %	5.1%	5.8%
EPRA Vacancy rate	in %	4.1%	4.3%
EPRA Cost ratio[1]	Incl. vacancy costs Excl. vacancy costs	21.7% 20.0%	19.7% 17.8%
EPRA Like-for-Like	in %	4.7%	2.4%

TABLES OF THE EPRA INDICATORS - CONSOLIDATED

TABLE 1 - EPRA EARNINGS

IN € THOUSAND	31.12.2019	31.12.2018
Net result IFRS (group share)	**178 463**	**82 847**
Net result IFRS (in € per share) (group share)	**6.95**	**3.24**
Adjustments to calculate EPRA earnings	-94 086	11 292
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	-109 392	5 514
II. Result on disposals of investment properties	-12 961	-343
VI. Changes in fair value of financial assets and liabilities and close-out costs	27 983	5 901
VIII. Deferred tax in respect of EPRA adjustments	472	219
X. Adjustments for non-controlling interests	-189	-
EPRA earnings (group share)	84 377	94 139
EPRA earnings (in € per share) (group share)	3.29	3.68

TABLE 2 - EPRA NAV & NNNAV

IN € THOUSAND	31.12.2019	31.12.2018
Net asset value (group share)	**1 603 872**	**1 443 214**
Net asset value (in € per share) (group share)	**59.29**	**56.42**
To include:		
II. Revaluation at fair value of finance lease credit	115	115
To exclude:		
IV. Fair value of financial instruments	39 984	14 941
V. a. Deferred tax	691	219
To include/exclude :		
Adjustments in respect of non-controlling interests	-	-
EPRA NAV (group share)	1 644 662	1 458 489
EPRA NAV (in € per share) (group share)	60.80	57.02
To include:		
I. Fair value of financial instruments	-39 984	-14 941
II. Revaluations at fair value of fixed-rate loans[2]	-20 383	-12 593
III. Deferred tax	-691	-219
To include/exclude:		
Adjustments in respect of non-controlling interests	-	-
EPRA NNNAV (group share)	1 583 604	1 430 736
EPRA NNNAV (in € per share) (group share)	58.54	55.93

1. For more information, please consult the pages 79 and 80 of this Report and also the explanation on the evolution of the revenus and net property charges.
2. Excluding financial debt linked to IFRS 16.

Gateway - Brussels airport

EPRA INDICATORS TABLE - REAL-ESTATE OPERATOR BUSINESS

TABLE 1 – EPRA EARNINGS

IN € THOUSAND	31.12.2019	31.12.2018
Net result IFRS	180 611	82 847
Net result IFRS (in € per share)	7.03	3.24
Adjustments to calculate EPRA earnings	-97 006	11 292
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	-109 882	5 514
II. Result on disposals of investment properties	-12 961	-343
VI. Changes in fair value of financial assets and liabilities and close-out costs	25 365	5 901
VIII. Deferred tax in respect of EPRA adjustments	472	219
EPRA earnings	83 605	94 139
EPRA earnings (in € per share)	3.26	3.68

TABLE 2 – EPRA VACANCY RATE

IN € THOUSAND	31.12.2019	31.12.2018
Estimated rental value (ERV) on vacant space (A)	5 166	5 994
Estimated rental value (ERV) (B)	124 846	140 145
EPRA Vacancy rate of properties available for lease (A)/(B)	4.1%	4.3%

TABLE 3 - EPRA NET INITIAL YIELD (NIY) & TOPPED-UP NIY

IN € THOUSAND	31.12.2019	31.12.2018
Investment properties and properties held for sale	2 788 591	2 655 324
To exclude:		
Properties that are being constructed or developed for own account in order to be leased	-394 130	-199 512
Properties held for sale	-	-
Properties available for lease	2 394 461	2 455 813
To include:		
Allowance for estimated purchasers' cost	60 089	61 777
Investment value of properties available for lease (B)	**2 454 550**	**2 517 590**
Annualised cash passing rental income	128 033	147 928
To exclude:		
Property charges[1]	-6 915	-4 685
Annualised net rents (A)	**121 118**	**143 243**
To include:		
Notional rent expiration of rent free periods or other lease incentives	3 383	2 710
Future rent on signed contracts[2]	-	-
Topped-up annualised net rents (C)	**124 501**	**145 953[2]**
EPRA Net Initial Yield (A/B)	4.9%	5.7%
EPRA Topped-up Net Initial Yield (C/B)	5.1%	5.8%[2]

TABLE 4 - EPRA COST RATIO

IN € THOUSAND	31.12.2019	31.12.2018
Net administrative and operating expenses in the income statement	**-29 318**	**-28 371**
III. (+/-) Rental charges	-417	-501
Net property charges	-14 347	-13 588
XIV. (-) Corporate overheads	-14 559	-14 282
XV. (+/-) Other operating income and charges	-1 177	-447
Exclude:		
i. Impact of the spreading of gratuities	1 182	447
EPRA costs (including direct vacancy costs) (A)	**-29 318**	**-28 371**
XI. (-) Charges and taxes on unlet properties	2 268	2 723
EPRA costs (excluding direct vacancy costs) (B)	**-27 050**	**-25 648**
I. (+) Rental income	135 203	144 067
Gross rental income (C)	**135 203**	**144 067**
EPRA cost ratio (including direct vacancy costs) (A/C)[3]	21.7%	19.7%
EPRA cost ratio (excluding direct vacancy costs) (B/C)[3]	20.0%	17.8%

"WHAT TOUCHED ME THE MOST DURING THE CONCEPTION OF THE ZIN PROJECT WAS THE FACT THAT, STARTING FROM AN EXISTING STRUCTURE, WE SUCCEEDED IN DESIGNING A FUTURE PROJECT OFFERING EXCEPTIONAL SURFACES."

NICOLAS NÉLIS –
CHIEF PROJECT OFFICER

1. The scope of the property charges to be excluded for calculating the EPRA Net Initial Yield is defined in the EPRA Best Practices and does not correspond to "property charges" as presented in the consolidated IFRS accounts.
2. Since 31 March 2019, Befimmo no longer includes the rent "Future rent on signed contracts" in the calculation of the EPRA Topped-up NIY. The percentage as of 31 December 2018 has therefore been restated based on this change.
3. This is an Alternative Performance Measure.

TABLE 5 - INVESTMENT PROPERTIES - LIKE-FOR-LIKE NET RENTAL GROWTH

SEGMENT	31.12.2019						31.12.2018						EVOLUTION
IN € THOUSAND	PROPERTIES OWNED THROUGHOUT 2 CONSECUTIVE YEARS	ACQUISITIONS	DISPOSALS	PROPERTIES HELD FOR SALE	PROPERTIES THAT ARE BEING CONSTRUCTED OR DEVELOPED[1]	TOTAL NET RENTAL INCOME[2]	PROPERTIES OWNED THROUGHOUT 2 CONSECUTIVE YEARS	ACQUISITIONS	DISPOSALS	PROPERTIES HELD FOR SALE	PROPERTIES THAT ARE BEING CONSTRUCTED OR DEVELOPED[1]	TOTAL NET RENTAL INCOME[2]	PROPERTIES OWNED THROUGHOUT 2 CONSECUTIVE YEARS
Brussels CBD and similar	61 329	4 839	1 535		4 735	72 438	58 052	4 954	4 555		16 493	84 053	5.6%
Brussels decentralised	4 119					4 119	3 620					3 620	13.8%
Brussels periphery	7 458		160			7 618	6 279		204			6 483	18.8%
Wallonia	9 757				76	9 833	9 506				147	9 652	2.6%
Flanders	29 200		-2			29 198	28 900		222			29 122	1.0%
Luxembourg city	4 838					4 838	5 112					5 112	-5.4%
Total	116 701	4 839	1 693	0	4 811	128 044	111 469	4 954	4 981	0	16 639	138 043	4.7%
Reconciliation to the consolidated IFRS income statement													
Net rental income related to:													
- Properties previously sold												-109	
- Properties booked as financial leases (IFRS 16)						-12						-12	
- Non recurring element: restitution of reserve funds in 2018												602	
Other property charges						-7 592						-8 546	
Property operating result in the consolidated IFRS income statement						120 440						129 978	

1. These are properties that are being constructed or developed for own account in order to be leased.
2. 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.

TABLE 6 - INVESTMENT PROPERTY RENTAL DATA

SEGMENT	GROSS RENTAL INCOME	NET RENTAL INCOME	RENTAL SURFACE	GROSS CURRENT RENT FROM LEASE AGREEMENTS	ESTIMATED RENTAL VALUE (ERV) ON VACANT SPACE	ESTIMATED RENTAL VALUE (ERV)	VACANCY RATE 31.12.2019	VACANCY RATE 31.12.2018
	IN € THOUSAND	IN € THOUSAND	IN M²	IN € THOUSAND	IN € THOUSAND	IN € THOUSAND	IN %	IN %
Brussels CBD and similar	68 424	66 136	312 758	67 825	3 537	63 270	5.6	2.7
Brussels decentralised	6 064	4 119	39 319	6 881	57	7 072	0.8	11.7
Brussels periphery	9 087	7 458	94 607	9 580	1 444	11 803	12.2	21.5
Wallonia	10 796	10 342	71 073	10 932	-	9 955	0.0	0.0
Flanders	30 287	29 200	225 384	30 544	63	27 231	0.2	1.0
Luxembourg city	5 159	4 838	12 247	5 630	65	5 516	1.2	1.9
Properties available for lease	**129 816**	**122 093**	**755 389**	**131 392**	**5 166**	**124 846**	**4.1**	**4.3**
Reconciliation to the consolidated IFRS income statement								
Rental income related to:								
- Properties booked as financial leases (IFRS 16)		-12						
- Properties that are being constructed or developed for own account in order to be leased	3 124	4 258						
- Investment properties sold during the last 12 months	1 846	1 693						
- Other property charges		**-7 592** [1]						
Total	**134 786** [2]	**120 440** [3]						

1. Including non-recurrent items.
2. The total "Gross rental income" defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "Net rental result" 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.

TABLE 7 - INVESTMENT PROPERTIES - VALUATION DATA

SEGMENT	FAIR VALUE 31.12.2019	FAIR VALUE 31.12.2018	CHANGES IN FAIR VALUE 31.12.2019[1]	CHANGES IN FAIR VALUE 31.12.2018[1]	CHANGES IN FAIR VALUE 31.12.2019	CHANGES IN FAIR VALUE 31.12.2018	EPRA NET INITIAL YIELD 31.12.2019	EPRA NET INITIAL YIELD 31.12.2018	WEIGHTED AVERAGE DURATION UP TO NEXT BREAK 31.12.2019	WEIGHTED AVERAGE DURATION UP TO NEXT BREAK 31.12.2018	WEIGHTED AVERAGE DURATION UP TO FINAL EXPIRY 31.12.2019	WEIGHTED AVERAGE DURATION UP TO FINAL EXPIRY 31.12.2018
	IN € THOUSAND	IN € THOUSAND	IN € THOUSAND	IN € THOUSAND	IN %	IN %	IN %	IN %	IN YEARS	IN YEARS	IN YEARS	IN YEARS
Brussels centre (CBD)	1 346 098	1 440 556	13 182	18 539	1.0%	1.3%	4.7%	5.9	6.9	6.1	7.4	6.6
Brussels decentralised	83 180	81 668	2 987	-11 361	3.7%	-12.2%	4.6%	4.4	3.8	4.0	4.5	4.7
Brussels periphery	121 093	116 546	-2 801	-28 977	-2.2%	-19.9%	5.8%	6.1	2.9	2.8	5.4	5.0
Wallonia	230 613	220 186	7 301	6 806	3.3%	3.5%	4.4%	4.6	16.5	17.5	16.5	17.5
Flanders	474 911	474 300	2 053	-13 287	0.4%	-2.7%	6.0%	6.1	7.0	8.0	7.1	8.1
Luxembourg city	138 566	122 556	16 047	12 478	13.1%	11.3%	3.9%	4.4	3.6	4.6	6.7	7.6
Total properties available for lease	**2 394 461**	**2 455 813**	**38 769**	**-15 802**	**1.6%**	**-0.6%**	**4.9%**	**5.7**	**7.1**	**7.0**	**7.8**	**7.5**
Reconciliation to the consolidated IFRS balance sheet												
Properties that are being constructed or developed for own account in order to be leased	394 130	199 512	71 426	10 288	22.1%	5.6%						
Investment properties in the consolidated IFRS balance sheet	**2 788 591**	**2 655 324**	**110 195**	**-5 514**	**4.1%**	**-0.2%**						

1. Excluding acquisitions, investments and disinvestments.

TABLE 8 – INVESTMENT PROPERTIES – LEASE DATA

SEGMENT	AVERAGE DURATION OF LEASES AS AT 31.12.2019 IN YEARS	FINAL EXPIRY DATE CURRENT RENT OF THE LEASES REACHING FINAL EXPIRY IN € THOUSAND				FINAL EXPIRY DATE ESTIMATED RENTAL VALUE (ERV) OF THE LEASES REACHING FINAL EXPIRY IN € THOUSAND			
	FINAL EXPIRY DATE	IN 2020	IN 2021	IN 2022-2024	AS FROM 2025	IN 2020	IN 2021	IN 2022-2024	AS FROM 2025
Brussels CBD and similar	7.4	1 909	12 282	5 115	47 992	1 589	8 594	4 590	43 249
Brussels decentralised	4.5	314	3 173	-	3 387	288	2 645	-	3 445
Brussels periphery	5.4	664	731	2 799	5 335	517	719	2 710	5 700
Wallonia	16.5	-	570	2 555	7 807	-	440	2 054	7 461
Flanders	7.1	280	4 618	7 130	18 451	187	3 922	6 420	16 639
Luxembourg city	6.7	-	-	582	5 006	-	-	574	4 830
Total properties available for lease	7.8	3 167	21 374	18 182	87 977	2 581	16 319	16 347	81 324

SEGMENT	AVERAGE DURATION OF LEASES AS AT 31.12.2019 IN YEARS	NEXT EXPIRY DATE CURRENT RENT OF THE LEASES REACHING NEXT BREAK IN € THOUSAND				NEXT EXPIRY DATE ESTIMATED RENTAL VALUE (ERV) OF THE LEASES REACHING NEXT BREAK IN € THOUSAND			
	FIRST EXPIRY DATE	IN 2020	IN 2021	IN 2022-2024	AS FROM 2025	IN 2020	IN 2021	IN 2022-2024	AS FROM 2025
Brussels CBD and similar	6.9	4 003	14 352	7 078	41 865	3 690	10 647	6 804	36 880
Brussels decentralised	3.8	388	3 250	1 262	1 975	355	2 729	1 348	1 946
Brussels periphery	2.9	2 307	1 881	4 078	1 264	2 085	1 969	4 304	1 287
Wallonia	16.5	-	570	2 555	7 807	-	440	2 054	7 461
Flanders	7.0	280	4 715	7 325	18 159	187	4 015	6 619	16 348
Luxembourg city	3.6	1 699	588	740	2 561	1 648	578	691	2 487
Total properties available for lease	7.1	8 677	25 355	23 038	73 630	7 966	20 377	21 820	66 409

TABLE 9 – PROPERTIES THAT ARE BEING CONSTRUCTED OR DEVELOPED FOR OWN ACCOUNT IN ORDER TO BE LEASED[1]

	COST TO DATE	FUTURE ESTIMATED COST	INTERIM INTEREST TO BE CAPITALISED	TOTAL ESTIMATED COST (EXCLUDING LAND)	FORECAST COMPLETION DATE	RENTAL SURFACE	% LET
	IN € MILLION	IN € MILLION	IN € MILLION	IN € MILLION		IN M²	
Brederode Corner	16 951	4 909	207	22 066	Q1 2020	7 000	100%
Paradis Express	11 981	58 864	1 226	72 071[2]	2021	35 000	52%
Quatuor	53 967	102 312	3 142	159 421	2020	60 000	30%
ZIN	67 895	296 833	10 272	375 000	2023	110 000	100%
Total committed ongoing projects	150 794	462 918	14 847	628 558		-	-
Reconciliation to the consolidated IFRS balance sheet							
Cost to date WTC 4	20 327						
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	120 776						
Difference between fair value as at 31 December 2019 and [the fair value BEFORE works + the cost of the works]	102 234						
Properties that are being constructed or developed for own account in order to be leased within the IFRS consolidated balance sheet	**394 130**						

1. This table includes the projects which have been reclassified under "Properties that are being constructed or developed for own account in order to be leased" and for which expenses were already made.
2. "All-in" construction cost of the project (including other functions than offices).

TABLE 10 - SUMMARY TABLE OF EPRA SUSTAINABLE PERFORMANCE INDICATORS

EXTERNAL ASSESSMENT	EPRA SUSTAINABILITY PERFORMANCE MEASURES	GRI STANDARD & CRESD INDICATOR CODE	DATA 2019	DATA 2018	PAGE(S) AFR 2019[1]
Environmental sustainability performance measures					
V	Elec-Abs not normalised	302-1	54.70 GWh	62.74 GWh	67, 68
V	Elec-LfL not normalised	302-1	49.5 GWh	50.72 GWh	67, 68
V	DH&C-Abs normalised	302-1	2.21 GWh	2.55 GWh	67, 68
V	DH&C-LfL normalised	302-1	2.55 GWh	2.55 GWh	67, 68
V	Fuels-Abs normalised	302-1	57.81 GWh	66.10 GWh	67, 68
V	Fuels-LfL normalised	302-1	51.8 GWh	52.6 GWh	67, 68
V	Energy-Int not normalised	CRE1	143 kWh/m^2	142.6 kWh/m^2	67, 68
V	GHG-Dir-Abs	305-1	10 422 t CO_2e	11 957 t CO_2e	66, 118, 119
V	GHG-Indir-Abs	305-2	471 t CO_2e	584 t CO_2e	66
V	GHG-Dir-LfL	305-1	9 357 t CO_2e	9 566 t CO_2e	66, 118, 119
V	GHG-Indir-LfL	305-2	454 t CO_2e	576 t CO_2e	66
V	GHG-Int	CRE3	13.8 kg CO_2e/m^2	14.6 kg CO_2e/m^2	66
V	Water-Abs	303-1	181 179 m^3	223 277 m^3	68
V	Water-LfL	303-1	152 548 m^3	154 745 m^3	68
V	Water-Int	CRE2	265.48 l/m^2	249.07 l/m^2	68
V	Waste-Abs[2]	306-2	Recycled: 75 552 tonnes	Recycled: 53 121 tonnes	69, 70
V			Reused: 925 tonnes	Reused: 41 tonnes	69, 70
V			Composted: 2 tonnes	Composted: 0 tonnes	69, 70
V			Incinerated: 1 308 tonnes	Incinerated: 1 563 tonnes	69, 70
V			Burried or landfilled: 15 791 tonnes	Burried or landfilled: 38 tonnes	69, 70
V	Waste-LfL[2]	306-2	Recycled: 12 864 tonnes	Recycled: 52 937 tonnes	69, 70
V			Reused: 11 tonnes	Reused: 41 tonnes	69, 70
V			Composted: 1 ton	Composted: 0 tonnes	69, 70
V			Incinerated: 914 tonnes	Incinerated: 1 111 tonnes	69, 70
V			Burried or landfilled: 1 ton	Burried or landfilled: 38 tonnes	69, 70
V	Cert-Tot	CRE8	BREEAM Design | Outstanding | 2 buildings	BREEAM Design | Outstanding | 1 building	71
V			BREEAM Design | Excellent | 6 buildings	BREEAM Design | Excellent | 5 buildings	71
V			BREEAM Design | Very Good | 4 buildings	BREEAM Design | Very Good | 4 buildings	71
V			BREEAM Design | Good | 3 buildings	BREEAM Design | Good | 1 building	71
V			BREEAM In-Use (Asset) | Very Good | 6 buildings	BREEAM In-Use (Asset) | Very Good | 5 buildings	71
V			BREEAM In-Use (Asset) | Good | 56 buildings	BREEAM In-Use (Asset) | Good | 56 buildings	71
V			BREEAM In-Use (Asset) | Pass | 1 building	BREEAM In-Use (Asset) | Pass | 2 buildings	71
V			BREEAM In-Use (Asset) | Non-certified | 49 buildings	BREEAM In-Use (Asset) | Non-certified | 50 buildings	71
V			BREEAM In-Use (Management) | Very Good | 3 buildings	BREEAM In-Use (Management) | Very Good | 3 buildings	71
V			BREEAM In-Use (Management) | Good | 3 buildings	BREEAM In-Use (Management) | Good | 2 buildings	71
V			BREEAM In-Use (Management) | Pass | 48 buildings	BREEAM In-Use (Management) | Pass | 49 buildings	71
V			BREEAM In-Use (Management) | Acceptable | 6 buildings	BREEAM In-Use (Management) | Acceptable | 6 buildings	71
V			BREEAM In-Use (Management) | Non-certified | 52 buildings	BREEAM In-Use (Management) | Non-certified | 53 buildings	71
Social Performance Measures					
V	Diversity-Emp M/F	405-1	53% (M) - 47% (F)	50% (M) - 50% (F)	112
V	Diversity-Pay[3] [M/F]	405-2	-5.35%	-1.03%	112
V	Emp-Training	404-1	33 hours/year	43 hours/year	112
V	Emp-Dev	404-3	100%	100%	112
V	Emp-Turnover - new arrivals (total number)	401-1	9	8	112, 114
V	Emp-Turnover - new arrivals (rate)	401-1	10.5%	9.3%	112
V	Emp-Turnover - Turnover (total number)	401-1	9	3	112, 114
V	Emp-Turnover - Turnover (rate)	401-1	10.5%	3.5%	112
V	H&S Emp - Lost day rate	403-2	0.0%	0.1%	115
V	H&S Emp - Injury rate	403-2	0.0%	0.0%	115
V	H&S Emp - Absentee rate	403-2	4.1%	3.6%	115
V	H&S Emp - Absentee rate (short term)	403-2	2.3%	2.6%	115
V	H&S Emp - number of work related fatalities	403-2	0	0	115
V	H&S-Asset	416-1	92%	86%	37
V	H&S-Comp	416-2	1	4	37
V	Comty-Eng	413-1	25%[4]	27%[4]	37, 117
Governance Performance Measures					
V	Gov-Board	102-22	10	10	122
N/A	Gov-Select	102-24	Narrative on process	Narrative on process	127
N/A	Gov-Col	102-25	Narrative on process	Narrative on process	145, 146, 147

1. Full tables of environmental indicators of the portfolio are published on Befimmo's website (www.befimmo.be).
2. Waste from buildings undergoing renovation and in operation.
3. Category of the managers.
4. The value of the indicator is notable directly related to and/or influenced by the number of permit applications that depend on ongoing and/or development projects.

Outlook and dividend forecast

Silversquare - Brussels

Disclaimer

This outlook may not be interpreted as a commitment on the part of Befimmo. Whether or not these forecasts will actually be achieved depends on a number of factors beyond Befimmo's control, such as developments on the real-estate and financial markets. Given the present context of economic uncertainty, the assumptions used may be highly volatile in the future. The assumptions and risk assessments seemed reasonable at the time they were made but, since it is impossible to predict future events, they may or may not prove to be correct. Accordingly, Befimmo's actual results, financial situation, performance or achievements, or the market trend, may differ substantially from these forecasts. Given these uncertainties, shareholders should not give undue credence to these forecasts. Moreover, these forecasts are valid only at the time of writing of this 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 regulated market.

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

EPRA EARNINGS OUTLOOK

Since last year, Befimmo has been preparing its outlook on the basis of two business units:

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

For the real-estate operator business, the outlook for its contribution to EPRA earnings is published over a period of three years. Regarding the coworking business, given its specific profile as a service activity, the outlook for its contribution to the Befimmo consolidated EPRA earnings group share is presented for one year, i.e. for this Report, fiscal year 2020.

The forecasts:

- assume a stable scope of the property assets and equity. However, it is assumed that, each year, the shareholders will exercise the option proposed in December of taking the dividend in new shares at the rate of 25% of the interim dividend net of withholding tax[1];
- only take account of the sale of buildings in the Fedimmo portfolio, which have become non-strategic and whose leases are nearing expiry (about €20.7 million expected in 2020, about €28.9 million in 2021, and about €6.6 million in 2022, on the basis of the estimated residual value at the time of the sale;
- do not take account of growth through acquisitions nor disposals.

"What impressed me the most was the way the ZIN project was created and developed, the way the team worked, and the enthusiasm of the team, a young, motivated team, aware and responsible for the economic, social and environmental issues of the project and its impact on the neighbourhood. It is a project that truly embodies all the values of Befimmo and its six strategic axes and of which I am very proud."

MARTINE RORIF – CHIEF OPERATING OFFICER

1. The amount of the interim dividend used in the outlook (covering three quarters) is assumed to be constant at €2.59 gross per share.

Assumptions: real-estate operator business

General assumptions

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

- The indexing rates applied to rents are based on forecast changes in the health index established by the Planning Office ("Bureau du Plan") (five-year plan published in June 2019 and update of the short-term outlook in November 2019);
- The interest rates are the average of the forecast Euribor 1 and 3-month rates established by a major Belgian financial institution and market rates (forward rates) over the next three fiscal years. These forecasts were made end January 2020;
- Assumptions about perception ratio of rents are made on the basis of an individual assessment of each lease. This is the ratio of the net income realised (2019) or budgeted (2020 onwards) to potential income;
- The average financing cost covers all financial charges, including the theoretical linear amortisation of premiums paid for the purchase of hedging instruments.

Real-estate assumptions

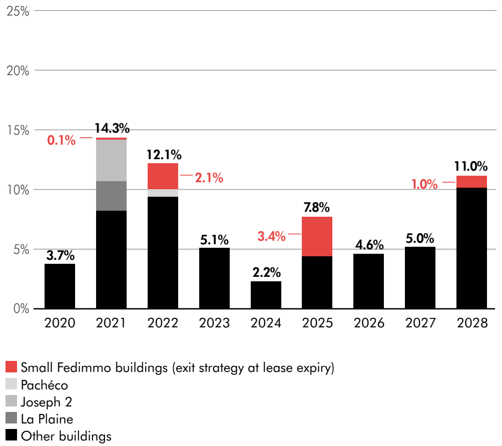
In addition to general market trends, Befimmo has incorporated into its forecasts the actual characteristics of its buildings, mainly in terms of rental situation (notably the residual duration of the leases), potential reversion of the rents and the need to renovate and redevelop the buildings (technical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

	REALISED	ASSUMPTIONS		
	2019	2020	2021	2022
External assumptions on which the Company cannot exert any influence				
Evolution of the health index (annual average)	1.5%	1.4%	1.7%	1.8%
Average of Euribor 1- and 3-month interest rates	-0.4%	-0.4%	-0.4%	-0.4%
Internal assumptions on which the Company can at least exert a partial influence				
Impact of the health index on rents (on an annual basis)	1.8%	1.3%	1.7%	1.8%
Perception ratio of rents[1]	94.5%	93.8%	92.6%	96.1%
Average financing cost (including margin and hedging costs)	2.0%	2.1%	1.9%	1.8%

EXPIRY OF LEASES

The graph hereafter illustrates the full-year impact (in %) of the lease expiries (first possible break) on current leases as at 31 December 2019. This impact is calculated on the basis of the annual current rent as at 31 December 2019. Each percentage corresponds to the sum of the annual rent for the leases that have an intermediate or final expiry date falling during the year[2]. The graph also illustrates the expiry dates of the leases (based on annual current rent) linked to the Fedimmo buildings expected to be sold (as included in the outlook).

EXPIRY OF LEASES (FIRST POSSIBLE BREAK) – FULL-YEAR IMPACT (IN %)

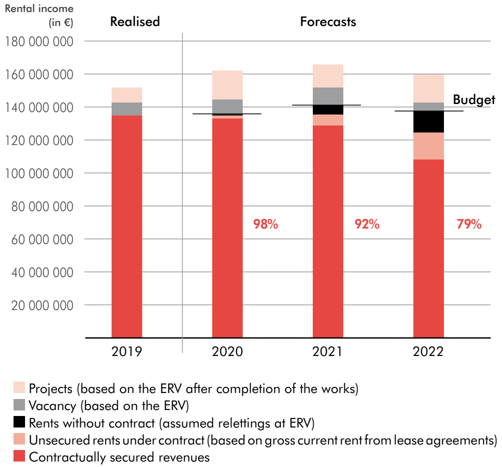


INCOME GUARANTEED UNDER CONTRACT

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

For example, for the 2020 fiscal year, this graph shows that the budgeted income is 98% guaranteed under contracts. In the same year, 2% of budgeted income is therefore under unsecured contracts (owing to an expiry) and/or based on reletting assumptions.

INCOME GUARANTEED UNDER CONTRACT



1. The perception ratio of rents is calculated by dividing all rents actually received during the fiscal year by all rents that would have been received during that period had not only the let space but also the vacant space been let throughout the period at the estimated rental value (ERV).
2. The rents of leases expiring in December are included in the year following their expiry.

PROPERTY CHARGES

When budgeting for maintenance and repair of buildings, total guarantee 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 vacant 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 is made for agent's commission, the amount of which depends on the annual rent and the expected difficulty of finding a tenant (e.g. commissions are higher in the periphery). Agency commission is 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 €0.5 million, €0.3 million and €0.2 million for the years 2020 to 2022 respectively (as against charges of €1.4 million for 2019);
- when a tenant vacates a space, he is liable for compensation consisting of estimated rental damages and one month of unavailability for lease.

Befimmo (real estate operator) is planning coworking spaces in certain ongoing projects[1]. Befimmo is handing over turnkey spaces to Silversquare for a total investment of €12.3 million in 2020 and €6.9 million in 2021. These amounts are included in the investments shown in the table hereafter.

Financial assumptions

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

- use of the commercial paper programme of up to some €350 million in 2020, €300 million in 2021 and €250 million in 2022, based on the outstanding amount of €352 million and €339.5 million as at 31 December 2019 and 31 December 2018 respectively;
- a financing reserve of around €100 million (or more) for a period of 6 months and management of the strict liquidity to be ensured over a 24-month period;
- refinancing of bilateral banklines at maturity by a floating rate bank loan with a margin (including any exposure fees) and a given non-use fee, based on the banks' current requirements. The notional amount of this line therefore changes in line with the maturities of the bilateral lines, and also in accordance with changes in the forecast debt level, to maintain the financing reserve and liquidity defined above;
- new instruments on the private or public debt market (bond issues or private placements) in order to achieve a disintermediation of borrowings of around 30%. These instruments are assumed to be concluded for a 10-year period, with a margin in relation to the current market conditions (for corporate bonds of equivalent rating) plus a fixed rate (equal to the IRS 10-year forward rate defined on the basis of the interest rate curve end January 2020);
- the expenses connected with financing are estimated on the basis of the financial assumptions set out above and the conditions of the most recent financing arranged. These expenses are spread over the duration of the financing;
- in order to limit the risk of fluctuating interest rates on its financial debts at floating rates, Befimmo has acquired financial instruments (CAP, FLOOR, SWAPTION and IRS) which, under IFRS 9 on financial instruments, however, do not qualify as hedging instruments;
- the estimated average number of shares in future fiscal years is based on the actual average number for the year ended 31 December 2019 and is based on the assumption that the shareholders take every year the possibility of obtaining the dividend in new shares up to 25% of the amount of the interim dividend net of withholding tax proposed in December.

WORK PLANNED OVER THE NEXT THREE YEARS

	RENTAL SURFACE	LOCATION	TYPE	FORECASTS (IN € MILLION) 2020	2021	2022
Committed ongoing projects						
Brederode Corner	7 000 m²	Brussels CBD, Centre	Renovation	5.0	0.0	0.1
Paradis Express	35 000 m²	Liège, Wallonia	Construction	20.6	24.4	0.0[2]
Quatuor	60 000 m²	Brussels CBD, North	Construction	74.5	29.6	0.0
ZIN	110 000 m²	Brussels CBD, North	Construction	49.1	67.1	128.6
Ongoing projects to be committed						
WTC 4	53 500 m²	Brussels CBD, North	Implementation of the permit According to commercialisation	1.8	5.6	0.0
PLXL (currently "La Plaine")	15 000 m²	Brussels decentralised	Redevelopment	0.8	6.0	29.2
Pachéco	5 800 m²	Brussels CBD, Centre	Redevelopment	0.2	0.4	23.3
Other investments				**57.5**	**31.3**	**32.3**
Total				**209.5**	**164.4**	**213.5**

1. For more information, please see pages 57 and 58 of the Report.
2. Construction cost of the office part.

EPRA EARNINGS OUTLOOK TABLE

Assumptions: coworking activity

For the 2020 fiscal year, the outlook shows the expected contribution (EPRA earnings group share) from the coworking business. The investments needed to expand the network differ from the positive contribution. Based on the current plan, the first accretive results are expected by 2023.

In addition to the projects listed above, in 2020 Silversquare plans to open two new spaces and two extensions in third-party buildings. The investments related to the fitting-out of these spaces and the furniture and IT for all the spaces amount to €8.7 million in 2020.

The gradual take-up of the new spaces has been taken into account.

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

Description of the headings in the EPRA earnings outlook table

Rental income, charges linked to letting and net property charges

These revenues and charges 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 in managing and maintaining its property portfolio.

Assumptions in terms of re-letting at the end of the lease are made in line with market practices and based on Befimmo's 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 include the total staff costs of the real-estate department, 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).

The slight increase in income in 2020 is linked mainly to the full occupancy of Triomphe, indemnities for the expiry of certain leases in Central Gate and indexation partially offset by the final effects of the expiry of the lease of the WTC and the disposal of Pavilion. The net property charges for fiscal year 2020 are impacted by effects related, among other things, to the end of the leases on the WTC complex and an increase of personnel costs.

IN € THOUSAND		REALISED	FORECASTS		
		2019	2020	2021	2022
Real-estate business	Rental income	135 203	135 939	141 046	137 717
	Charges linked to letting	-417	-620	-625	-630
	Net rental result	**134 786**	**135 318**	**140 421**	**137 088**
	Net property charges	-14 347	-16 313	-16 380	-14 115
	Property operating result	**120 440**	**119 005**	**124 041**	**122 972**
	Corporate overheads	-14 559	-15 932	-16 677	-17 115
	Other operating income and charges (excl. goodwill impairment)[1]	-1 177	-3 360	-9 305	-3 521
	Operating result before result on portfolio	**104 703**	**99 713**	**98 059**	**102 337**
	Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs)	-20 358	-20 319	-21 111	-23 033
	Corporate taxes	- 741	-1 041	-1 239	-1 472
	EPRA earnings	83 605	78 353	75 710	77 831
	EPRA earnings (in € per share)	3.26	2.89	2.78	2.83
CW	**Contribution to the EPRA earnings of the coworking business (in € per share) (group share)**	**0.03**	**-0.01**		
Total	Total EPRA earnings (in € per share) (group share)	3.29	2.88		
	Average numbers of shares not held by the group over the period	25 676 219	27 061 683	27 273 429	27 498 001

1. This is an Alternative Performance Measure. For more information, please consult Appendix III of this Report.

Corporate overheads

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

Staff costs vary at a pace that takes account of expected changes in the size of the team over the coming years.

Other operating income and charges

Forecast other operating income and charges relates primarily to the restatement of the effect of the spreading of rental gratuities applied to rental income in accordance with IFRS.

Financial result

The financial result consists of:

- financial charges on floating-rate borrowings, calculated by applying the interest-rate assumptions described above, plus the relevant margins;
- financial charges on fixed-rate borrowings;
- interest earned or charged on the derivative instruments;
- 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.

The financial result is also impacted by the activation of interim interest calculated on the basis of the Company's average financing rate for the fiscal year concerned.

Other items of the net result

Befimmo does not publish forecasts of changes in the fair value of its properties or financial assets and liabilities.

As an indication and on the basis of data as at 31 December 2019, 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 €27.9 million on the net result, thereby generating a change of the order of -€1.03 in the net asset value per share and 0.39% in the LTV[1].

Furthermore, a change in the forecast movements of interest rates could alter the fair value of the financial assets and liabilities (IFRS 9). Based on the fair value as at 31 December 2019, it can be estimated that if the Euro interest rate curve had been 0.5% lower than the curves for 31 December 2019, the change in fair value of the financial assets and liabilities carried at fair value would have been -€28.0 million. In the opposite case, the change would have been €26.5 million.

Such changes have no impact on the Company's EPRA earnings.

BORROWINGS AND LTV

In normal operation, Befimmo's LTV ratio would be around 50%, as Befimmo takes care to control the use of its borrowing capacity. Finally, the forecast nominal net debt was €1,297 million at the end of 2020.

EPRA EARNINGS AND DIVIDEND OUTLOOK FOR THE 2020 FISCAL YEAR

Befimmo's portfolio is currently in a transition period.

Two major long-term leases (accounting for around 15% of income) expired almost simultaneously, one at the start and the other at the end of 2018. The buildings concerned (the Quatuor and ZIN projects) are currently being redeveloped. The impact of the loss of income should gradually end between 2021 and 2023, when these projects will generate revenues again.

Moreover, Befimmo is developing a BeLux network of working environments with Silversquare. Even if the investments needed to extend the network postpone Silversquare's positive contribution to EPRA earnings, the first significant accretive EPRA earnings results should arrive by 2023.

In addition to the above, Befimmo aims to achieve growth through acquisitions. This will be financed with the proceeds of the private placement of shares executed at the end of 2019.

At constant perimeter, for 2020, EPRA earnings (consolidated, group share) are estimated at €2.88 per share. Compared to the forecast published in February 2019 (€3.13 per share), the difference is mainly explained by the disposal of the Pavilion[2] building and the private placement carried out in December 2019 for accretive external growth.

All other things being equal and based on the elements above, Befimmo foresees a gross **dividend of €3.45[3] per share** for the 2020 fiscal year. It may again be paid via an interim dividend of €2.59 gross per share in December 2020 and a final dividend of €0.86 gross per share in May 2021. Based on a share price of €54.10 and based on the net asset value of €59.29 as at 31 December 2019, this dividend would give a gross yield of 6.4% on share price and 5.8% on net asset value. At constant perimeter, the dividend level will therefore temporarily exceed EPRA earnings, but this situation should end by 2024. The dividend in subsequent years will depend on the economic climate, the investment opportunities that the Company takes, and its degree of success in implementing projects as well as in the development of the coworking activity, while continuing to benefit from a stable income, thanks to the defensive nature of its property assets.

Befimmo will also continue to rotate its portfolio in order to crystallise its value and keep its portfolio at the highest level of quality, as defined in its strategic framework. The capital gains realised will contribute to the amount available for distribution which should exceed or at least match the dividend forecast.

1. Loan-to-value ("LTV") = [(nominal financial debts – cash)/fair value of portfolio].
2. For more information, please consult the press release of 29 April 2019, published on Befimmo's website.
3. Subject to a decision of Ordinary General Meeting.

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL FORECASTS OF BEFIMMO SA

As a statutory auditor of the company, we have prepared the present report on the forecasts of the EPRA earnings (as defined in August 2011 and amended in November 2016 in the report "Best Practices Recommendations" of the European Public Real Estate Association[1]) for the 12 months periods ending 31 December 2020, 31 December 2021 and 31 December 2022 ("the Forecast") of Befimmo sa, included in the paragraph "Outlook and Dividend Forecast" of their Annual Financial Report 2019 as approved by the Board of Directors on 6 March 2020 of the company.

The assumptions included in the paragraph "Outlook and Dividend Forecast" result in the following forecasts of the EPRA earnings for the accounting years 2020-2022:

EPRA Earnings (real-estate operator): in KEUR for the 12 months periods ending:

31 DECEMBER 2020	31 DECEMBER 2021	31 DECEMBER 2022
78 353	75 710	77 831

Board of Director's responsibility

It is the Company's board of directors' responsibility to prepare the consolidated financial forecasts and the main assumptions upon which the Forecast is based, in accordance with the requirements of EU Regulation n° 809/2004.

Auditor's responsibility

It is our responsibility to provide an opinion on the Forecast as required by Annex I, item 13.2 of the EU Regulation n° 809/2004. We are not required nor do we express an opinion on the possibility to achieve that result or on the assumptions underlying this Forecast.

We performed our work in accordance with the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), including the related guidance of its research institute and the standard "International Standard on Assurance Engagements 3400" related to the examination of forecast information. Our work included an evaluation of the procedures undertaken by the Board of Directors in compiling the forecasts and procedures aimed at verifying the consistency of the methods used for the Forecast with the accounting policies normally adopted by Befimmo sa.

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

Since the Forecast and the assumptions on which they are 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 forecasts. Any differences may be material.

Opinion

In our opinion:

(i) the forecasts have been properly compiled on the basis of the assumptions stated above; and

(ii) the basis of accounting used for these forecasts is consistent with the accounting policies applied by Befimmo sa for the consolidated financial statements of 2019.

Brussels, 27 March 2020

EY Réviseurs d'Entreprises SRL
Statutory auditor
represented by

Christel Weymeersch[2]
Partner

1. Note that the Best Practices Recommendations Guidelines published in October 2019 will only apply as from accounting year 2020.
2. Acting on behalf of a SRL

Axento - Luxembourg city

Befimmo on the stock market

Poelart - Brussels Centre

BEFIMMO SHARE

Evolution of the share price

The Befimmo share closed on 31 December 2019 at €54.10, as against €48.55 one year previously. Assuming the reinvestment of the dividend distributed in 2019, the annual return on share price amounts to 18.7%.

Over the 24 years since its listing, the share has offered a total annualised return of 7.3%[1].

As at 31 December 2019, the Befimmo share was trading with a discount of -8.8%. Befimmo's market capitalisation stood at €1.5 billion.

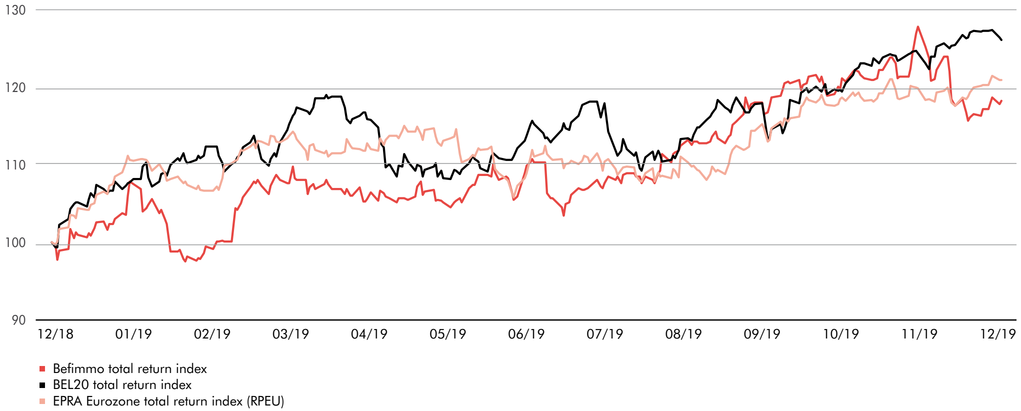
Based on transactions recorded on all market platforms, the Befimmo share offers good liquidity, with an average daily volume of around 68,000 shares, which corresponds to a free-float velocity of the order of 87% over the year.

Quatuor - Brussels North area

KEY FIGURES

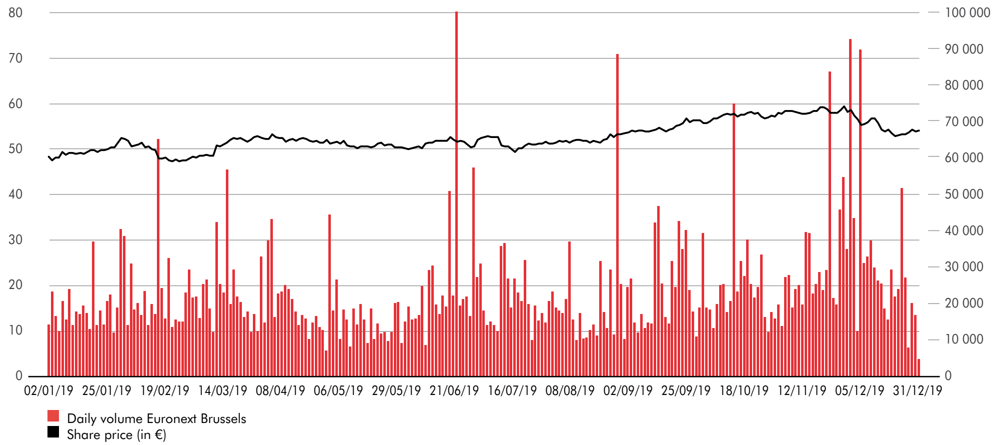
	31.12.2019	31.12.2018
Number of shares issued	28 445 971	25 579 214
Number of shares not held by the group	27 052 443	25 579 214
Average number of shares not held by the group during the period	25 676 219	25 579 214
Highest share price (in €)	59.40	54.60
Lowest share price (in €)	47.35	46.70
Closing share price (in €)	54.1	48.55
Number of shares traded[2]	17 395 988	12 356 776
Average daily turnover[2]	67 953	48 458
Free float velocity[2]	87%	66%
Distribution ratio (in relation to the EPRA earnings)	106%	94%
Gross dividend[3] (in € per share)	3.45	3.45
Gross yield[4]	6.4%	7.1%
Return on share price[5]	18.7%	-2.9%

PERFORMANCE OF BEFIMMO'S TOTAL RETURN INDEX IN RELATION TO THE TOTAL RETURN INDEX OF THE BEL 20 AND EPRA EUROZONE (RPEU)

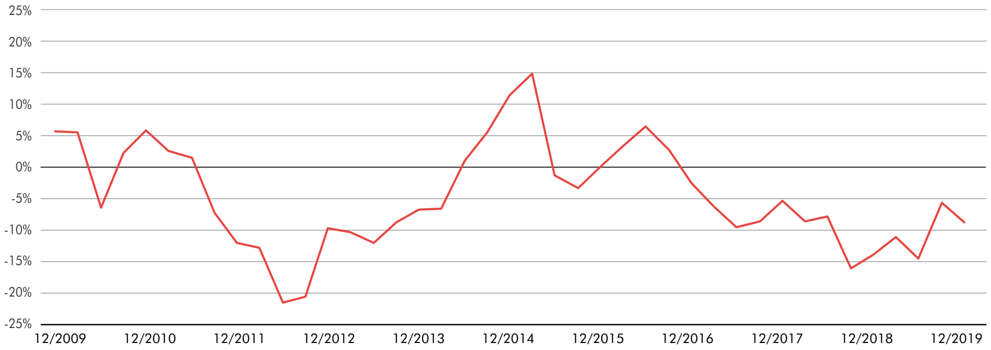


1. Assuming the reinvestment of the gross dividend (source: Bloomberg).
2. Source: Kempen & Co. Based on trading on all platforms.
3. Subject to a withholding tax of 30%.
4. Gross dividend divided by the closing share price.
5. Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, if any, and the optional dividend participation.

SHARE PRICE AND VOLUMES (FROM 01.01.2019 TO 31.12.2019)



PREMIUM AND DISCOUNT IN RELATION TO THE NET ASSET VALUE ON A 10-YEAR PERIOD



On a 10-year period, the Befimmo share listed on average with a discount of 4.6% in relation to the net asset value.

DIVIDEND OF THE 2019 FISCAL YEAR

Distribution of the interim dividend: 24% reinvested in new shares

In November 2019, Befimmo SA has decided[1] to offer its shareholders the choice of paying the interim dividend of €1.813 net per share (corresponding to €2.59 gross per share) in cash or in new shares, or a combination of both.

A proportion of 24% of the interim dividend for the financial year 2019 was distributed in the form of new shares (i.e. 206,929 new shares) at a price of €54.39 per share, leading to an increase in the Company's shareholders' equity of €11.3 million.

Final dividend of the 2019 fiscal year

The agenda of the Ordinary General Meeting of shareholders to be held on 28 April 2020, at which the accounts for the 2019 fiscal year are to be approved, will include a proposal for the distribution of a final dividend of €0.86 gross[2] per share.

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

1. Please consult the press release of 20 November 2019, published on Befimmo's website (https://www.befimmo.be/en/investors/publications?type=21).
2. Subject to a withholding tax of 30%.

SHAREHOLDING 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 to trading on a regulated market.

For any further information, please refer to the articles of association of the Company on the website of Befimmo.

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

SHAREHOLDING

	NUMBER OF SHARES (DECLARED) THE DAY OF THE STATEMENT	BASED ON THE TRANSPARENCY DECLARATIONS OR BASED ON THE INFORMATION RECEIVED FROM THE SHAREHOLDER	IN %
Declarants			
AXA Belgium SA	2 741 438	30.04.2019	9.6%
Ageas and affiliated companies	2 641 047	30.04.2019	9.3%
Norges Bank	855 804	10.12.2019	3.0%
BlackRock Inc.	848 297	20.11.2019	3.0%
Own shares			
Befimmo SA	1 393 528	04.12.2019	4.9%
Other shareholders under the statutory threshold	19 965 857	20.12.2019	70.2%
Total	28 445 971		100%

Based on the transparency declarations or based on the information received from the shareholder.

CALENDAR OF THE 2020 FISCAL YEAR

Ordinary General Meeting of the fiscal year closing as at 31 December 2019	Tuesday 28 April 2020
Payment of the final[1] dividend of the 2019 fiscal year on presentation of coupon No 39	
- Ex-date	Wednesday 6 May 2020
- Record date	Thursday 7 May 2020
- Payment date	Friday 8 May 2020
Interim statement as at 31 March 2020	Thursday 7 May 2020[2]
Publication of the half-yearly results and online publication of the Half-Yearly Financial Report 2020	Friday 24 July 2020[3]
Interim statement as at 30 September 2020	Thursday 28 October 2020[2]
Payment of the interim[4] dividend of the 2020 fiscal year on presentation of coupon No 40	
- Ex-date	Wednesday 16 December 2020
- Record date	Thursday 17 December 2020
- Payment date	Friday 18 December 2020
Publication of the annual results as at 31 December 2020	Thursday 18 February 2021[2]
Online publication of the Annual Financial Report 2020	Friday 26 March 2021
Ordinary General Meeting of the fiscal year closing as at 31 December 2020	Tuesday 27 April 2021
Payment of the final[1] dividend of the 2020 fiscal year on presentation of coupon No 41	
- Ex-date	Wednesday 5 May 2021
- Record date	Thursday 6 May 2021
- Payment date	Friday 7 May 2021

"WHAT MAKES THE ZIN PROJECT UNIQUE IS THE ENORMOUS DIVERSITY OF THE PROJECT AND THE WAY IN WHICH THE DIFFERENT FUNCTIONS CAN OPERATE INDEPENDENTLY OF EACH OTHER, WHILE AT THE SAME TIME BEING INTERWOVEN AND INTERCONNECTED."

WIM PLAUM – SENIOR PROJECT MANAGER

www.befimmo.be

1. Subject to a decision of Ordinary General Meeting.
2. Publication after closing of the stock exchange.
3. Publication before closing of the stock exchange.
4. Subject to a decision of the Board of Directors.

FEATURE #4

SUSTAINABLE DESIGN

Sustainability means user comfort

Sustainability is also being applied to the energy aspects (limitation of energy needs on site, use of renewable energies, and optimisation of the efficiency of the installations), mobility (accessibility by public transport and soft mobility), and the circular economy.

In addition to the re-use of existing materials and the exploitation of materials not re-used on site, the project gives pride of place to the use of sustainable and low-pollution materials. Most of the new materials used will be certified Cradle to Cradle (C2C) or equivalent: glazing and aluminium frames, load-bearing structures for the floor and new floors, as well as partitions, plastering and floor coverings.

97 %

(BY WEIGHT) OF THE NEW MATERIALS (IN THE PART TO BE TAKEN UP BY THE FLEMISH AUTHORITIES) ARE CERTIFIED C2C (OR EQUIVALENT)

70 %

OF HOT AND COLD NEEDS ARE COVERED BY THE GEOTHERMAL SYSTEM

The team

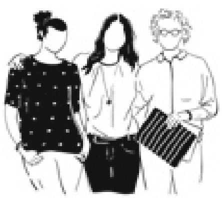
Befimmo team building

THE 3 PILLARS OF OUR HR PHILOSOPHY

Befimmo is above all a stable and highly involved team. The Company's values: Professionalism, Commitment, Team Spirit and Humanity are practiced on a daily basis.

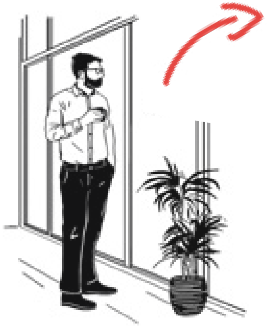
They are also at the heart of each of the three pillars of Befimmo's HR philosophy.

3 HR PILLARS



TALENT

By investing in the ongoing development of the team, both individually and collectively, Befimmo has acquired a team that is stable, highly motivated, expert and aware of future challenges, both in terms of the evolution of its business and of relationships. In a world that is changing increasingly rapidly, it is essential to identify and attract the best talents, enabling the transforma-tion and skills of tomorrow. Befimmo encourages diversity, a source of interchange and crea-tivity. Who better than a diverse team, can meet the evolving and varied demands of tomorrow's world of work?



WELL-BEING

Well-being is a central pillar of tomorrow's world of work. Physical wellbeing, in pleasant, ergonomic, well-equipped and safe environments. Psychosocial wellbeing, with a level of flexibility that allows everyone to achieve their own balance. If Befimmo aims to go beyond these basic principles and create pleasant and inspiring environments in its buildings, does it not make sense to do so first and foremost for its own team?

COMMUNITY

At Befimmo, the concept of commu-nity is understood on two levels. Firstly, fostering sharing between its team members on a daily basis and strengthening the ties that bind them to each other and to Befimmo. Secondly, the impact that Befimmo and its team seek to have on the world around them, the community in the broadest sense, as a responsible player in society.

Befimmo team building

TALENT

Developing the team individually and collectively

- An important focus on training, be it business-oriented, soft skills or personal development, innovation, security, IT, languages or the environment. Each new staff member is trained in Befimmo's Social Responsibility policy.
- Opportunities for internal mobility and talent management ensure that staff turnover is limited and that motivation in the team is at an exemplary level.
- Besides ongoing dialogue, an annual appraisal of the whole team is carried out, oriented towards dialogue and the development of our staff.

Identifying, attracting and retaining the right people

- A recruitment policy based as much on sharing values as on soft skills and technical capabilities.
- An aligned, open and diversified pay policy that includes, in addition to remuneration components, a set of non-statutory benefits such as a comprehensive pension scheme, broad health care coverage, flexible mobility, and several collective benefits related to wellbeing.

Encouraging diversity and inclusion

Diversity: the visible and non-visible characteristics of each individual

Inclusion: combine the different characteristics of each in order to achieve a common goal

- Gender parity at Befimmo and in its Management Committee (50-50%).
- A recruitment policy open to diversity, no selection criteria related directly or indirectly to any consideration of gender, age, origin, belief or sexual orientation.
- Fair treatment of men and women guaranteed by the pay policy, based solely on non-gender criteria, such as internal consistency and sector benchmarks.
- Ongoing discussions on diversity and inclusion through cross-functional working groups as part of the innovation process within the Company.
- A direct link with Befimmo's fundamental values.
- Explicit opposition to any form of discrimination through a code of ethics that demonstrates Befimmo's commitment to transparent dialogue and non-discrimination.

Online sheet "Ethics"

"Code of ethics"

86 TEAM MEMBERS[1]
WITH AN EMPLOYEE STATUS AND A PERMANENT CONTRACT

9 NEW STAFF MEMBERS
7 MEN AND 2 WOMEN, AVERAGE AGE 40 (EPRA NEW HIRE RATE: 10.5%)

100 %
OF STAFF APPRAISED EVERY YEAR

53 % MEN
47 % WOMEN
GENDER DIVERSITY

9 DEPARTURES
4 MEN AND 5 WOMEN, WITH ONE RETIREMENT, FIVE RESIGNATIONS AND THREE DISMISSALS, AVERAGE AGE 41 (EPRA TURNOVER RATE: 10.5%)

-5.4 %
WAGE GAP FOR MANAGERS[2]

32.6 HOURS
OF TRAINING PER PERSON, WITH AN AVERAGE BUDGET OF €1,750.9/YEAR (INCLUDING IT & LANGUAGES)

6.3 YEARS
AVERAGE SENIORITY

2 CASES
OF INTERNAL MOBILITY IN 2019

Focus on 2019

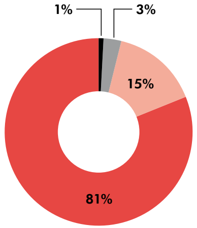
- Second individual remuneration report for everyone, giving each team member a global and transparent view of the various components of his or her package.
- Second benefits plan introducing results-related non-recurring benefits in line with Collective Labour Agreement No 90, with objectives related to Social Responsibility.

41 YEARS
AVERAGE AGE

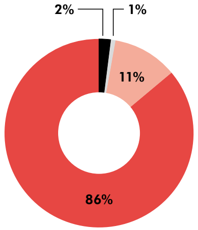
1. Excluding the Executive Committee and consultants.
2. The exercise was conducted on the managers, which is the only population to offer a high level of comparability in terms of level of responsibility.

Excerpt from the 2019 Team Satisfaction Survey

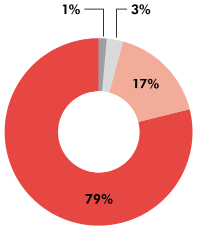
I AM MOTIVATED



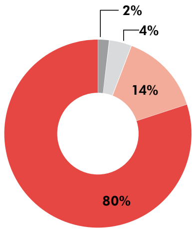
MY JOB IS INTERESTING



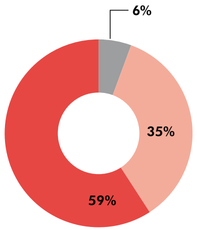
I AM PROUD TO WORK FOR THE COMPANY



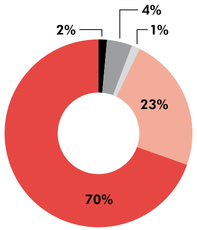
I WOULD RECOMMEND BEFIMMO AS AN EMPLOYER TO AN ACQUAINTANCE



TEAMWORK IS ENCOURAGED IN OUR COMPANY



I AM SATISFIED WITH THE NON-STATUTORY BENEFITS[1] OFFERED BY BEFIMMO



- Don't agree at all
- Don't fully agree
- Unsure
- Agree somewhat
- Fully agree
- I don't know the Company well enough to be able to answer this question

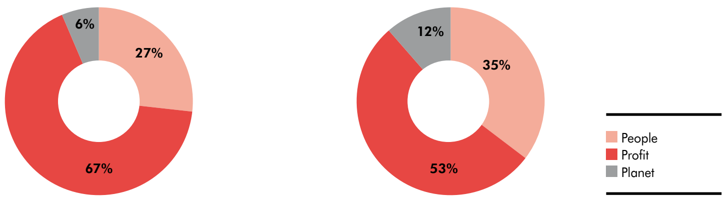
Befimmo team building

1. Health insurance, pension plan, meal vouchers, eco-vouchers, etc.

BREAKDOWN OF TRAINING HOURS, EXCLUDING LANGUAGE AND IT TRAINING

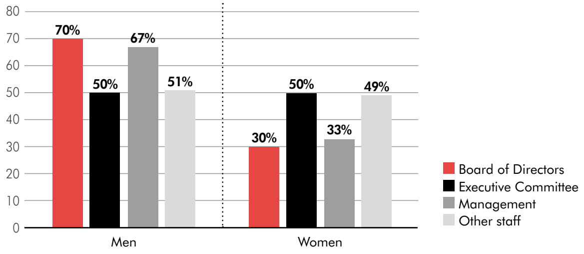
MANAGER

EMPLOYEE

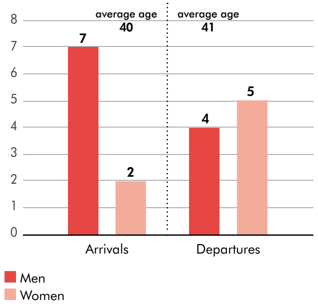


AVERAGE SENIORITY (YEARS)

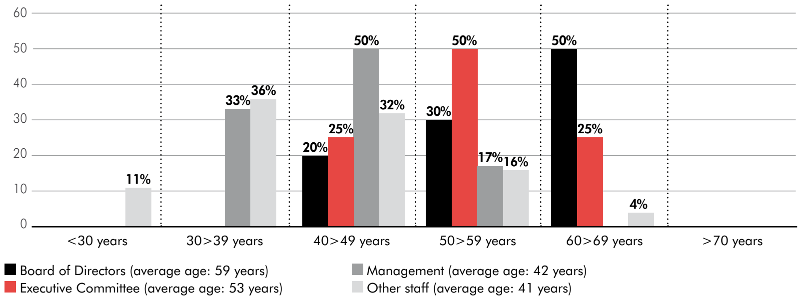
BREAKDOWN MEN/WOMEN (%)



ARRIVALS/DEPARTURES (UNITS)



BREAKDOWN (%)



Befimmo team building

WELL-BEING

Creating a pleasant environment

- A ubiquitous theme at Befimmo.
- Ergonomic and well-equipped offices and an individual response to the needs of our team in this area.
- A cross-cutting working group (see below) that considers projects to be tested in an "incubator approach" in our own offices.
- Particular attention to social contact in the offices and fostering opportunities to meet through simple and healthy pleasures.
- A flexible spatio-temporal policy to allow everyone to find their balance.
- The Befimmo network of buildings to accommodate the team's occasional or temporary workplace needs.
- Implementation of services to make life easier for team members.

Ensuring the health and safety of the team

- A focus on security, at the office and in our buildings, through, in particular, many training courses on these topics.
- An Employee Assistance Programme open to all (psychological and legal support, burn-out prevention).
- Favourable terms for access to flexible and varied sports subscriptions (Gymlib).
- A portfolio of non-statutory benefits in the event of major setbacks (medical insurance + incapacity for work).

Befimmo team building

0 COMPLAINTS
ABOUT EMPLOYMENT

5 FIRST-AIDERS
WHO ARE GIVEN ANNUAL REFRESHER TRAINING BY BEFIMMO

2 OCCUPATIONAL
ACCIDENTS

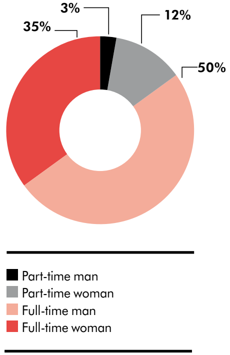
2.3 %
"SHORT-TERM" ABSENTEEISM RATE (COMPARED WITH THE AVERAGE RATE OF 2.8% FOR BELGIUM) (EPRA ABSENTEEISM RATE: 4.1%)

1 ADVISOR
LEVEL-1 PREVENTION ADVISOR AND ONE ANNUAL RISK STUDY

0.0 %
INJURY RATE (EPRA)

14 %
PART-TIME AT 31 DECEMBER (CONTRACTUAL, PART-TIME CREDIT AND PARTIAL PARENTAL LEAVE) INCLUDING 3 MEN AND 9 WOMEN, WITH THE SAME NON-STATUTORY BENEFITS

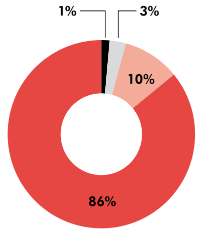
0.0 %
LOST DAY RATE (EPRA)



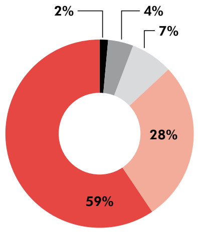
60 HOURS
OF SAFETY-RELATED TRAINING IN 2019 (E.G. TRAINING OF FIRST-RESPONDERS, SAFETY ON SITE, BA4, FIRST AID, ETC.)

Excerpt from the 2019 Team Satisfaction Survey

ORIGIN, GENDER, AGE, RELIGION, SEXUAL ORIENTATION HAVE NO IMPACT ON HOW THE TEAM MEMBERS ARE CONSIDERED

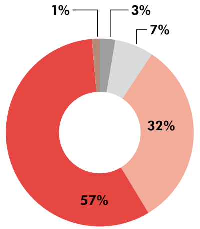


BEFIMMO IS CONCERNED WITH THE WELL-BEING OF THE TEAM

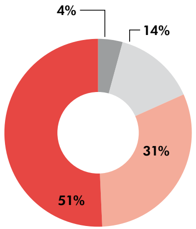


- Don't agree at all
- Don't fully agree
- Unsure
- Agree somewhat
- Fully agree
- I don't know the Company well enough to be able to answer this question

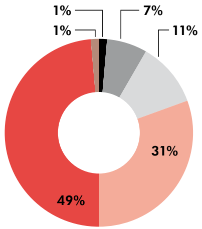
DO YOU THINK BEFIMMO IS A RESPONSIBLE[1] COMPANY



MY PHYSICAL WORKING CONDITIONS ARE ADEQUATE



I HAVE THE OPPORTUNITY TO MAKE SUGGESTIONS AT BEFIMMO



Befimmo team building

1. Towards its stakeholders, its team, its communication.

COMMUNITY

Sustaining an ongoing dialogue

- Special attention to internal communication, through various channels (regular presentation of achievements to the entire team, intranet, information screen, etc.).
- A staff satisfaction survey every two years.
- A "fresh eyes" process introduced in 2017 to capture the first impressions of new employees.

Strengthening bonds and experiencing great things together

- The B+ Committee, created and facilitated by members of the team and supported by management, has been active for 9 years.
- A forthright culture of success shared and celebrated as a team.
- Regular team events, just for the pleasure of being together.

Innovating and involving the team in innovation projects - stimulating creativity

- Cross-cutting working groups, self-managing through collective intelligence, open to all and covering the themes of Befimmo's six strategic axes as well as on themes of a digital nature (LynX project).
- Regular appeals to the team's creativity.

Social action

- The B+ Committee has an important social function, organising blood donations, a partnership with the Auderghem Red Cross, and collections of food, clothing and toys.
- A sporty and interactive challenge in September, when the whole team ran, walked or cycled for a not-for-profit association chosen by the team (Mistral Gagnant not-for-profit association) and participation in the Brussels 20 km run under the umbrella of an association, selected every two consecutive years (Le Château Vert not-for-profit association).
- Active membership in the Be.Face association, with mentoring, collections and participation in workshops.

What our staff members say[1]…

CORPORATE CULTURE	• Caring / Generous • Evolutive / Innovative
MANAGEMENT	• Present • Involved
WORKING ENVIRONMENT	• Positive • Constructive
YOUR JOB	• Intense • Exciting
OPPORTUNITIES FOR CONTRIBUTING TO SOCIETY	• Many • Accessible

Be.Face is a network of companies that pool their resources to promote the integration of vulnerable groups into society and work, through concrete local actions, in partnership with local players.

- 4th year of Befimmo's membership
- 3 "mentors" from our management team for students or adults who are in insecure employment situations
- Action for vulnerable children on the feast of "Saint Nicolas" in partnership with the Auderghem "CPAS"

B+ is a committee created by our team and for our team. This committee organises sports, cultural, festive, family and charitable activities. In figures:

- 9 years in existence
- 12 organising members
- 5 events in 2019
- 5 collections in 2019 (clothing, toys, food and sale for the Red Cross fortnight)
- 2 blood donation sessions in 2019

1. The most frequent answers that where given when mentioning these terms.

ENVIRONMENTAL IMPACT OF THE TEAM

CO_2e EMISSIONS LINKED TO BEFIMMO'S OWN ACTIVITIES (TONNES CO_2e, KG CO_2e/M² AND TONNES CO_2e/PP)[1]

	UNITS	2019	2018	2017	
Befimmo Corporate space	m²	1 668	1 668	1 668	V
# people (PP)	#	82.78	77.52	74.26	V
Total emissions related to direct energy	**t CO_2e**	**254.37**	**258.62**	**239.41**	**V**
Of which total emissions for heating (Befimmo)	t CO_2e	18.63	18.10	16.99	V
Emissions PP (heating)	t CO_2e /PP	0.23	0.23	0.23	V
Emissions per m² (heating)	kg CO_2e/m²	11.17	10.85	10.19	V
Of which emissions from diesel cars	t CO_2e	195.93	220.71	211.87	V
Of which emissions from petrol cars	t CO_2e	39.81	19.81	10.56	V
Total emissions related to indirect energy	**t CO_2e**	**18.83**	**18.02**	**17.01**	**V**
Of which total emissions electricity (Befimmo Goemaere)	t CO_2e	18.83	18.02	17.01	V
Emissions PP	t CO_2e/PP	0.23	0.23	0.23	V
Emissions per m²	kg/m²	11.29	10.80	10.20	V
Total emissions related to travel, paper consumption and garbage[2]	**t CO_2e**	**63.74**	**35.03**	**46.13**	**V**
Short-haul flights	t CO_2e	4.38	1.69	1.52	V
Long-haul flights	t CO_2e	54.73	25.18	41.09	V
High-speed train	t CO_2e	0.66	0.79	0.75	V
Vehicles other than Befimmo	t CO_2e	0.95	0.64	0.49	V
Paper consumption	t CO_2e	2.00	2.23	2.27	V
Production of garbage	t CO_2e	1.02	4.50		V

V = verified by the auditor

1. This table showing emission factors can be found in the Methodology, in Appendix VI of this Report.
2. Since 2018, the total emissions include the emissions linked to the garbage of Befimmo corporate, which was not calculated in the past.
3. PP: Per person, i.e. all full-time equivalents (FTEs) and members of the Executive Committee.
4. Methodology developed by ADEME (the French environment and energy management agency).
5. The conversion factor used to calculate CO_2e emissions related to paper consumption is 0.919 kg CO_2e/kg of paper (source Bilan Carbone V7.6).

Electricity consumption (MWH and KWH/PP[3])

In 2016, during the refurbishment of the corporate premises under the SWOW project, special attention was paid to the new electrical installations to keep consumption as low as possible and to maintain the benefit of the good environmental practice that Befimmo has developed.

Since 2017, Befimmo monitors the electricity consumption of the private areas of its new spaces to ensure that certain new measures (LED lighting, outsourcing of part of the IT infrastructure, etc.) were effective. Electricity consumption fell by 37% in 2019 (118.3 MWh) in relation to 2015 (188.8 MWh) and is now stabilized.

Gas consumption (MWH and KWH/PP[3])

Gas consumption for heating spaces occupied by the team was slightly higher in 2019 (99.1 MWh) than in 2018 (96.3 MWh), an increase of 3%.

CO_2e emissions

CO_2e emissions linked to Befimmo's corporate business, i.e. the IT activities of its staff, were evaluated according to the carbon balance method[4]. The operational scope covers travel in company cars, business travel by air and rail, the use of paper, production of waste and the use of the Company's headquarters building (heating and electricity).

For some years now, Befimmo has been raising awareness in its team of good (corporate) waste management through various specific measures including cutting paper consumption per employee. Average paper consumption was 54 kg/employee in 2013 and fell to 26 kg in 2019[5].

GEOFFROY KNIPPING – ENVIRONMENTAL OFFICER

"Because of its scope and the circularity objectives that are targeted, the ZIN project is a project that can really impact the way a redevelopment project is conceived. We are already noticing its influence on our other projects and even further."

Mobility - CO_2e emissions related to transport (tonnes CO_2e)

Befimmo reduced the overall rate of average emissions per vehicle (CO_2e/km) of its fleet by 7% in 2019 in relation to 2016. This decrease is the result of applying an updated car policy to vehicles purchased new or replaced.

Vehicle-related CO_2e emissions are stable, rising from 231 tonnes in 2016 to 236 tonnes in 2019 for the same number of vehicles.

After various analyses, in 2014 Befimmo opted to include a pooled electric vehicle in its fleet of vehicles for intra-urban travel. It is in regular use by the team.

The challenges relating to team mobility are managed at various levels of the organisation:

- a mobility unit, which includes representatives of the CSR, Environment and HR departments, initiates cross-cutting measures under the innovation programme (alternatives to the company car, awareness-raising, etc.);
- the HR department defines the mobility benefits for employees (mobility packs, teleworking, cafeteria plan, provision of folding electric bikes, etc.).

Several projects have emerged:

- **Flexible mobility:** in 2019, the HR department designed mobility packs ("mobility@BEFIMMO") allowing employees to choose the mobility solution that best meets their needs. Accordingly, they can for example give up their company car in exchange for public-transport season tickets, a folding electric bike and other benefits, in particular access to a range of alternative mobility solutions, which can be obtained through a cafeteria plan ("mychoice@BEFIMMO").
- Since 2014, Befimmo has incorporated a **pooled electric vehicle and three electric bikes** into its fleet of vehicles for intra-urban travel. The team is making increasing use of the bikes.
- **B-Switch:** Befimmo has acquired a fleet of ultralight folding electric bicycles. In exchange for a commitment to share a parking space with a colleague, team members taking part in the programme are provided with a bicycle. Since 2017, 40 team members have taken part in this project (29 members in 2017 and 11 more in 2018).

Befimmo is also pursuing its policy of awareness-raising in the team.


Online sheet "Mobility"

Befimmo team building

Corporate governance statement

This chapter of the Report contains information on Befimmo's practice of the principles of governance over the past fiscal year.

Gateway - Brussels airport

PRINCIPLES

Befimmo's Extraordinary General Meeting of 19 December 2019 decided to apply early the Belgian Code on Companies and Associations, which has therefore been fully applicable to Befimmo since the start of fiscal year 2020, following the publication of the new Befimmo articles of association in the Belgian Official Gazette.

Befimmo applies the Belgian Corporate Governance Code which is the reference Code within the meaning of Article 3.6(2)(1) of the Code on Companies and Associations, which was last amended in 2019 with its last provisions coming into force as of 1 January 2020 (hereinafter, the "2020 Code"), replacing the "2009 code" as of the same date. It is available on the website of the Belgian Official Gazette and on the website: www.corporategovernancecommittee.be.

Although the 2009 Code is the reference code applicable to the 2019 fiscal year, this Governance Statement anticipates the implementation of the 2020 Code, as Befimmo governance has been updated to the latter Code from the start of the 2020 fiscal year.

The following documents, which give a detailed overview of the governance of the Company, are all published on the Befimmo website: the corporate governance charter, the code of ethics, the dealing code 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 Committee;
- the terms of reference of the internal audit;
- the remuneration policy.

In order to bring them into line with the new Code of Companies and Associations and the new 2020 Code, most of these documents were last updated 28 January 2020. The remuneration policy was last updated on 6 March 2020.

MANAGEMENT STRUCTURE

At its Extraordinary General Meeting on 19 December 2019, the Company opted to maintain a unitary governance regime. It is therefore run by a Board of Directors that is empowered to perform all acts necessary or useful for the achievement of the Company's aims, except those reserved by law or the articles of association to the General Meeting. The Board of Directors has delegated specific management powers to the Executive Officers of the Company, who act collectively, within the framework of an Executive Committee.

Board of Directors

Composition of the Board of Directors

PRINCIPLES

In accordance with the Befimmo articles of association, the Company is administered by a Board of Directors 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 7:87(1) of the Code of Companies and Associations and Article 3(5) of the 2020 Code. Directors may be re-elected.

The composition of the Board of Directors of Befimmo reflects a triple degree of independence in that, in accordance with the Charter of Corporate Governance, it must be composed of:

- a majority of non-executive Directors;
- at least three independent directors within the meaning of the Code of Companies and Associations and the 2020 Code;
- and a majority of Directors not linked to the Company's shareholders.

As regards the composition of the Board of Directors, the Company values complementary skills, experience, know-how and ages, and complies with the provisions of Article 7:68 of the Code of Companies and Associations regarding gender diversity.

As at 31 December 2019 the Board of Directors was composed of 10 members including three women. Since 28 April 2015, Befimmo has satisfied the provisions on gender diversity in Boards of Directors.

All Directors should also have personal qualities that enable them to carry out their duties in a flexible and collective manner, but with a fully independent mind. They 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. They must also have the time to prepare and attend meetings of the Board and the meetings of any specialist committees of which they are a member.

In accordance with Article 14(1)(2) of the Law of 12 May 2014 on BE-REITs, members of the Board of Directors must at all times have the necessary professional integrity and expertise appropriate to the exercise of their duties and may not be subject to the prohibitions referred to in Article 20 of the Law of 25 April 2014 on the status and control of credit institutions. Members of the Board of Directors must be natural persons. Legal persons which, on the date of entry into force of the BE-REIT Law, held a post as a Director or member of the Company's Executive Committee, were nevertheless allowed to continue to hold their current mandate until it expired. In accordance with those provisions, since the Annual General Meeting of 26 April 2016, the Board of Directors of Befimmo has been composed solely of natural persons.

Composition of the Board of Directors as at 31 december 2019

At 31 December 2019, the Board consisted of 10 Directors, specifically:

- one executive Director:
- nine non-executive Directors, including five independent Directors meeting the criteria of Article 7:87(1) of the Code of Companies and Associations and Article 3(5) of the 2020 Code, and three Directors linked to a shareholder.

The reader is reminded that, until 20 December 2012, the Company had the form of a partnership limited 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 its 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 former Managing Agent of the BE-REIT (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 criterion of a maximum of three consecutive terms lasting no more than 12 years, in the same Board of Directors (Article 3.5 2 of the 2020 Code), the Company takes account of the number of years elapsed as an independent non-executive Director of the former Managing Agent.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS DURING FISCAL YEAR 2019

The mandates of the following Directors expired at the end of the Ordinary General Meeting of 30 April 2019:

- Mr Benoît De Blieck
- Mr Hugues Delpire
- Mr Benoît Godts

The same Ordinary General Meeting renewed the mandates of:

- Mr Benoît De Blieck, as Executive Director, for a further term of three years, expiring at the end of the Ordinary General Meeting of 2022;
- Mr Benoît Godts, as a Director linked to a shareholder, for a further term of two years, expiring at the end of the Ordinary General Meeting of 2021;

The same Ordinary General Meeting appointed Mr Vincent Querton as Independent Director, for a period of two years, ending at the end of the Ordinary General Meeting of 2021.

A brief description of the careers of each of the directors as well as the list of the mandates - other than those held within the Company - that they held over the five previous calendar years, are given hereafter.

The Board of Directors met 16 times during the fiscal year.

Proposals for reappointments at the 2020 Ordinary General Meeting

The directorships of Mrs Annemie Baeyaert, Mr Wim Aurousseau and Mr Kurt De Schepper expire at the Ordinary General Meeting of 28 April 2020.

The General Meeting of 28 April 2020 will be asked to:

- renew the mandate of Ms Annemie Baeyaert, as an independent Director, for a period of 3 years, ending at the Ordinary General Meeting of 2023;
- renew the mandate of Mr Wim Aurousseau, as a Director, for a period of 2 years, ending at the Ordinary General Meeting of 2022;
- renew the mandate of Mr Kurt de Schepper, as a Director, for a period of 4 years, ending at the Ordinary General Meeting of 2024;

COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2019

POSITION ON THE BOARD	FIRST APPOINTED	EXPIRY OF CURRENT MANDATE	BOARD MEETINGS ATTENDED OVER THE FISCAL YEAR 2019
Alain Devos - Chairman, non-executive Director	December 2012[1]	April 2021	16
Benoît De Blieck - Executive Director	December 2012[2]	April 2022	16
Anne-Marie Baeyaert - Independent non-executive Director	April 2018	April 2020	16
Sophie Goblet - Independent non-executive Director	April 2013	April 2021	15
Sophie Malarme-Lecloux - Independent non-executive Director	April 2015	April 2021	15
Wim Aurousseau - Non-executive Director, linked to a shareholder	April 2018	April 2020	12
Kurt De Schepper - Non-executive Director, linked to a shareholder	April 2014	April 2020	15
Etienne Dewulf - Independent non-executive Director	December 2012[3]	April 2022	16
Benoît Godts - Non-executive Director, linked to a shareholder	December 2012[4]	April 2021	16
Vincent Querton - Independent non-executive Director	April 2019	April 2021	14

From left to right, standing: Vincent Querton, Benoît De Blieck, Alain Devos, Sophie Goblet and Etienne Dewulf.
From left to right, sitting: Sophie Malarme-Lecloux, Kurt De Schepper, Anne-Marie Baeyaert, Wim Aurousseau and Benoît Godts.

1. Mr Alain Devos was first appointed Director of the former Managing Agent of Befimmo in October 2002.
2. Mr Benoit De Blieck was first appointed Director of the former Managing Agent of Befimmo in August 1999.
3. Mr 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.
4. Mr Benoit Godts was first appointed Director of the former Managing Agent of Befimmo in November 1995.

Mr ALAIN DEVOS (1953)

Mr Alain Devos (Camille Lemonnierlaan 17, 8300 Knokke) is Chairman of the Befimmo Board of Directors and a member of the Appointment and Remuneration Committee. After studying as a Solvay sales engineer at 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), his last post as a member of the executive committee. He went on to become 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.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr Alain Devos is Manager of Alain Devos SPRL; Director of Compagnie Het Zoute NV; Member of the Advisory Board of Buyerside SA; Member of the Board of Trustees of Guberna; Fellow Member of the Royal Institution of Chartered Surveyors (FRICS).

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Mr Alain Devos was a Director of Equilis SA; Non-managing agent of A3 Management; Managing agent of Allfin Group; Member of the Advisory Board of VK Group.

Mr BENOÎT DE BLIECK (1957)

Mr Benoît De Blieck (chaussée de Wavre 1945, 1160 Auderghem) is Managing Director of Befimmo. He also chairs the Executive Committee. Mr De Blieck is a civil engineer (ULB, École 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, in charge of a number of building sites in Saudi Arabia (1980-1985) and project studies in China, Zaire and Egypt (1985-1988). He was then responsible for real-estate project development, first at Codic (1988-1990) and later at Galliford (1990-1992). From 1992 to 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.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr Benoît De Blieck is 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 (FRICS).

BDB Management SPRLu, represented by its permanent representative, Mr Benoît De Blieck, holds the following positions: Chairman of Axento SA, a subsidiary of Befimmo; Director of Meirfree and Vitalfree, subsidiaries of Befimmo; Managing Director of Befimmo Property Services, a subsidiary of Befimmo; Managing Director of Noblieck SA; Managing Agent of BVR SPRL.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Mr Benoît De Blieck was Chairman of Beway SA (merged with Befimmo in April 2019).

MRS ANNE-MARIE BAEYAERT (1961)

Ms Anne-Marie Baeyaert (Schaapsbaan 28, 2910 Essen) has been an independent Director of Befimmo since 14 December 2017.

Mrs Baeyaert holds a bachelor's degree in maritime sciences (BIBH Antwerp - 1981) and a post-graduate degree in finance and management (Vlerick Business School - 2000). She began her career in 1981 as Customer Service Representative at Best & Osterrieth, Antwerp, a shipping agency that belongs to the Herfurth group. In 1985, she continued her career at Katoen Natie Group (KTN), where she held a number of posts, first as General Manager, Transport Division (1985-1995), then General Manager KTN Noordkasteel (1995-1998) and later as Managing Director KTN Bulkterminals (1998-2001). Mrs Baeyaert also gained international experience when, from 2001 to 2005, she was Country Administrative & Finance Director in Brazil for the same group. Then, from 2005 to 2013, Mrs Baeyaert served as Business Unit Manager for Port Operations & Repair for Katoen Natie Group. Mrs Baeyaert has been Managing Owner of Resigrass since 2013.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mrs Anne-Marie Baeyaert is permanent representative of ANBA SPRL, and independent Director on the Boards of Directors of Rosier SA and Tessenderlo Group SA. Mrs Baeyaert is a non-executive director of the De Vlaamse Waterweg NV (Willebroek) and manager of Resigrass SPRL and Cosy Lounge SPRL.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Director of several companies in the Katoen Natie group.

Mrs SOPHIE GOBLET (1964)

Mrs Sophie Goblet (avenue Franklin Roosevelt 108, 1050 Brussels) has been an independent Director of Befimmo since 30 April 2013 and a member of the Audit Committee since April 2015; she has chaired this Committee since 30 April 2019. Mrs 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 Deficom Group company) 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 CFO and corporate secretary until 2012.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Director of Sohonet asbl.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Director of not-for-profit association Réseau Entreprendre.

Mrs SOPHIE MALARME-LECLOUX (1970)

Mrs Sophie Malarme-Lecloux (rue du Plagniau 16, 1330 Rixensart) has been an independent Director of Befimmo since 28 April 2015, member of the Audit Committee since April 2019 and was a member of the Appointment and Remuneration Committee until April 2019.

Mrs Malarme-Lecloux holds a master's degree in business & administration - Solvay (Université libre de Bruxelles). She began her career in 1994 as a financial analyst at IBM Belgium before joining ING Brussels, in 1998, as an account manager in Corporate Banking. In 2002 she continued her career at Sofina, where she held various positions for 14 years in both the financial directorate and the investment team. In 2015, she founded the company FreeBE SPRL, working in strategy, leadership and innovation, business coaching and personal and organisational development. She has over 15 years' management experience.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Founder and manager of FreeBe SPRL; Director and chairperson of the appointment and remuneration committee of CBO Territoria SA (France); Independent Director and chairperson of the remuneration committee of Euroclear Belgium; Independent director and chairperson of the remuneration committee of Euroclear Nederland; Independent Director and chairperson of the remuneration committee of Euroclear France.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Director of Orpea SA (France).

Mr WIM AUROUSSEAU (1971)

Mr Wim Aurousseau (Gaiendreef 10, 2900 Schoten) has been a Director of Befimmo since 24 April 2018. Mr Aurousseau has a degree in applied economics and finance (University of Antwerp) and in financial analysis (ICHEC). He has extensive experience in asset management and business management, particularly in the banking and insurance sector in Belgium (KBC Securities, Bank Van Breda, Swiss Life Belgium and Delta Lloyd Life).

Since November 2013, he has held the post of Chief Investment Officer of AXA Belgium SA.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Director of Home Invest Belgium.

Mr KURT DE SCHEPPER (1956)

Mr Kurt De Schepper (Akkerstraat 16, 2540 Hove) has been a Director of Befimmo since 29 April 2014. Mr De Schepper is an actuary. He began his career in 1979 at AG Insurance, where he joined the management team and became head of the employee benefits channel in 1990. Between 1995 and 2004, he was general manager Europe at Fortis Insurance International, responsible for the CaiFor and Fortis Insurance UK joint venture, among other things. In 2004, he was appointed chief pension officer at Fortis Holding; in mid-2005, he became business operating officer at AG Insurance and, from September 2008, he was also responsible for financial assets management. From September 2009 to 1 July 2014, Mr De Schepper was chief risk officer of Ageas, in charge of the risk, legal and compliance departments and support functions (human resources, IT and facility).

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr. De Schepper is the manager of Kadees BVBA.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Mr Kurt De Schepper was Chairman and Director of Millennium bcp Ageas SGPS SA, Grupo Segurador, Ageas Portugal, Medis, Companhia Portuguesa de Seguros de Saude SA, Ocidental, Companhia Portuguesa de Seguros SA, Ocidental, Companhia Portuguesa de Seguros de Vida SA, and Pensõesgere, Sociedade Gestora de Fundos de Pensões SA.

Mr ETIENNE DEWULF (1955)

Mr Etienne Dewulf (rue du Ruisseau, 1970 Wezembeek-Oppem) has been an independent Director of Befimmo and a member of its Appointment and Remuneration Committee since March 2011; he has been chairing that committee since 13 May 2014. 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 moved permanently into the construction industry, in which 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) and, from 1995 to 2010, managing director of Eiffage Benelux SA. Acting on behalf of Etienne Dewulf SPRL, Mr Dewulf currently works in consulting and routine management, mainly in real estate and building.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr Etienne Dewulf is honorary chairman of the Professional Union of the Real-Estate Sector (UPSI); Permanent representative of Cassiopee SPRL; Director of holding company Thomas & Piron (mandate via Etienne Dewulf SPRL); Honorary chairman of the not-for-profit Association des Entrepreneurs Belges de Grands Travaux; Director of the not-for-profit Association Paroles d'Ados; Director of Maison de la Route et du Génie Civil SCSA and director of Latour et Petit SA.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Mr Etienne Dewulf was a Director of Confédération Construction, of Bavière Développement SA and of Foncière Kerkedelle SA (the company was liquidated in December 2017). SPRL Etienne Dewulf was also managing director of Foncière Invest SA, Cœur de Ville SA and Thomas & Piron Bâtiment SA, and director of Bureau Cauchy SA and BTA Construct SA.

Mr BENOÎT GODTS (1956)

Mr Benoît Godts (avenue des Arts 58, 1000 Brussels) has been a Director of Befimmo since November 1995 and is 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 chairman of the board of directors of Immo Nation SPPICAV;

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr Benoît Godts is a member of the executive committee of AG Real Estate Finance SA; Director of Investissement Foncier Boulevard de Waterloo SA; Director of Wolf-Safco NV; Chairman of the board of directors of Immo Nation SPPICAV; Director of the SPPICAV Technical Property Fund 2.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Mr Benoît Godts was Director of the following companies: AG Real Estate Group Asset Management; Investissement Foncier Westland Shopping Center; Ascencio SA, Managing Agent of the BE-REIT Ascencio SCA (and member of its Audit Committee); Devimo-Consult SA and Conseil Belgo-Luxembourgeois des Centres Commerciaux.

Mr VINCENT QUERTON (1961)

Mr Vincent Querton (Place Jean Jacobs 6, 1000 Brussels) is an independent Director of Befimmo and a member of the Appointment and Remuneration Committee since April 2019. He holds a law degree (UCL) and an MBA from INSEAD-CEDEP (Fontainebleau). Mr Querton has acknowledged experience in the banking and real-estate sectors in Belgium and abroad. He was chief operating officer of Fortis Real State (later AGRE) from 1996 to 2002 (during which time he was chairman of Devimo and member of the management board of Interparking) and then worked at Jones Lang Lasalle. (JLL) from 2003 to February 2017 as international director and CEO Benelux. Since October 2017, he has been CEO of BE-REIT Ascencio, specialising in the retail sector (retail premises located mainly on the outskirts of cities).

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Managing Director of Ascencio SA

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

None.

Triomphe - Brussels decentralised

Procedure for the appointment and re-appointment of Directors

Directors are appointed and their directorships renewed by the General Meeting of Shareholders of Befimmo, on a proposal of the Board of Directors. Before putting its proposals for appointing a Director or renewing his or her 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 deems 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 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 taking a decision, the Board may opt to interview the candidates itself, examine their curriculum vitae and references, find out about other directorships they hold, and assess them.

The Board ensures that there are adequate plans for the succession of Directors, the Chief Executive Officer and the other members of the Executive Committee, and to review these plans periodically. 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, which will confirm or revoke the mandate.

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.

DUTIES 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 of Directors and the Managing Director.

Duties of the Board of Directors

The Befimmo Board of Directors pursues sustainable value creation by the Company, determining its strategy within the framework of the Corporate Social Responsibility policy that it defines, establishing effective, responsible and ethical leadership and supervising its performance. To do so, the Board takes an inclusive approach, which balances the shareholders' interests and legitimate expectations against those of other stakeholders.

The Board of Directors is empowered to perform all acts necessary or useful for the achievement of the Company's aims, except those reserved by law or the articles of association to the General Meeting. The Board of Directors makes decisions on strategy, investments, disinvestments and long-term financing.

It closes the annual accounts and prepares the quarterly and half-yearly accounts of the BE-REIT; 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 the 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 members of the Company's Executive Committee.

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 a 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 are 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 tie, the chairman of the meeting has the casting vote;
- The decisions of the Board of Directors may be taken by unanimous decision of all the Directors, expressed in writing.

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

Activities of the Board of Directors during fiscal year 2019

The Board of Directors met 16 times during fiscal year 2019. In addition to items falling within its ordinary powers (monitoring results, approval of the budget, appraisal and remuneration of the members of the Management Committee, preparing the management report and convening ordinary and extraordinary general meetings), it made decisions on the following key dossiers:

- the strategy review;
- bids under tendering and public-procurement procedures;
- investment and disinvestment projects;
- financial analyses and monitoring of accounting and organisational issues related to the strategic acquisition of the shareholding in Silversquare Holding SA;
- the development of the coworking business;
- the terms of the most important rental offerings and major lease renewals;
- construction, redevelopment and renovation projects (notably the ZIN, Quatuor and Paradis Express projects);
- key investments in the consolidated Befimmo portfolio, notably in sustainable development;
- financial management policy;

- the interest-rate risk hedging policy;
- the completion of a private placement of own shares;
- pay-out of an interim dividend with stock option;
- the main regulatory or good governance developments;
- the preparation and convening of the Ordinary and Extraordinary General Meetings of 30 April 2019 and the Extraordinary General Meeting of 19 December 2019;
- developments in the main legal proceedings.

The Board was regularly informed of the activities of the Audit Committee, the Appointment and Remuneration Committee and the Management Committee (now the Executive Committee).

The Board also decided on Befimmo's position as a shareholder of Fedimmo, notably on the following dossiers:

- Fedimmo's participation in tenders;
- follow-up of the Paradis Express project in Liège;
- the terms of the most important rental offerings and major lease renewals;
- the sale of certain small buildings which it considered no longer fit its strategy.

Self-assessment

In accordance with the 2020 Code and 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 Executive Committee 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 five main objectives:

- to check whether the composition of the Board of Directors is in line with requirements;
- 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;
- evaluate whether the chosen governance structure is still appropriate.

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

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

The Board of Directors carried out its most recent self-assessment at the end of fiscal year 2018. The main conclusions of the self-assessment report were published on page 126 of the Annual Financial Report 2018.

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) and set out their tasks, powers and composition in accordance the provisions of the law and recommendations of the 2020 Code on the composition and functioning of such committees.

The Board sets out 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 ensures 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.

In accordance with the above, the Board has set up 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 below.

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, at least two of whom are independent and satisfy the criteria of Article 7:87(1) of the Code of Companies and Associations and Article 3(5) of the 2020 Code.

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

The Chairman of the Audit Committee may not also be the Chairman of the Board of Directors. The members of the Audit Committee appoint the Committee chairman from among their number.

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 2019, the composition of the Audit Committee was as follows:

- Sophie Goblet, Independent Director and Chairman of the Audit Committee;
- Sophie Malarme-Lecloux, independent Director;
- Benoît Godts, non-executive Director, linked to a shareholder.

DUTIES

Without prejudice to any other tasks assigned to it, the Audit Committee assists the Board of Directors and Executive Committee in ensuring the accuracy and truthfulness of Befimmo's accounts and financial information. 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 it over and above its statutory duties. It delivers opinions and recommendations to the Board of Directors and Executive Committee on these matters.

The Audit 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 the Chief Financial Officer. It decides if and when the Chief Executive Officer, Chief Financial Officer, the Statutory Auditor(s) or other people should attend its meetings.

It meets the Statutory Auditor(s) of Befimmo 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 must also be forwarded to the Board of Directors.

OPERATION AND ACTIVITIES DURING FISCAL YEAR 2019

The Committee met 12 times in fiscal year 2019.

All members of the Committee attended all the meetings. The following main dossiers and issues were considered:

- quarterly, half-yearly and annual accounts, and financial reporting;
- accounting treatment for specific operations and application of IFRS;
- financing policy;
- interest-rate and currency risk hedging policy;
- review of internal audit mission reports and recommendations, and multi-annual audit plan, in the presence of the Internal Auditor;
- impact of investment projects on financing and key ratios;
- review of budgets and outlook for future years (including tests of sensitivity to certain assumptions and stress tests);
- risk management: monitoring developments in the main legal proceedings, monitoring of internal control, follow-up of the implementation of recommendations made in the context of external audits and review of the executive management's report on internal control for the FSMA, review of risk analysis, etc.;
- distribution of an interim dividend for 2019 with stock option;
- relations with the Statutory Auditor, check of the independence, assessment and appointment/re-appointment of the Statutory Auditor for Befimmo and its subsidiaries;
- financial analyses and monitoring of accounting and organisational issues related to the strategic acquisition of the shareholding in Silversquare Belgium SA;
- monitoring of the main regulatory developments and analysis of their potential impact on Befimmo, its activities or its reporting (changes in IFRS standards, reform of VAT on rents, FSMA circulars, etc.).

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 in late 2017 and commented on its self-assessment report to the Board of Directors in 2018. The key findings of the report are published on page 98 of the Annual Financial Report 2017.

Appointment and Remuneration Committee

COMPOSITION

The Appointment and Remuneration Committee is made up of at least three non-executive Directors, appointed by the Board of Directors on a proposal of the Committee, the majority of whom must be Independent Directors within the meaning of Article 7:87(1) of the Code of Companies and Associations, and Article 3(5) of the 2020 Code.

The members of the Appointment and Remuneration Committee have collective competence in matters of remuneration.

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 directorships. 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 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 members of the Company's Executive Committee.

As at 31 December 2019, the composition of the Committee was as follows:

- Etienne Dewulf, Independent Director and Chairman of the Appointment and Remuneration Committee;
- Alain Devos, non-executive Director, Chairman of the Board of Directors.
- Vincent Querton, Independent Director.

www.befimmo.be

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 members of Befimmo's Executive Committee;
- seeking candidates for positions to be filled in the Board of Directors and specialist committees of Befimmo 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; and
- procedures for the appointment, renewal and periodic appraisals of the Directors, the CEO and other members of the Executive Committee.

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 CEO and the other members of the Executive Committee, and on any periodic reviews of that policy;
- the individual remuneration of the non-executive Directors, members of the Board's specialist committees, the CEO and the other members of the Executive Committee, 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;
- the setting of performance targets for the Managing Director and other members of the Executive Committee, and the assessment of performance in relation to those targets;
- the proposals made each year by the Executive Committee on the overall budget for increasing (apart from indexing) the remuneration laid down 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'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 which has draft decisions that concern directorships 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) reports 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. The minutes of the Committee's meetings are also available to the Board of Directors.

OPERATION AND ACTIVITIES DURING FISCAL YEAR 2019

The Appointment and Remuneration Committee met seven times in fiscal year 2019. All members of the Committee attended all the meetings.

- continuous monitoring of changes to the regulatory framework and recommendations relating to governance and remuneration, in particular the new Code of Companies and Associations, the 2020 Code, the second Directive on shareholders' rights and the expectations of stakeholders (especially shareholders and investors);
- assessment of and proposal to update the remuneration policy with regard to the changes in the aforementioned regulatory framework and best governance practices;
- proposals for the composition of the Board of Directors, taking account of the need to ensure that Directors' profiles are complementary in terms of knowledge, experience, age and gender balance and provide for the expiry dates of the various directorships to be staggered over time;
- proposals for reappointments to the Board of Directors for submission to the General Meeting;
- establishment of a succession plan;
- assessment and determination of the performance targets and criteria for the Managing Director and other members of the Executive Committee;
- establishment of a Performance Stock Units plan for the members of the Executive Committee;
- changes in the Company payroll from 1 January 2020 and budget with a view to the award of variable remuneration (bonuses) for fiscal year 2019;
- drafting of the remuneration report published in the Annual Financial Report 2019.

SELF-ASSESSMENT

In accordance with the 2020 Code and its own terms of reference, 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 carried out its latest self-assessment at the end of 2018. The key findings of the report are published on page 129 of the Annual Financial Report 2018.

Executive Committee

The Extraordinary General Meeting of the Company on 19 December 2019 decided to apply the new Belgian Code of Companies and Associations in advance, and approved the related amendments to the articles of association. It was decided to apply the unitary system, whereby the company is administered by one Board of Directors which is empowered to perform all acts necessary or useful for the achievement of the Company's aims, except those reserved by law or the articles of association to the General Meeting. The Board of Directors may delegate specific management powers to a management team designated by the Board.

Pursuant to Article 14(3) of the Law on BE-REITs, the executive management of Befimmo SA is entrusted to at least two individuals, known as Executive Officers.

The Board of Directors has delegated certain management powers to the Executive Officers of Befimmo, who previously made up the former Management Committee and who have acted, since the start of fiscal year 2020 as part of the Executive Committee.

The terms of reference of the Executive Committee (which describe its powers and how it works) are reviewed periodically. The Committee proposes any necessary adaptations for approval by the Board of Directors. The terms of reference are available on the Company website.

Composition

The members of the Executive Committee are appointed by the Board of Directors, on a proposal of the Appointment and Remuneration Committee.

As at 31 December 2019, the Executive Committee had four members, who until then had made up the former Management Committee:

- Benoît De Blieck, Managing Director, who is also the Chief Executive Officer (CEO) and chairs the Executive Committee;
- Laurent Carlier, Chief Financial Officer (CFO);
- Martine Rorif, Chief Operating Officer (COO);
- Aminata Kaké, General Counsel & Secretary-General (SGC).

From left to right: Aminata Kaké, Benoît De Blieck, Martine Rorif and Laurent Carlier

AMINATA KAKE

Mrs Aminata Kaké (1977) holds a master's degree in law (Université Libre de Bruxelles, 2000), a post-graduate certificate in business administration (Oxford University and Harvard Faculty Club, 2014), an Executive Certificate in Real Estate (Solvay Brussels School of Economics and Management, 2016), and a post-graduate certificate in Cognitive Technologies, Artificial Intelligence and Law (Brussels School of Competition, 2019). She began her career in 2000 at Dexia Bank Belgium (now Belfius) as Legal Counsel in Corporate Banking and Structured Finance (2000-2004), before being appointed Deputy General Secretary of the bank (2004-2005), and then head of the Secretary General, Corporate & Regulatory Division and Deputy General Secretary of Dexia SA, holding company of the Dexia Group (2005-2012). Since 2012, she has been General Counsel, Secretary-General and Chief Compliance Officer of Befimmo. Mrs Kaké is also director of the non-for-profit Belgian Association of Listed Companies, Head of the Legal & Regulatory Committee of the BE-REIT Association and a member of the Regulatory Committee of the European Public Real Estate Association (EPRA), of the Belgian Risk Management Association (BELRIM), of the Advisory Council of the European Issuers Association and of the Belgian Institute of Corporate Lawyers (IJE).

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mrs Kaké is a director of the non-for-profit Belgian Association of Listed Companies. (FEB).

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Director of Hu-Man asbl

MARTINE RORIF

Mrs Martine Rorif (1965) is a civil engineer in construction - specialising in civil engineering (Université Libre de Bruxelles, 1990). She also holds a post-graduate diploma from the Solvay Business School (CEPAC 2007). She began her career as a site engineer at Entreprises Jacques Delens (1990-1995). She continued her career at Devimmo Consult (1996) as a property manager. She has been at Befimmo since 1997. Until 2008, she held the position of Project Manager. Since 2008 she has been Chief Operating Officer.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mrs Martine Rorif is also Director of the following subsidiary companies of Befimmo: Fedimmo SA, Meirfree SA, Axento SA, Befimmo Property Services SA, Silversquare Belgium SA and Silversquare Luxembourg SA. She is Managing Director of Vitalfree SA, which is also a subsidiary of Befimmo. She is also co-chair of the UPSI Investors Commission and co-founder of the Belgian Group of Women in Real Estate.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Managing Director of Beway SA (merged with Befimmo in April 2019)

BENOÎT DE BLIECK

Mr Benoît De Blieck (chaussée de Wavre 1945, 1160 Auderghem) is Managing Director of Befimmo. He also chairs the Executive Committee. Mr De Blieck is a civil engineer (ULB, École 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, in charge of a number of building sites in Saudi Arabia (1980-1985) and project studies in China, Zaire and Egypt (1985-1988). He was then responsible for real-estate project development, first at Codic (1988-1990) and later at Galliford (1990-1992). From 1992 to 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.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr Benoît De Blieck is 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 (FRICS).

BDB Management SPRLu, represented by its permanent representative, Mr Benoît De Blieck, holds the following positions: Chairman of Axento SA, a subsidiary of Befimmo; Director of Meirfree and Vitalfree, subsidiaries of Befimmo; Managing Director of Befimmo Property Services, a subsidiary of Befimmo; Managing Director of Noblieck SA; Managing Agent of BVR SPRL.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Mr Benoît De Blieck was Chairman of Beway SA (merged with Befimmo in April 2019).

LAURENT CARLIER

Mr Laurent Carlier (1966) is a commercial engineer (ULB-Solvay Business School, 1984-1989), he also holds a post-graduate degree in Tax Management (VUB, 1989-1990), and in Controlling (Registered Controller, ERASMUS UNIVERSITEIT, Rotterdam - The Netherlands, 1995-1998). He also attended the Advanced Management Program run by the Wharton School, University of Pennsylvania (AMP71-2016).

He began his career in 1991 at Unilever as Internal Auditor/Team Leader (1991-1994) in Paris. He then became Factory Management Accountant (1994-1996) for the same group in the Netherlands. He continued his career at Sanofi Pharma Belgium as Controller (1996-1998) and Finance & Administration Director (1998 - 1999). He then worked at Sodexo Pass Belux as Finance & Administration Director (1999-2006). Since 2006, Mr Laurent Carlier has been Chief Financial Officer at Befimmo. He also performs the Risk Management function.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr Laurent Carlier is Director of the following subsidiaries of Befimmo: Fedimmo SA, Befimmo Property Services SA, Axento SA, Vitalfree SA, SIlversquare Belgium SA and Silversquare Luxembourg SA, and is Managing Director of Meirfree SA, which is also a subsidiary of Befimmo. In addition, he is Chairman of the Board of Directors of the not-for-profit BE-REIT Association, Co-Chairman of the UPSI Investors Committee and a member of the EPRA Accounting & Reporting Committee. And manager of L&L Services sprl.

DIRECTORSHIPS EXPIRED AS AT 31 DECEMBER 2019, HELD DURING THE PERIOD 2015-2019

Mr. Laurent Carlier was a director of the not-for-profit Financial Executives Institute of Belgium, of Beway SA (which merged with Befimmo in April 2019) and of the companies Silversquare Stéphanie SA, Silversquare Europe SA, Silversquare Louise SA and he is also the manager of Silversquare Partnership sprl; which all merged with Silversquare Belgium in November 2019.

Duties

The Executive Committee's main responsibilities area as follows:

- 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;
- in general, implementing the decisions of the Board of Directors;
- identifying opportunities and needs in terms of investments, disinvestments and financing, and making any appropriate proposals in that regard to the Board of Directors;
- leading the Company's management team in accordance with strategy and general policy;
- 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.

In this context, the Board of Directors has delegated specific powers for decision-making and representation to the Executive Committee.

The Executive Committee performs its duties without prejudice to the powers of the Board of Directors.

Report of activities to the Board of Directors

At each meeting of the Board of Directors, and at least quarterly, the Managing Director and other members of the Executive Committee report to the Board on the significant aspects of operational management. They provide all relevant information concerning at least the following subjects:

- developments affecting the Company's business and any changes in its strategic context;
- the Company's forecasts and financial results and an assessment of its financial position;
- the main decisions of the Executive Committee;
- current or potential major litigation;
- regular monitoring of all matters falling within the competence of the Board of Directors.

Operation

The Executive Committee operates by consensus: its decisions are taken by consensus of its members who collectively share responsibility for them. If a consensus cannot be reached, the item or dossier concerned is put on the agenda of the meeting of the Board of Directors for discussion and decision.

The Executive Committee meets as often as necessary, under the chairmanship of the CEO and, in principle, once a week. It can be convened at any time, where necessary, by the Chairman or at the request of least two members of the Executive Committee.

In 2019, the Management Committee (now the Executive Committee) met once a week on average.

The Executive Committee leads a team of 86 staff and endeavours to optimise its operating costs.

The heads of the departments are Mr Cédric Mali[1] (Chief Commercial Officer), Mr Nicolas Nelis (Chief Project Officer), Mr Edouard Scarcez (Head of Investments), Mr Eric Jambor (Head of Property Management), Mr Arnaud Opsommer (Head of Building, Administration & Operations Budget), Mr Frédéric Tourné (Head of Environmental Management), Mrs Caroline Kerremans (Head of Investor Relations & Communication), Mrs Emilie Delacroix (Head of CSR & Innovation), Mrs Petra Sobry (Head of Legal), Mr Vincent Meulders (Head of Controlling), Mr Stéphane dos Santos (Chief Accountant), Mr Ludovic Wendel (Head of Information Technology) and Mrs Sarah Sougné (Recruitment & Talent Manager). The Business Development activity is managed by Mr Werner Joris[2].

DIVERSITY POLICY

Befimmo complies with the provisions of Article 7:86 of the Code of Companies and Associations with regard to gender diversity within the Board of Directors and the recommendations of the Belgian Corporate Governance Code (2020 Code) on diversity and complementarity of profiles within its decision-making and advisory bodies.

Befimmo has put in place a number of procedures in the context of the appointment and renewal of the mandates of the Directors, the appointment of the members of the specialist committees and the Executive Committee, and the self-assessment process of its various bodies and committees. These are designed to foster complementary skills, experience, age, knowledge and profiles in the composition of these bodies, in addition to the expertise and professional integrity required to exercise these duties. For example, prior to any appointment, an assessment is made of the skills, knowledge and experience available and needed within the Board of Directors or committee concerned. These procedures are set out in the terms of reference of the various bodies and committees, more specifically in the terms of reference of the Appointment and Remuneration Committee.

The effect of these procedures is manifested in the composition of the Board of Directors, which comprises three female and seven male members, and the Executive Committee, which is composed of two female and two male members. It is also reflected in the biographies of the Directors (see pages 124 to 126) and the members of the Executive Committee (see page 132), which shows that they have complementary career paths, professional experience and skills.

The diversity policy is also reflected in the composition of the team; see pages 112 and 114 for its principal characteristics.

1. SPRL.
2. BVBA.

REMUNERATION POLICY

The remuneration policy for Befimmo SA and its subsidiaries is established in accordance with the Code of Companies and Associations, with the Law of 12 May 2014 relating to Regulated Real Estate Companies ("BE-REIT Law"), and with the recommendations of the Belgian Code of Corporate Governance ("2020 Code"). This remuneration policy applies from 1 January 2020, subject to its approval by the annual General Meeting of shareholders to be held on 28 April 2020.

It is designed to reward those involved in running the Befimmo group in a way that allows it to attract, retain and motivate selected staff, taking account of the Company's characteristics and challenges, while maintaining coherence between the remuneration of the Executives and that of all staff, properly and effectively managing risk and keeping the costs of the various remunerations under control.

It also aims to promote the creation of sustainable value within the Company and to contribute to the implementation of its strategy, in particular by:

- setting qualitative and quantitative performance criteria for the members of the Executive Committee, that are in line with Befimmo's long-term objectives and including, in addition to financial performance criteria, additional measurable criteria related to its sustainable development policy and its commitments regarding corporate social responsibility;
- staggering the payment of their variable remuneration over time;
- implementing a long-term incentive plan (Performance Stock Units plan) spread over several years and rewarding the members of the Executive Committee with shares, subject to an obligation to hold them until the end of a waiting period, coupled with the obligation to hold a minimum number of shares for the duration of their mandate.

In this way, Befimmo's remuneration policy aims to create a close link between the interests of its Executives and those of the Company, its shareholders and all other stakeholders.

The Company aims to remunerate its staff at a level that compares well with the remuneration paid by other companies of comparable size and activities for similar functions.

To keep up to date with market pay scales, the Company contributes to benchmarks organised by social secretariat or specialised consultants. It also occasionally consults these specialists for reasons unconnected with benchmark operations.

This chapter makes reference to the other chapters of the Corporate Governance Charter which set out the identity of the various categories of recipients of remuneration.

1. Non-executive Directors of Befimmo SA

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.

Remuneration is composed of:

- a fixed annual amount;
- attendance tokens; these are awarded to the non-executive directors for attending meetings of the Board of Directors and, if applicable, for attending any meetings of the Committees set up by the Board of Directors.

Furthermore, specific remuneration may be awarded by the Board of Directors to Directors to whom it would assign specific tasks.

The non-executive Directors do not receive any performance-related pay, such as bonuses or stock options, nor do they receive any benefits in kind or benefits associated with pension schemes. The Company does not award shares to non-executive Directors. It considers that its general policy and mode of operation already meet the objective of recommendation 7.6 of the 2020 Code, which aims to promote long-term value creation. Befimmo has effectively integrated the principles of social responsibility into its strategy and day-to-day operations, by anticipating economic, societal and environmental developments, and by supervising the Company's long-term performance. To do so, the Board of Directors develops an inclusive approach, that balances the legitimate interests and expectations of the shareholders and all stakeholders. These principles are enshrined in particular in the Corporate Governance Charter and in the Terms of Reference of the Befimmo Board of Directors, to which each Befimmo director has subscribed.

The Directors may hold a directorship in the subsidiaries of Befimmo SA. Any remuneration received for holding such positions is set out in the Befimmo SA remuneration report.

The Directors exercise their functions as self-employed persons and may be revoked, ad nutum, without compensation.

2. The Chief Executive Officer of Befimmo SA

The Managing Director of Befimmo SA – who is the only executive Director of Befimmo SA and is not remunerated as a Director of Befimmo SA – carries the function of Chief Executive Officer (CEO) and is a member of the Executive Committee of Befimmo SA. He is remunerated in that capacity, under a management agreement as a self-employed person. He has the status of executive officer, as per Article 14§3 of the BE-REIT Law.

2.1 Remuneration

The CEO's remuneration is set by the Board of Directors of Befimmo SA, on a proposal of the Appointment and Remuneration Committee.

The Appointment and Remuneration Committee is composed solely of non-executive Directors and the majority of its members are independent Directors. This adequately rules out potential conflicts of interest concerning the determination, review and implementation of the remuneration policy for the CEO. Moreover, the CEO is not present when the Appointment and Remuneration Committee decides on his remuneration. Furthermore, the legal provisions relating to conflicts of interest also apply.

His remuneration 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 comparable company. The fixed remuneration may not be determined on the basis of operations and transactions carried out by the Company 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 reviews 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, to what extent. Any new fixed remuneration is paid from 1 January of the following year.

- **Variable portion in cash:** 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 the targets. It is a combination of personal qualitative targets and financial and qualitative targets for Befimmo SA, to which a weighting is applied. Variable remuneration may be granted only if (a) the results-dependent portion of variable remuneration relates only to the Company's consolidated net result, excluding any change in the fair value of the assets and hedging instruments and (b) no remuneration is awarded on the basis of a specific operation or transaction by the Company.

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 application of the above principles and on a proposal of the Appointment and Remuneration Committee, the criteria for the appraisal of the CEO's performance and their weighting have been laid down as follows, divided into two components:

- first component, representing 75% of the target variable remuneration: criteria related to the performance of the Company:
  - current net result per share (30%); this criterion, corresponding to Epra earnings plus gains and losses actually realised, but not any that are as yet unrealised, also reflects the ratio of overheads/rental income;
  - operating margin (15%);
  - occupancy rate of properties (15%); the goal is a high rate, but it may not be achieved at the expense of unusual rental concessions;
  - Befimmo's financing cost compared with the market level (20%);
  - human-resource management (20%).
- second component, representing 25% of target variable remuneration: additional individual targets have been set in relation to the aforementioned objectives in line with the specific responsibilities of the CEO.

The target amount of his variable annual remuneration (the sum of the first and second components) represents 36% of his fixed annual remuneration.

In determining how much variable remuneration, if any, 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 set for him for that year.

The payment of the CEO's variable remuneration is staggered over time, and the final grant of the variable portion of the remuneration, which is a deferred payment, is subject to predetermined and objectively measurable medium- and long-term performance criteria. Payment of the variable remuneration is staggered 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 (included).

The principle of staggered variable remuneration creates a close link between the interests of the CEO and those of the Company and its shareholders.

- **Performance Stock Units plan:** As of fiscal year 2020, the CEO may be allocated Performance Stock Units (PSUs). At the end of a vesting period of three years from the award of the PSUs, these entitle the CEO to receive Company stock, as well as an amount in cash corresponding to the dividends paid out during the vesting period. The executive is not required to pay for the issue of the shares following the vesting.

  The number of PSUs granted is decided by the Board of Directors on a recommendation of the Appointment and Remuneration Committee.

  By way of illustration, the maximum number of PSUs awarded to the CEO in 2020 and which may therefore give rise to the issue of shares in 2023 has been set at 2,500.

  The shares underlying the PSUs will be issued only after an assessment of the achievement of the following criteria (Performance Test) at the end of the three-year vesting period:

  - Evolution of the Total Shareholder Return (TSR) in relation to Befimmo's "peers" (panel of companies of comparable business and size) (50%);
  - Consolidated EPRA earnings (€m) in line with the budget for the period 2020-2022 (25%);
  - Coworking: turnover/m² of coworking space in line with the budget for the period 2020-2022 (15%);
  - CO_2e emissions linked to the energy consumption of buildings for the common and private installations: 23.49 kg CO_2e/m² at the end of 2022, in line with the target for 2030 (SBT method) (5%).

  One PSU entitles the CEO to no more than one share at the issue date, and the Performance Test determines the number of Befimmo shares to be awarded to the CEO. If the Performance Test is only partially met, only part of the corresponding shares will be issued, as follows:

  - if ≥ 90% of targets are achieved, 80% of the PSUs will be awarded
  - if ≥ 70% of targets are achieved, 50% of the PSUs will be awarded
  - if ≥ 50% of targets are achieved, 25% of the PSUs will be awarded.

  Rules relating to the expiry of all or part of the PSUs apply if the CEO's mandate ends before the vesting date. In a limited number of cases, such as retirement, all PSUs already awarded are retained in full. PSUs are non-transferable, except by inheritance. As with the other components of variable remuneration, PSUs are subject to the adjustment policy described below (see point 5 - right of recovery)

  Shares issued following vesting must be kept for at least two years by the CEO, without prejudice to compliance with the minimum share threshold applicable to executives (see point 4 - minimum shareholding threshold). This two-year lock-in period, which follows the three-year vesting period, as well as the criteria of the Performance Test on which vesting is conditional, help align over the long term the interests of the CEO with those of the Company, shareholders and other stakeholders.

- **Miscellaneous expenses:** 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.

Apart from the provision of a portable computer and mobile telephone that meet the standards of Befimmo SA (notably in terms of security), and of which he supports the consumptions, the CEO does not receive any benefits in kind.

2.2 Positions held in subsidiaries

The CEO may exercise an executive or non-executive directorship in the subsidiaries of Befimmo SA. Any remuneration received for holding such positions is set out in the Befimmo SA Remuneration Report. Unless otherwise agreed by the parties, the termination of the agreement between Befimmo SA and the CEO[1] will lead to the termination of any positions he holds in subsidiaries of Befimmo SA.

2.3 Duration of the contract and severance pay

The rights and obligations related to the function of CEO are formalised in a management agreement which contains the main provisions relating to the exercise of his mandate, the confidentiality of the information to which he has access, the conditions for the termination of the agreement, etc.

Should Befimmo SA terminate the contract between the CEO and Befimmo SA before it expires, but 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. The management agreements between Befimmo SA and Mr De Blieck and between Befimmo Property Services and BDB Management SPRLu set a consolidated contractual severance grant of €750,000 (consolidated total), broken down as follows: €486,408.08 in the agreement between Mr Benoît De Blieck and Befimmo SA and €263,591.92 in the agreement between BDB Management SPRLu and Befimmo Property Services SA. The grant may not exceed 12 months' total target remuneration (fixed and variable).

3. The other members of the Executive Committee of Befimmo SA

The members of the Befimmo SA Executive Committee other than the CEO are remunerated as self-employed persons under a management agreement with Befimmo SA. They also have the status of executive officer, as per Article 14 §3 of the BE-REIT Law.

3.1 Remuneration

The Board of Directors of Befimmo SA decides on the recruitment, promotion and fixed and variable remuneration of each of the other members of the Executive Committee of Befimmo SA, on a proposal of the Appointment and Remuneration Committee, after it has first consulted the CEO. As stated above, the Appointment and Remuneration Committee is composed solely of non-executive Directors and the majority of its members are independent Directors. This adequately prevents potential conflicts of interest.

- **Fixed portion:** the amount of the fixed remuneration is determined on the basis of information on levels of remuneration offered for comparable positions in comparable businesses. This information is gathered by the Appointment and Remuneration Committee. The fixed remuneration may not be determined on the basis of operations and transactions carried out by the Company The fixed remuneration is paid monthly, in twelfths, at the end of the month. Any change in the fixed remuneration of the other members of the Executive Committee must be decided by the Board of Directors on a reasoned recommendation of the CEO and the Appointment and Remuneration Committee.

1. Whether as a natural person or as permanent representative of a corporate director.

- **Variable portion in cash:** 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 the targets. It is a combination of personal and collective targets relating to the operational responsibilities specific to each member of the Executive Committee (performance of special duties, performance of their team or department) and financial and qualitative targets for Befimmo SA, to which a weighting is applied. Variable remuneration may be granted only if (a) the results-dependent portion of variable remuneration relates only to the Company's consolidated net result, excluding any change in the fair value of the assets and hedging instruments and (b) no remuneration is awarded on the basis of a specific operation or transaction by the Company.

  The Board avoids setting criteria that could encourage the members of the Executive Committee 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. The Board also determines the maximum amount of variable remuneration, which may be awarded only if the performance targets are exceeded.

  In application of the above principles and on a proposal of the Appointment and Remuneration Committee, the following appraisal criteria, divided into two components, have been laid down by the Board of Directors:

  - first component, corresponding to 60% of the target variable remuneration: criteria related to the performance of the Company:
    - current net result per share (30%); this criterion, corresponding to Epra earnings plus gains and losses actually realised, but not any that are as yet unrealised, also reflects the ratio of overheads/rental income;
    - operating margin (15%);
    - occupancy rate of properties (15%); the goal is a high rate, but it may not be achieved at the expense of unusual rental concessions;
    - Befimmo's financing cost compared with the market level (20%);
    - human-resource management (20%).
  - 2nd component representing 40% of target variable remuneration: additional individual objectives, in line with their operational responsibilities, have been set for the members of the Executive Committee.

  The overall target amount of the variable annual remuneration of the three other members of the Executive Committee (sum of 1st and 2nd components) represents 30,9% of the total fixed annual remuneration (total amount for the three members).

  In determining how much variable remuneration, if any, to award, at the end of each calendar year the Board of Directors – on a proposal of the Appointment and Remuneration Committee, after first consulting the CEO – assesses the performance of the other members of the Executive Committee during the fiscal year in question against the targets set for them for that year.

  The payment of the variable remuneration of the other members of the Executive Committee is staggered over time, and the final grant of the variable portion of the remuneration, which is a deferred payment, is subject to predetermined and objectively measurable medium- and long-term performance criteria. Payment of variable remuneration is staggered 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 (included).

  The principle of staggered variable remuneration creates a close link between the interests of the other members of the Executive Committee and those of the Company and its shareholders.

- **Performance Stock Units plan:** As of fiscal year 2020, the other members of the Befimmo Executive Committee may also be allocated Performance Stock Units (PSUs). At the end of a vesting period of three years from the award of the PSUs, these entitle the executives to receive Company stock, as well as an amount in cash corresponding to the dividends paid out during the vesting period. Members of the Executive Committee are not required to pay for the issue of the shares following the vesting.

  The number of PSUs granted to each member of the Executive Committee is decided by the Board of Directors on a recommendation of the Appointment and Remuneration Committee.

  By way of illustration, the maximum number of PSUs awarded to the other members of the Executive Committee in 2020 and which may therefore give rise to the issue of shares in 2023 has been set at 3,750 (overall for the three members).

  The shares-underlying the PSUs will be issued only after an assessment of the achievement of the following criteria (Performance Test) at the end of the three-year vesting period:

  - Evolution of the Total Shareholder Return (TSR) in relation to Befimmo's "peers" (panel of companies of comparable business and size) (50%)
  - Consolidated EPRA earnings (€m) in line with the budget for the period 2020-2022 (25%)
  - Coworking: turnover/m² of coworking space in line with the budget for the period 2020-2022 (15%)
  - CO_2e emissions linked to the energy consumption of buildings for the common and private installations: 23.49 kg CO_2e/m² at end of 2022, in line with the target for 2030 (SBT method) (5%).

  One PSU entitles the executives to one share at the issue date, and the Performance Test determines the number of Befimmo shares to be allocated to the members of the Executive Committee.

  If the Performance-Test is only partially passed, only part of the corresponding shares will be issued, as follows:

  - if ≥ 90% of targets are achieved, 80% of the PSUs will be awarded
  - if ≥ 70% of targets are achieved, 50% of the PSUs will be awarded
  - if ≥ 50% of targets are achieved, 25% of the PSUs will be awarded.

Rules relating to the expiry of all or part of the PSUs apply if the mandate of a member of the Executive Committee ends before the vesting date. In a limited number of cases, such as retirement, all PSUs already awarded are retained in full. PSUs are non-transferable, except by inheritance. As with the other components of variable remuneration, PSUs are subject to the adjustment policy described below (see point 5 - right of recovery).

Shares issued following vesting must be kept for at least two years by the member of the Executive Committee, without prejudice to compliance with the minimum share threshold applicable to the executives (see point 4 - minimum shareholding threshold). This two-year lock-in period, which follows the three-year vesting period, as well as the criteria of the Performance Test on which vesting is conditional, help align over the long term the interests of the members of the Executive Committee with those of the Company, shareholders and other stakeholders.

- **Miscellaneous expenses:** Befimmo reimburses the expenses incurred by the other members of the Executive Committee as part of their duties, upon presentation of supporting documents sent to the CEO or any other person that he may designate for that purpose.

  Apart from the provision of a portable computer and mobile telephone that meet the standards of Befimmo SA (notably in terms of security), and of which they support the consumptions, the other members of the Executive Committee do not receive any benefits in kind.

3.2 Positions held in subsidiaries

The other members of the Executive Committee may exercise an executive or non-executive directorship in subsidiaries of Befimmo SA. Any remuneration received for holding such positions is set out in the Befimmo SA Remuneration Report. Unless otherwise agreed between the parties, the termination of the agreement between Befimmo SA and another member of the Executive Committee will lead to the termination of any positions held by that member[1] in the subsidiaries of Befimmo SA.

3.3 Duration of the contract and severance pay

The rights and obligations related to the function of a member of the Executive Committee are formalised in individual management agreements which contain the main provisions relating to the exercise of his or her mandate, the confidentiality of the information to which he or she has access, the conditions for the termination of the agreement, etc.

Should Befimmo SA terminate the contract between a member of the Executive Committee and Befimmo SA before expiry - but not in any of the cases provided for in the contract where no compensation is due - the member concerned is entitled to a severance grant under that contract.

Under the management agreements concluded between Befimmo SA and the other members of the Executive Committee, and on a reasoned opinion of the Appointment and Remuneration Committee, severance pay was set by contract, namely at €200,000 for the General Counsel & Secretary General, €420,000 for the Chief Financial Officer and €600,000 for the Chief Operating Officer. For the first two members named above, the severance grant does not exceed 12 months' remuneration. The grant for the Chief Operating Officer exceeds the amount of 12 months' pay (but is less than 18 months' pay). This is explained by her pre-existing contract and her seniority, as the Chief Operating Officer began her career with Befimmo in 1997. In accordance with former Article 554 of the Belgian Code of Company Law (now replaced by article 7:92 of the Code of Companies and Associations (CSA)), this clause was approved by the Ordinary General Meeting of 25 April 2017.

4. Minimum shareholding threshold

The Board of Directors has set a minimum threshold for Company shares that each member of the Executive Committee must hold at all times at:

- 6,000 shares for the CEO;
- 3,000 shares for each of the other members of the Executive Committee (on an individual basis).

The current members of the Executive Committee have 6 years to reach this threshold as from the date of entry into force of this remuneration policy. The same deadline would apply to any member subsequently appointed, from the date of his or her appointment.

5. Right of recovery

The Company has provided for a right to suspend payment of all or part of any variable remuneration awarded to the CEO or other members of the Executive Committee on the basis of incorrect information.

6. Pension

The members of the Executive Committee may choose to allocate part of their fixed remuneration to a supplementary pension plan through 'personal pension scheme' insurance policy taken out with an approved insurer via a pension agreement. This agreement offers benefits in the event of retirement or of death before retirement. The pension plan consists of a defined-contribution scheme for the budget and a defined-benefit scheme for the life cover.

The life assurance provides for a life benefit to be created in the form of capital, payable to the beneficiary on the scheduled retirement date or, where applicable, on the deferred retirement date. The life benefit is equal to the result of the investment, in the fund provided, on the basis of the apportionment chosen by the beneficiary, of the life premiums and any profit sharing granted by the insurer. The amount of the life premiums is based on the calculation of the 80% rule which determines the maximum pension capital that can be accumulated within the framework of a personal pension scheme.

The death benefit provides for the payment of the reserve constituted to the beneficiary in the event of the death of the member before the scheduled retirement date. Where the reserve constituted is less than the minimum death benefit, the minimum benefit is guaranteed.

7. All staff

For all Befimmo staff, the Board of Directors of Befimmo SA has tasked the Appointment and Remuneration Committee with considering the annual proposals by the Executive Committee regarding the overall budget for increasing (over and above the index) the fixed remuneration of Befimmo staff (excluding the members of the Executive Committee), and the overall budget for the variable remuneration of these employees. The Committee liaises with the CEO on the subject, keeping the Board of Directors informed of the main decisions taken at a general rather than an individual level.

The Board of Directors has also tasked the Committee with delivering an opinion on the proposals made by the CEO for the recruitment and initial remuneration, and on any review of the remuneration (in the broad sense) of certain other persons occupying key posts in the Company and in charge of a team.

8. Special bonuses, share options or benefits

Subject to the agreement of the Board of Directors, on a proposal of the Appointment and Remuneration Committee, a special bonus may be paid out during the fiscal year to one or more members of the Executive Committee (including the CEO) or to the other persons referred to in point 7 above, in the event of exceptional performance, without such a bonus affecting the payment of any variable remuneration for the same period. Where applicable, the award criteria shall be specified in the remuneration report; they shall comply with the guiding principles set out in the introduction to this policy.

1. Whether as a natural person or as permanent representative of a corporate director.

REMUNERATION REPORT

9. Changes to and disclosure of the remuneration policy

This remuneration policy is an integral part of the Befimmo SA Corporate Governance Charter and can be consulted on the corporate website.

The remuneration policy is approved by the General Meeting. It is subject to the approval of the General Meeting whenever significant changes are made and, in any event, at least every four years. If the remuneration policy is revised, the remuneration policy shall include a description and explanation of all significant changes and a statement of how the votes and the opinions of the shareholders on the remuneration policy since the most recent vote on the remuneration policy by the General Meeting have been taken into account.

The remuneration report, which is included every year in the governance statement of the Annual Financial Report, describes how the remuneration policy was applied over the fiscal year. The Company's General Meeting shall take a separate vote on the Remuneration Report each year.

The Remuneration Report provides an overview of the remuneration, including all benefits granted or due during the 2019 fiscal year to the Directors, the CEO and the other members of the Executive Committee (formerly the Management Committee).

The remuneration and benefits mentioned below must comply with the provisions of Article 3:6(3) of the Code of Companies and Associations, with the BE-REIT Law, the Belgian Code of Corporate Governance ("2020 Code") and the Company's remuneration policy applicable in 2019 (exposed in the annual report 2019).

Remuneration of non-executive Directors for fiscal year 2019

The Company's Annual General Meeting of 30 April 2013 set the following remuneration for the non-executive Directors:

- 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 an attendance token worth €2,500 per meeting;
- 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 attendance tokens worth €2,000 per meeting.

These amounts, applicable since fiscal year 2013, 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 the Board and its specialist committees have had to handle in recent years, and the role of the Chairman in preparing and coordinating the work of the Board of Directors.

Directors do not receive performance-related remuneration (such as bonuses, shares or stock options), no benefits in kind, or benefits related to pension plans.

NON-EXECUTIVE DIRECTORS - REMUNERATION FOR THE 2019 FISCAL YEAR

IN €	FIXED ANNUAL REMUNERATION	ATTENDANCE TOKENS			TOTAL
	BOARD OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	APPOINTMENT AND REMUNERATION COMMITTEE	
Alain Devos	50 000	60 000		10 500	120 500
Anne-Marie Baeyaert	20 000	40 000			60 000
Sophie Goblet	20 000	37 500	26 000		83 500
Sophie Malarme-Lecloux	20 000	37 500	20 000	4 500	82 000
Wim Aurousseau	20 000	30 000			50 000
Etienne Dewulf	20 000	40 000		14 000	74 000
Hugues Delpire[1]	6 667	5 000	10 000		21 667
Kurt De Schepper	20 000	37 500			57 500
Benoît Godts	20 000	40 000	24 000		84 000
Vincent Querton[2]	13 333	35 000		6 000	54 333
Total for Directors	**210 000**	**362 500**	**80 000**	**35 000**	**687 500**

1. Directorship ended on 30 April 2019.
2. Directorship started on 30 April 2019.

Remuneration for the CEO and members of the Executive Committee for fiscal year 2019

The Board of Directors of Befimmo SA decides on the fixed and variable remuneration of each of the other members of the Executive Committee of Befimmo SA, on a proposal of the Appointment and Remuneration Committee, after first consulting the CEO on the remuneration of the other members of the Executive Committee.

The Managing Director of Befimmo SA is the only Executive Director of Befimmo SA and is not remunerated in that capacity. He occupies the post of Chief Executive Office (CEO) and is a member of the Executive Committee: he is remunerated in that capacity, under a management agreement as a self-employed person, like the other three members of the Executive Committee.

Their remuneration consists of a fixed portion and a variable portion.

- **Fixed portion:** the amount of the "all-in" fixed remuneration of the members of the Executive Committee is determined on the basis of information on levels of pay offered for comparable posts in comparable businesses. This information is gathered by the Appointment and Remuneration Committee. The fixed annual remuneration is payable monthly, in twelfths, in arrears, after deducting the cost of insurance such as the pension plan and hospitalisation insurance, and entertainment expenses. Any change in the fixed remuneration of the members of the Executive Committee is decided by the Board of Directors on a reasoned recommendation of the Appointment and Remuneration Committee, after it has consulted the CEO regarding the other members of the Executive Committee.

  For fiscal year 2019, the fixed remuneration awarded respectively to the CEO and the three other members of the Executive Committee is set out in the table hereafter.

- **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 the targets. They are a combination of personal qualitative targets and financial and qualitative targets for Befimmo SA, and a weighting is applied. The Board avoids setting criteria that might encourage the members of the Executive Committee 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. 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 performance of the CEO and other members of the Executive Committee during the fiscal year in question against the targets for that year. The payment of any variable remuneration awarded is 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:

  For fiscal year 2019, the performance of the CEO and the other members of the Executive Committee (formerly the Management Committee) was appraised on the basis of the following criteria:

  - current net result per share (30%); this criterion, corresponding to EPRA earnings plus gains and losses actually realised, but not any that are as yet unrealised, also reflects the ratio of overheads/rental income;
  - operating margin (15%);
  - occupancy rate of properties (15%); the goal is a high rate, but it may not be achieved at the expense of unusual rental concessions;
  - financing costs of Befimmo compared with the market (20%);
  - human-resource management (20%).

  Supplementary individual objectives were also set in keeping with the specific operational responsibilities of the CEO and each of the other members of the Executive Committee.

  The target maximum amounts of the variable annual remuneration for fiscal year 2019 were set as follows:

  - for the CEO: a target variable remuneration of €200,000 with a ceiling of €250,000; this amount includes any variable remuneration awarded to him by Befimmo SA and/or any of its subsidiaries;
  - for the other three members of the Executive Committee: a target variable remuneration of €320,000 with a maximum of €400,000 (total amount for the three members of the Executive Committee).

  The payment of variable remuneration for fiscal year 2019 is 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:

  - 50% of the variable remuneration earned in 2019 is paid in 2020;
  - 25% of the variable remuneration is deferred for one year and will be payable in 2021 provided that the performance indicators for the Company's results are sustained throughout 2019 and 2020;
  - the remaining 25% of the variable remuneration will be payable in 2022, again provided that performance is sustained throughout 2019 to 2021.

  On the above basis, at its meeting of 6 March 2020, the Board of Directors, on a proposal of the Appointment and Remuneration Committee, decided to award the CEO and the other members of the Executive Committee variable remuneration for fiscal year 2019 of the amounts set out in the table below.

EXECUTIVE COMMITTEE – REMUNERATION FOR THE 2019 FISCAL YEAR

IN €	FIXED REMUNERATION	VARIABLE REMUNERATION[1]	POST-EMPLOYMENT BENEFITS	TOTAL	CONTRACTUEL SEVERANCE GRANT
Managing Director					
SPRLu BDB Management[2]	230 000	100 000		330 000	263 592
Benoît De Blieck[3]	251 633	150 000	74 285	475 918	486 408
Other members of the Executive Committee	854 781	375 000	182 253	1 412 035	1 220 000
Total Executive Committee	**1 336 415**	**625 000**	**256 538**	**2 217 953**	

1. The payment of the variable remuneration is staggered over a period of 3 years, pursuant to the rules set up in the remuneration policy.
2. These sums include the remuneration gained by BDB Management SPRLu for the directorships it exercises, as Managing Director of Befimmo Property Services SA and Chairman of the Board of Directors of Axento SA, both subsidiaries of Befimmo SA.
3. These sums include the remuneration gained by M. Benoît De Blieck as Managing Director of Befimmo SA.

Miscellaneous expenses and disbursements

Befimmo reimburses the 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 the Chairman designates for that purpose;
- the other members of the Executive Committee in the course of their duties, upon presentation of supporting documents to the CEO or any other person that he or she may designate for that purpose.

Apart from the provision of a portable computer and mobile telephone that meet the standards of Befimmo SA (notably in terms of security), the CEO and other members of the Executive Committee do not receive any benefits in kind. They bear the cost of their telephone traffic.

Pensions

The members of the Executive Committee may choose to allocate part of their fixed remuneration to a supplementary pension plan through a 'personal pension scheme' insurance policy taken out with an approved insurer via a pension agreement. This agreement offers benefits in the event of retirement or of death before retirement. The main features of these benefits are set out in the remuneration policy.

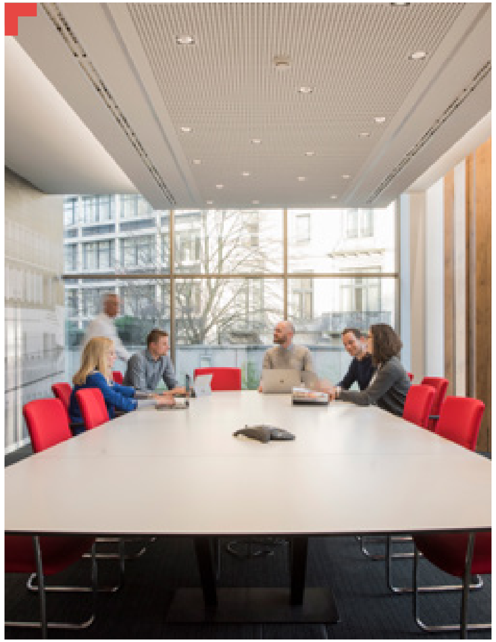
Stock Units Performance Plan

As of fiscal year 2020, the members of the Befimmo Executive Committee may also be awarded Performance Stock Units (PSUs). At the end of a vesting period of three years from the award of the PSUs, these entitle the Executive to receive Company stock, as well as an amount in cash corresponding to the dividends paid out during the vesting period. The shares underlying the PSUs will be issued only after an assessment of the achievement of the above criteria (Performance Test). Shares issued following vesting must be kept for at least two years by the Executive, without prejudice to compliance with the minimum share threshold applicable to the Executives. This new plan is more fully described in the remuneration policy.

Severance allowances

The provisions relating to severance pay are described in the remuneration policy.

No severance pay was paid to any member of the Executive Committee during fiscal year 2019.



Blue Tower - Brussels Louise district

CORPORATE SOCIAL RESPONSIBILITY

Befimmo's social responsibility is fully integrated into its strategy.

The Directors of Befimmo set and approve the budgets and major decisions on social responsibility, notably at strategy meetings and at the meetings scheduled every quarter when the results are published.

Befimmo's social responsibility is also fully integrated into its day-to-day management.

At the strategic level, the Social Responsibility Unit (CRS) is made up of five people, including three members of the Executive Committee: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), The Head of Environmental Management (HEM) and the Head of CSR & Innovation (HCSR&I).

This unit is responsible for developing and monitoring the Social Responsibility Action Plan, releasing sufficient human resources, and organising the annual management review.

Online sheet "CSR governance"

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, inspired in particular by the "Enterprise Risk Management" model developed by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission), identifying and classifying the main risks to which it is exposed, analysing how far it controls 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) and has established an Executive Committee.

The Company is organised into a number of departments as set out in an establishment plan.

The operational functions are carried out in the technical departments (project management, property management and environmental management), and the commercial, rental management and investment departments. The support functions are provided by the accounts department, controlling team, treasury/financing and legal real-estate departments, general secretariat & legal corporate, IR & communication, corporate social responsibility & innovation, human resources and IT department.

Each member of the team has a job description.

There is a power of attorney procedure for both internal matters (decision-making powers) and external matters (powers of signature and representation). The Board of Directors has delegated a number of powers of decision-making and representation to the Executive Committee. In this context, it has a power to sub-delegate, which it has exercised, setting limits in terms of the acts and amounts concerned, defined by department and in line with the hierarchical position of the authorised employees. These sub-delegations include an internal procedure for approving orders and invoices. The principle of dual signatures is applied. There is also a specific procedure for authorising payments.

All these powers are formalised in internal procedures.

Among the control functions, the compliance function is exercised by the General Counsel & Secretary General (Aminata Kaké). The CFO (Laurent Carlier) is responsible for the risk-management function. Management control is the responsibility of the controlling team.

The Internal Auditor (Pierre-Olivier Schmitz) is in charge of the internal audit with the external support of BDO Risk Advisory.

For the annual closure, the Company's directors and members of the Executive Committee 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 real-estate experts.

Organisation of internal control

The Audit Committee, composed of a majority of independent directors, has a specific duty in terms of monitoring the Company's internal control and risk management.

In carrying out this duty, the Audit Committee makes use in particular of the work of the Internal Auditor and the outsourced internal auditors (consultants), who report directly to him. 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 website.

Ethics

The Board of Directors has drafted a Corporate Governance Charter and a Code of Ethics. These documents can also be consulted on the Company's website.

Online sheet "Ethics"

Risk analysis and control activities

The risk analysis carried out in early 2019, with the help of an external consultant and which led to a full review of the Befimmo SA risk matrix, was reviewed at the end of 2019 to take account of changes in prospectus regulations and ESMA recommendations.

The risks assessed on the basis of their potential impact, their level of control, their specific nature and the appetite of the Company were then classified in order of decreasing potential impact and assessed, taking into account Befimmo's positioning and mitigation measures taken, at "high, medium or low" levels.

This risk matrix provides a framework for the work of the internal audit service, reviewed annually as part of a three-year plan by the Audit Committee. The corporate risk rules provide for a formal update of the risk factors, twice a year, when the half-yearly and annual financial reports are drafted. This is an in-depth risk analysis periodically carried out by the Risk Manager, in cooperation with the Internal Auditor and the Compliance Officer. This update is then presented to and discussed in the Executive Committee. Finally, the document is transmitted to the Audit Committee for review and to the Board of Directors for formal approval.

"Risk factors"

Financial information and disclosure

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. The Company has a checklist of steps to be followed by the various departments involved in the process and the subsidiaries. The accounts team produces the accounting figures using the management software, under the supervision of the Chief Accountant.

The Controlling Team checks the validity of the figures provided by accounts and produces the quarterly reports. The figures are checked using the following techniques:

- consistency tests by comparison with historical or budget figures;
- sample checks of transactions according to their materiality.

Financial reporting is prepared on a quarterly basis by the Controlling Team and discussed with the CFO. This reporting, together with notes on the operational activities, is then analysed by the Executive Committee.

A timetable of periodic publications for the year is proposed by the Executive Committee and approved by the Board of Directors. The quarterly, half-yearly and annual reports and the relevant press releases/financial reports are submitted to and analysed by the Executive Committee, Audit Committee and Board of Directors, which adopts them before publication. The Statutory Auditor conducts a limited review of the consolidated half-yearly financial statements, as at 30 June. At annual close, on 31 December of each year, it audits the statutory and consolidated accounts.

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:

- internal audit, on the basis of cooperation between an internal auditor and an outsourced team of internal auditors: during fiscal year 2019, two internal audits were carried out, relating to "Services to tenants" and "Acquisition and disposal procedures";
- the Audit Committee: over fiscal year 2019, the Audit Committee reviewed the quarterly closures and the specific accounting methods, notably those linked to IFRS 16 and the acquisition of Silversquare. It reviewed the ongoing litigation and the main risks to Befimmo and examined the recommendations of the internal audit and analysed the acquisition of Silversquare (in particular the valuation and the impact on reporting);
- the Statutory Auditor in the context of its review of the half-yearly and annual accounts.

The Board of Directors supervises the performance of the duties of the Audit Committee in that connection, notably through that Committee's reporting.

OTHER STAKEHOLDERS

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 Companies and Associations, it checks and certifies the financial information in the annual accounts. Secondly, in accordance with the law, it cooperates with FSMA's controls. The FSMA may also ask it to confirm the accuracy of other information sent to the FSMA.

The Befimmo General Meeting of 25 April 2017 appointed Ernst and Young Réviseurs d'Entreprises CVBA as the Company's Statutory Auditor, with registered office at De Kleetlaan 2, 1831 Diegem, entered in the trade register under number 0466.334.711, RPM Brussels, represented by Mrs Christel Weymeersch, Partner, Business Auditor, for three fiscal years.

The Statutory Auditor's fees for fiscal year 2019 amounted to €67,938.93 excluding VAT. In fiscal year 2019 it also provided additional services as part of its statutory duties for a fee of €26,938.73 excluding VAT. Outside its statutory role, during fiscal year 2019, Ernst & Young and affiliated companies provided services related to other non-auditing duties for a fee of €37,030 excluding VAT.

Ernst & Young, represented by the same auditor, is also the Statutory Auditor of the Befimmo subsidiaries. The fees of the Statutory Auditor for auditing the financial statements for fiscal year 2019 of Fedimmo, Befimmo Property Services, Meirfree, Vitalfree and Silversquare Belgium and its subsidiaries totalled €60,718.14 excluding VAT.

Auditing for the Luxembourg subsidiary, Axento SA and Silversquare Luxembourg SA, is performed by Ernst & Young SA, with its registered office at Avenue John F. Kennedy 35E, 1855 Luxembourg, entered in the Luxembourg register of commerce and companies under number B 47.771 and with establishment licence No 00117514, represented by Mr René Ensch, Partner. The fees for auditing the accounts of Axento SA and Silversquare Luxembourg SA for fiscal year 2019 amount to €13,500 excluding VAT.

Outside its statutory role, during fiscal year 2019, Ernst & Young (Luxembourg) provided services related to other non-auditing duties for a fee of €10,500 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 rule on the "Statutory Auditor's non-audit services ratio" was observed in respect of the Statutory Auditor's services.

Real-estate experts

For fiscal year 2019, Befimmo used two real-estate experts: Mr Rod P. Scrivener (JLL - avenue Marnix 23, 1000 Brussels) and Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield, company under Dutch Law, acting through its Belgian branch Wissinger & Associés SA – rue Royale 97, 1000 Brussels). Mr Rod P. Scrivener also has the task of coordinating the valuations.

These mandates were granted in accordance with the provisions of the Royal Decree of 13 July 2014. The three-year mission ran from 1 January 2018 to 31 December 2020.

These are companies of real-estate experts with an excellent knowledge of the market and which enjoy an international reputation.

For fiscal year 2019, the fees paid to these experts for their quarterly valuations amounted to:

- JLL - Rod P. Scrivener: €79,250 excluding VAT;
- C&W - Christophe Ackermans: €182,128 excluding VAT.

Additional fees paid to these experts in 2018 for occasional valuations amounted to:

- JLL: n.a.;
- C&W - Christophe Ackermans: €7,500 excluding VAT (valuation of acquisition projects).

Financial service

The Company's financial service is provided by ING Belgium, which received remuneration of €84,808.79 (including VAT) on that account in 2019. This remuneration is variable, depending on the amount of the dividend paid out and the realisation of a dividend in optional form.

RESEARCH AND DEVELOPMENT

Over the fiscal year, Befimmo carried out R&D activities related to the potential of various markets, the changing working environment and new services to be offered to its tenants. In 2019, Befimmo also devoted part of its R&D activities to supporting its digital transformation. It aims to adapt to a new digital reality that provides the tools and solutions needed to reinforce the long-term objectives that it has set for itself both in its overall strategy and in its internal organisation, by creating links. It is with this goal that Befimmo has brought together a set of digital transformation projects under the banner of the "LynX Programme".

Finally, Befimmo launched an innovation campaign a few years ago which is still ongoing to this day. It is a participative approach to involve the team in the strategic axes at the heart of Befimmo's business. The team is invited to join a working group which aims to develop the strategic priorities or a project related to the LynX digitisation programme that they care about so that, in a collective intelligence approach, they can propose and implement innovation projects.

Total resources devoted to research and development amount to €594,293.

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 7:96 and 7:97 of the Code of Companies and Associations;
- a specific regime provided for by Article 37 of the Law of 12 May 2014 on BE-REITs, which provides in particular for the obligation to notify the FSMA prior to certain transactions planned with persons covered by that provision, to carry out such operations at normal market conditions and to disclose such operations to the public;
- and also by the additional rules specified in its Charter of Corporate Governance. These rules and their application in fiscal year 2019 are described below.

Article 7:96 of the Code of Companies and Associations

Pursuant to Article 7:96 of the Code of Companies and Associations, 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 at which the decision is to be taken. The minutes of the meeting must be supplied to the Company's Statutory Auditor, who shall assess in his report on the annual accounts the financial consequences for the Company of the decisions of the Board of Directors, for which there is an opposing interest.

The Director concerned may not take part in the discussions of the Board of Directors relating to the transactions or decisions concerned, nor take part in the vote. The relevant minutes shall then be reproduced in the management report.

Article 7:96 of the Code of Companies and Associations provide for some exceptions to its application, in particular with regard to routine transactions concluded subject to normal market conditions and guarantees for transactions of the same type.

Article 7:97 of the Code of Companies and Associations

If a listed company is contemplating a transaction with an affiliated company (subject to certain exceptions), Article 7:97 of the Code of Companies and Associations requires the establishment of an ad hoc Committee consisting of three independent directors; this Committee, assisted by an independent expert, must provide a detailed reasoned opinion on 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 excerpt from the minutes of the Board meeting and the Statutory Auditor's opinion are to be included in the management report.

Article 37 of the Law of 12 May 2014 on BE-REITs and Article 8 of the Royal Decree of 13 July 2014 concerning BE-REITs

This Article requires in particular, subject to certain exceptions, public BE-REITs to inform the FSMA in advance of any transaction that they propose to carry out with an affiliated company, a company in which the BE-REIT has a shareholding[1], other shareholders of a company within the perimeter[2] of the BE-REIT, or the directors, managers or members of the Executive Committee of the public BE-REIT. The Company must establish that the proposed transaction is in its interest and is in line with its strategy, 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 BE-REIT must inform the public at the time the transaction is entered into and comment on this information in its annual financial report.

1. Note that, under the Code of Companies and Associations, such a link is presumed to exist, unless proven to the contrary, in particular when a shareholding represents at least one tenth of the Company's capital.
2. "Company within the perimeter" means a company more than 25% of whose share capital is held directly or indirectly by a regulated real-estate investment trust, including its subsidiaries, pursuant to Article 2(18) of the Law of 12 May 2014 on BE-REITs.

Additional confidentiality rules provided in Befimmo's Corporate Governance Charter

Confidentiality rules

Wherever it would be contrary to the interests of the shareholders of Befimmo for the director concerned to be informed of the terms on which Befimmo 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 has completed the transaction or decided not to pursue it).

Policy concerning transactions with Directors not covered by Article 7:96 of the Code of Companies and Associations

If Befimmo intends to carry out a transaction that is not covered by Article 7:96 of the Code of Companies and Associations with a Director or a company controlled by that Director or in which he has a shareholding other than a minority one (for example, because it is a routine transaction subject to normal market conditions and guarantees), Befimmo nevertheless considers it necessary:

- for that Director to declare his interest to the other Directors before the discussion by the Board of Directors;
- for his declaration and the reasons why Article 7:96 of the Code of Companies and Associations does not apply to be set down in the minutes of the Board meeting at which the decision is to be taken;
- for the Director concerned to refrain from being present at the Board's debate on the transaction and from taking part in the relevant vote;
- whenever it would be contrary to the interests of Befimmo shareholders for the Director concerned to be informed of the conditions under which Befimmo 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.

The transaction must in any case 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 and one of its subsidiaries.

Policy on transactions with a member of the Executive Committee

Under the Befimmo Governance Charter, this policy also applies mutatis mutandis to transactions between the Company and its subsidiaries and the members of the Executive Committee: the member 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'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 has decided to apply a procedure modelled closely on Article 7:96 of the Code of Companies and Associations 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 shall 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 7:96 of the Code of Companies and Associations 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 excerpts from the minutes of the Board of Directors must also be reproduced in the management report.

Befimmo has not detected any other potential conflict of interest.

Mandatory disclosures pursuant to the Code of Companies and Associations (Articles 7:96 and 7:97)

Over fiscal year 2019, one decision or transaction gave rise to the application of Article 7:96 of the Code of Companies and Associations (former Article 523 of the Code of Company Law).

At its meeting of 8 March 2019, the Board of Directors discussed (i) the determination of variable remuneration of the Managing Director of the Company, Mr Benoît De Blieck, and of the other members of the Management Committee for fiscal year 2018, and (ii) the determination of the fixed remuneration and performance criteria for the award of the remuneration of the Managing Director and other members of the Management Committee for fiscal year 2019. 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 his remuneration and the determination of his performance criteria. The relevant excerpt from the minutes is reproduced below.

Excerpt from the minutes of the meeting of the Board of Directors of Befimmo SA of 8 March 2019.

1.1. Disclosure of a conflict of interests and application of Article 523 of the Code of Company Law

Before discussion on this agenda item opened, Mr Benoît De Blieck, Managing Director, announced that there was a potential conflict of interests of a financial nature within the meaning of Article 523 of the Code of Company Law. He said that the conflict of interests arose from the fact that the decision related to the setting of his variable remuneration as CEO and Chairman of the Management Committee of Befimmo SA for fiscal years 2018 and 2019. The Board of Directors took note of this declaration and noted that the Managing Director left the meeting during the discussions and decisions relating to the above-mentioned items.

(The Managing Director left the meeting)

1.2. Determination of the variable remuneration of the CEO for fiscal year 2019 - Performance criteria and target variable remuneration for fiscal year 2019

The Chairman of the Appointment and Remuneration Committee presented the proposals of the Appointment and Remuneration Committee for the fixed remuneration of the Managing Director for fiscal year 2019, his variable remuneration for fiscal year 2018 and the performance criteria and amounts of his variable remuneration for fiscal year 2019. These proposals take into account the results of the BE-REIT and the achievement of both quantitative and qualitative targets.

Decisions: After discussion, the Board of Directors, excluding the Managing Director, who did not take part in the discussions or decision on these items:

- *approved the proposal of the Appointment and Remuneration Committee to award Mr Benoît de Blieck, for his work as Managing Director of Befimmo SA in 2018, variable remuneration of €150,000; furthermore, based on the assessment of the performance criteria specific to Befimmo Property Services SA, a proposal will be made to the Board of Directors of Befimmo Property Services to grant a variable remuneration of €100,000 to its Managing Director, BDB Management SPRLU, represented by its manager and permanent representative, Mr Benoît De Blieck; this brings the total variable remuneration to €250,000 for fiscal year 2018;*
- *set the key objectives and performance criteria for the award of the Managing Director's variable remuneration for fiscal year 2019: current net earnings per share (30%), operating margin (15%), property occupancy rate (15%), cost of financing (20%) and human resources management (20%); additional personal targets, in relation to the above-mentioned targets, in keeping with the specific operational responsibilities of the Managing Director;*
- *set the target amount of the Managing Director's variable annual remuneration for fiscal year 2019 as follows: a target variable remuneration of €200,000 with a maximum of €250,000 if the targets are exceeded; this amount includes any variable remuneration awarded to him by Befimmo SA and/or one its subsidiaries.*

  In accordance with the remuneration policy, the portion of variable remuneration allocated to the Managing Director in year "N" (year concerned by the valuation) to be paid in the first year (N+1) may not exceed 50% of the total amount of variable remuneration granted. Payment of 25% of the variable remuneration is deferred for one year and will be made 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 is 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);
- *on 1 January 2019 redefined the overall annual fixed remuneration (cumulative cost of the Befimmo, Befimmo Property Services and Axento companies) for the Managing Director as an amount of €585,000, an increase of €35,000. This increase follows the benchmark carried out in 2018 at the request of the CNR. It is broken down as follows:*

Befimmo / Natural person	355 000 EUR
BPS / BDB Management	205 000 EUR
Axento / BDB Management	25 000 EUR
Total	585 000 EUR

Over fiscal year 2019, no decision or transaction gave rise to the application of Article 7:97 of the Code of Companies and Associations (former Article 524 of the Code of Company Law).

Application of Article 37 of the law of 12 may 2014 on BE-REITs

Over the fiscal year, that Article was not applied in respect of any dossier.

Transactions not covered by the statutory provisions on conflicts of interest but covered by Befimmo's Charter of Corporate Governance

During the past financial year, no dossier gave rise to the application of the rules for the prevention of conflicts of interest covered by the Befimmo Corporate Governance Charter above and beyond the applicable statutory provisions.

Rules to prevent market abuse

Principles

The Corporate Governance Charter embodies rules designed to prevent market abuses, applicable to the Directors, members of the Executive Committee and staff of Befimmo, 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 a Code of Conduct (the Dealing Code) designed to raise the awareness of the persons concerned of their principal obligations and to lay down internal procedures to be followed in that regard. The Dealing Code is laid down by the Board of Directors and all employees receive and sign a copy when taking up their post, as part of training provided by the Compliance Officer. The Dealing Code is regularly updated to take account of relevant regulatory developments. It is published on the Befimmo website.

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, she makes and keeps up-to-date lists of persons having access to privileged information, particularly in the context of specific transactions (in which case they may not disclose the information or carry out transactions on the financial instruments issued by Befimmo) and anyone likely to have such access on a regular basis. Where such persons plan to carry out transactions on financial instruments issued by Befimmo, 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 has to inform the person concerned if 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. These rules are applicable to all directors, members of the Executive Committee, employees and certain consultants working on a regular basis with Befimmo. Furthermore, the directors and members of the Executive Committee must notify the FSMA of transactions conducted on their own account relating to the Company shares within three business days of the transaction concerned being carried out[1].

During so-called "prohibited" periods (a certain period preceding the publication of Befimmo's annual, half-yearly and quarterly results), Directors, members of the Executive Committee and employees may not trade in Befimmo financial instruments.

Application

Mrs Aminata Kaké holds the position of Compliance Officer of Befimmo.

The Befimmo Dealing Code was updated on 7 February 2018, to introduce an internal whistle-blowing procedure and to bring it into line with the other amendments made by the law of 31 July 2017 amending the law of 2 August 2002 on the supervision of the financial sector and financial services.

The above-mentioned rules were applied without giving rise to any difficulties.

1. This obligation also applies to transactions carried out by natural or legal persons closely linked to them.

STOCK OWNERSHIP OR STOCK OPTIONS PLAN

- As of fiscal year 2020, the members of the Befimmo Executive Committee may also be awarded Performance Stock Units (PSUs). At the end of a vesting period of three years from the award of the PSUs, these entitle the Executive to receive Company stock, as well as an amount in cash corresponding to the dividends paid out during the vesting period. The shares underlying the PSUs will be issued only after an assessment of the achievement of the above criteria (Performance Test). Shares issued following vesting must be kept for at least two years by the Executive, without prejudice to compliance with the minimum share threshold applicable to the Executives. This new plan is more fully described in the remuneration policy.
- Befimmo has not implemented a stock option plan or granted such options to members of its bodies or its employees.

SHARES HELD BY THE DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

At 31 December 2019, the following non-executive Directors (or their permanent representatives) and members of the Executive Committee of Befimmo held Befimmo shares:

- Mr Laurent Carlier (330 shares) and
- Mr Benoît Godts (1,109 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's administrative body in that respect are restricted to a large extent by the Company's status as a BE-REIT.

- Capital structure, indicating any different categories of shares and, for each category of shares, the rights and obligations associated with it 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 members of the administrative body (Royal Decree, Article 34(7)); Powers of the administrative body (Royal Decree Article 34(8))

The Board of Directors of Befimmo has certain powers concerning the right to issue or purchase shares (authorised capital clause and authorisation for the purchase and disposal of treasury shares).

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.

More specifically, these clauses provide as follows:

- Pursuant to Article 7 of the articles of association of Befimmo, the Board of Directors is authorised to increase the company capital, in one or more stages, on such dates, terms and conditions as it may decide, by a maximum amount of:

  1°) €205,135,237.71, if the capital increase to be carried out is a capital increase by contribution in cash (i) with preferential rights for the shareholders of the Company, as provided for in Articles 7:188 et seq. of the Code of Companies and Associations, or (ii) with an irreducible right of allocation to Company shareholders, as provided for in Article 26(1)(1) and (2) of the law on BE-BREITs;

  2°) €41,027,047.54, if the capital increase to be carried out is a capital increase within the framework of the distribution of an optional dividend;

  3°) €41,027,047.54 for all other forms of capital increase not covered by points 1) and 2) above;

  on the understanding that the share capital may not in any case be increased within the framework of the authorised capital by more than €287,189,332.79.

  This authorisation was granted for a period of five years, starting on 27 December 2019. It may be renewed by a decision of the General Meeting. The use of this 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.

  This authorisation replaced the authorisation of the General Meeting of 26 April 2016.

- 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 27 December 2019).
- In accordance with Articles 7:215 et seq. of the Code of Companies and Associations and Article 11 of the articles of association of Befimmo, the Board of Directors is authorised to acquire fully paid-up shares in Befimmo (within the statutory limits set by the General Meeting). This authorisation is valid for five years from 26 April 2016 and may also be renewed;
- The Board of Directors may dispose of the Company's own shares (i) provided that equal treatment between shareholders is complied with in accordance with the conditions set out in Article 7:218(1)(1) and (2) of the Code of Companies and Associations, (ii) to its staff, in accordance with Article 7:218(1)(5) of the Code of Companies and Associations or (iii) to one or more specific persons, other than staff members, in accordance with Article 7:218(1)(4) of the Code of Companies and Associations and Article 11 of the articles of association.

  The powers and authorisations referred to in the last two points above apply to acquisitions and disposals of Company shares by one or more subsidiaries directly under its control.

- Restriction of voting rights by law or the articles of association (Royal Decree, Article 34(5)).

No provision of the articles of association restricts the voting rights of Befimmo shareholders.

Moreover, we would recall that, in accordance with the Code of Company Law and Article 28(1) 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 General Meeting at midnight (Belgian time): either by registration of the shares in the company's registered shares register, or by registering them in the account of an authorised holder or settlement institution. 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 wish 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 dematerialised shares."*

These are general provisions of the articles of association and 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.

- Rules applicable to changes in the option writer's articles of association (Royal Decree, Article 34(7))

  In accordance with Article 12 of the Law of 12 May 2014 on BE-REITs, any proposed amendment to 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 Degroof Petercam, BECM, Belfius, BNP Paribas Fortis, ING, KBC, Agricultural Bank of China (Luxembourg) and Société Générale SA (Belgian branch).

  Moreover, the agreement on the private bond placement made in the United States in May 2012, and the various private placements, include a similar clause entitling each investor to request early redemption of their notes at par in the event of a change of control.

SHARE OWNERSHIP, STRUCTURE AND ORGANISATION

Share ownership

SHAREHOLDERS[1]	IN %
AXA Belgium SA	9.6
Ageas and affiliated companies	9.3
Norges Bank	3.0
BlackRock Inc.	3.0
Befimmo SA	4.9
Other shareholders below the statutory threshold	70.2

Shareholders do not have different voting rights.

Structure and organisation

At 31 December 2019, the Company had the following subsidiaries:

- Fedimmo SA, a Belgian Regulated Real-Estate Investment Trust, which is 100% owned by Befimmo;
- Vitalfree SA, a Belgian limited-liability company which is 100% owned by Befimmo;
- Meirfree SA, a Belgian limited-liability company which is 100% owned by Befimmo;
- Axento SA, a Luxembourg limited-liability company which is 100% owned by Befimmo; and
- Befimmo Property Services SA, a Belgian limited-liability company which is 100% owned by Befimmo.

Befimmo also has joint control of:

- Silversquare Belgium SA, a limited-liability company under Belgian law, 68% owned by Befimmo. Silversquare Belgium SA is the parent company of Silversquare Luxembourg SA.

Since 30 January 2020, Befimmo has also been the controlling shareholder of Zin in Noord, a Belgian Regulated Real-Estate Investment Trust, which is 64.1% owned by Befimmo and 35.9% by Fedimmo.

The breakdown of properties in the consolidated portfolio by subsidiary is published in Appendix V to this Report.

1. As at 31 January 2019, on the basis of transparency declarations or of information received by the shareholder.

Meir - Antwerp

CONSOLIDATED STATEMENTS

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Consolidated statement of total comprehensive income (in € thousand)

		Notes	31.12.19	31.12.18
I.	(+) Rental income	5	142 437	144 067
III.	(+/-) Charges linked to letting	6	- 514	- 501
NET RENTAL RESULT			**141 924**	**143 566**
IV.	(+) Recovery of property charges	7	14 992	9 771
V.	(+) Recovery of rental charges and taxes normally paid by tenants on let properties	8	24 300	30 852
VII.	(-) Rental charges and taxes normally paid by tenants on let properties	8	-29 752	-29 068
VIII.	(+/-) Other revenue and charges for letting	9	536	716
PROPERTY RESULT			**152 000**	**155 837**
IX.	(-) Technical costs	7	-17 055	-12 160
X.	(-) Commercial costs	7	- 1 476	- 1 998
XI.	(-) Charges and taxes on unlet properties	7	-2 268	-2 723
XII.	(-) Property management costs	7	- 2 642	- 2 618
XIII.	(-) Other property charges	7	-5 308	-6 360
	(+/-) Property charges		-28 749	-25 858
PROPERTY OPERATING RESULT			**123 251**	**129 978**
XIV.	(-) Corporate overheads	10	-16 504	-14 282
XV.	(+/-) Other operating income and charges	11	- 1 028	- 447
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**105 719**	**115 249**
XVI.	(+/-) Gains and losses on disposals of investment properties	12	12 961	343
XVIII.	(+/-) Changes in fair value of investment properties	13	110 113	- 5 514
OPERATING RESULT			**228 793**	**110 078**
XX.	(+) Financial income	14	782	889
XXI.	(-) Net interest charges	14	- 19 117	- 18 911
XXII.	(-) Other financial charges	14	-4 933	-2 522
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	14	- 25 539	- 5 901
	(+/-) Financial result		**-48 807**	**-26 446**
PRE-TAX RESULT			**179 986**	**83 632**
XXV.	(-) Corporate tax	15	- 1 228	- 785
	(+/-) Tax		**-1 228**	**- 785**
NET RESULT		**16**	**178 757**	**82 847**
TOTAL COMPREHENSIVE INCOME (group share)			**178 463**	**82 847**
NON-CONTROLLING INTERESTS			**294**	**-**
BASIC NET RESULT AND DILUTED (€/share)		**16**	**6.95**	**3.24**
Other comprehensive income - actuarial gains and losses - pension liabilities		35	- 1 585	111
TOTAL COMPREHENSIVE INCOME			**177 172**	**82 958**
TOTAL COMPREHENSIVE INCOME (group share)			176 878	82 958
NON-CONTROLLING INTERESTS			294	-

Consolidated statement of financial position (in € thousand)

ASSETS		Notes	31.12.19	31.12.18
I.	**Non-current assets**		**2 861 689**	**2 700 743**
A.	Goodwill	17	23 629	14 217
B.	Intangible assets	19	1 729	899
C.	Investment properties	18	2 814 822	2 655 324
	Fair value of portfolio (excluding Silversquare)		2 790 778	2 655 324
	Right of use - Fair value of Silversquare leases		24 044	-
D.	Other property, plant and equipment	19	10 948	1 021
E.	Non-current financial assets	20	7 296	27 497
F.	Finance lease receivables	21	3 265	1 784
II.	**Current assets**		**50 563**	**34 398**
B.	Current financial assets	20	12 763	10 004
C.	Finance lease receivables	21	142	139
D.	Trade receivables	22	31 535	21 454
E.	Tax receivables and other current assets	23	1 060	52
F.	Cash and cash equivalents	24	2 878	591
G.	Deferred charges and accrued income	25	2 184	2 157
TOTAL ASSETS			**2 912 251**	**2 735 140**

SHAREHOLDERS' EQUITY AND LIABILITIES		Notes	31.12.19	31.12.18
TOTAL SHAREHOLDERS' EQUITY			**1 603 872**	**1 443 214**
I.	**Equity attributable to shareholders of the parent company**		**1 603 872**	**1 443 214**
A.	Capital	26	398 320	357 871
B.	Share premium account	26	861 905	792 641
C.	Reserves	26	231 434	276 104
D.	Net result for the fiscal year[1]		112 213	16 597
II.	**Non-controlling interests**	40	-	-
LIABILITIES			**1 308 379**	**1 291 926**
I.	**Non-current liabilities**		**696 157**	**760 478**
A.	Provisions	29	1 471	728
B.	Non-current financial debts	27	637 567	735 519
	a. Credit institution		201 446	297 319
	c. Other		436 121	438 200
C.	Other non-current financial liabilities	28	46 455	21 881
D.	Trade debts and other non-current debts	30	9 974	2 130
F.	Deferred Tax - Liabilities	15	691	219
II.	**Current liabilities**		**612 222**	**531 448**
A.	Provisions	29	3 155	5 039
B.	Current financial debts	27	497 167	443 012
	a. Credit institution		61 448	13 674
	c. Other		435 719	429 338
C.	Other current financial liabilities	28	-	2 140
D.	Trade debts and other current debts	30	85 596	54 289
E.	Other current liabilities	31	3 872	4 099
F.	Accrued charges and deferred income	32	22 432	22 870
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			**2 912 251**	**2 735 140**

[1] The difference between the "Net result for the fiscal year" in the Consolidated statement of financial position and the "Net result" in the Consolidated statement of comprehensive income.

Consolidated cash flow statement

(in € thousand)

	Notes	31.12.2019	31.12.2018
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR		**591**	**254**
Adjustment in the CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR following the change in scope of consolidation (integration of Silversquare in the consolidation on 1 January 2019)		**1 560**	**-**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR		**2 150**	**254**
Operating activities (+/-)			
Net result for the period		178 757	82 847
Result on disposal of investment properties	12	- 12 961	- 343
Financial result (excl. changes in fair value of financial assets and liabilities)	14	23 268	20 545
Interest paid (incl. Financial charges IFRS 16)		- 24 177	-20 231
Taxes	15	1 228	785
Taxes paid		- 870	-1 073
Items with no effect on cash flow to be extracted from earnings			
Fair value adjustment for investment buildings (+/-)	13	- 110 113	5 514
Fair value adjustment on non-current financial assets/liabilities booked to earnings (+/-)	14	25 539	5 901
Loss of (gain in) value on trade receivables (+/-)	6	- 8	141
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)	19	2 294	1 384
Adjustments of provisions (+/-)	29	- 2 727	-2 896
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS		**80 232**	**92 573**
Change in assets items[1]		- 9 490	963
Change in liabilities items[2]		- 5 542	-2 603
CHANGE IN WORKING CAPITAL REQUIREMENTS		**-15 031**	**-1 640**
CASH FLOW FROM OPERATING ACTIVITIES		**65 200**	**90 934**
Investments (-) / Disposals (+)			
Investment properties			
Investments	18	- 60 816	-50 134
Disposals	18	100 186	1 052
Acquisition investment property ARTS 56 (amount in cash)	18	-	-114 366
Acquisitions of redevelopment projects (incl. acquisition Loi 44)	18	- 16 042	-1 813
Other property, plant and equipment	19	- 7 687	- 867
Acquisition holding in Silversquare	20	-	-7 035
CASH FLOW FROM INVESTMENT ACTIVITIES		**15 642**	**-173 162**
Financing (+/-)			
Increase (+)/Decrease (-) in financial debts	34	- 37 693	-20 392
European private bond placements	34	50 000	191 500
Reimbursement USPP May 2019	34	- 82 769	-
Reimbursement financial debt IFRS 16	34	- 1 479	-
Hedging instruments and other financial assets	34	904	- 295
Final dividend previous fiscal year (-)	26	- 21 998	-21 998
Cost capital increase (-)	26	- 1 097	-
Interim dividend Befimmo fiscal year (-)	26	- 66 250	-66 250
Capital increase as a result of optional dividend	26	11 255	-
Private placement of own shares	26	69 013	-
CASH FLOW FROM FINANCING ACTIVITIES		**-80 114**	**82 565**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**728**	**337**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**24**	**2 878**	**591**

[1] This relates mainly to the changes in the headings “II.D. Trade receivables”, “II.E Tax receivables and other current assets” and “II.G Deferred charges and accrued income” on the assets side of the balance sheet.

[2] This relates mainly to the changes in the headings “II.D. Trade debts and other current debts” and “II.F Accrued charges and deferred income” on the liabilities side of the balance sheet.

Consolidated statement of changes in equity (in € thousand)

	Capital	Share premium account	Reserves	Net result of the fiscal year	Equity: group share	Non-controlling interests	Total shareholders' equity
Notes	**26**	**26**	**26**	**16**			
EQUITY AS AT 31.12.17	**357 871**	**792 641**	**228 172**	**69 820**	**1448 504**	**-**	**1 448 504**
Appropriation of the result			69 820	-69 820	**-**		**-**
Dividend distributed			-21 998		**-21 998**		**-21 998**
Befimmo 2017 final dividend			*-21 998*		***-21 998***		***-21 998***
Dividend distributed				-66 250	**-66 250**		**-66 250**
Befimmo 2018 interim dividend				*-66 250*	***-66 250***		***-66 250***
Total comprehensive income			111	82 847	**82 958**		**82 958**
EQUITY AS AT 31.12.18	**357 871**	**792 641**	**276 104**	**16 597**	**1 443 214**	**-**	**1 443 214**
Appropriation of the result			16 597	-16 597	**-**		**-**
Dividend distributed			-21 998		**-21 998**		**-21 998**
Befimmo 2018 final dividend			*-21 998*		***-21 998***		***-21 998***
Interim dividend	2 915	8 249		-66 250	**-55 087**		**-55 087**
Befimmo 2019 interim dividend				*-66 250*	***-66 250***		***-66 250***
Capital increase	*2 915*	*8 249*			***11 163***		***11 163***
Capital increase - Fusion Beway SA	37 534	61 015	32 003		**130 553**		**130 553**
Valuation of the put option held by minority shareholders			-7 039		**-7 039**		**-7 039**
Reserve for own shares			-68 980		**-68 980**		**-68 980**
Private placement of own shares on 3 December 2019			6 331 [1]		**6 332**		***6 332***
Total comprehensive income				178 463	**178 463**		**178 463**
Other elements of comprehensive income			-1 585		**-1 585**		**-1 585**
EQUITY AS AT 31.12.19	**398 320**	**861 905**	**231 434**	**112 213**	**160 659**	**-**	**1 603 872**

[1] The private placement of 3 December 2019 was arranged at a price higher than the value per share determined at the time of the capital increase linked to the Beway SA merger.

Notes to the consolidated financial statements

1. GENERAL BUSINESS INFORMATION

Befimmo ("the Company", registered with Banque Carrefour des Entreprises under number 0455.835.167) is a public regulated Real-Estate Investment Trust under Belgian law (public BE-REIT). 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. Befimmo has a 100% direct or indirect interest in its subsidiaries Axento SA (registered with the Luxembourg Trade and Companies Register under number B 121993 in the Grand Duchy of Luxembourg), Befimmo Property Services SA (registered with Banque Carrefour des Entreprises under number 0444.052.241), Fedimmo SA (registered with Banque Carrefour des Entreprises under number 0886.003.839), Meirfree SA (registered with Banque Carrefour des Entreprises under number 0889.229.788) and Vitalfree SA (registered with the Banque Carrefour des Entreprises under number 0899.063.306). Befimmo holds a 68.16% stake in the company Silversquare Belgium SA (registered with Banque Carrefour des Entreprises under number 0806.423.356). All the Befimmo subsidiaries close their fiscal years at 31 December.

In December 2018, Befimmo bought a 61.34% stake in Silversquare Holding SA (registered with the Banque Carrefour des Entreprises under number 0806.423.356) and 11%[1] in the company Silversquare Louise SA (registered with the Banque Carrefour des Entreprises under number 0893.166.397), a subsidiary of Silversquare Holding SA. At 31 December 2018, Befimmo jointly controlled Silversquare Holding SA under a contractual agreement and incorporates the accounts using the equity method. Despite holding a majority stake of 61% in Silversquare Holding SA, Befimmo did not have sole control at 31 December 2018 and therefore Silversquare Holding SA and its subsidiaries are not included in the consolidation as at 31 December 2018. Since 1 January 2019, Befimmo has had sole control of Silversquare Belgium SA[2], and Silversquare Belgium SA and its subsidiary Silversquare Luxembourg SA are therefore included in the global consolidation of Befimmo as of 31 December 2019.

The Company is presenting consolidated financial statements as at 31 December 2019. The Board of Directors of Befimmo SA adopted the financial statements for this fiscal year on 12 February 2020 and authorised their publication on 6 March 2020.

The Company's business consists of providing office buildings, meeting rooms and coworking spaces, and providing associated services.

At 31 December 2019, the premises provided consisted of quality office buildings and coworking spaces in Belgium, mainly 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 Euronext Brussels.

The description of key events after the close is detailed on page 41 of the management report.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Company's 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, except where explicitly stated otherwise.

In preparing its consolidated financial statements as at 31 December 2019, the Company has analysed and, where appropriate, applied the following new or amended standards and interpretations which entered force during the fiscal year opening on 1 January 2019:

- IFRS 16 - Leases which replaces IAS 17 and the related interpretations and which requires the recognition in the lessee's balance sheet of the rights and obligations arising from all leases, with limited exceptions. As regards the lessor, the changes introduced by this new standard are limited. IFRS 16 is applicable for annual periods beginning on or after 1 January 2019. Note 39 to the financial statements sets out additional information at year-end 2019 of the lease agreements of the group as lessee.
- IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019). This interpretation has no impact on the financial statements as at 31 December 2019 or any further disclosures to

[1] Before the end of 2018, Befimmo sold to Silversquare Holding SA 1.5% of its stake in Silversquare Louise SA.
[2] During 2019, Silversquare Holding SA became Silversquare Belgium SA. Silversquare Belgium SA merged with its Belgian subsidiary, Silversquare Louise SA, during 2019.

be made.
- Amendments to IFRS 9 - *Prepayment Features with Negative Compensation* (effective for annual periods beginning on or after 1 January 2019). The application of these amendments has no impact on the financial statements as at 31 December 2019 or on any further disclosures to be made.
- Amendments to IAS 19 - *Plan Amendment, Curtailment or Settlement* (effective for annual periods beginning on or after 1 January 2019). The application of these amendments has no impact on the financial statements as at 31 December 2019 or on any further disclosures to be made.
- Amendments to IAS 28 - *Long-term Interests in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2019). The application of these amendments has no impact on the financial statements as at 31 December 2019 or on any further disclosures to be made.
- Improvements to IFRS (2015-2017), in particular IFRS 3 and IFRS 11 regarding previously held interests in a joint operation, IAS 12 on the income tax consequences of payments for financial instruments classified as equity instruments and IAS 23 regarding borrowing costs that are included in the cost of the asset (effective for annual periods beginning on or after 1 January 2019). These improvements had no impact on the financial statements as at 31 December 2019 or on any additional disclosures to be made.

Furthermore, the Company has chosen not to apply early the following new or amended standards or interpretations published before the date that the consolidated financial statements were closed, but with a date of entry into force later than the fiscal year closing at 31 December 2019, namely:
- Conceptual framework for financial reporting - Amendments to references to this Conceptual Framework in IFRS (effective for annual periods beginning on or after 1 January 2020).
- Amendments to IFRS 3 - Definition of a Business (effective for annual periods beginning on or after 1 January 2020 but not yet adopted at European level). These amendments, which clarify the concept of a "business" for the purposes of applying IFRS 3, could have an impact on future acquisitions, though the classification of past acquisitions is not reconsidered because the amendments are applicable on a forward-looking basis.
- Amendments to IAS 1 and IAS 8 - *Definition of Material* (effective for annual periods beginning on or after 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS 7 – *Interest Rate Benchmark Reform* (effective for annual periods beginning on or after 1 January 2021).
- IFRS 17 – *Insurance Contracts* (effective for annual periods beginning on or after 1 January 2021 but not yet adopted at European level).

2.2. General principles

2.2.1. General principles of consolidation

For reading the consolidated financial statements, the following definitions apply:

Subsidiary
A subsidiary is an entity controlled by the Company, in accordance with IFRS 10, i.e. where it:
- has power over the entity;
- is entitled to, or is exposed to, variable returns, because of its relationship with the entity, and
- is able to exercise is power to influence the returns it obtains from the entity.

In assessing power over the entity, consideration is given to potential substantive voting rights, such as call options relating to the entity's securities.

Subsidiaries are consolidated by full incorporation from the date on which the Company obtains control. They are de-consolidated on the date on which that control ceases.

Joint venture
A joint venture is an entity of which the Company and one or more other shareholders have joint control under a contractual arrangement.

A holding in a joint venture is accounted using the equity method from the date on which the Company has joint control, and until such time as that control ceases.

Business combinations
A business combination is an entity over which the Company has significant influence but no controlling or joint 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 business combinations and joint ventures 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.

2.2.2. General valuation principles

Most of the group'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 close to their fair value, while some fixed-rate borrowings are 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 exchange-rate hedging also assessed at fair value. Alternatively, they are carried in the accounts at amortised cost (this applies to the European private placements and the debts related to the assignment of future rents and future usufruct fees). The other liabilities items are short-term, so their carrying amount is almost equivalent to their fair value.

2.2.3. Business combinations and goodwill

Where the Company takes control of a "business" as defined in IFRS 3 – *Business Combinations*, the assets, liabilities and any identifiable liabilities of the business acquired are recorded separately at fair value.

The difference between 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.

If the Company already had an interest in the acquired entity prior to the control (step acquisition), including an investment in a business combination or joint venture accounted for using the equity method, the difference between the fair value of the existing interest and the book value of the stake is recorded in the income statement at the date that control was obtained. The goodwill is then calculated as the difference between:

- The sum of the consideration transferred to the seller, if any, to obtain an additional controlling interest and the fair value of the existing interest; and
- The share in the fair value of the net assets acquired.

When the acquired subsidiary is not wholly owned, the Company may, on a case-by-case basis, measure the minority interests at their fair value at the acquisition date, rather than as their share in the net assets acquired. In this case, the acquisition accounting shows the full goodwill.

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*.

2.2.4. 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 re-measured at closing rate when the financial statements are prepared. Any losses or profits from re-measurement are recognised in the income statement.

Profits or losses arising from foreign currency transactions are recorded in the income statement under "Financial result".

2.3. 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 group 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.

The useful life of software is 3 to 5 years.

2.4. Investment properties

2.4.1. General principles

Except in the case of a business combination where the assets acquired are measured at fair value, investment properties are initially measured at cost, including transaction costs and non-deductible VAT. For buildings acquired through a merger, split or contribution of a branch of activity, which are not business combinations, taxes due 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. Fees and charges on an acquisition and any change in the fair value of the properties during the year are recognised directly in the income statement. The adjustment of fees and charges related to a subsequent change in the fair value of a property or to the realisation of a property is determined indirectly when allocating reserves.

Properties that are being constructed or developed for own account in order to be leased are also valued at fair value.

The group values its property portfolio at fair value as determined by experts. The expert bases his valuation mainly 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 a building is its investment value, including registration fees and other transaction costs (also known as "deed-in-hands value") as calculated by an independent expert, minus a standard allowance of 10% (Flanders) or 12.5% (Wallonia and Brussels) for buildings with an investment value of less than €2.5 million, and 2.5% for buildings with an investment value of more than €2.5 million. This 2.5%[1] allowance represents the average transaction costs actually paid in these transactions and is derived from an analysis by independent experts of a large number of transactions observed on the market. This rule is also applied for determining the fair value of property located in the Grand Duchy of Luxembourg.

The independent expert establishes the investment value of the property 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.

2.4.2. 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.

2.4.3. 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 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 property", provided that the building in question does not generate income during this period. By the same logic, withholding taxes, levies and other property charges on projects (properties that are being constructed or developed for own account) that are not earning income are recognised on the assets side of the balance sheet.

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 costs in the income statement.

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[1] This accounting treatment is detailed in the statement issued by BeAMA on 8 February 2006 and confirmed in the notice of the BE-REIT Association of 10 November 2016.

2.4.4. 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.

2.4.5. Right of use asset in office lease agreements

To host these coworking spaces Silversquare signs lease agreements as a tenant of office space. Silversquare does not own any buildings.
The right of use asset in leases as lessee of office space is classified under "Investment property" and assessed at fair value. The fair value of right of use assets is determined by the real-estate expert, who bases his valuation, in particular, on rent flows remaining until the expiry of the lease, taking account of gratuities, benefits and other adjustments. The expert determines the fair value of the right of use asset at the commencement date of a lease agreement for office space. At the end of each quarter, the expert updates the valuation in line with market developments and the specific characteristics of the lease agreements. Any gain or loss arising from a change in fair value, including any arising from the first valuation, is booked to the income statement. The corresponding debt is recognised as a financial liability at amortised cost under the heading "Financial liabilities (non-)current".

2.5. 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 fiscal year end.

Useful life is defined as follows per main type of asset:
- Computer equipment: 3 years;
- Furniture and office equipment: 5 years;
- Office fixtures and fittings: 5-10 years;
- Finance-leased equipment: duration of contract.

The right-to-use asset for lease agreements for cars, copiers and parking spaces is recognised under the heading "Other property, plant and equipment" at amortised cost and amortised on a straight-line basis. The right to use these assets is determined by the Company on the basis of the corresponding debt. That debt is recognised as a financial liability at amortised cost under the heading "Financial liabilities (non-)current". The Company avails itself of the exemption provided for in the standard for low-value assets and short-term leases (and for leases expiring within 12 months of the initial application). In these cases, leases are booked as short-term leases and the associated payments are recognised as an expense from short-term leases.

Investments in fixtures and furnishings in office space dedicated to coworking, leased from a third party, are booked under "Other property, plant and equipment".

2.6. Financial assets

Financial assets are classified in the balance sheet as current or non-current financial assets, according to whether or not they are to be realised within twelve months at the balance sheet date.

2.6.1. Financial assets at amortised cost

These are non-derivative financial assets that satisfy the following two conditions laid down by IFRS 9 - *Financial instruments*:
- The cash flows associated with these financial assets consist solely of repayments of capital and interest payments on the capital; and
- These financial assets are held in accordance with an economic model designed to collect cash flows earned under contract.

In the consolidated financial statements, these are mainly trade receivables and cash.

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 financial assets are measured at amortised cost, which is the nominal value minus an appropriate reserve for expected bad debt in accordance with the principles of IFRS 9.

2.6.2. Financial assets at fair value through profit or loss

These assets include:

- financial assets that do not satisfy the two conditions above; and
- any financial assets that management decides to recognise under the fair value option under the conditions laid down by IFRS 9.

These two categories of financial 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.
In the consolidated financial statements, these are primarily derivatives with a positive fair value.

2.7 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to interest-rate and exchange-rate risks arising from the financing of its activities. The Company does not hold or issue derivative financial instruments for proprietary trading purposes.

The derivatives the Company uses are not, however, treated as hedge accounting as per IFRS 9. As a result, derivative financial instruments are recognised at fair value through profit or loss.

They are presented in the balance sheet as non-current and current financial assets when their fair value is positive and as other non-current and current financial liabilities when their fair value is negative.

2.8. Properties 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*. A property held for sale is valued in the same way as any other investment property but is shown under a specific heading of the balance sheet, namely "Assets held for sale".

2.9. 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.

2.10. Capital

Costs directly attributable to the issue of new shares 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.

2.11. 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;
- 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.

2.12. Financial liabilities

Financial liabilities are classified in the balance sheet as current or non-current financial assets, according to whether they are to be realised within twelve months at the balance sheet date.

Financial liabilities are measured at amortised cost, with the exception of derivative instruments (see section 2.7 above) and financial liabilities for which management has opted for the fair value option under the conditions laid down by IFRS 9, in particular in the case of an accounting mismatch related to derivative instruments used for economic hedging of financial debt.

In the latter case, the financial debt is also measured at fair value like the economic hedging derivative. However, where applicable, changes in the fair value of the financial debt that are associated with the fluctuation of Befimmo's own credit risk are recorded in equity (other comprehensive income) without being recycled through profit or loss.

2.12.1. Financial debt

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.

Furthermore, loans denominated in foreign currencies are subject to economic hedging of the exchange rate (and possibly of the interest rate risk) through cross-currency swaps. In this case, the management opts for recognising loans at fair value in order to avoid an accounting mismatch with the derivative instruments used as an economic hedge.

Financial debts also include debts corresponding to leases, where the right-to-use assets are booked to the assets (see also sections 2.4.5 and 2.5.). In accordance with IFRS 16, the debt is determined by discounting future payments under the agreement at the implicit interest rates of the agreement where these are mentioned in the lease agreement (which is the case for leasing cars). In other cases, the debt is determined by discounting future payments under the lease at a discount rate related to the average (residual) duration of the lease. This discount rate is calculated by an external consultant, depending on the type of asset.
The Company avails itself of the exemption provided for in the standard for low-value assets and short-term leases (and for leases expiring within 12 months of the initial application). In these cases, leases are booked as short-term leases and the associated payments are recognised as an expense from short-term leases.

2.12.2. Other financial liabilities

These are derivative financial instruments recognised at fair value through profit or loss and which are used in the context of an economic hedge of financial debts (see section 2.7 above).

2.12.3. Trade and other payables

Trade and other payables are stated at amortised cost.

2.13. Employee benefits

The Company operates two types of supplementary pension scheme concurrently.

A. Defined-contribution supplementary pension scheme

This group insurance involves employer contributions only. The fixed contributions paid under this new group insurance are recognised as expenses as they fall due, and as such are included in personnel costs.

Under the current Belgian legal framework, from a technical point of view, this scheme has to be treated as a defined-benefits plan, as the employer is legally bound to guarantee a minimum return for its employees.

B. Defined-benefits supplementary pension scheme

The pension plan is funded by contributions paid by the Company to the insurance company and by payment to the same insurance company of defined contributions into a group insurance.

The supplementary defined-benefit pension scheme is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on his or her years of service and remuneration.

Under the old pension scheme, the fixed group insurance contributions are paid by the Company and by employees (above a certain remuneration level) to an insurance company. Contributions are recognised as expenses as they fall due, and as such are included in personnel costs.

The amount presented in the balance sheet for defined-benefit pension schemes 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 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, together with the financial cost of the obligations and the expected yield rate of the plan assets and the financial cost of the asset ceiling 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 (net interest amount excluded) are recognised directly in equity via the other items of comprehensive income.

2.14. 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.

Revenue from maintenance services, management services, etc. (included in leases or in separate agreements) are recognised when the services are provided, which corresponds to a linear recognition over the year. The same applies to income from the coworking business.

Revenue from the coworking business is recognised under "I. Rental Income - Rent".

2.15. Gain or loss on disposals 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.

2.16. 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 deductible temporary differences or tax losses 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, with limited exceptions, 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 significant 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

Since 1 January 2019 following the incorporation of Silversquare into the consolidation scope, a new segment has been added: Coworking business. Segments categorised by geographical distribution are now grouped under "Real-estate operator business".

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 and the fair values of the Silversquare leases (right of use)), most of Befimmo's property portfolio is located in Brussels (68.8%), the remaining 31.2% being in Flanders (17.0%), Wallonia (9.2%) and Luxembourg city (5.0%).

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) and assimilated areas[2], Brussels decentralised and Brussels periphery.

The consolidated Befimmo portfolio is described in more detail in the "Property report" chapter of the management report.

	Real-estate operator business							
	Brussels CBD and similar		Brussels decentralised		Brussels periphery		Wallonia	
(in € thousand)	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
INCOME STATEMENT								
A. Rental income	73 605	84 600	6 164	5 505	9 106	8 747	10 796	10 042
B. Property operating result	68 668	78 693	3 852	3 364	7 136	6 733	8 956	8 827
C. Change in fair value of investment properties	75 526	26 588	2 987	- 11 361	- 2 801	- 28 977	16 080	9 074
D. Gains and losses on disposal of buildings	10 024	-	-	-	2 402	-	-	0
E. SEGMENT RESULT (= B+C+D)	**154 217**	**105 281**	**6 838**	**- 7 998**	**6 737**	**- 22 244**	**25 036**	**17 901**
Percentage by segment	62.6%	84.4%	2.8%	-6.4%	2.7%	-17.8%	10.2%	14.3%
F. Corporate overheads								
G. Other operating income and charges								
H. Financial result								
I. Income tax								
NET RESULT (=E+F+G+H+I)								
Net result (group share)								
Non-controlling interests								
	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
BALANCE SHEET								
Assets								
Goodwill	7 391	7 391	-	-	-	-	1 329	1 329
Investment properties and assets held for sale	1 716 835	1 630 468	83 180	81 668	121 093	116 546	256 193	228 985
of which investments and acquisitions during the year	*91 648*	*148 034*	*- 1 474*	*6 002*	*7 348*	*7 709*	*11 128*	*4 606*
Other assets	2 178	555	-	-	-	-	1 229	1 368
TOTAL ASSETS	**1 726 404**	**1 638 414**	**83 180**	**81 668**	**121 093**	**116 546**	**258 751**	**231 683**
Percentage by segment	59.3%	59.9%	2.9%	3.0%	4.2%	4.3%	8.9%	8.5%
TOTAL LIABILITIES								
TOTAL SHAREHOLDERS' EQUITY								
Equity attributable to shareholders of the parent company								
Non-controlling interests								
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.
2 Including the Brussels Airport area where the Gateway building is located.

	Real-estate operator business				Coworking business		Unallocated amounts / intercompany eliminations		Total	
	Flanders		Luxembourg city							
	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
	30 358	29 990	5 174	5 183	7 406	-	- 171	-	**142 437**	**144 067**
	27 304	27 633	4 524	4 728	2 834	-	- 22	-	**123 251**	**129 978**
	2 045	- 13 316	16 047	12 478	231	-	-	-	**110 113**	**- 5 514**
	534	343	-	-	-	-	-	-	**12 961**	**343**
	29 883	**14 660**	**20 571**	**17 206**	**3 065**	**-**	**- 22**	**-**	**246 325**	**124 806**
	12.1%	11.7%	8.4%	13.8%	1.2%	-	0.0%	-	**100%**	**100%**
							- 16 504	- 14 282	**- 16 504**	**- 14 282**
							- 1 028	- 447	**- 1 028**	**- 447**
							- 48 807	- 26 446	**- 48 807**	**- 26 446**
							- 1 228	- 785	**- 1 228**	**- 785**
									178 757	**82 847**
									178 463	**82 847**
									294	**-**
	31.12.19	**31.12.18**	**31.12.19**	**31.12.18**	**31.12.19**	**31.12.18**	**31.12.19**	**31.12.18**	**31.12.19**	**31.12.18**
	5 308	5 497	-	-	9 600	-	-	-	**23 629**	**14 217**
	474 911	475 100	138 566	122 556	24 044	-	-	-	**2 814 822**	**2 655 324**
	3 087	*611*	*- 37*	*162*	-	-	-	-	***111 699***	***167 124***
	-	-	-	-	-	-	70 393	63 675	**73 801**	**65 599**
	480 219	**480 597**	**138 566**	**122 556**	**33 645**	**-**	**70 393**	**63 675**	**2 912 251**	**2 735 140**
	16.5%	17.6%	4.8%	4.5%	1.2%	-	2.4%	2.3%	**100%**	**100%**
							1 308 379	**1 291 926**	**1 308 379**	**1 291 926**
							1 603 872	**1 443 214**	**1 603 872**	**1 443 214**
							1 603 872	1 443 214	**1 603 872**	**1 443 214**
							-	-	**-**	**-**
							2 912 251	**2 735 140**	**2 912 251**	**2 735 140**

5. RENTAL INCOME

I. Rental income (in € thousand)	31.12.19	31.12.18
Rents	**141 342**	**145 029**
Guaranteed income	-	711
Cost of rent free periods	-2 510	-2 448
Concessions granted to tenants (incentives)	- 252	- 117
Indemnities for early termination of rental contracts	3 857	891
Rental income	**142 437**	**144 067**

This table sets out the various components of rental income. Besides rent and revenue from leases with members of coworking spaces (€7.4 million in 2019), rental income also includes:

- guaranteed income, collected in 2018, which was essentially composed of the rental guarantee granted by Codic Immobel in the context of Deloitte's take-up of the Gateway building;
- 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;
- compensations received, related to early termination of leases.

(in € thousand)	31.12.19	31.12.18
Less than one year	129 599	133 133
One to five years	378 666	414 184
More than five years	425 738	499 756
Rental income	**934 003**	**1 047 073**

This table gives details of future rents that the Company is certain to receive under ongoing lease agreements. These are unindexed rents and revenue from contracts with members of coworking spaces 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 €3.05 million and €2.7 million for fiscal years 2019 and 2018 respectively. These amounts depend on the actual level of indexing

The Befimmo standard lease

The vast majority of Befimmo SA's properties (not including those let to the Buildings Agency and occasionally 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 the end of the term.

The leases may not be terminated at any other time and may not generally be tacitly renewed.
Rent is generally payable quarterly or six-monthly in advance. Rents are indexed annually at the anniversary of the contract, at Befimmo's request, with a minimum of the last 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. A statement 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. Where Befimmo agrees to the transfer of a lease, the transferor and the transferee remain jointly and severally liable of all obligations under the lease agreement to Befimmo.

Each lease is registered.

As a guarantee of performance of their obligations under the lease, most tenants provide an irrevocable bank guarantee that can be called in on demand.

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 base 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, at the end of the lease, the amount of any compensation for damage payable by the tenant to the lessor. The Belgian Government, as tenant, and some representations, are 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 or transferred 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.

6. CHARGES LINKED TO LETTING

III. Charges linked to letting (in € thousand)	31.12.19	31.12.18
Rents payable on rented premises	- 521	- 360
Write-downs on trade receivables	- 561	- 372
Write-back of write-downs on trade receivables	569	231
Charges linked to letting	**- 514**	**- 501**

This tables includes the following amounts:
- rent paid for leased premises which were subsequently re-let to customers of the Company;
- depreciation on lease agreements, recognised in accordance with IFRS 16 (see note 39 to these financial statements);
- write-downs and write-backs on write-downs on trade receivables, realised and unrealised.

(in € thousand)	31.12.19	31.12.18
At less than one year	275	540
One to five years	815	1 580
At more than five years	329	547
Rent paid	**1 419**	**2 667**

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), excluding leases subject to IFRS 16.

The rents shown are assured. The above table takes no account of the annual indexing of the rents. Note that the amounts Befimmo received for indexing over the past two years are valued at less than €15,000.

7. REAL-ESTATE CHARGES AND RECOVERY OF REAL-ESTATE CHARGES

31.12.19 (in € thousand)

AT CHARGE		NET	RECOVERY	
IX. Technical costs	**-17 055**		**14 992**	**IV. Recovery of property charges**
Recurrent	-6 180	-2 513	3 667	Recurrent
Repairs	-4 610	-1 419	3 192	Repairs
Total-guarantee charge	-1 127	- 810	317	Total-guarantee charge
Insurance premiums	- 443	- 285	158	Insurance premiums
Non recurrent	-10 875	- 651	10 223	Non recurrent
Major repairs (building companies, architects, engineering offices,...)	-10 748	- 614	10 134	Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 127	- 38	46	Recovery of damage expenses
			44	Compensation of damage by insurers
XII. Property management costs	**-2 642**	-1 540	1 102	Property management costs
Fees paid to (external) managers	-	1 102	1 102	Management fees received
(Internal) management fees of properties	-2 642	-2 642		
X. Commercial costs	**-1 476**	**-1 476**		
Letting fees paid to real-estate brokers	-1 320	-1 320		
Advertising	- 34	- 34		
Fees paid to lawyers and other experts	- 122	- 122		
XI. Charges and taxes on unlet properties	**-2 268**	**-2 268**		
XIII. Other property charges	**-5 308**	**-5 308**		
Property charges	**-28 749**	**-13 757**	**14 992**	**IV. Recovery of property charges**

31.12.18 (in € thousand)

AT CHARGE		NET	RECOVERY	
IX. Technical costs	**-12 160**		**9 771**	**IV. Recovery of property charges**
Recurrent	-6 004	-2 384	3 620	Recurrent
Repairs	-4 488	-1 408	3 079	Repairs
Total-guarantee charge	-1 042	- 693	348	Total-guarantee charge
Insurance premiums	- 475	- 282	193	Insurance premiums
Non recurrent	-6 156	-1 446	4 710	Non recurrent
Major repairs (building companies, architects, engineering offices,...)	-5 903	-1 455	4 448	Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 253	8	95	Recovery of damage expenses
			166	Compensation of damage by insurers
XII. Property management costs	**-2 618**	-1 176	1 441	Property management costs
Fees paid to (external) managers	-	1 441	1 441	Management fees received
(Internal) management fees of properties	-2 618	-2 618		
X. Commercial costs	**-1 998**	**-1 998**		
Letting fees paid to real-estate brokers	-1 561	-1 561		
Advertising	- 34	- 34		
Fees paid to lawyers and other experts	- 403	- 403		
XI. Charges and taxes on unlet properties	**-2 723**	**-2 723**		
XIII. Other property charges	**-6 360**	**-6 360**		
Property charges	**-25 858**	**-16 087**	**9 771**	**IV. Recovery of property charges**

These tables set out, for fiscal years 2018 and 2019, the origins of the net real-estate charges borne by the Company.

The main change is in "Other property charges" which are down by €1.1 million following a reversal in 2019 of provisions related to the sale of the Brederode building (in 2017).
The increase of€4.8 million in major repairs (from -€5.9 million as at 31 December 2018 to -€10.7 million) is explained by initial installation work for tenants in the Quatuor and Brederode Corner projects. This charge is fully recoverable, as reflected under the heading "recovery of major repairs".

Charges and taxes on unlet buildings fell by €0.5 million thanks to the increase in the occupancy rate of the Blue Tower and Triomphe buildings.

8. RENTAL CHARGES AND TAXES NORMALLY PAID BY TENANTS ON LET PROPERTIES

(in € thousand)	31.12.19	31.12.18
V. Recovery of rental charges and taxes normally paid by tenants on let properties	**24 300**	**30 852**
Rebilling of rental charges invoiced to the landlord	4 377	10 451
Rebilling of withholding taxes and other taxes on let properties	19 923	20 400
VII. Rental charges and taxes normally paid by tenants on let properties	**-29 752**	**-29 068**
Rental charges invoiced to the landlord	-8 762	-7 897
Withholding taxes and other taxes on let properties	-20 990	-21 171
Total	**-5 451**	**1 784**

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.
The sharp rise in “Rental charges and taxes normally borne by tenants on leased buildings” of €7.2 million is explained by:
- the impact of the integration of Silversquare into the accounts at 31 December 2019 of -€4.3 million. The charge includes operational charges and withholding taxes and taxes for coworking spaces;
- the end of a positive differential between flat-rate charges paid by the lessee and actual charges passed on to the lessor for the lease of the WTC 2 building which expired at the end of December 2018.

9. OTHER REVENUE AND EXPENDITURE LINKED TO RENTAL INCOME

This heading is mainly impacted, in 2019 and 2018, by non-recurring items (the return of a reserve fund in 2018).

10. CORPORATE OVERHEADS

XIV. Corporate overheads **(in € thousand)**	**31.12.19**	**31.12.18**
Staff costs	-8 091	-6 802
Staff costs (persons under a contract of employment)	*-4 645*	*-3 820*
Remuneration of Directors and members of the Management Committee	*-3 446*	*-2 983*
Operating and communication costs	-3 139	-2 493
IT costs	-2 355	-2 179
Fees (project research, real-estate experts, legal advice, etc.)	-2 273	-2 201
FSMA and Euronext costs	- 127	- 145
Taxes and non-recoverable VAT	- 519	- 461
Corporate overheads	**-16 504**	**-14 282**

The corporate overheads comprise all costs not directly chargeable to the management, upkeep and maintenance of the properties in the portfolio or directly chargeable as an operational expense of a coworking space.

They include the staff costs of the Company’s support teams (remuneration, social contributions, etc. of persons under a contract of employment, working in a business support function)[1], remuneration of the members of the Management Committee and the Directors’ remuneration, operating costs (office rents, office supplies, etc.), communication and IT costs, and fees paid to various external consultants (legal, technical, financial, fiscal, real estate, etc.), notably in the context of specific projects unrelated to the properties in the portfolio.

The Statutory Auditor’s fees for fiscal year 2019 amounted to €67,938.93 excluding VAT. In fiscal year 2019 it also provided additional services as part of its statutory duties for a fee of €26,938.73 excluding VAT. Outside its statutory role, during fiscal year 2019, Ernst & Young and affiliated companies provided services related to other non-auditing duties for a fee of €37,030.00 excluding VAT.
Ernst & Young, represented by the same auditor, is also the Statutory Auditor of the Befimmo subsidiaries. The fees of the Statutory Auditor for auditing the financial statements for fiscal year 2019 of Fedimmo, Befimmo Property Services, Meirfree, Vitalfree and Silversquare Belgium and its subsidiaries totalled €60,718.14 excluding VAT.

Auditing for the Luxembourg subsidiary, Axento SA, is performed by Ernst & Young SA, with its registered office at Avenue John F. Kennedy 35E, 1855 Luxembourg, entered in the Luxembourg register of commerce and companies under number B 47.771 and with establishment licence No 00117514, represented by Mr René Ensch, Partner. The fees for auditing the accounts of Axento SA and Silversquare Luxembourg SA for fiscal year 2019 amounted to €13,500 excluding VAT.

[1] The personnel costs of the Company's real-estate teams and the coworking teams are recorded under Property charges.

Outside its statutory role, during fiscal year 2019, Ernst & Young and affiliated companies provided services related to other non-auditing duties for a fee of €10,500 excluding VAT.

This heading also includes costs related to the listing of the Company on a public stock exchange (Euronext Brussels) and the costs of the Financial Services and Markets Authority (FSMA) and taxes inherent to the status of Real-Estate Investment Trust.

Company staff		**31.12.19**	**31.12.18**
Number of persons under a contract of employment		119	86
Of which:			
Real-estate team	Number of persons under a contract of employment	55	54
Support team	Number of persons under a contract of employment	31	32
Coworking team	Number of persons under a contract of employment	33	-
Average full-time equivalent during the year		109,79	77,52
Of which:			
Real-estate team	Average full-time equivalent during the year	52,68	49,59
Support team	Average full-time equivalent during the year	30,11	27,93
Coworking team	Average full-time equivalent during the year	27,00	-

11. OTHER OPERATING INCOME AND CHARGES

XV. Other operating income and charges (in € thousand)	**31.12.19**	**31.12.18**
Spread of rent free periods	-1 033	- 447
Others	4	-
Other operating income and charges	**-1 028**	**- 447**

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.

12. GAINS OR LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES

XVI. Gains and losses on disposals of investment properties (in € thousand)	**31.12.19**	**31.12.18**
Net sale of properties (selling price - transaction costs)	100 182	998
Book value of properties sold	-87 221	- 655
Gains and losses on disposals of investment properties	**12 961**	**343**

In fiscal year 2019, Befimmo granted a 99-year leasehold on the Pavilion building in the Brussels CBD and sold the Eagle Building in Diegem in the Brussels periphery. Fedimmo sold 3 buildings in Flanders: Ijzerkaai 26 in Kortrijk, Grote Markt 10 in Menen, Kasteelstraat 15 in Izegem.

In the course of fiscal year 2018, Fedimmo sold the building at Kortrijksestraat 2 in Harelbeke.

The amount shown under the heading "Book value of properties sold" includes the amount of the latest fair value of the properties that left the portfolio and the amount of any goodwill allocated to the properties that left the portfolio.

13. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

XVIII. Changes in fair value of investment properties (in € thousand)	31.12.19	31.12.18
Positive changes in fair value of investment properties	172 173	118 918
Negative changes in fair value of investment properties	-62 060	-124 432
Changes in fair value of investment properties	**110 113**	**-5 514**

In 2019, the change in fair value under the heading “portfolio excluding Silversquare” amounted to +€109,882 thousand and the change in the fair value of Silversquare leases (right of use) amounted to +€232 thousand.

The change in fair value of the “investment properties: portfolio excluding Silversquare” excludes investments, acquisitions and disposals. The “Property report” chapter of the management report contains more information on changes in value.

14. FINANCIAL RESULT

(€ thousand)		31.12.19	31.12.18
(+)	**XX. Financial income**	**782**	**889**
(+)	Interests and dividends received	686	723
(+)	Fees for finance leases and similar	96	166
(+)	Net gains realised on sale of financial assets	-	0
(+/-)	**XXI. Net interest charges**	**-19 117**	**-18 911**
(-)	Nominal interest on loans	-13 974	-16 025
(-)	Reconstitution of the face value of financial debts	- 215	- 445
(-)	Other interest charges	- 495	- 56
(+)	Proceeds of authorised hedging instruments	8 223	10 464
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*8 223*	*10 464*
(-)	Charges of authorised hedging instruments	-12 657	-12 850
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*-12 657*	*-12 850*
(-)	**XXII. Other financial charges**	**-4 933**	**-2 522**
(-)	Bank charges and other commissions	-2 489	-2 522
(-)	Net losses realised on sale of financial assets	0	0
(-)	Net losses realised on sale of finance lease receivables and similar	-2 443	-
(+/-)	**XXIII. Changes in fair value of financial assets and liabilities**	**-25 539**	**-5 901**
(+/-)	Authorised hedging instruments	-29 660	- 405
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*-29 660*	*- 405*
(+/-)	Others	4 120	-5 496
(+/-)	**Financial result**	**-48 807**	**-26 446**

The financial result (excluding changes in the fair value of financial assets and liabilities) was -€23.3 million as at 31 December 2019, compared with -€20.5 million as at 31 December 2018.

The "Financial income" is stable and mainly includes positive interest earned on issues of commercial paper

“Net interest charges” were stable compared with 2018 thanks to a stable average financial debt (slightly up by 1.5% in 2019) and good management of the average (annualised) cost of financing which was 2.0% (stable compared with fiscal year 2018).

The impact of financial interest charges related to IFRS 16 debts under the sub-heading “Other interest charges” amounted to €0.4 million in the accounts at 31 December 2019.

The change in fair value of the financial assets and liabilities was -€25.5 million for fiscal year 2019. The item "Permitted hedging instruments" includes losses recorded on the forward products (-€25.2 million, including CVAs and DVAs) and gains recorded on option products (€0.4 million, including CVAs and DVAs), acquired under the Company's hedging policy. The changes in the value of the cross-currency swaps, arranged to hedge the currency risk associated with the conclusion of the USPP, amounted to -€4.9 million (including CVAs and DVAs). The sub-heading "Other" mainly reflects the gains/losses recorded on the USPP debt (carried at fair value). An unrealised capital gain of €4.7 million was recorded for fiscal year 2019.
The change in fair value of the financial assets and liabilities was -€5.9 million for fiscal year 2018. The item "Permitted hedging instruments" includes losses recorded on the forward products (-€5.6 million, including CVAs and DVAs) and losses recorded on option products (-€0.8 million, including CVAs and DVAs), acquired under the Company's hedging policy. The changes in the value of the cross currency swaps, arranged to hedge the currency risk associated with the conclusion of the USPP, amounted to +€5.9 million (including CVAs and DVAs). The sub-heading "Other" mainly reflects the gains/losses recorded on the USPP debt (carried at fair value). In 2018, an unrealised capital loss of -€5.6 million was recorded.

The hedging instruments are listed in Note 33.B to these financial statements.

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 just closed:

(in € thousand)	Total		Financial assets or liabilities at fair value through profit or loss		Financial assets valued at amortised cost		Financial liabilities valued at amortised cost	
	31.12.19	**31.12.18**	**31.12.19**	**31.12.18**	**31.12.19**	**31.12.18**	**31.12.19**	**31.12.18**
Financial income	**782**	**889**	-	-	96	166	686	723
Net interest charges	**-19 117**	**-18 911**	-8 818	-9 318	- 58	- 56	-10 241	-9 537
Other financial charges	**-4 933**	**-2 522**	0	0	-	-	-4 933 [1]	-2 522 [2]
Changes in fair value of financial assets and liabilities	**-25 539**	**-5 901**	-24 986	-5 901	-	-	- 554	-
Total result on financial assets/liabilities	**-48 807**	**-26 446**	**-33 804**	**-15 219**	**38**	**833**	**-15 042**	**-12 059**

15. INCOME TAXES

The income tax burden is broken down as follows:

XXV. Corporation tax (in € thousand)	**31.12.19**	**31.12.18**
Current taxes for fiscal year	-1 256	-1 360
Adjustment of current taxes from previous periods	499	794
Deferred tax	- 472	- 219
Corporation tax	**-1 228**	**- 785**

Befimmo is a limited-liability company with the status of a public REIT. This status entitles the Company to pay Belgian corporation tax (at the standard rate of 29.58% during 2018 and 2019) on a reduced tax base, i.e. mainly on its non-allowable expenses.

The subsidiary Fedimmo SA, which has institutional REIT status, is therefore also subject to the same tax regime as Befimmo SA.

Befimmo Property Services SA, Meirfree SA, Vitalfree SA and Silversquare Belgium SA are subject to standard Belgian corporation tax. They are taxed at the standard rate of corporation tax (29.58% in fiscal year 2018 and 2019) on their tax base.

Axento SA and Silversquare Luxembourg SA (subsidiary of Silversquare Belgium SA) are subject to standard Luxembourg corporation tax. They are subject to the standard rate of corporation tax on their tax base.

"Current taxes for fiscal year" include the income burden expense for the current year. The amount included under "Adjustment of current taxes for previous years" concerns the reversal of a provision for miscellaneous tax risks.

During 2019, a "Deferred tax" was recorded for Axento for a total amount of -€472 thousand, resulting from the recognition at fair value of properties located abroad as per IAS 40.
Deferred taxes (with no monetary or non-cash effect) are excluded from EPRA earnings.

[1] The amount consists mainly of the reservation fees paid on the bank lines.
[2] The amount consists mainly of the reservation fees paid on the bank lines and a one-off charge of €2.7 million linked to the settlement of a fixed-rate debt assignment on the “Pavilion” building sold in May 2019.

16. RESULT PER SHARE

Result for the fiscal year (in € thousand)	31.12.19	31.12.18
NUMERATOR		
Net result for the fiscal period (group share)	178 463	82 847
DENOMINATOR		
Shares not held by the group at the end of the period (in units)	27 052 443	25 579 214
Weighted average of shares in circulation during the period (in units)	25 676 219	25 579 214
Net result per share (basic and diluted) (in €) (group share)	**6,95**	**3,24**
Dividend for the fiscal year		
Interim dividend (gross)	66 250	66 250
Final dividend (gross)	23 265 [1]	21 998
Gross dividend for the fiscal year	**89 515**	**88 248**
Total gross dividend per share not held by the group	3.45	3.45

The result per share is calculated by dividing the net result by the weighted average of the number of shares outstanding during the relevant period.
Since Befimmo has no diluting instruments, the basic and diluted results are identical.

17. GOODWILL

Goodwill Fedimmo

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 portfolio. A reduction in goodwill of €189 thousand was recorded on the sale of the properties Ijzerkaai 26 in Kortrijk, Grote Markt 10 in Menen, Kasteelstraat 15 in Izegem. The goodwill associated with the buildings sold was reversed and incorporated into the calculation of the result of the sale. The table below illustrates the change in value of the goodwill over the fiscal year:

(in € thousand)	31.12.19	31.12.18
COST		
Opening balance	**14 704**	**14 768**
Reductions linked to assets sold during the period	- 189	- 64
Closing balance	**14 515**	**14 704**
DECREASE IN VALUE		
Opening balance	**- 487**	**- 487**
Write-downs posted during the period		-
Closing balance	**- 487**	**- 487**
CARRYING AMOUNT		
Opening balance	**14 217**	**14 281**
Closing balance	**14 028**	**14 217**

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 (in € thousand)	Goodwill	Carrying amount (including 100% goodwill and impairment of previous fiscal years)	Value in use	Impairment (of the fiscal year)
Brussels Centre	597	33 388	33 610	-
Brussels Leopold district	2 108	144 352	145 800	-
Brussels North area	4 685	274 353	276 410	-
Wallonia	1 329	46 947	46 980	-
Flanders	5 308	225 497	225 760	-
Total portfolio	**14 028**	**724 537**	**728 560**	**-**

[1] Subject to the approval by the Ordinary General Meeting of shareholders of 28 April 2020.

Impairment test

Each time the accounts are closed, 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 2019 (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 5.23% before the value of the goodwill recorded begins to be impaired. A further 1% increase in the rate above that level would lead to an impairment of the value of the goodwill of €4,741 of the value of the goodwill.

Goodwill Silversquare

The consolidation of Silversquare generated goodwill for Befimmo as a result of the difference between the acquisition cost and Befimmo's share in the fair value of the net assets acquired (see note 40 to these financial statements). This goodwill is recorded in the consolidated financial statements as at 1 January 2019.

Impairment test

A valuation exercise (by an independent expert and using a discounted cash flow method) for the Silversquare group was carried out as part of the annual closure of the accounts. It showed that the value of the group was higher than the acquisition value, so no impairment of the value of goodwill was required.

Sensitivity test

A sensitivity test was carried out on the two main components of the valuation of the Silversquare group namely, turnover and the estimated cash flow discount rate (WACC). It showed that the value of goodwill should be impaired in the event of either a change in the forecast turnover of -1.32%, or an increase in the discount rate of more than +0.44%.

18. 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, or those which by their nature do not generate income (land).

C. Investment properties (in € thousand)	31.12.19	31.12.18
Properties available for lease	2 420 692	2 455 813
Fair value of portfolio excluding Silversquare	2 396 648	2 455 813
Fair value of Silversquare leases (right of use)	24 044	-
Other - Properties that are being constructed or developed for own account in order to be leased	394 130	199 512
Investment properties	**2 814 822**	**2 655 324**

As at 31 December 2019, the heading "Other - Properties that are being constructed or developed for own account in order to be leased" includes the following buildings: Loi 44 and Binche (rue de la Régence 31) and the Quatuor, ZIN, Paradis Express, Brederode Corner and WTC 4 projects.

(in € thousand)	
Carrying value as at 31.12.2017	**2 494 360**
of which: - Investment properties	*2 494 360*
of which: - Assets held for sale	-
Acquisitions	116 328
Other investments	50 797
Disposals	- 645
Changes in fair value	*- 5 514*
Carrying value as at 31.12.2018	**2 655 324**
of which: - Investment properties	*2 655 324*
- Assets held for sale	-
Acquisitions	17 289
Other investments	94 410
Disposals	- 88 627
Changes in fair value	*110 195*
IFRS 16 - Silversquare leases (right of use)	24 044
Recognition of the right of use as at 1 January 2019	*17 265*
New leases signed since 1 January 2019	*6 548*
Changes in fair value	*231*
IFRS 16 - right to use land	2 187
Recognition of the right of use as at 1 January 2019	*2 500*
Changes in fair value	*- 313*
Carrying value as at 31.12.2019	**2 814 822**
of which: - Investment properties	*2 814 822*
Fair value of portfolio excluding Silversquare[1]	*2 790 778*
Fair value of Silversquare leases (right of use)	*24 044*
of which: - Assets held for sale	-

At the end of 2019, Befimmo acquired the Loi 44 building, located in the Léopold district of the CBD. During 2019, Fedimmo acquired a plot of land in the framework of the Paradis Express project.

In early 2018, Befimmo acquired the Arts 56 building, located in the Léopold district - CBD, and in 2018 completed the acquisition of the space in tower 1 of the WTC 1 & 2 complex which it did not yet own.

In 2019, €94.4 million were invested in works. The main investments were in the Quatuor projects (€32.1 million), the ZIN project (€23.1 million), the renovation of the Brederode Corner building (€12.5 million), the Paradis Express project (€7.7 million), the Ikaros buildings (€8.9 million) and phase 2 of the construction work in the Eupen Courthouse (€3.1 million).

In 2018, €50.8 million were invested in works. The main investments were in the Quatuor project (€14.3 million), the ZIN project (€10.6 million), the Triomphe building (€5.1 million) and the renovation of the Brederode Corner building (€3.4 million). The first phase of the construction of the Courthouse in Eupen (€3.8 million in 2018) was completed in 2018 and the lease on that phase commenced.

In 2019, Befimmo granted a 99-year leasehold on the Pavilion complex, located in the Brussels CBD, and sold the Eagle Building, located in Diegem in the periphery. In 2019, Fedimmo completed the sale of three buildings in Flanders: Ijzerkaai 26 in Kortrijk, Grote Markt 10 in Menen and Kasteelstraat 15 in Izegem.

In 2018, Fedimmo sold the Kortrijksestraat 2 building in Harelbeke, Flanders.

The properties that left the portfolio in 2019 contributed €1.69 million to the property operating result.

Note 36 includes additional information on measuring the fair value of investment properties as per IFRS 13.

IFRS 16 came into effect on 1 January 2019. The rights to use in leases as a tenant of office space are valued at fair value (see Main accounting methods). The sub-heading "other rights to use" includes the right to use land.
Note 39 includes additional information regarding the application of IFRS 16 as at 1 January 2019.

[1] €2,187 thousand of which correspond to a right to use land.

19. INTANGIBLE ASSETS AND OTHER TANGIBLE ASSETS

B. Intangible assets (€ thousand)	**31.12.19**	**31.12.18**
Intangible assets	1 729	899
Intangible assets	**1 729**	**899**

D. Other property, plant and equipment (in € thousand)	**31.12.19**	**31.12.18**
Property, plant and equipment for own use	9 042	1 021
Others	1 905	-
Other property, plant and equipment	**10 948**	**1 021**

The increase in the sub-heading “Property, plant and equipment for own use” is explained by the integration of the accounts of the Silversquare subsidiary. This amount includes all the fixtures, fittings and ICT developments carried out in the coworking spaces (net of depreciation).

The heading “Other” includes the rights to use in lease agreements for cars, copiers and parking spaces (see note 2.5 for the accounting rules applied to these financial statements). Note 39 includes additional information regarding the application of IFRS 16 as at 1 January 2019.

20. NON-CURRENT AND CURRENT FINANCIAL ASSETS

E. Non-current financial assets (in € thousand)	**31.12.19**	**31.12.18**
Financial assets at fair value through profit and loss	7 273	27 494
Investments in associates or companies linked through a shareholding	-	9 304
Authorised hedging instruments - level 2	7 273	18 189
Option - CAP	-	*2*
Forward - IRS	*7 273*	*7 815*
Forward - CCS	-	*10 373*
Others	24	4
Non-current financial assets	**7 296**	**27 497**

B. Current financial assets (in € thousand)	**31.12.19**	**31.12.18**
Financial assets at fair value through profit and loss	12 717	9 084
Authorised hedging instruments - level 2	12 717	9 084
Option - CAP	-	-
Forward - IRS	*2*	*138*
Forward - CCS	*12 715*	*8 946*
Loans and receivables	46	920
Current financial assets	**12 763**	**10 004**

As at 31 December 2018, the shareholding in Silversquare is recognised under "Financial assets at fair value through profit or loss - Investments in associates or companies linked through a shareholding". From 1 January 2019, Befimmo has had sole control of Silversquare and therefore Silversquare Belgium and its subsidiary Silversquare Luxembourg are included in the global consolidation of Befimmo as of 31 December 2019.

The heading "Financial assets at fair value through profit or loss – authorised hedging investments" reflects the valuation at fair value of the financial derivatives as per IFRS 9 – *Financial Instruments*, which have a positive value. Otherwise, their value is entered in the equivalent heading under liabilities (see note 28 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 2019 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13, as described in note 33 to these financial statements. 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 Befimmo bonds.

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 13 – *Fair Value Measurement*.

The fair value of these contracts is determined at the balance sheet date. We receive this information from an independent specialist company. Befimmo also verifies it using checks of consistency with information received from counterparty financial institutions (fair value excluding CVAs and DVAs).

Finally, note that although the instruments in question are considered trading instruments under IFRS, they are intended solely for hedging the risk of changing interest and exchange rates, and not for speculative purposes.

The heading “Loans and receivables” includes various amounts to be recovered from counterparties of the Company.

21. FINANCE LEASE RECEIVABLES

This heading relates to finance lease agreements (as per standard IFRS 16) and the subsoil of buildings. As at 31 December 2019, the finance lease is on the asset embodied in the building in Wandre. The fair value of this asset is €1,345 thousand, compared with its value at amortised cost of €1,230 thousand.

22. TRADE RECEIVABLES

Trade receivables arise through rents, or income from coworking space members' contracts or billing of taxes or rental charges. The quantitative description of the principal risks (see note 33.A to these financial statements) includes a section on the credit risk, which analyses the Company’s exposure to such debts in terms of the counterparty or of the maturity.

23. TAX RECEIVABLES AND OTHER CURRENT ASSETS

E. Tax receivables and other current assets (in € thousand)	31.12.19	31.12.18
Taxes	1 060	49
Others	-	3
Tax receivables and other current assets	**1 060**	**52**

The sub-heading “Taxes” consists mainly of advance payments to the VAT authorities.

24. CASH AND CASH EQUIVALENTS

F. Cash and cash equivalents (in € thousand)	31.12.19	31.12.18
Available values	2 878	591

As the Company is structurally indebted, available funds are limited, consisting mainly of positive balances in the Company’s various bank accounts.

25. DEFERRED CHARGES AND ACCRUED INCOME - ASSETS

G. Deferred charges and accrued income (in € thousand)	31.12.19	31.12.18
Prepaid property charges	448	73
Prepaid interest and other financial charges	0	6
Others	1 736	2 078
Deferred charges and accrued income	**2 184**	**2 157**

This heading covers:
- prepaid property charges;
- prepaid interest and other financial charges;
- under the sub-heading "Other": mainly the financial receivables related to CCS concluded during the arrangement of the USPP (€0.3 million) and other IRS receivers (€0.9 million). The characteristics of these instruments are set out in the table in note 33 to these financial statements.

26. CAPITAL AND RESERVES

(in € thousand)			31.12.19	31.12.18
A. Capital			**398 320**	**357 871**
(+)		Subscribed capital	413 277	371 627
(-)		Costs of capital increase	-14 957	-13 756
B. Share premium account			**861 905**	**792 641**
C. Reserves			**231 434**	**276 104**
(+/-)	(b)	Reserve for the balance of changes in fair value of investment properties	146 327	149 261
(-)	(c)	Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-44 172	-44 907
(+/-)	(e)	Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS	-16 094	-11 937
(-)	(h)	Reserve for own shares	-68 980	-
(+/-)	(j)	Reserve for actuarial gains and losses for the defined benefit pension plan	-1 382	202
(+/-)	(m)	Other reserves	13 954	21 113
(+/-)	(n)	Result brought forward from previous years	201 781	162 371

The capital and issue premiums are up by €109.7 million following two operations: the capital increase in the context of the merger of Beway SA and the capital increase following the optional dividend.

Reserves are presented before the appropriation of the result for the fiscal year. In addition to the appropriation of the previous year's result (€16.6 million) and the payment of the final dividend for 2018 (-€22.0 million), the reserves were also impacted in 2019 by the result directly recognised in equity as per IAS 19 R, representing the actuarial gains and losses of the defined-benefit pension scheme (impact of €1.6 million), the merger with Beway SA (€ 32 million), the private placement of treasury shares on 3 December 2019 (€6.3 million), the creation of a reserve for own shares of -€69 million and the valuation of the put option held by the minority shareholders of Silversquare (-€7.0 million).

The number of shares not held by the group increased from 25,579,214 at 31 December 2018 to 27,052,443 shares at 31 December 2019, following two transactions carried out in 2019. The first transaction consists of a private placement of 1,266,300 treasury shares on 6 December 2019 (these treasury shares were created during the capital increase as part of the merger with Beway SA[1]). The second transaction consists of the resulting capital increase proposed as part of the interim dividend with the issue of 206,929 new shares on 20 December[2].

27. CURRENT AND NON-CURRENT FINANCIAL DEBTS

B. Non-current financial debts (in € thousand)	31.12.19	31.12.18
Credit institutions	201 446	297 319
Other	436 121	438 200
EUPP	*406 891*	*356 957*
USPP	*-*	*77 714*
Guarantees received	*3 410*	*3 529*
Financial debts IFRS 16	*25 820*	
Non-current financial debts	**637 567**	**735 519**

B. Current financial debts (in € thousand)	31.12.19	31.12.18
Credit institutions	61 448	13 674
Other	435 719	429 338
Commercial papers	*352 000*	*339 500*
Others	*3*	*-*
USPP	*80 108*	*89 838*
Guarantees received	*1 408*	*-*
Financial debts IFRS 16	*2 201*	*-*
Current financial debts	**497 167**	**443 012**

On a like-for-like basis, the Company has covered its financing needs until 31 December 2020[3]. Commercial paper must be booked to current liabilities as per IAS 1. The Company nevertheless has confirmed bank lines at more than one year as a back-up for the short-term 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 future receivables or usufruct fees. At

[1] See press release of 12 April 2019.
[2] See press release of 18 December 2019.
[3] Including the renewal of the financing of €75 million over a further 6-year period, concluded since 31 December 2019.

31 December 2019, the Company had confirmed bank lines totalling €891.0 million, €208.3 million of which were in use. The remaining €682.7 million consisted of back-up lines for the commercial paper programme (€352.0 million) and a financing reserve of €330.7 million.

The heading "Other - EUPP" includes debt related to European private placements of €406.9 million, of which €362.0 million are at fixed rates and €44.9 million at floating rates. The European private placements made in 2019 amount to €50 million.

The heading "Other - USPP" covers the USPP debt, arranged in May 2012, measured at fair value. An amount of US$ 75 million and GBP 22 million was reimbursed to investors in May 2019. The balance of US$ 90 million will be reimbursed in May 2020.

The heading “Other – Guarantees received” covers the amount of rental guarantees received in cash from tenants and the coworking teams. Their carrying amount is equivalent to their fair value.
The heading “Other – Commercial paper” covers the outstanding commercial paper issued by the Company at the balance sheet date.
Under IFRS, the costs related to the bond issues and the private placements are smoothed over the term of the financing.

The heading “Other - IFRS 16 financial debts” includes the debt related to usage rights recorded on the assets side of the balance sheet as per IFRS 16, applicable since 1 January 2019 (see note 39 to these financial statements).

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 2019 of €53.4 million; and
- fixed-rate European private placements.

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) and the total fixed-rate debt measured at fair value at the end of fiscal year 2019.

The fair value of the assigned receivables for future rents/future usufruct fees and for the European private debt placement is estimated by updating the future expected cash flows using the 0-coupon yield curve for 31 December 2019, plus a margin to take account of the Company's credit risk (level 2).
The fair value of this financing is given in the table below as an indication.

(in € thousand)	Level in IFRS	Fair value	Book value
EUPP	2	378 890	361 959
Assignment of receivables from future rents/ future usufruct fees	2	56 829	53 376

28. OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

C. Other non-current financial liabilities (in € thousand)	31.12.19	31.12.18
Authorised hedging instruments	46 455	21 881
Financial hedging instruments at fair value through profit and loss - level 2	46 455	21 881
Option - COLLAR	*359*	*475*
Forward - IRS	*46 096*	*21 406*
Forward - CCS	-	-
Other non-current financial liabilities	**46 455**	**21 881**

C. Other current financial liabilities (in € thousand)	31.12.19	31.12.18
Authorised hedging instruments	-	2 140
Financial hedging instruments at fair value through profit and loss - level 2	-	2 140
Option - SWAPTION	-	*320*
Forward - IRS	-	*69*
Forward - CCS	-	*1 751*
Other current financial liabilities	**-**	**2 140**

The headings “Other non-current financial liabilities” and “Other current financial liabilities” reflect solely the fair value of the financial instruments, as per IFRS 9 – *Financial Instruments*, which have a negative value: Otherwise, their value is recognised in the equivalent category of the assets (see note 20 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 2019 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13, as described in note 33 to these financial statements. 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 Befimmo bonds.

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 IFRS 13 – *Fair Value Measurement*.
The fair value of these contracts is determined at the balance sheet date. The Company receives this information from an independent specialist company. Befimmo also verifies it using checks of consistency with information received from counterparty financial institutions (fair value excluding CVAs and DVAs).
Finally, note that although the instruments in question are considered trading instruments under IFRS, they are intended solely for hedging the risk of changing interest and exchange rates, and not for speculative purposes.

29. PROVISIONS

A. Non-current provisions (in € thousand)	31.12.19	31.12.18
Pensions	1 471	2
Others	-	726
Non-current provisions	**1 471**	**728**

A. Current provisions (in € thousand)	31.12.19	31.12.18
Others	3 155	5 039
Current provisions	**3 155**	**5 039**

The sub-heading "Pensions" represents the difference between the up-to-date values of the pension obligation and the fair value of the assets.

Changes in the "Other" sub-headings (current and non-current) are due mainly to the settlement of a dispute and the reversal of a provision linked to a guaranteed item of income, arranged in the context of the granting of a leasehold on the Brederode complex. The other provisions recorded in the sub-heading relate, in particular, to ongoing litigation and compliance work.

30. TRADE AND OTHER PAYABLES

D. Trade debts and other current debts (in € thousand)	31.12.19	31.12.18
Other	85 596	54 289
Suppliers	*46 726*	*18 482*
Tenants	*11 510*	*10 883*
Tax, salaries and social charges	*27 360*	*24 924*
Trade debts and other current debts	**85 596**	**54 289**

D. Trade debts and other non-current debts (in € thousand)	31.12.19	31.12.18
b. Others	9 974	2 130
Trade debts and other non-current debts	**9 974**	**2 130**

The "Other" heading of Trade and other current payables consists of three subheadings:
- suppliers: this covers the amounts owed to various suppliers of goods and service providers;
- tenants: relates to amounts received as deposits for provisions for common charges prepaid by tenants;
- 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 2019, an amount of €18.9 million alone accounted for the withholding tax payable on the interim dividend paid out in late December 2019.

The heading “Other” of Trade debts and other payables mainly includes the put option held by the minority shareholders of Silversquare (and valued at fair value).

31. 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.

32. ACCRUED CHARGES AND DEFERRED INCOME

F. Accrued charges and deferred income (in € thousand)	31.12.19	31.12.18
Property income received in advance	14 558	15 191
Interest and other financial charges accrued and not yet due	7 500	7 575
Others	374	104
Accrued charges and deferred income	**22 432**	**22 870**

This heading consists principally of:
- income from property received in advance, in accordance with the terms of the leases, including the amounts of rents received for subsequent periods;
- financial interest and charges accrued but not yet due, notably on the fixed-rate financing (€4.8 million) and on financial hedging instruments (€2.1 million).

33. QUANTITATIVE DESCRIPTION OF THE MAIN RISKS OF THE FINANCIAL ASSETS AND LIABILITIES

The quantitative description of the main risks below complements the chapter on "Risk factors" on page 18 of the Report.

A. Credit risk

Please see page 52 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:

31.12.19 (in € thousand)	TOTAL	Bank	Corporate	State	Other
Non-current financial assets					
E. Non-current financial assets	**7 296**	7 273	22	-	1
F. Finance lease receivables	**3 265**	-	-	1 087	2 178
Current financial assets					
B. Current financial assets	**12 763**	12 733	30	-	0
C. Finance lease receivables	**142**	-	-	142	-
D. Trade receivables	**31 535**	4 643	17 939	8 953	0
E. Other current assets	**-**	-	-	-	-
F. Cash and cash equivalents	**2 878**	2 872	-	-	6
Total financial assets	**57 879**	**27 522**	**17 990**	**10 182**	**2 185**

31.12.18 (in € thousand)	TOTAL	Bank	Corporate	State	Other
Non-current financial assets					
E. Non-current financial assets	**27 497**	18 189	9 307	-	1
F. Finance lease receivables	**1 784**	-	-	1 229	555
Current financial assets					
B. Current financial assets	**10 004**	9 704	300	-	-
C. Finance lease receivables	**139**	-	-	139	-
D. Trade receivables	**21 454**	2 981	13 392	5 081	-
E. Other current assets	**3**	-	3	-	-
F. Cash and cash equivalents	**591**	589	-	-	1
Total financial assets	**61 472**	**31 464**	**23 002**	**6 450**	**557**

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) and holdings in associates or companies linked through a shareholding (at 31 December 2018), which account for most of the "Non-current financial assets" and "Current financial assets", and which are recognised at fair value through the profit and loss. 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. The financial assets in the table above, except for the heading Financial hedging instruments, belong to level 2 as per IFRS 13. The stake in Silversquare (at 31 December 2018) belongs to level 3 as per IFRS 13.

To limit the counterparty risk, in the context of its activity of real estate operator and coworking space operator and also for investment or disinvestment transactions or works, the Company has received the following guarantees:

(in € thousand)		31.12.19	31.12.18
Rental guarantees for leases	Blocked accounts/bank guarantees	18 086	16 916
Rental guarantees for leases	Guarantees received in cash	4 818	3 529
Guarantees for investment works	Blocked accounts	39 233	36 089
Guarantees received at the close of the fiscal year		**62 137**	**56 534**

The Company regularly monitors the recovery of its debts. The details of due dates for trade debts at the balance sheet date are as follows:

Ageing balance of trade receivables (in € thousand)	> 3 months	1 to 3 months	< 1 months	Unexpired	Total
Receivables	2 010	333	785	29 936	**33 064**
Total write-off	-1 429	- 1	- 31	- 69	**-1 529**
Reserve following "Expected credit loss model IFRS 9"	*- 5*	*- 1*	*- 2*	*- 69*	***- 76***
Write-off	*-1 424*	*-*	*- 29*	*-*	***-1 453***
As at 31.12.19	**581**	**333**	**754**	**29 867**	**31 535**

Ageing balance of trade receivables (in € thousand)	> 3 months	1 to 3 months	< 1 months	Unexpired	Total
Receivables	1 845	1 547	2 545	17 146	**23 083**
Total write-off	-1 602	- 8	- 3	- 17	**-1 629**
Reserve following "Expected credit loss model IFRS 9"	*- 2*	*- 2*	*- 3*	*- 17*	***- 23***
Write-off	*-1 600*	*- 7*	*-*	*-*	***-1 606***
As at 31.12.18	**244** [1]	**1 538**	**2 543**	**17 129**	**21 454**

The Company checks, on an annual basis, that the total impairment loss recorded (€1,529 thousand) remains higher than that returned by the expected loss model defined by IFRS 9 (€76 thousand).

The Company bears the final risk of trade debts.

A debt repayment plan can be arranged for certain tenants in arrears. At the end of 2019, there were no significant repayment plans.

Furthermore, write-downs of €560,868 were recorded during fiscal year 2019 (as against €371,752 in 2018); while €568,637 of write-downs were written back in 2019 (as against €230,750 in 2018).

[1] Most of this amount is owed by public institutions.

B. Risks related to finance, financial hedging instruments and their valuation

Please see page 82 of the management report for a description of Befimmo's financial structure and especially its policy of refinancing and interest-rate and currency hedging.

(in € thousand)	31.12.19	31.12.18
Variable-rate borrowings	201 883	286 467
Bilateral credit lines	*156 951*	*241 565*
EUPP	*44 932*	*44 902*
Fixed-rate borrowings	432 274	445 524
USPP	*-*	*77 714*
Bilateral credit lines	*517*	*-*
Assignment of receivables from future rents/ future usufruct fees	*43 978*	*55 754*
EUPP	*361 959*	*312 056*
IFRS 16 financial liability	*25 820*	*-*
Guarantees received	3 410	3 529
B. Non-current financial debts	**637 567**	**735 519**
Variable-rate borrowings	403 150	347 473
Bilateral credit lines	*51 150*	*7 973*
Commercial papers	*352 000*	*339 500*
Fixed-rate borrowings	92 609	95 539
Assignment of receivables from future rents / future usufruct fees	*9 399*	*5 701*
USPP	*80 108*	*89 838*
Bilateral credit lines	*899*	*-*
Other	*3*	*-*
IFRS 16 financial liabilities	*2 201*	*-*
Guarantees received	1 408	-
B. Current financial debts	**497 167**	**443 012**
Total borrowings	**1 134 734**	**1 178 531**

In the course of 2019, Befimmo carried out several operations:
- renegotiation and extension of bank loans for the sum of €50 million with a maturity of 6 years;
- arrangement of a new financing line for €40 million with a maturity of 5 years and 5 months.

In 2019 the Company also arranged one fixed-rate European private placement of debt of €50 million over 8 years.

On this basis, and all other things being equal, the Company has covered its financing needs until 31 December 2020[1].

As at 31 December 2019, the funding available to the Company consisted primarily[2] of:
- various bilateral credit lines totalling €891 million, with maturities in December 2020 (€75.2 million), January/February/June/December 2021 (€205.5 million), February/October/December 2022 (€232.8 million), February/June/October 2023 (€120 million), February/June 2024 (€177.5 million) and May/December 2025 (€80 million). Three bank lines are subject to annual depreciation of respectively €3 million in 2020, €3.4 million in 2021, €12.4 million in 2022, €9.8 million in 2023 and €5.3 million in 2024;
- a United States private placement (USPP) at fixed rates in US dollars arranged in May 2012 for an amount equivalent to €67.49 million maturing in May 2020;
- fixed-rate European private bond placements in euros totalling €362.8 million, of which €10 million matures in 2022, €3 million matures in 2023, €12 million matures in 2024, €19 million matures in 2025, €198.8 million matures in 2026 and €120 million matures in 2027;
- a floating-rate European private placement in euros totalling €45 million, maturing in April 2022;
- various fixed-rate loans, with a residual total of €53.4 million, corresponding to the assignment of future rents or usufruct fees (unindexed) on four buildings in the Fedimmo portfolio and two in the Befimmo portfolio;
- various bilateral credit lines at fixed rates with a total amount of €1.4 million with monthly amortisations until 2025.

In order to reduce its financing costs, Befimmo has a commercial paper programme for up to €600 million. At 31 December 2019, €352 million were in use for short-term issues under this programme. This programme has backup facilities consisting of the various credit lines described above. This programme also enables longer-term issues to be made, €261.5 million of which is in use in this context (documentary support for part of the €362.8 million of European private euro bond placements at fixed rates).

1 Including the renewal of the funding of €75 million for a new period of 6 years, concluded since 31 December 2019.
2 The amounts given are the notional amounts, excluding the impact of smoothing the cost of issuing debt.

In addition, the application of the interest rate hedging policy, described on page 82 of the management report, has led the Company to acquire the following financial hedging instruments (as at 31 December 2019) from financial institutions:

	Level in IFRS	Class in IFRS	Notional amount (millions)	Interest rate	Notional amount (millions)	Interest rate	Period of hedge		Reference interest rate
CAP bought	2	Option			30	0.50%	July 2015	July 2020	Euribor 3 months
CAP bought	2	Option			25	0.85%	July 2015	July 2020	Euribor 3 months
CAP bought	2	Option			20	1.15%	Jan. 2016	Jan. 2022	Euribor 3 months
FLOOR[1] sold	2	Option			20	0.55%	Jan. 2016	Jan. 2022	Euribor 3 months
Payer's IRS	2	Forward			20	1.58%	Jan. 2018	July 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.41%	Dec. 2017	Sept. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.57%	Dec. 2017	Sept. 2022	Euribor 3 months
Payer's IRS	2	Forward			15	1.40%	July 2014	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.72%	Jan. 2016	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward			15	1.08%	Sept. 2015	Sept. 2024	Euribor 3 months
Payer's IRS	2	Forward			20	0.84%	Oct. 2015	Oct. 2024	Euribor 3 months
Payer's IRS	2	Forward			20	0.81%	Oct. 2015	Oct. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.17%	June 2018	Dec. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.71%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.80%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.65%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			30	0.66%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.71%	Aug. 2018	Feb. 2025	Euribor 3 months
Payer's IRS	2	Forward			20	0.92%	Aug. 2018	Aug. 2026	Euribor 3 months
Payer's IRS	2	Forward			30	0.91%	Oct. 2015	Oct. 2025	Euribor 3 months
Payer's IRS	2	Forward			30	0.85%	Feb. 2016	Feb. 2026	Euribor 3 months
Payer's IRS	2	Forward			25	0.82%	Feb. 2017	Feb. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.95%	Apr. 2018	Oct. 2027	Euribor 3 months
Payer's IRS	2	Forward			15	0.88%	Nov. 2017	Nov. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.77%	Oct. 2017	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	0.82%	Oct. 2017	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.10%	Jan. 2025	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			30	1.14%	Jan. 2025	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			30	0.75%	July 2019	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.25%	Feb. 2025	Feb. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.21%	Jan. 2025	Apr. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.21%	Dec. 2024	June 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.12%	Jan. 2025	July 2028	Euribor 3 months
Payer's IRS	2	Forward			50	0.87%	Dec. 2018	Dec. 2028	Euribor 3 months
Payer's IRS	2	Forward			50	0.65%	July 2019	July 2029	Euribor 3 months
Payer's IRS	2	Forward			50	0.37%	Jan. 2020	Jan. 2022	Euribor 3 months
Payer's IRS	2	Forward			50	0.54%	Jan. 2022	Jan. 2023	Euribor 3 months
Payer's IRS	2	Forward			30	0.94%	Jan. 2023	Jan. 2038	Euribor 3 months
Payer's IRS	2	Forward			20	0.74%	Jan. 2023	Jan. 2038	Euribor 3 months
Payer's IRS	2	Forward			25	0.70%	Sep. 2019	July 2039	Euribor 3 months
Receiver's IRS	2	Forward			25	0.69%	Apr. 2018	Jan. 2020	Euribor 3 months
Receiver's IRS	2	Forward			25	0.82%	Apr. 2018	Jan. 2020	Euribor 3 months
Payer's IRS	2	Forward			25	1.51%	July 2012	July 2021	Euribor 1 month
Receiver's IRS	2	Forward			25	1.51%	March 2017	July 2021	Euribor 1 month
Payer's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 months
Receiver's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	0.42%	Jan. 2016	July 2024	Euribor 3 months
Receiver's IRS	2	Forward			25	0.42%	Oct. 2017	July 2024	Euribor 3 months
Receiver's IRS	2	Forward			65	0.81%	March 2018	March 2026	Euribor 12 months
CCS[2]	2	Forward	90 USD	5,05%	67	2.92%	May 2012	May 2020	Fix USD for Fix EUR

The hedging policy is implemented by recurring purchases of option or IRS type hedging instruments. The reader is reminded that the CCS were concluded in March 2012 to hedge the currency risk related to the conclusion of the USPP, denominated in US dollars.

As at 31 December 2019, the hedging ratio was 102.3% (off CAP off exchange).

[1] The sale of a floor implies a commitment to pay a minimum interest rate. Befimmo sells a floor only at the same time as it buys a cap, for the same notional amount and equivalent maturity. The combined purchase of a cap and sale of a floor is a collar.
[2] The interest rates in euros include margins for the CCS. The rates are applicable from 1 June 2018.

The situation of the hedging instruments as at 31 December 2018 is set out below.

			CURRENCY		€				
	Level in IFRS	Class in IFRS	Notional amount (millions)	Interest rate	Notional amount (millions)	Interest rate	Period of hedge		Reference interest rate
CAP bought	2	Option			15	0.75%	Jan. 2015	Jan. 2020	Euribor 3 months
CAP bought	2	Option			30	0.50%	July 2015	July 2020	Euribor 3 months
CAP bought	2	Option			25	0.85%	July 2015	July 2020	Euribor 3 months
CAP bought	2	Option			20	1.15%	Jan. 2016	Jan. 2022	Euribor 3 months
FLOOR[1] sold	2	Option			20	0.55%	Jan. 2016	Jan. 2022	Euribor 3 months
Collar Swaption	2	Option			30	0.75%/1.25%	July 2019	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			20	1.58%	Jan. 2018	July 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.41%	Dec. 2017	Sept. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.57%	Dec. 2017	Sept. 2022	Euribor 3 months
Payer's IRS	2	Forward			15	1.40%	July 2014	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.72%	Jan. 2016	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward			15	1.08%	Sept. 2015	Sept. 2024	Euribor 3 months
Payer's IRS	2	Forward			20	0.84%	Oct. 2015	Oct. 2024	Euribor 3 months
Payer's IRS	2	Forward			20	0.81%	Oct. 2015	Oct. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.17%	June 2018	Dec. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.71%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.80%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.65%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			30	0.66%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.71%	Aug. 2018	Feb. 2025	Euribor 3 months
Payer's IRS	2	Forward			20	0.92%	Aug. 2018	Aug. 2026	Euribor 3 months
Payer's IRS	2	Forward			30	0.91%	Oct. 2015	Oct. 2025	Euribor 3 months
Payer's IRS	2	Forward			30	0.85%	Feb. 2016	Feb. 2026	Euribor 3 months
Payer's IRS	2	Forward			25	0.69%	Apr. 2017	Jan. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.82%	Feb. 2017	Feb. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.95%	Apr. 2018	Oct. 2027	Euribor 3 months
Payer's IRS	2	Forward			15	0.88%	Nov. 2017	Nov. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.77%	Oct. 2017	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	0.82%	Oct. 2017	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.10%	Jan. 2025	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			30	1.14%	Jan. 2025	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.25%	Feb. 2025	Feb. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.21%	Jan. 2025	Apr. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.21%	Dec. 2024	June 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.12%	Jan. 2025	July 2028	Euribor 3 months
Payer's IRS	2	Forward			50	0.87%	Dec. 2018	Dec. 2028	Euribor 3 months
Payer's IRS	2	Forward			15	0.84%	May 2014	May 2019	Euribor 3 months
Receiver's IRS	2	Forward			15	0.84%	Feb. 2017	May 2019	Euribor 3 months
Receiver's IRS	2	Forward			15	0.84%	Nov. 2017	May 2019	Euribor 3 months
Receiver's IRS	2	Forward			25	0.69%	Apr. 2018	Jan. 2020	Euribor 3 months
Receiver's IRS	2	Forward			25	0.82%	Apr. 2018	Jan. 2020	Euribor 3 months
Payer's IRS	2	Forward			25	1.51%	July 2012	July 2021	Euribor 1 month
Receiver's IRS	2	Forward			25	1.51%	March 2017	July 2021	Euribor 1 month
Payer's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 months
Receiver's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	0.42%	Jan. 2016	July 2024	Euribor 3 months
Receiver's IRS	2	Forward			25	0.42%	Oct. 2017	July 2024	Euribor 3 months
Receiver's IRS	2	Forward			65	0.81%	March 2018	March 2026	Euribor 3 months
CCS[2]	2	Forward	75 USD	4,83%	56	2.77%	May 2012	May 2019	Fix USD for Fix EUR
CCS[2]	2	Forward	22 GBP	4,90%	26	2.76%	May 2012	May 2019	Fix GBP for Fix EUR
CCS[2]	2	Forward	90 USD	5,05%	67	2.92%	May 2012	May 2020	Fix USD for Fix EUR

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 directly and entirely to the income statement. 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 13 – *Fair Value Measurement*.

1 The sale of a floor implies a commitment to pay a minimum interest rate. Befimmo sells a floor only at the same time as it buys a cap, for the same notional amount and equivalent maturity. The combined purchase of a cap and sale of a floor is a collar.

2 The interest rates in euros include margins for the CCS. The rates are applicable from 1 June 2015.

The fair value of these contracts is determined at the balance sheet date. The derivatives were valued as at 31 December 2019 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 receives this information from an independent specialist company. Befimmo also verifies it using checks of consistency with information received from counterparty financial institutions (fair value excluding CVAs and DVAs).

The fair values of the various classes of hedging instruments are set out below:

(in € thousand)		Balance sheet item as of 31.12.2019	
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	-	- 359
Forward	2	7 274	-46 096
CCS	2	12 715	-
		19 989	**-46 455**

(in € thousand)		Balance sheet item as of 31.12.2018	
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	2	- 795
Forward	2	7 953	-21 475
CCS	2	19 319	-1 751
		27 273	**-24 021**

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 ISDA agreements with the counterparties for financial instruments provide for the offsetting between financial hedging instruments carried on the assets side and those carried on the liabilities side of the balance sheet in the event of default. No collateral has been exchanged between the parties.

The potential effect of offsetting financial hedging instruments is summarised below:

Effect of enforceable netting agreements (in € thousand)	I.E.b. Assets at fair value through the result		I.C. & II.C.Other current and non current financial liabilities	
	31.12.19	31.12.18	31.12.19	31.12.18
Total financial hedging instruments recognised in balance sheet	20 030 [1]	27 411	47 486 [1]	24 107
Enforceable netting	-20 030	-16 636	-20 030	-16 636
Net amount	**-**	**10 775**	**27 456**	**7 472**

The USPP debt included in balance sheet item IBc is recognised at fair value (level 2). The fair value option under IFRS 9 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.

In accordance with the Significant Accounting Policies, changes in the value of the derivatives held by the Company taking place during the accounting year are described in the following table:

(in € thousand)	Initial fair value	Acquisitions and disposals during the period	Changes in fair value in profit and loss account	Net losses realised on sale of financial assets	Final fair value
31.12.19 fiscal year	3 252	- 58	-29 660	0	-26 465
31.12.18 fiscal year	2 414	1 243	- 405	0	3 252

[1] The amounts €20,030 thousand and €47,486 thousand are excluding CVA/DVA.

As part of its hedging policy, the Company carried out various operations on hedging instruments over the fiscal year:
- the restructuring of a payer IRS on a notional amount of €25 million, extending its maturity to 2039;
- the conclusion of four payer IRSs for a notional amount of €125 million over an average period of 14.8 years.

On the basis of total borrowings as at 31 December 2019, a debt of €1,040.0 million (95.4% of total debt) is financed at fixed rates (conventional fixed rates or rates fixed by IRS). The remainder of the debt, €50.3 million, is financed at floating rates, but is fully hedged against rising interest rates by means of options instruments (caps and collars[1]).

Without any hedging, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €1.4 million (annual basis).
With the hedging arranged at 31 December 2019, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €0.7 million (annual basis).

C. Financial liquidity risk

Please see page 17 of this Report for a description of the financial liquidity risk.

The weighted average duration of borrowings is 4.4[2] years. The tables below illustrate the maturities of the financial liabilities held by the Company.

LIABILITIES (31.12.19)	Total	< 1 year	Between 1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**637 567**	-	255 952	381 614
Of which IFRS 16 financial liabilities	***25 820***	-	*9 127*	*16 693*
D. Trade debts and other non-current debts	**9 974**	-	9 974	-
Current financial liabilities				
B. Current financial debts	**497 167**	497 167	-	-
Of which IFRS 16 financial liabilities	***2 201***	*2 201*	-	-
D. Trade debts and other current debts	**70 320**	70 320	-	-
E. Other current liabilities	**3 872**	3 872	-	-
Total financial liabilities	**1 218 900**	**571 359**	**265 927**	**381 614**

LIABILITIES (31.12.18)	Total	< 1 year	Between 1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**735 519**	-	412 636	322 883
D. Trade debts and other non-current debts	**2 130**	-	2 130	-
Current financial liabilities				
B. Current financial debts	**443 012**	443 012	-	-
D. Trade debts and other current debts	**30 603**	30 603	-	-
E. Other current liabilities	**4 099**	4 099	-	-
Total financial liabilities	**1 215 362**	**477 713**	**414 766**	**322 883**

The financial liabilities in the table above are of level 2 as per IFRS 13 and are carried at amortised cost, with the exception of the USPP debt, which is booked at fair value at the balance sheet date. As per IFRS 13, debt carried at fair value is of level 2.

[1] Buying a collar (buying a cap and selling a floor) places a ceiling (cap) on the impact of a rise in interest rates, but also involves an undertaking to pay a minimum rate (floor).
[2] This calculation does not take account of maturities for which refinancing is already in place.

34. CHANGES IN DEBT RELATED TO FINANCING OPERATIONS

The following table is designed to improve disclosure on the change in debt related to financing transactions, whether or not this change comes from cash flow.

	I. E. et II.B. Non-current and current financial assets	I.C. et II.C. Other non-current and current financial liabilities	I.B. et II.B. Non-current and current financial debts	Net Liabilities
At 31 December 2017	**21 371**	**-17 085**	**-1 002 087**	**-997 801**
Changes due to cash flow from financing activities	**7 329**		**-171 108**	**-163 778**
European private bond placements			-191 500	**-191 500**
Increase in financial debts			20 392	**20 392**
Hedging instruments and other financial assets	295			**295**
Stake in Silversquare - cash out	7 035			**7 035**
Changes due to items with no effect on cash flow	**8 800**	**-6 936**	**-5 336**	**-3 472**
Fair value adjustment on financial assets/liabilities booked to earnings (+/-)	6 670	-6 936	-5 636	**-5 901**
Stake in Silversquare - debt	2 130			**2 130**
Variation on activated debt-costs			300	**300**
At 31 December 2018	**37 501**	**-24 021**	**-1 178 531**	**-1 165 051**
Adjustment of balance sheet totals arising from the change in perimeter of the consolidation (incorporation of Silversquare into the consolidation on 1 January 2019)	-9 254		-3 303	**-12 557**
Recognition of IFRS 16 financial liabilities at 1 January 2019			-21 606	**-21 606**
At 1 January 2019	**28 247**	**-24 021**	**-1 203 440**	**-1 199 214**
Changes due to cash flow from financing activities	**-904**	**-58**	**71 942**	**70 980**
European private bond placements			-50 000	**-50 000**
Reimbursement USPP, May 2019			82 769	**82 769**
Increase in financial debts			37 693	**37 693**
Hedging instruments and other financial assets	-904	-58		**-962**
Reimbursement of IFRS 16 financial liabilities			1 479	**1 479**
Changes due to items with no effect on cash flow	**-7 284**	**-22 376**	**-3 236**	**-32 895**
Fair value adjustment on financial assets/liabilities booked to earnings (+/-)	-7 284	-22 376	4 674	**-24 986**
Variation on activated debt-costs			-15	**-15**
Changes in IFRS 16 financial liabilities since 1 January 2019			-7 895	**-7 895**
At 31 December 2019	**20 059**	**-46 455**	**-1 134 734**	**-1 161 129**

35. EMPLOYEE BENEFITS

Changes were made to the Company's supplementary pension scheme (Befimmo and subsidiaries excluding Silversquare) from fiscal year 2016.
Employees recruited from 1 January 2016 have a new supplementary pension scheme under a group defined-contribution insurance policy.

Employees in post on 31 December 2015 were offered the choice between continuing on the existing defined-benefits pension plan or switching to a new defined-contribution type group insurance from 1 January 2016. In accordance with the law, employees who opted for the new defined-contribution scheme benefit from dynamic management of the defined-benefits commitment for their past career. The supplementary defined-benefits pension plan is being retained for employees who opted to continue in it.

The assets covering the Company's commitments under the defined-benefit scheme were transferred from the pension fund of AG Real Estate OFP to an insurance company.

A. DEFINED-BENEFIT PLAN

This plan provides for the payment of a retirement pension and a survivor's pension. At the member's request, benefits may be paid as a lump sum.

This pension plan is exposed to various risks, notably 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:

(in € thousand)	Fair Value of Plan assets	Total (Asset)/Deficit	Present Value of the Obligation	Effect of asset ceiling[1]	Net (Asset)/ Liability
At 31 December 2017	**9 311**	**-9 313**	**- 2**	**2**	**0**
Service cost in profit and loss					
Current service cost (net of employee contributions)	124		124		124
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	165	- 163	2		2
Components of Defined Benefit Cost recognised in profit and loss	**289**	**- 163**	**126**	**0**	**126**
Actuarial (gain)/loss arising from					
Changes in demographic assumptions					
Changes in financial assumptions	- 494		- 494		- 494
Experience adjustments	- 97		- 97		- 97
Return on plan assets (excluding amounts in net interest)		311	311		311
Change in effect of the asset ceiling (excluding amounts in net interest)				178	178
Re-measurements of the net liability/(asset) in 'Other comprehensive income'	**- 591**	**311**	**- 280**	**178**	**- 102**
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**- 302**	**148**	**- 154**	**178**	**24**
Employee contributions	7	- 7			
Employer contributions		- 24	- 24		- 24
Benefit payments from plan assets	- 30	30			
Direct benefit payments by employer					
Cash flows	**- 23**	**- 1**	**- 24**	**0**	**- 24**
At 31 December 2018	**8 986**	**-9 166**	**- 180**	**180**	**0**
Service cost in profit and loss					
Current service cost (net of employee contributions)	123		123		123
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	180	- 181	- 1		- 1
Components of Defined Benefit Cost recognised in profit and loss	**303**	**- 181**	**122**		**122**
Actuarial (gain)/loss arising from					
Changes in demographic assumptions					
Changes in financial assumptions	1 867		1 867		1 867
Experience adjustments	- 250		- 250		- 250
Return on plan assets (excluding amounts in net interest)		- 384	- 384		- 384
Change in effect of the asset ceiling (excluding amounts in net interest)				- 180	- 180
Re-measurements of the net liability/(asset) in 'Other comprehensive income'	**1 616**	**- 384**	**1 232**	**- 180**	**1 052**
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**1 920**	**- 566**	**1 354**	**- 180**	**1 174**
Employee contributions	6	- 6	0		0
Employer contributions		- 21	- 21		- 21
Benefit payments from plan assets	- 239	239	0		0
Direct benefit payments by employer					
Cash flows	**- 234**	**213**	**- 21**		**- 21**
At 31 December 2019	**10 672**	**-9 519**	**1 153**		**1 153**

The cost of services provided is included under "Corporate overheads" in the IFRS income statement.

[1] If a net asset exists, it will not be recognized.

The effective rate of return of the assets for fiscal year 2019 is +6.05%, calculated by weighting the rates of return on the group insurances (classes 23 and 21). The plan assets are broken down as follows:

- Group insurance (class 21) : €2,401 thousand (present value of funded insurance benefits);
- Group insurance (class 23): €7,118 thousand, invested in funds with assets broken down as follows: 16% equities, 64% bonds, 20% cash and other investments.

The duration of the pension obligations for plan members is 23 years. The pension obligations are funded on the basis of the projected credit units method. The effective yield of the assets over the fiscal year was positive at €566 thousand. For fiscal year 2018, it was negative at -€148 thousand.

The main actuarial assumptions are summarised below:

	31.12.19	31.12.18
Discount rate	0.90%	2.00%
Expected rate of salary increase	3.00%	3.00%
Expected yield rate of plan assets	1.75%	1.75%
Expected rate of pension increase	1.70%	1.70%
Mortality table	MR-5/FR-5	MR-5/FR-5

Befimmo expects to contribute an estimated €22 thousand for fiscal year 2020.

We also analysed the sensitivity of the pension obligation to changes in the various assumptions:

Parameters	Hypothesis	Impact on the present value of the obligation
Discount rate	0.50%	-10.50%
Discount rate	-0.50%	12.45%
Inflation rate	0.50%	11.99%
Inflation rate	-0.50%	-10.70%
Growth rate of wages	0.50%	9.85%
Growth rate of wages	-0.50%	-9.93%
Life expectancy	+1 year	3.98%

B. Defined-contribution plan

Employers do not bear any direct financial or actuarial risks in a defined-contribution pension plan. Nevertheless, they are still exposed to various risks, primarily the return risk (Belgian legislation requires employers to guarantee a minimum return that may exceed the return obtained by the insurance company).

Accordingly, in accordance with IAS 19, the present value of the obligation and of the assets of such a 'defined-contribution' pension plan have also been assessed and any resulting actuarial gains or losses have been recognised directly in equity. As at 31 December 2019, the amount concerned was €319 thousand, the present value of the obligation being valued at €2,740 thousand and the plan assets at €2,421 thousand.

The current value of the obligation and assets has evolved as follows:

(in € thousand)	Fair Value of Plan assets	Total (Asset)/Deficit	Present Value of the Obligation	Effect of asset ceiling[1]	Net (Asset)/ Liability
At 31 December 2017	**1 125**	**-1 123**	**2**		**2**
Service cost in profit and loss					
Current service cost (net of employee contributions)	728		728		728
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	31	- 25	6		6
Components of Defined Benefit Cost recognised in profit and loss	**759**	**- 25**	**734**	**0**	**734**
Actuarial (gain)/loss arising from					
Changes in demographic assumptions					
Changes in financial assumptions			0		0
Experience adjustments	- 5		- 5		- 5
Return on plan assets (excluding amounts in net interest)		- 7	- 7		- 7
Change in effect of the asset ceiling (excluding amounts in net interest)					
Re-measurements of the net liability/(asset) in 'Other comprehensive income'	**- 5**	**- 7**	**- 11**	**0**	**- 11**
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**754**	**- 32**	**722**	**0**	**722**
Employee contributions					
Employer contributions		- 725	- 725		- 725
Benefit payments from plan assets	- 116	116	0		0
Direct benefit payments by employer					
Cash flows	**- 116**	**- 609**	**- 725**	**0**	**- 725**
At 31 December 2018	**1 763**	**-1 763**	**0**	**0**	**0**
Service cost in profit and loss					
Current service cost (net of employee contributions)	739		739		739
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	48	- 41	7		7
Components of Defined Benefit Cost recognised in profit and loss	**787**	**- 41**	**745**		**745**
Actuarial (gain)/loss arising from					
Changes in demographic assumptions					
Changes in financial assumptions	281		281		281
Experience adjustments	116		116		116
Return on plan assets (excluding amounts in net interest)		- 3	- 3		- 3
Change in effect of the asset ceiling (excluding amounts in net interest)					
Re-measurements of the net liability/(asset) in 'Other comprehensive income'	**397**	**- 3**	**394**	**0**	**394**
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**1 184**	**- 44**	**1 139**	**0**	**1 139**
Employee contributions					
Employer contributions		- 821	- 821		- 821
Benefit payments from plan assets	- 208	208	0		0
Direct benefit payments by employer					
Cash flows	**- 208**	**- 613**	**- 821**		**- 821**
At 31 December 2019	**2 740**	**-2 421**	**319**		**319**

The expected contributions for fiscal year 2020 are estimated at €828 thousand.

[1] If a net asset exists, it will not be recognized.

36. ASSESSMENT OF THE FAIR VALUE OF INVESTMENT PROPERTIES: DISCLOSURE AS PER IFRS 13[1]

In line with IFRS, Befimmo values its property portfolio at fair value as 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 10% (Flanders) or 12.5% (Wallonia and Brussels) for buildings with an investment value of less than €2.5 million, and 2.5% for buildings with an investment value of more than €2.5 million. This 2.5% allowance[2] 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. This rule is also applied for determining the fair value of property located in the Grand Duchy of Luxembourg.

A. Measurement of fair value as at 31 December 2019

Investment properties (in € thousand)	Total	Level 3
Properties available for lease	**2 394 461**	**2 394 461**
Brussels CBD and similar	1 346 098	1 346 098
Brussels decentralised	83 180	83 180
Brussels periphery	121 093	121 093
Flanders	474 911	474 911
Wallonia	230 613	230 613
Luxembourg city	138 566	138 566
Properties that are being constructed or developed for own account in order to be leased	**394 130**	**394 130**
TOTAL INVESTMENT PROPERTIES	**2 788 591**	**2 788 591**

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 public BE-REIT's independent experts[3] use several valuation techniques to determine the fair value of the properties in the portfolio of which the main characteristics are the following:

- 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 net of charges estimated by the expert, 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. The indexing rate used by the expert at 31 December 2019 for his projections is 1.65%.
  - 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 the properties in the portfolio on the assumption that they are used optimally ("highest and best use") in terms of allocation (e.g. an office building with a higher potential value for retail use is valued taking account of the creation of potential value related to that reallocation).

In 2018, following the rotation of the expert, all properties in the portfolio were valued on the basis of the future cash flow updating method, with the exception of a single building valued on the basis of the income capitalisation method.

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[1] Excluding rights to use lease agreements for office space and rights to use land (IFRS 16)

[2] Average level of expenses paid on transactions recorded by the experts on the Belgian market. This accounting treatment is detailed in the statement issued by BeAMA on 8 February 2006 and confirmed in the press release of the BE-REIT Association of 10 November 2016.

[3] For further information, please also see the conclusions of the coordinating real-estate expert, on pages 72 and 73.

Furthermore, the experts also took account in their valuation of the location of the property, the age and condition of the building, the remaining term of the current leases and the vacancy rate (on the basis of signed leases). All this information can be consulted in the management report on pages 52 to 54.

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. When planned spaces are pre-let, the pre-let part and the lease term can be consulted on pages 57 and 58 of this Report. Additional information about these projects, such as the estimated construction time and the residual cost of the work, is also available on page 99 of this Report.

C. Changes in value of the portfolio over the fiscal year (level 3)

(in € thousand)	
Opening balance as of 31 December 2018	**2 655 324**
Changes in fair value	110 195
Investments	94 410
Acquisitions	17 289
Disposals	- 88 627
Opening balance as of 31 December 2019	**2 788 591**

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"

Quantitative information on the valuation of the fair value based on unobservable data (Level 3)

OFFICES	Fair value as at 31.12.19 (in € thousand)	Letting area (in m^2)	Valuation techniques	Unobservable data	Intervals	(weighted average)
Brussels CBD and similar	1 346 098	312 758	Cashflow discount	Annual rent	€158/m^2 - €348/m^2	(€212/m^2)
				Discount rate	0.85% - 5.17%	(2.74%)
				Capitalisation rate of the residual value	4.20% - 6.75%	(5.11%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Brussels decentralised	83 180	39 319	Cashflow discount	Annual rent	€130/m^2 - €170/m^2	(€145/m^2)
				Discount rate	6.00% - 7.00%	(6.20%)
				Capitalisation rate of the residual value	6.09% - 7.50%	(6.55%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Brussels periphery	121 093	94 607	Cashflow discount	Annual rent	€90/m^2 - €136/m^2	(€119/m^2)
				Discount rate	6.24% - 9.00%	(7.96%)
				Capitalisation rate of the residual value	6.75% - 9.00%	(8.38%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Flanders	474 911	208 666	Cashflow discount	Annual rent	€59/m^2 - €279/m^2	(€124/m^2)
				Discount rate	1.10% - 2.23%	(1.79%)
				Capitalisation rate of the residual value	5.50% - 10.00%	(6.71%)
			Capitalisation method [1]	Annual rent/ rental value		
				Capitalisation rate		
Wallonia	230 613	71 073	Cashflow discount	Annual rent	€111/m^2 - €156/m^2	(€142/m^2)
				Discount rate	1.60% - 3.28%	(3.05%)
				Capitalisation rate of the residual value	6.25% - 9.25%	(6.71%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Luxembourg city[1]	138 566	12 247	Cashflow discount	Annual rent	-	-
				Discount rate	-	-
				Capitalisation rate of the residual value	-	-
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Property being constructed or developed for own account in order to be leased	394 130	274 470	Capitalised net revenue less cost of the remaining work	Capitalised net income	€3,233 /m^2 - €5,067 /m^2	(€4,312 /m^2)
				Annual rent	€150/m^2 - €228/m^2	(€192/m^2)
				Capitalisation rate	4.09% - 5.00%	(4.49%)
TOTAL	**2 788 591**	**1 013 141**				

[1] According to the Royal Decree of 13 July 2014, the public B-REIT has the option of not disclosing information for a category/segment that contains only one building.

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 +€160.2 million and -€71.5 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) would result in a change in fair value of the portfolio of the order of -€159.2 million and +€271.4 million respectively.

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.

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 auditors before Befimmo's Board of Directors closes the financial statements.

37. COMMITMENTS AS AT 31 DECEMBER 2019

37.1. Commitments to third parties

37.1.1. Commitments to tenants

Befimmo undertakes, under various leases, to bear the costs of light renovation work amounting initially to €2.6 million excluding VAT and up to €0.18 million excluding VAT a year for a further 10 years.

Befimmo has undertaken, under the 18-year lease it agreed, to design, build and make available to the Flemish authorities during the second quarter of 2023, some 70,000 m² of office space in the ZIN project.

Befimmo has undertaken, under the 18-year lease agreement, to make available to the Wallonia Public Service during the first and third quarters of 2021, some 11,000 m² of office space under construction in the Paradis Express project in Liège.

Befimmo undertakes, under the lease it has signed, to make available to Beobank in the course of the first quarter of 2021, an area of some 22,000 m² of office space in the Quatuor building under construction.

Befimmo undertakes, under the lease it has signed, to make available to Mc Kinsey in the course of first quarter of 2020, an area of some 7,000 m² of office space in the Brederode Corner, currently undergoing renovation.

The Belgian Government has an option to purchase the Finance Centre, Paradis Tower in Liège, on the expiry of the 27.5-year lease.

The Buildings Agency has an option to purchase the Courthouse at Rathausplatz in Eupen, upon the expiry of the 25-year lease.

The Flemish Community has a preferential right, for the duration of its lease, in the event of the sale of the leasehold on the building at rue aux Choux in Brussels.

BNP Paribas Fortis has a preferential right, for the duration of its respective leases, in the event of the sale of the leasehold on the properties located in the Meir in Antwerp and Vital De Costerstraat in Leuven.

Furthermore, some tenants have preferential rights to rent the space in the buildings they occupy.

3 7.1.2. Commitments to purchasers of properties to be sold

Fedimmo has signed a Head of Terms subject to a suspensory condition for the sale on completion of the L2 residential building and related car parks of the Paradis Express project in Liège. Fedimmo has also signed an agreement subject to a condition precedent for the sale of the project to build four other residential buildings (L1/L3/L4/L5) and the sale of the parking spaces and cellars yet to be completed in the Paradis Express project in Liege.

37.1.3. Purchase undertaking

As part of the equity investment in Silversquare Holding in December 2018, Befimmo has granted a put option on the remaining shares held by the shareholders. It also has a call option on those same shares.

Befimmo has received the usual guarantees from the shareholders for this type of transaction.

37.1.4. Commitments to approved building contractors and design teams

Commitments entered into by Befimmo and its subsidiaries with approved building contractors:
Befimmo's main contractual commitments with approved building contractors and design teams amount to some €155.8 million including VAT. These commitments relate mainly to the Brederode Corner, the Quatuor and Paradis Express projects.

Commitments made by Befimmo Property Services on behalf of Befimmo or subsidiaries:
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 and its subsidiaries. These commitments vary in length depending on the contracts and account for some €5.6 million including VAT annually. These services are mostly billed to tenants under the heading of common charges.

37.1.5. Letting mandates

Befimmo, Fedimmo and Axento have given undertakings, in the context of leases and/or sales, to pay fees to various agents in line with standard market practice.

37.1.6. Commitments to third parties

Befimmo, Fedimmo and Axento might decide to make binding rental or investment offers that are still valid at the closing date of the fiscal year.

37.1.7. Commitment to the Flemish authorities

Befimmo has undertaken to design, build and provide under an 18-year lease an office building of some 70,000 m² to the Flemish authorities.

37.1.8. Other commitments

Befimmo and Fedimmo are also committed for periods of one to three years under specific contracts such as property surveying services (for the quarterly valuation of the property portfolio), property management services for the Axento building, contracts for the provision of services in certain buildings, contracts for leasing parking spaces to third parties, and insurance policies.

37.2. Restrictions on assignment

None of the buildings in the Company's portfolio is mortgaged or subject to any other restriction on realisation or assignment, save only the standard provisions contained in several loan agreements. These restrictions have no impact on the value of the properties concerned.

Similarly, none of Befimmo's property assets is subject to any restriction on the recovery of its 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 are the Poelaert building and the Wiertz complex in Befimmo's portfolio and four buildings in Fedimmo's portfolio: Avenue des Arts, rue du Gouvernement Provisoire and rue Lambermont in Brussels and Majoor Vandammestraat in Knokke.

37.3. Guarantees given

(in € thousand)		31.12.19	31.12.18
Guarantees for investment work	Bank guarantee	5 152	5 149
Pledges on goodwill and other assets	Real guarantee	1 315	-
Rental guarantees	Bank guarantee	1 748	-
Guarantees issued at the close of the fiscal year		**8 215**	**5 149**

In the context of the building of the Finance Centre, Paradis Tower in Liège, Fedimmo issued a guarantee for the sum of €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. 50% of this guarantee was released in early January 2015. The remaining 50% will be released upon final hand-over of the building.
Befimmo issued a bank guarantee for the sum of €0.5 million in favour of BAC to cover its commitments under the leasehold agreement for the Gateway building.
Befimmo issued a guarantee for €1.04 million, in favour of the Buildings Agency, to cover the proper execution of the development contract to provide a courthouse for the Federal Public Justice Service located in Rathausplatz in Eupen.

In 2017, Befimmo issued a guarantee for €0.9 million in favour of the Ministry of the Brussels-Capital Region to cover the proper execution of the work in kind constituting the urban planning charge to be carried out for the implementation of the planning permit for the Quatuor project. The work concerns the renovation of the Reine Marie Henriette children's home at 14 rue de la Flèche in Brussels.

Rental guarantees and pledges on stock-in-trade and other assets are provided by Silversquare in the context of lease agreements as lessee of office space and the financing of works in these spaces.

38. RELATED-PARTY TRANSACTIONS

The table below sets out the remuneration of the Directors and members of the Management Committee of Befimmo SA.

Post-employment benefits are described in the note on employee benefits.
The Company did not grant any other long-term benefits during fiscal years 2018 or 2019.

FISCAL YEAR 31.12.19 (in €) Name	Short-term benefits (salaries, bonuses)[1]	Post-employment benefits (pension, etc.)
Alain Devos	120 500	
Anne-Marie Baeyaert	60 000	
Sophie Goblet	83 500	
Sophie Malarme-Lecloux	82 000	
Wim Aurousseau	50 000	
Etienne Dewulf	74 000	
Hugues Delpire (until 30 April 2019)	21 667	
Kurt De Schepper	57 500	
Benoît Godts	84 000	
Vincent Querton (since 30 April 2019)	54 333	
Benoît De Blieck / SPRLu BDB Management	731 633	74 285
variable portion	*250 000*	
Other members of the Executive Committee	1 229 781	182 253
variable portion	*375 000*	
Total	**2 648 915**	

FISCAL YEAR 31.12.18 (in €) Name	Short-term benefits (salaries, bonuses)[1]	Post-employment benefits (pension, etc.)
Alain Devos	135 500	
Anne-Marie Baeyaert	62 500	
Sophie Goblet	87 500	
Sophie Malarme-Lecloux	71 500	
Wim Aurousseau (since 24 April 2018)	23 333	
Etienne Dewulf	84 000	
Hugues Delpire	95 000	
Kurt De Schepper	67 500	
Benoît Godts	87 000	
Benoît De Blieck / SPRLu BDB Management	728 984	71 007
variable portion	250 000	
Other members of the Management Commitee	1 232 581	157 932
variable portion	360 000	
Total	**2 675 398**	**228 939**

39. IFRS 16 LEASES

Befimmo applies IFRS 16 *Leases* in the consolidated financial statements as from 1 January 2019, on the basis of the "modified retrospective approach". There is no change to the comparative accounts.

The standard has no impact on the accounting treatment or classification of leases in relation to Befimmo tenants in its capacity as lessor. IFRS 16, on the other hand, does have an impact on the recognition of leases in its capacity as lessee. Before it adopted IFRS 16, Befimmo classified each of its leases (as lessee) on the commencement date, in the form of a simple lease agreement; rental payments were booked as rental costs in the statement of net income on a straight-line basis over the rental period. When adopting IFRS 16, Befimmo applied a single accounting and valuation approach for all leases where it is the lessee, and uses the exemption provided for by the standard for low-value assets and short-term leases.

[1] Short-term benefits are fixed and variable remuneration, and any other miscellaneous components and benefits (including social charges).

The following table shows the reconciliation between off-balance sheet commitments for operating leases at 31 December 2018 and the financial liability as at 1 January 2019:

(€ thousand)	
Off-balance sheet commitments for simple leases as at 31 December 2018	**2 667**
Booking exemption for low-value assets and short-term leases	- 590
Booking exemption for low-value assets	-
Extensions and termination options where there is a reasonably high probability that they will be exercised	-
Termination options where there is a reasonably high probability that they will be exercised	1 029
Assets excluded from the scope of IFRS 16 - undefined asset	-1 479
Other	- 212
Effect of discounting the marginal lending rate	- 484
Simple lease commitments as at 1 January 2019	**931**
Change in the consolidation scope on 1 January 2019 (integration of Silversquare)	17 306
Additional debts recognised under IFRS 16 as at 1 January 2019	3 369
Financial debts, following the application of IFRS 16 on 1 January 2019	**21 606**

Befimmo has determined that the following leases fall within the scope of IFRS 16 as at 1 January 2019: leases for cars and copying equipment, personal parking spaces and office space. The application of the standard required the following items to be recognised in the balance sheet:

- the right to use asset on the assets side of the balance sheet: €21,606 thousand, of which:
  - rights to use Silversquare leases for a total amount of €17,265.3 thousand under the heading "Investment properties" (see note 18 to these financial statements)
  - rights to use land for a total amount of €2,500.4 thousand under the heading "Investment properties" (see note 18 to these financial statements)
  - rights to use cars, copiers and personal parking spaces for a total of €1,840.1 thousand in the section "Other property, plant and equipment" (see note 19 to these financial statements)
- the lease liability on the liabilities side of the balance sheet: €21,606 thousand (see note 27 to these financial statements)
- shareholders' equity on the liabilities side of the balance sheet: €0.

The integration of Silversquare into the consolidation scope also has an impact on the leases signed by Silversquare with third-party real-estate operators[1]. This results in recognition of an amount of €17.3 million in financial debts and under the heading "Investment properties - Fair value portfolio excluding Silversquare" on 1 January 2019.

Befimmo applies the implicit interest rate where it is mentioned in the lease agreement (leased cars). For all other leases, the discount rate is calculated by an external consultant, depending on the type of asset. The weighted average discount rate used for all debt arising from the application of IFRS 16 as at 1 January is 3.0%.

The impact in the income statement at 31 December 2019 amounts to:

- €82.1 thousand of changes in fair value on rights of use recognised as per IAS 40, booked under the heading "changes in fair values of investment properties" (see note 13 to these financial statements);
- €388.0 thousand in amortisation of lease agreements for cars and copiers included under the heading "Corporate overheads";
- €39.0 thousand in amortisation on personal parking spaces included under the heading "rental charges" (see note 6 to these financial statements);
- €437.1 thousand of interest paid booked to the financial result (see note 14 to these financial statements).

The Company signed two office lease agreements in 2019 which commence during 2020 subject to IFRS 16. These assets were not yet recognised as at 31 December 2019.

40. SILVERSQUARE: PHASED ACQUISITION

Since 6 December 2018, Befimmo has held a 61.43% stake in Silversquare Holding SA and, since 1 January 2019, it has had sole control. This has led to a change in the consolidation method for Silversquare: it was integrated according to the equity method until 31 December 2018, and consolidated by full incorporation since 1 January 2019.

The reader is invited to refer to the press release of 6 December 2018 on the strategic acquisition of Silversquare, available on the Befimmo website (www.befimmo.be).

[1] As at 31 December 2019, these were the Louise, Stéphanie, Europe and Luxembourg coworking spaces. The Zaventem and Triomphe spaces are housed in Befimmo buildings.

This takeover meets the definition of a business combination as per IFRS 3 - *Business combinations* which requires the application of the "purchase method" whereby Silversquare's identifiable assets and liabilities are to be re-measured at fair value at the date of acquisition in Befimmo's consolidated financial statements. Furthermore, under this method, the historical interest must also be re-measured at fair value through the income statement. Finally, the goodwill generated on this transaction arises from the difference between the acquisition cost (including the fair value of the historical interest) and the fair value of the net assets acquired. It was decided to opt for the partial goodwill method.
At 31 December 2019 it was €9.1 million.

The calculation of the goodwill as at 31 December 2019 is summarised in the following table:

(€ thousand)	Carrying value as at 1 January 2019
Cash	1 557
Right to use Silversquare leases at 1 January 2019 - IFRS 16	17 306
Other non-current and current assets	7 576
Non-current and current financial debts - IFRS 16	-17 306
Other non-current and current liabilities	-9 245
Total net assets	**- 112**
61.43% of Silversquare Holding SA shares[1]	8 991
Non-controlling interests	43
Goodwill	**9 060**

The minority shareholders of Silversquare hold a put option (with a ceiling) on the residual shares of Silversquare that they still hold. The valuation of this put is derived from the valuation for the Silversquare group carried out by an independent expert (using a discounted future cash-flow method) as part of the annual closure of the accounts. It shows that the value of the group is higher than the acquisition value and the Company has therefore recorded the value of this put in “Trade and other debts” (see note 30 to these financial statements) in return for a decrease in the “Non-controlling interest”. As the latter cannot be negative, it is recorded as a reduction in “Equity attributable to shareholders of the parent company - C. Reserves”.

[1] Represents the percentage of ownership in Silversquare when establishing goodwill. Note that this percentage has meanwhile changed to 68.16%.

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEETING OF BEFIMMO SA FOR THE YEAR ENDED 31 DECEMBER 2019

As required by law and the Company's by-laws, we report to you as statutory auditor of Befimmo sa (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2019, the consolidated statement of total comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2019 and the notes to the consolidated financial statements (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 25 April 2017, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 31 December 2019. We performed the audit of the Consolidated Financial Statements of the Group for the third consecutive year.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Unqualified opinion

We have audited the Consolidated Financial Statements of Befimmo sa, which consists of the consolidated statement of financial position as at 31 December 2019, the consolidated statement of total comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2019 and he notes to the consolidated financial statements, which show a consolidated balance sheet total of € 2.912.251 thousand and of which the consolidated income statement shows a profit for the year of € 178.757 thousand.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2019, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Valuation of the investment properties

- Description of the matter and audit risk:

Investment property amounts to a significant part (96,7%) of the assets of the Group.
In accordance with the accounting policies and IAS 40 standard "Investment property", investment property is valued at fair value, and the changes in the fair value of investment property are recognized in the income statement. The fair value of investment properties belongs to the level 3 of the fair value hierarchy defined within the IFRS 13 standard "Fair Value Measurement", some parameters used for valuation purposes being based on unobservable data (discount rate, future occupancy rate, ...).

- Summary of audit procedures performed

As external appraisers carry out an estimate of the fair value of the investment properties of the Group, we have assessed their valuation reports (with the support of real estate valuation specialists of our firm). More precisely, we have:

- assessed the objectivity, the independence and the competence of the external appraisers,
- tested the integrity of source data (contractual rentals, maturities of the rental contracts, ...) used in their calculations,
- reviewed the models, assumptions and parameters used in their reports (discount rates, future occupancy rates, ...).

Finally, we have assessed the appropriateness of the information on the fair value of the investment properties disclosed in note 18 of the Consolidated Financial Statements.

Valuation of financial instruments

- Description of the matter and audit risk:

The Group uses interest rate swaps (IRS), options and cross currency swaps (CCS) to hedge its interest rate and foreign currency risk on its variable rate debts. The measurement of the derivatives at fair value is an important source of volatility of the result. As a matter of fact, in accordance with IFRS 9 "Financial Instruments: Recognition and Measurement", these derivatives are valued at fair value (considered to belong to the level 2 of the fair value hierarchy defined by IFRS 13 "Fair Value Measurement"). The changes in fair value are recognized in the income statements. The audit risk appears on the one hand in the valuation of these derivatives.

- Summary of audit procedures performed

We have compared the fair values of the derivatives (with the support of internal exports within our practice) with the valuations calculated by an external party and validated as such by Befimmo sa, and compared them to the values communicated by the financial counterparties and the credit risk adjustments. We have assessed the most important assumptions and the calculations. Finally, we have assessed the appropriateness of the information on the financial instruments disclosed in the notes 20, 28 and 33B of the Consolidated Financial Statements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This responsibility involves implementing internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.
As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit thisRapport sur d'autres obligations légales et réglementaires

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report, and to report on any matters.

Aspects relating to Board of Director's report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report on the Consolidated Financial Statements is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Companies and Associations Code (former article 119 of the Companies Code).
In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report on the and other information included in the annual report, being:

- Key figures
- Financial report
- EPRA best practices
- Financial report
- Appendix III: Alternative Performance Measures

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide reasonable assurance regarding the Board of Directors' report and other information included in the annual report.

Independence matters

Our auditor's office has not performed any services that are not compatible with the audit of the Consolidated Financial Statements and has remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 3:65 of the Companies and Associations Code have been correctly disclosed and detailed in the disclosures to the Consolidated Financial Statements.

Other communications

This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 27 March 2020

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

Christel Weymeersch*
Partner
*Acting on behalf of a SRL

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Statutory statement of comprehensive income

(in € thousand)

		31.12.19	31.12.18
I.	(+) Rental income	81 357	83 890
III.	(+/-) Charges linked to letting	- 406	- 510
NET RENTAL INCOME		**80 952**	**83 380**
IV.	(+) Recovery of property charges	14 595	8 713
V.	(+) Recovery of rental charges and taxes normally payable by tenants on let properties	15 509	22 283
VII.	(-) Charges and taxes normally paid by tenants on let properties	-16 612	-20 159
VIII.	(+/-) Other revenue and charges for letting	504	716
PROPERTY RESULT		**94 947**	**94 934**
IX.	(-) Technical costs	-15 025	-10 114
X.	(-) Commercial costs	- 744	-1 904
XI.	(-) Charges and taxes on unlet properties	-2 444	-2 923
XII.	(-) Property management costs	-3 665	-3 066
XIII.	(-) Other property charges	-2 337	-4 214
	(+/-) Property charges	**-24 215**	**-22 221**
PROPERTY OPERATING RESULT		**70 732**	**72 713**
XIV.	(-) Corporate management costs	-9 844	-9 094
XV.	(+/-) Other operating income and charges	- 926	- 684
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**59 962**	**62 935**
XVI.	(+/-) Gains or losses on disposals of investment properties	12 427	-
XVIII.	(+/-) Changes in fair value of investment properties	62 105	-26 106
OPERATING RESULT		**134 494**	**36 829**
XX.	(+) Financial income	45 833	45 336
XXI.	(-) Interest charges	-17 723	-17 741
XXII.	(-) Other financial charges	-4 892	-2 503
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	40 295	21 186
	(+/-) Financial result	**63 513**	**46 278**
PRE-TAX RESULT		**198 007**	**83 107**
XXIV.	(-) Corporation tax	- 248	- 260
	(+/-) Taxes	**- 248**	**- 260**
NET RESULT		**197 759**	**82 847**
TOTAL BASIC NET RESULT AND DILUTED PER SHARE		**7,42**	**3,24**
Other comprehensive income - actuarial gains and losses - non-recyclable		-1 444	111
TOTAL COMPREHENSIVE INCOME		**196 315**	**82 958**

Pursuant to Article 3:17 of the Code of Company Law, the Auditor's report on the statutory accounts is not published in this Report as only an abridged version of the statutory accounts is presented. The Statutory Auditor’s report gives unqualified approval to the statutory accounts of Befimmo SA.

Statutory statement of financial position

(in € thousand)

ASSETS		31.12.19	31.12.18
I.	**Non-current assets**	**2 776 870**	**2 458 209**
B.	Immobilisations incorporelles	1 650	753
C.	Immeubles de placement	1 703 479	1 447 243
D.	Autres immobilisations corporelles	2 318	1 015
E.	Actifs financiers non courants	1 067 305	1 008 700
F.	Créances de location-financement	2 117	498
II.	**Actifs courants**	**81 777**	**242 629**
B.	Actifs financiers courants	39 609	223 913
D.	Créances commerciales	27 167	15 786
E.	Créances fiscales et autres actifs courants	12 603	625
F.	Trésorerie et équivalents de trésorerie	451	311
G.	Comptes de régularisation	1 947	1 993
TOTAL ASSETS		**2 858 647**	**2 700 838**

SHAREHOLDERS’ EQUITY AND LIABILITIES		31.12.19	31.12.18
SHAREHOLDERS’ EQUITY		**1 613 056**	**1 443 210**
A.	Capital	398 320	357 871
B.	Share premium account	861 905	792 641
C.	Reserves	221 322	276 101
D.	Net result for the fiscal year	131 509	16 597
LIABILITIES		**1 245 591**	**1 257 628**
I.	**Non-current liabilities**	**635 498**	**727 717**
A.	Provisions	1 293	728
B.	Non-current financial debts	585 066	702 977
	a. Credit institution	172 565	266 163
	c. Other	412 502	436 814
C.	Other non-current financial liabilities	46 455	21 881
D.	Trade debts and other non-current debts	2 684	2 130
II.	**Current liabilities**	**610 094**	**529 911**
A.	Provisions	2 634	5 026
B.	Current financial debts	501 497	449 477
	a. Credit institution	57 257	10 527
	c. Other	444 239	438 950
C.	Other current financial liabilities	-	2 140
D.	Trade debts and other current debts	83 586	48 505
	b. Other	83 586	48 505
E.	Other current liabilities	3 233	4 050
F.	Accrued charges and deferred income	19 144	20 712
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		**2 858 647**	**2 700 838**

Pursuant to Article 3:17 of the Code of Company Law, the Auditor's report on the statutory accounts is not published in this Report as only an abridged version of the statutory accounts is presented. The Statutory Auditor’s report gives unqualified approval to the statutory accounts of Befimmo SA.

Note on statutory shareholders' equity

Pursuant to Article 3:17 of the Code of Company Law, the Auditor's report on the statutory accounts is not published in this Report as only an abridged version of the statutory accounts is presented. The Statutory Auditor's report gives unqualified approval to the statutory accounts of Befimmo SA.

Please see the chapter "Appropriation of result" on page 83 of the management report.

The changes in equity before and after the proposed appropriation of the result for fiscal year 2019 are as follows:

(in € thousand)	A. Capital	a. Subscribed capital (+)	b. Costs of capital increase (-)	B. Share premium account	C. Reserves	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 (-)
31.12.18 SHAREHOLDERS' EQUITY (Before appropriation of result)	357 871	371 627	- 13 756	792 641	276 101	149 261	- 32 782
Appropriation of result 2018 in the reserves					16 597	- 2 934	- 3 399
Payment of the final dividend of the 2018 fiscal year					- 21 998		
31.12.18 SHAREHOLDERS' EQUITY (After appropriation of result)	357 871	371 627	- 13 756	792 641	270 700	146 327	- 36 181
Interim dividend	**2 915**	3 006	- 91	**8 249**			
Interim dividend of the 2019 fiscal year							
Capital increase	***2 915***	*3 006*	*- 91*	***8 249***			
Capital increase - merger of Beway SA	**38 482**	38 643	- 161	**61 015**	**32 003**		
Reserve for own shares					**- 148 950**		
Other comprehensive income					- 1 444		
Private placement of treasury shares of 3 December 2019	**- 948**		- 948		**69 013**		
31.12.19 SHAREHOLDERS' EQUITY (Before appropriation of result)	398 320	413 277	- 14 957	861 905	221 322	146 327	- 36 181
Appropriation of result 2019 in the reserves[1]					131 509	124 828	- 6 351
Payment of the final dividend of the 2019 fiscal year[1]					- 23 265		
31.12.19 SHAREHOLDERS' EQUITY (After appropriation of result)	398 320	413 277	- 14 957	861 905	329 565	271 155	- 42 532

Note also that, since BE-REITs are not required to set up a legal reserve, the legal reserves in place when the Company became subject to the SICAFI (and later BE-REIT) regime are transferred to a reserve available under the heading 'Other reserves'.

1 Subject to the approval of the Ordinary General Meeting of 28 April 2020.

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 SHAREHOLDERS' EQUITY
- 11 937	-	202	21 113	150 243	16 597	1 443 210
- 4 158				27 088		
				- 21 998		
- 16 094	-	202	21 113	155 333	-	
					- 66 250	
					- 66 250	
				32 003		
	- 148 950					
	70 913			- 1 899		
- 16 094	- 78 038	- 1 242	21 113	185 436	131 509	1 613 056
- 24 549				37 581		
				- 23 265		
- 40 643	- 78 038	- 1 242	21 113	199 752	-	

The table below is presented after appropriation of the result to reserves.

Shareholders' equity that cannot be distributed according to article 7 :212 of the Company Code (in € thousand)		31.12.19	
Net assets		**1 613 056**	
(+)	Paid-up capital or, if greater, subscribed capital	413 277	
(+)	Share premium account unavailable for distribution according to the articles of association	803 148	1
(+)	Reserve of the positive balance of the changes in fair value of the investment properties	271 155	2
(-)	Reserves for estimated transaction costs resulting from hypothetical disposal of investment properties	- 42 532	
(+/-)	Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	- 40 643	3
(+/-)	Reserve for actuarial gains and losses of the defined benefit pension plan	- 1 242	
(-)	Reserve for own shares	- 78 038	
TOTAL NON-DISTRIBUTABLE SHAREHOLDERS' EQUITY		**1 325 125**	
BALANCE		**287 931**	

Obligation to distribute dividends according to the Royal Decree of 13.07.2014 concerning BE-REITs (in € thousand)		31.12.19	
NET RESULT		**197 759**	
(+)	Depreciation	1 302	
(+)	Writedowns	340	
(-)	Writeback of writedowns	- 460	
(+/-)	Other non-cash elements	30 582	
(+/-)	Result on the disposal of property assets	-12 427	
(+/-)	Changes in fair value of investment properties	-132 060	3
CORRECTED RESULT (A)		**85 036**	
(+/-)	Realised gains and losses[4] on property assest during the year	- 319	
(-)	Realised gains and losses[4] on property assets during the year, exonerated from the obligation to distribute if reinvested within 4 years	-13 665	
(+)	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)		**0**	
TOTAL (A+B) X 80%		**68 029**	
DECREASE IN BORROWINGS (-)		**-31 075**	
OBLIGATION TO DISTRIBUTE		**36 954**	

The pay-out ratio (in relation to consolidated EPRA earnings) for 2019 is 106.1%, compared with 93.7% in 2018.

[1] The amount of €803,148 thousand included in the calculation under Article 7 :212 represents the non-distributable issue premiums. The difference of €58,757 thousand in relation to the total amount of issue premiums was made distributable by the approval of the Meeting.
[2] Calculated on the basis of the fair value of the properties, including changes in the fair value of the investment properties of the subsidiaries.
[3] Including the change in the fair value of the USPP debt, offset by changes in the fair value of the associated Cross-Currency Swaps.
[4] In relation to the acquisition value, plus capitalised renovation costs.

GENERAL INFORMATION

TABLE OF CONTENTS

Identification

NAME

Befimmo SA, a public BE-REIT (SIR/GVV) incorporated under Belgian law.

OFFICE, WEBSITE AND E-MAIL

Chaussée de Wavre 1945 in 1160 Auderghem.
Tel.: +32 (0)2 679 38 60

Its website is: www.befimmo.be
The company's e-mail address is: contact@befimmo.be.

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 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 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 19 December 2019, in order to apply the new Belgian Code of Companies and Associations in advance. The coordinated articles of association are available on the Befimmo SA website: www.befimmo.be/en/who-we-are/about-befimmo/group-structure.

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.

PURPOSE (ARTICLE 4 OF THE ARTICLES OF ASSOCIATION)

The company has as exclusive purpose:

(a) making real estate available to users directly or through a company in which it holds a participation in accordance with the provisions of the BE-REIT regulation, and;

(b) within the limits set out by the BE-REIT regulation, hold real estate assets listed in article 2, 5°, i) to xi) of the BE-REIT law.

By real estate is meant:

i. real estate as defined in articles 517 and following of the Civil Code and the rights in rem over real estate, excluding real estate of a forestry, agricultural or mining nature;
ii. shares with voting rights issued by real estate companies whose more than 25% of the capital is held directly or indirectly by the company;
iii. option rights on real estate;
iv. shares of public regulated real estate companies or institutional regulated real estate companies, provided in the latter case that more than 25% of the capital is held directly or indirectly by the company;

v. the rights arising from contracts giving one or more goods in finance-lease to the company or providing other similar rights of use;
vi. shares in public and institutional real estate investment companies;
vii. shares in foreign real estate funds included in the list referred to in article 260 of the act of 19 April 2014 on alternative investment funds and their managers;
viii. shares in real estate funds established in another member state of the European Economic Area not included in the list referred to in article 260 of the act of 19 April 2014 on alternative investment funds and their managers, to the extent that they are subject to supervision equivalent to the supervision that is applicable to public real estate investment companies;
ix. shares issued by companies (i) with legal personality; (ii) under the law of another member state of the European Economic Area; (iii) which shares are admitted, or not, to trading on a regulated market and are subject, or not, to prudential supervision; (iv) whose main activity consists in acquiring or building real estate in order to make it available to users, or the direct or indirect holding of participations in certain types of entities with a similar purpose; and (v) that are exempt of income tax on profits in respect of the activity referred to in (iv) above subject to compliance with certain requirements, at least pertaining to the legal obligation to distribute part of their income to their shareholders (the Real Estate Investment Trusts, or “REITs”);
x. real estate certificates referred to in article 4, 7° of the Act of 11 July 2018 ;
xi. shares of FIIS/GVBF.

Real estate assets referred to in article 4.1., (b), subparagraph 2, (vi), (vii), (viii), (ix) and (xi) above that constitute shares in alternative investment funds within the meaning of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on management of alternative investment funds and amending Directives 2003/41/EC and 2009/65/EC and the Regulation (EC) n° 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and (EU) N° 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European supervisory authority (European Securities and Markets Authority) amending decision n° 716/2009/EC and repealing Commission Decision 2009/77/EC cannot be qualified as voting shares issued by real estate companies regardless of the amount of the shareholding held directly or indirectly by the company.

(c) enter into, in the long term, where appropriate in collaboration with third parties, directly or through a company in which it holds a shareholding in accordance with the regulation, with a public contracting authority or adhere to one or many:

(i) DBF contracts ("Design, Build, Finance"),

(ii) DB (F) M contracts ("Design, Build, (Finance) and Maintain");

(iii) DBF(M)O contracts ("Design, Build, Finance, (Maintain) and Operate"); and / or

(iv) contracts for public works concessions relating to buildings and / or other real estate infrastructures and to services relating thereto, and on the basis of which:

- the company is responsible for the provision, maintenance and / or operation for a public entity and / or citizens as end-users, in order to satisfy a social need and / or to allow the offer of a public service; and
- the company, without necessarily having rights in rem, can assume, in whole or in part, the financing risks, the availability risks, the demand risks and / or the operational risks, as well as the risk of building;

(d) ensure in the long-term, as the case may be in collaboration with third parties, directly or through a company in which it has a shareholding in accordance with the BE-REIT regulation, the development, establishment, management, and operation, with the possibility of outsourcing these activities:

(i) storage installations and facilities for the transport, distribution or storage of electricity, gas, fossil or non-fossil fuels, and energy in general, including assets related to such infrastructures;

(ii) installations for the transport, distribution, storage or purification of water, including assets related to such infrastructures;

(iii) facilities for the generation, storage and transport of renewable energy or not, including assets related to such infrastructures; or

(iv) incinerators and landfills, including assets related to these infrastructures.

(e) initially hold less than 25% in the capital of a company in which the activities referred to in this article 4.1, (c) are carried out, provided that such shareholding is converted by transfer of shares, within a period of two years, or any other longer period required by the public entity with which the contract is entered into, and after the end of the phase of constitution of the PPP project (within the meaning of the BE-REIT regulation), in a participation which is in accordance with the BE-REIT regulation.

In the context of the making available of real estate, the company can, in particular, exercise all activities related to the construction, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate.

4.2 On an ancillary or temporary basis, the company may make investments in securities which are not real estate within the meaning of the BE-REIT regulations. These investments will be made in compliance with the risk management policy adopted by the company and will be diversified in a way to ensure an adequate risk diversification. The company can also hold unallocated liquidities, in any currency, in the form of cash or term deposit or in any instrument of the monetary market that can be easily mobilised.

The company may also trade in hedging instruments, with the exclusive aim to hedge the interest rate and exchange risk in the context of the financing and management of the activities of the company referred to in article 4 of the BE-REIT law and with the exclusion of any transaction of a speculative nature.

4.3 The company may take or give one or more real estate assets in finance-lease. The activity of giving real estate assets in finance-lease with a purchase option can only be carried out in ancillary order, save where these real estate assets are intended for the public interest including social housing and education (in which case the activity can be carried out as a primary activity).

4.4 The company may by way of a merger or otherwise, take an interest in all businesses, undertakings or companies having a similar or related purpose and which are of a nature that favours the development of its business, and, in general, to do all transactions that are directly or indirectly linked to its purpose as well as all acts that are useful or necessary for the realisation of its purpose.

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 Company Court, at the office and on the website: www.befimmo.be/en/who-we-are/about-befimmo/group-structure.
- The annual accounts will be deposited at the Banque Nationale de Belgique and may be consulted at the Clerk's Office of the Brussels Company 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/investors/publications.
- 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 with nationwide distribution. These notices and all documents relating to General Meetings may be consulted on the Befimmo website: http://www.befimmo.be/en/investors/general-meetings.
- 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/investors/publications.

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.

Capital

ISSUED CAPITAL

As at 31 December 2019, the capital totalled €413,276,840.12.

It is represented by 28,445,971 fully paid no-par-value shares.

AUTHORISED CAPITAL

The Board of Directors is authorised to increase the capital, in one or several stages, on the dates and pursuant to the terms and conditions resolved by him, by an amount of maximum:

1°) €205,135,237.71 if the capital increase to carry out is a capital increase by contribution in cash, which (i) includes a preferential subscription right for the shareholders of the company, as foreseen in articles 7:188 and following of the Code of Company and Association Law, or (ii) which includes an irreducible allocation right for the shareholders of the company, as foreseen in article 26, §1, al. 1 and 2 of the law of 12 May 2014 related to BE-REITs;
2°) €41,027,047.54, if the capital increase to carry out is a capital increase by distribution of an optional dividend;
3°) €41,027,047.54 for all other forms of capital increases which are not referred to in sections 1°) and 2°) above;

with the understanding that, in all cases, the share capital may never be increased, within the framework of the authorised capital, by more than €287,189,332.79.

Subject to the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights.

This authorisation is granted for five years from 27 December 2019 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 2019, the authorised capital amounts €287,189,332.79.

CHANGES TO THE CAPITAL SINCE 31.12.2015

The following table shows the changes in capital since 31 December 2015.
The complete history of changes to capital is set out in article 48 of the articles of association.

	Amount (in €)	Number of shares
As at **31 December 2015**	**334 464 491.53**	**23 021 293**
As at 27 September 2016	371 627 206.35	25 579 214
As at **31 December 2016**	**371 627 206.35**	**25 579 214**
As at **31 December 2017**	**371 627 206.35**	**25 579 214**
As at **31 December 2018**	**371 627 206.35**	**25 579 214**
As at 19 December 2019	413 276 840.12	28 445 971
As at **31 December 2019**	**413 276 840.12**	**28 445 971**

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:

	Number of shares (declared)	Date of the statement	(in %)
Declarants			
AXA Belgium SA	2 741 438	30.04.2019	9.6%
Ageas and affiliated companies	2 641 047	30.04.2019	9.3%
Norges Bank	855 804	10.12.2019	3.0%
BlackRock Inc.	848 297	20.11.2019	3.0%
Own shares			
Befimmo SA	1 393 528	04.12.2019	4.9%
Other shareholders under the statutory threshold	19 965 857	20.12.2019	70.2%
Total	**28 445 971**		**100%**

This data is based on the transparency declarations or based on the information received from the shareholder. Befimmo SA is not aware of the existence of shareholder agreements.

The shareholders do not dispose of different voting rights.

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 office at avenue des Arts 58, 1000 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 Company Court, at Befimmo's office and on the website: www.befimmo.be/en/befimmo/group-structure.

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).

Subsidiaries

As at 31 December 2019, Befimmo SA owns directly or indirectly 100% of the shares of Fedimmo SA, 100% of the shares of Meirfree SA, 100% of the shares of Vitalfree SA, 100% of the shares of Axento SA, 100% of the shares of Befimmo Property Services SA and 68% of the shares of Silversquare Belgium SA (the parent company of Silversquare Luxembourg SA).
In addition, since 30 January 2020, Befimmo is also the controlling shareholder of Zin in Noord, a regulated institutional real estate company under Belgian law, which is owned 64.1% by Befimmo and 35.9% by Fedimmo.

Name and qualifications of the real-estate experts[1]

For fiscal year 2019, Befimmo used two real-estate experts: Mr Rod P. Scrivener (JLL - avenue Marnix 23, 1000 Brussels) and Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield, company under Dutch Law, acting through its Belgian branch Wissinger & Associés SA – rue Royale 97, 1000 Brussels). Mr Rod P. Scrivener also has the task of coordinating the valuations.

These mandates were granted in accordance with the provisions of the Royal Decree of 13 July 2014. The three-year mission ran from 1 January 2018 to 31 December 2020.

These are companies of real-estate experts with an excellent knowledge of the market and which enjoy an international reputation.

1. For more information, please consult page 144 of this Report.

Group structure

As at 31 December 2019, the group structure is as following:

FEDIMMO SA
MEIRFREE SA
VITALFREE SA
AXENTO SA
BEFIMMO PROPERTY SERVICES SA
SILVERSQUARE BELGIUM SA

Befimmo's subsidiaries are Belgian companies, except for Axento SA, which is a Luxembourg company.

Since 30 January 2020, Befimmo is also the controlling shareholder of Zin in Noord, a regulated institutional real estate company under Belgian law, which is owned 64.1% by Befimmo and 35.9% by Fedimmo

Public BE-REIT

Since 2014, Befimmo is a BE-REIT (SIR/GVV). The BE-REIT pursues the same goals as a Real Estate Investment Trusts (REIT) put in place in several countries (REIT (USA), SIIC (France) and FBI (Netherlands)).

The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute a large part of its cash flow as possible while enjoying certain advantages.

The BE-REIT 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;
- it must keep accounting according to IFRS standards, with notably the assignment at market value of the property portfolio;
- the real-estate assets must be valued every quarter by independent expert real-estate;
- the risk must be diversified: no more than 20% of the assets may be invested in only one property complex;
- a reduced base for corporation tax provided that at least 80% of "cash flows" are distributed (calculated on the basis of article 13 of the Royal Decree of 13 July 2014);
- a withholding tax[1] of 30% is deducted when paying out dividends.

This set of rules is designed to minimise the risk incurred.

Institutional BE-REIT

Fedimmo SA and Zin in Noord SA (100% subsidiaries of Befimmo SA (directly or indirectly)) are institutional BE-REITs.

The main features of the institutional BE-REIT are:

- a company controlled by a public BE-REIT;
- registered shares held by institutional investors;
- no requirement for diversification or debt ratio (consolidated at the level of the public BE-REIT);
- compulsory distribution of a dividend at a minimum of 80% of the "cash flows" (calculated on the basis of article 13 of the Royal Decree of 13 July 2014);
- holdings of at least 25% by a public BE-REIT;
- no obligation to appoint a real-estate expert, the real-estate assets being valued by the expert of the public BE-REIT;
- statutory accounts prepared in accordance with IFRS standards (same accounting scheme as the public BE-REIT);
- strict rules regarding conflicts of interest;
- subject to FSMA control.

2. Withholding tax rate applicable from 1 January 2017.

Typical investor profile

The profile of a typical Befimmo investor 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 FOR THE CONTENT

Mr Benoît De Blieck, Managing Director, 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 Annual Financial Report contains an accurate account of the development of the business, results and situation of the Company and the businesses included in the consolidation, as well as the description of the main risks and uncertainties which the Company is facing.

Mr De Blieck and Mr Carlier declare that, to the best of their knowledge, there is no omission likely to affect the import of information in this Report.

STATEMENT REGARDING THE DIRECTORS AND THE MEMBERS OF EXECUTIVE COMMITTEE

The Board of Directors of Befimmo SA hereby declares that:

- none of the Directors or members of the Executive Committee has been convicted in relation to fraudulent offences for the previous five years;
- none of the Directors or members of the Executive Committee, in these capacities or as the founder of a company, has been associated with a bankruptcy, receivership or liquidation in the last five years;
- there has been no official public incrimination and/or sanctions of a Director or a member of the Executive Committee by statutory or regulatory authorities;
- no Director or member of the Executive Committee has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years;
- no family relationship exists between such persons;
- no contract of employment or management agreement has been concluded with the Directors or the members of the Executive Committee providing for benefits upon termination of employment, save as mentioned in the section "Corporate Governance Statement" on page 140 of this Report;
- the Directors and members of the Executive Committee do not hold shares in Befimmo SA, except for Mr Laurent Carlier (330 shares) and Mr Benoît Godts (1,109 shares);
- so far no options over Befimmo SA shares have been granted.

INFORMATION FROM THIRD PARTIES[1]

The real-estate experts Rod P. Scrivener (JLL) and Christophe Ackermans (Cushman & Wakefield) have agreed that their assessment methods and the conclusions of the real-estate expert reports may be included in this Annual Financial Report.

The Statutory Auditor has agreed to the inclusion of its report of 27 March 2020 in this Annual Financial Report on the consolidated accounts closed as at 31 December 2019, of its report on forecasts of 27 March 2020.

Deloitte has agreed to the inclusion of its limited review on selected environmental performance indicators of 16 March 2020.

The Company confirms that the information taken from the reports of the independent real-estate experts, and of the Statutory 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.

All of the information in the "Office property market" chapter comes from Cushman & Wakefield's databases, analyses and market reports.

1. Please consult the chapter "Corporate governance statement – Other stakeholders" on page 144 of the Report for the identity of the Statutory Auditor and the real-estate experts.

HISTORICAL FINANCIAL INFORMATION REFERRED TO BY REFERENCE

The Annual Financial Reports of the past five years, which includes the annual statutory and consolidated accounts and the Statutory Auditor's reports, as well as the Half-Yearly Financial Reports can be consulted on the website of the Company: www.befimmo.be.

The Annual Financial Reports related to the two previous fiscal years are incorporated by reference.

INFORMATION REFERRED TO BY REFERENCE	DOCUMENTS	SECTIONS
Financial information	Annual Financial Report 2018	▪ Key figures (pp. 28-29) ▪ Financial report (pp. 68-77) ▪ Property report (pp. 42-67) ▪ Financial statements (pp. 153-206)
	Annual Financial Report 2017	▪ Key figures (pp. 9-11) ▪ Financial report (pp. 56-65) ▪ Property report (pp. 26-55) ▪ Financial statements (pp. 128-179)
Dividend	Annual Financial Report 2018	▪ Key figures (p. 28)
	Annual Financial Report 2017	▪ Key figures (p. 9)
Investments	Annual Financial Report 2018	▪ Key events of the 2018 fiscal year (pp. 32-35) ▪ Ongoing projects (pp. 36-37) ▪ Property report (pp. 42-67)
	Annual Financial Report 2017	▪ Key events of the 2017 fiscal year (pp. 22-23) ▪ Ongoing projects (p. 25) ▪ Property report (pp. 26-55)
Main markets	Annual Financial Report 2018	▪ Office property markets (pp. 48-53) ▪ Segment information (pp. 166-167)
	Annual Financial Report 2017	▪ Office property markets (pp. 35-41) ▪ Segment information (pp. 142-143)
Operations with related parties	Annual Financial Report 2018	▪ Corporate governance statement (pp. 118-152, in particular the remuneration report, pp. 133-137) ▪ Related-party transactions (p. 197)
	Annual Financial Report 2017	▪ Corporate governance statement (pp. 89-117, in particular the remuneration report, pp. 102-107) ▪ Related-party transactions (p. 171)

Social and environmental responsibility

GENERAL INFORMATION

Contact person & further information

Emilie Delacroix – Head of CSR & Innovation
e.delacroix@befimmo.be - +32 2 679 38 63

Reference to external standards

Since several years, Befimmo has followed the trend towards standardisation of financial reporting and also reporting on Social Responsibility by adopting the indicators published by EPRA, the GRI Standards guidelines ("Compliance" – Essential criteria) and those for the real-estate sector, GRI-CRESS.

The summary table of all the EPRA indicators can be found on page 95 of this Report, whilst the index of GRI content can be found in Appendix VII of this Report.

Reporting period

This Report covers activities over the 2018 fiscal year. The perimeter is as at 31 December 2019.

Reporting perimeter and changes since 1 January 2019

The scope of the company changed during fiscal year 2019 owing mainly to the Pavilion building leaving the portfolio.

The reporting perimeter for sustainable development activities covers the activities of Befimmo SA and its subsidiaries, Fedimmo SA, Meirfree SA, Vitalfree SA, Axento SA and Silversquare Belgium 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 be applied in the same way to the Fedimmo portfolio.

The Environmental Management System (EMS) covers the activities under Befimmo's direct control. Initially, the operational aspects of the EMS are being 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 assurance

Befimmo commissioned Deloitte to carry out a limited assurance review. Data marked with the V symbol have been audited by Deloitte as part of this limited assurance review. The Deloitte report can be found in Appendix VI of this Report.

Methodology

The reporting methodology is described in Appendix VI of this Report.

FURTHER INFORMATION

Befimmo's website www.befimmo.be provides additional information that may be a helpful supplement to the Social Responsibility parts of this Annual Financial Report. This includes:

- explanatory sheets of the strategic axes;
- the CSR policy (March 2018);
- the "Social Responsibility" chapter from previous Annual Financial Reports;
- previous Annual Financial Reports;
- the ISO 14001 certificate;
- the BREEAM certificates;
- external stakeholders' answers to questionnaires.

APPENDICES

TABLE OF CONTENTS

Appendix I: Glossary

BeAMA

Belgian Asset Managers Association/Association Belge des Asset Managers.

BE-REIT Association

This professional association was founded by all Belgian BE-REITs (SIR/GVV) (also known as Belgian Real Estate Investment Trusts). Its purpose is to represent and promote the interests of the Belgian REIT sector towards various stakeholders.

BE-REIT (SIR/GVV)

The concept of BE-REIT was created in 2014 and pursues the same goals as a Real-Estate Investment Trusts (REIT) put in place in several countries (REIT (USA), SIIC (France) and FBI (Netherlands)). The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute a large part of its cash flow while enjoying certain advantages. It is controlled by the FSMA and submitted to specific regulations.

Break

The first option to terminate a lease agreement by giving due notice.

BREEAM (BRE Environmental Assessment Method)

BREEAM is the first global environmental performance and sustainability 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.com).

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 enables to take advantage of declining rates. Purchasing a CAP involves the payment of a premium.

CBD (Central Business District) and similar

The Centre, Leopold, Louise and North districts, as well as the Brussels airport.

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$ 100 trillion in assets.

Code 2020

Belgian Code of Corporate Governance issued on 9 May 2019 by the Corporate Governance Commission. The Code includes practices and provisions to be followed by Belgian listed companies. The 2020 Code replaces the previous version of 2009, 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).

DCF (Discounted Cash Flow)

Method for evaluating cash flows.

Dealing code

Document including the main legal duties and internal procedures applicable to the Directors, the members of the Executive Committee and any other person who may dispose of inside information due to its implication in the preparation of a determined operation.

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 13 July 2014.

Economic Hinterland

Brussels, Brussels decentralised, and periphery of Brussels.

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 (European Public Real-Estate Association)

EPRA is the voice of European listed real-estate companies and represents more than €450 billion in real-estate assets (www.epra.com).

EPRA Earnings

Earnings from operational activities. For more information, consult page 80 of this Report. (Alternative Performance Measure)

Estimated Rental Value (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

The fair value of a building is its investment value, including registration fees and other transaction costs (also known as "deed-in-hands value") as calculated by an independent expert, minus a standard allowance of 10% (Flanders) or 12.5% (Wallonia and Brussels) for buildings with an investment value of less than €2.5 million, and 2.5% for buildings with an investment value of more than €2.5 million. This 2.5% allowance represents the average transaction costs actually paid in these transactions and is derived from an analysis by independent experts of a large number of transactions observed on the market. This accounting treatment is detailed in the press release issued by BeAMA on 8 February 2006 and confirmed in the press release of the BE-REIT Association of 10 November 2016. This rule is also applied for determining the fair value of property located in the Grand Duchy of Luxembourg.

FLOOR

A FLOOR is a financial derivative instrument belonging to the options family. The sale of a floor earns a premium, though it means that the borrower foregoes the benefit of a fall in interest rates below a preset level (the strike price). See also the definition of the COLLAR.

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 (www.globalreporting.org).

Hedge ratio

Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAP)/total borrowings.

IAS (International Accounting Standards)

International accounting standards developed by the International Accounting Standards Board.

IBGE (Leefmilieu Brussel/Bruxelles Environnement)

The Brussels-Capital Region authority responsible for environmental protection (www.environnement.brussels/).

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 transaction costs.

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 the 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.

Law of 6 April 2010

Law on market practices and consumer protection.

Law of 12 May 2014

Law on BE-REITs (SIR/GVV).

Law of 22 October 2017

Law on miscellaneous fiscal provisions, modifying the law of 12 May 2014 on BE-REITs (SIR/GVV).

LTV (Loan-to-value)

LTV = [(nominal financial debts – cash)/fair value of portfolio]. (Alternative Performance Measure)

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)

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.

Operating margin

Operating result before result on portfolio divided by the rental income (excluding spreading of gratuities). (Alternative Performance Measure)

Pay-out ratio

The pay-out ratio is calculated by dividing the gross dividend by EPRA earnings.

Private placement

Funds raised from a limited number of (institutional) investors without soliciting the public.

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.

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.

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 13 July 2014

Royal Decree on BE-REITs.

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.

SWAPTION

Option negotiated on an interest rate swap. It gives entitlement to contract a call swaption, to be able to enter into a "receiver's" IRS, or a put swaption, for which the counterparty can force Befimmo to enter into a "payer's" IRS.

Take-up

Take-up of office space.

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.

Withholding tax

Dividends are income taxable in Belgium. The withholding tax deducted from such income is in most cases the final tax payable.

Appendix II: Glossary of the real-estate indicators

Gross current rent from lease agreements

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

Gross initial yield on investment properties

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

Gross initial yield on properties available for lease

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

Gross potential yield on properties available for lease

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

Potential rent

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

Spot occupancy rate of properties available for lease

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

Weighted average duration of current leases until their next break

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

Weighted average duration of current leases until final expiry

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

Appendix III: Alternative Performance Measures

REAL-ESTATE OPERATOR BUSINESS

GLOSSARY OF THE "ALTERNATIVE PERFORMANCE MEASURES"

Alternative Performance Measure	Definition	Use
Net property charges	The sum of various property charges, net of amounts recoverable from tenants (corresponds to the sum of headings IV to XIII of the consolidated statement of total comprehensive income).	Gives an overview of all net property charges.
Other operating income and charges (excluding goodwill impairment)	Heading XV 'Other operating income and charges' minus any goodwill impairment.	Used to compare forecasts and actual figures in heading XV 'Other operating income and charges'. Any goodwill impairment is not budgeted.
Operating margin	'Operating result before result on portfolio' divided by 'Net rental result'.	Used to assess the Company's operating performance.
Net property result	'Operating result before result on portfolio' plus heading XVI 'Gains and losses on disposals of investment properties'.	Used to identify the operating profit before changes in the fair value of investment property.
Net property charges	'Financial result' minus heading XXIII 'Changes in fair value of financial assets and liabilities' and any gains or losses realised on financial assets and liabilities.	Used to compare forecasts and actual figures in the financial results.
Other operating income and charges (excluding goodwill impairment)	'Net result' minus heading XVIII 'Changes in fair value of investment property' and heading XXIII 'Changes in fair value of financial assets and liabilities'.	Used to identify the net result before changes in the fair value of investment property and of the financial assets and liabilities.
Net rental result in « like-for-like »	Net rental result of properties available for lease at constant perimeter for two consecutive periods. The 'Like-for-Like' scope is calculated on the basis of the EPRA definition.	Used to measure the change in rental income of properties available for lease at constant floor area for two consecutive periods.

RECONCILIATION TABLES OF THE "ALTERNATIVE PERFORMANCE MEASURES"

Net property charges

(in thousand €)	31.12.2019	31.12.2018
IV. Recovery of property charges	14 992	9 771
V. Recovery of rental charges and taxes normally paid by tenants on let properties	24 321	30 852
VI. Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-	-
VII. Rental charges and taxes normally paid by tenants on let properties	-25 633	-29 068
VIII. Other revenue and charges for letting	536	716
IX. Technical costs	-17 055	-12 160
X. Commercial costs	-1 473	-1 998
XI. Charges and taxes on unlet properties	-2 268	-2 723
XII. Property management costs	-2 642	-2 618
XIII. Other property charges	-5 125	-6 360
Net property charges	**-14 347**	**-13 588**

Other operating income and charges (excluding goodwill impairment)

(in thousand €)	31.12.2019	31.12.2018
XV. Other operating income and charges (A)	- 1 177	- 447
Goodwill impairment (B)	-	-
Other operating income and charges (excluding goodwill impairment) (A-B)	**- 1 177**	**- 447**

Operating margin

(in thousand €)	31.12.2019	31.12.2018
Operating result before result on portfolio (A)	104 703	115 249
Net rental result (B)	134 786	143 566
Operating margin (A/B)	**77.7%**	**80.3%**

Net property result

(in thousand €)	31.12.2019	31.12.2018
Operating result before result on portfolio	104 703	115 249
XVI. Gains or losses on disposals of investment properties	12 961	343
Net property result	**117 664**	**115 592**

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

(in thousand €)	31.12.2019	31.12.2018
Financial result (A)	-45 722	-26 446
XXIII. Changes in fair value of financial assets and liabilities (B)	-22 921	-5 901
Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs) (A-B-C)	**-22 801**	**-20 545**

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

(in thousand €)	31.12.2019	31.12.2018
Net result (A)	180 611	82 847
XVIII. Changes in fair value of investment properties (B)	109 882	-5 514
XXIII. Changes in fair value of financial assets and liabilities (C)	-22 921	-5 901
Net result before changes in fair value of investment properties and financial assets and liabilities (A-B-C)	**93 650**	**94 263**

Net rental result in “Like-for-Like”

(in thousand €)	31.12.2019	31.12.2018
Net rental result (A)	134 786	143 566
Net rental result linked to change in perimeter (B)	7 116	10 103
Net rental result on properties not available for lease (C)	3 790	14 362
Net rental result in « Like-for-Like » (A-B-C)	**123 880**	**119 100**

CONSOLIDATED

GLOSSARY OF THE "ALTERNATIVE PERFORMANCE MEASURES"

Alternative Performance Measure	Definition	Use
Loan-to-value (LTV)	Nominal financial debt minus balance sheet heading II.F. 'Cash and cash equivalents', divided by the sum of balance sheet headings I.C. "Investment property" and II.A. 'Properties held for sale'. Nominal financial debts are the accounting financial debts excluding IFRS adjustments, in other words excluding the reassessment at fair value of financial assets and liabilities and the smoothing of debt issuance costs.	This is the debt ratio calculated on the basis of the fair value of the property portfolio.
Average (annualised) financing cost	Annualised interest paid over the reporting period, including the credit margin, the cost of the hedging instruments and liquidity cost, divided by the average nominal financial debt over the period concerned.	Used to measure the average cost of the Company's financial debt.
Return on shareholders' equity (in € per share) **Return on shareholders' equity (in %)**	The return obtained by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and the participation in operations to strengthen the Company's capital. The calculation is based on the average number of shares not held by the group over a 12-month period.	Used to measure the profitability over 12 months (in €/share) of a shareholder's investment on the basis of the value of shareholders' equity.
Average (annualised) financing cost	The internal rate of return earned by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and the participation in operations to strengthen the Company's capital. The calculation is based on the average number of shares not held by the group over a 12-month period.	Used to measure the profitability over 12 months (in %) of a shareholder's investment on the basis of the value of shareholders' equity.

RECONCILIATION TABLES OF THE "ALTERNATIVE PERFORMANCE MEASURES"

Loan-to-value

(in thousand €)	31.12.2019	31.12.2018
Nominal financial debts (A)	1 090 344	1 158 792
II. F. Cash and cash equivalents (B)	-2 878	591
I. C. Investment properties (D)	2 788 591	2 655 324
II. A. Assets held for sale (E)	-	-
Fair value of portfolio at the closing date (C = D+E)	**2 788 591**	**2 655 324**
Loan-to-value (A-B)/C	**39.0%**	**43.6%**

Average (annualised) financing cost

(in thousand €)	31.12.2019	31.12.2018
Interest paid	22 134	22 137
Annualised interest paid (A)	22 134	22 137
Annualised nominal financial debts (B)	1 120 728	1 103 790
Average (annualised) financing cost (A/B)	**2.0%**	**2.0%**

Return on shareholders' equity (in € per share and in %)

	31.12.2019	31.12.2018
Return on shareholders' equity(e) (in € per share)	6.47	3.24
Return on shareholders' equity(e) (in %)	11.6%	5.8%

APPENDIX IV: Articles of Association (coordinated at 19 December 2019)

TITLE ONE: CHARACTER OF THE COMPANY – NAME – PARTNERS - REGISTERED OFFICE - TERM – OBJECT

ARTICLE 1: CHARACTER – NAME

The company took the legal form of a limited liability company (*société anonyme/naamloze vennootschap*), under the name "BEFIMMO".

The company is a BE-REIT, as set forth in articles 2, 2° of the law of 12 May 2014 concerning BE-REITs (hereafter, the "BE-REIT law"), whose shares are admitted to trading on a regulated market and who raises its financial means, in Belgium or abroad, by means of a public offering of shares.

The company name is preceded or followed by the words "public regulated real estate company under Belgian law" or "public BE-REIT under Belgian law" and all the documents produced by the company contain the same words.

It is governed by the BE-REIT law and the royal decree of 13 July 2014 relating to BE-REITs (hereafter called the "BE-REIT RD") (this act and this royal decree being referred to together as the "BE-REIT regulation")."

ARTICLE 2: REGISTERED OFFICE, E-MAIL ADDRESS AND WEBSITE

The registered office of the company is located in the Brussels-Capital Region.

The Board of Directors has the power to transfer the registered office of the company, provided that such transfer does not require a change in the language of the articles of association pursuant to the applicable language regulation. Such decision does not require the amendment of the articles of association, unless the company's registered office is transferred to another Region. In such case, the Board of Directors has the power to amend the articles of association.

If, as a result of the transfer of the registered office, the language of the articles of association must be changed, the general meeting of shareholders shall have the sole power to take such decision, taking into account the requirements applicable to the amendment of the articles of association.

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.

The e-mail address of the company is: contact@befimmo.be.

The website of the company is: www.befimmo.be

The Board of Directors can change the company's e-mail address and website. Such change will be communicated to the shareholders in accordance with the Code of Companies and Associations.

ARTICLE 3: TERM

3.1. The company was incorporated by means of a deed dated 30 August 1995 for an unlimited term.

3.2. Without prejudice to the causes of winding-up defined by the law, the company may be wound-up by the shareholders' meeting resolving in the same manner as for amending the articles of association and in compliance with the provisions of article 43 of the articles of association.

ARTICLE 4: OBJECT

4.1. The company has as exclusive object:

(a) making real estate available to users directly or through a company in which it holds a participation in accordance with the provisions of the BE-REIT regulation, and;

(b) within the limits set out by the BE-REIT regulation, hold real estate assets listed in article 2, 5°, i) to xi) of the BE-REIT law.

By real estate is meant:

i. real estate as defined in articles 517 and following of the Civil Code and the rights in rem over real estate, excluding real estate of a forestry, agricultural or mining nature;

ii. shares with voting rights issued by real estate companies whose more than 25% of the capital is held directly or indirectly by the company;

iii. option rights on real estate;

iv. shares of public regulated real estate companies or institutional regulated real estate companies, provided in the latter case that more than 25% of the capital is held directly or indirectly by the company;

v. the rights arising from contracts giving one or more goods in finance-lease to the company or providing other similar rights of use;

vi. shares in public and institutional real estate investment companies;

vii. shares in foreign real estate funds included in the list referred to in article 260 of the act of 19 April 2014 on alternative investment funds and their managers;

viii. shares in real estate funds established in another member state of the European Economic Area not included in the list referred to in article 260 of the act of 19 April 2014 on alternative investment funds and their managers, to the extent that they are subject to supervision equivalent to the supervision that is applicable to public real estate investment companies;

ix. shares issued by companies (i) with legal personality; (ii) under the law of another member state of the European Economic Area; (iii) which shares are admitted, or not, to trading on a regulated market and are subject, or not, to prudential supervision; (iv) whose main activity consists in acquiring or building real estate in order to make it available to users, or the direct or indirect holding of participations in certain types of entities with a similar activity; and (v) that are exempt of income tax on profits in respect of the activity referred to in (iv) above subject to compliance with certain requirements, at least pertaining to the legal obligation to distribute part of their income to their

shareholders (the Real Estate Investment Trusts, or "REITs");
x. real estate certificates referred to in article 4, 7° of the Act of 11 July 2018;
xi. shares of FIIS/GVBF.
Real estate assets referred to in article 4.1., (b), subparagraph 2, (vi), (vii), (viii), (ix) and (xi) above that constitute shares in alternative Investment funds within the meaning of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on management of alternative investment funds and amending Directives 2003/41/EC and 2009/65/EC and the Regulation (EC) n° 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and (EU) N° 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European supervisory authority (European Securities and Markets Authority) amending decision n° 716/2009/EC and repealing Commission Decision 2009/77/EC cannot be qualified as voting shares issued by real estate companies regardless of the amount of the shareholding held directly or indirectly by the company.

(c) enter into, in the long term, where appropriate in collaboration with third parties, directly or through a company in which it holds a shareholding in accordance with the regulation, with a public contracting authority or adhere to one or many:
(i) DBF contracts ("Design, Build, Finance"),
(ii) DB (F) M contracts ("Design, Build, (Finance) and Maintain");
(iii) DBF(M)O contracts ("Design, Build, Finance, (Maintain) and Operate"); and / or
(iv) contracts for public works concessions relating to buildings and / or other real estate infrastructures and to services relating thereto, and on the basis of which:
- the company is responsible for the provision, maintenance and / or operation for a public entity and / or citizens as end-users, in order to satisfy a social need and / or to allow the offer of a public service; and
- the company, without necessarily having rights in rem, can assume, in whole or in part, the financing risks, the availability risks, the demand risks and / or the operational risks, as well as the risk of building;

(d) ensure in the long-term, as the case may be in collaboration with third parties, directly or through a company in which it has a shareholding in accordance with the BE-REIT regulation, the development, establishment, management, and operation, with the possibility of outsourcing these activities:
(i) storage installations and facilities for the transport, distribution or storage of electricity, gas, fossil or non-fossil fuels, and energy in general, including assets related to such infrastructures;
(ii) installations for the transport, distribution, storage or purification of water, including assets related to such infrastructures;
(iii) facilities for the generation, storage and transport of renewable energy or not, including assets related to such infrastructures; or
(iv) incinerators and landfills, including assets related to these infrastructures.

(e) initially hold less than 25% in the capital of a company in which the activities referred to in this article 4.1, (c) are carried out, provided that such shareholding is converted by transfer of shares, within a period of two years, or any other longer period required by the public entity with which the contract is entered into, and after the end of the phase of constitution of the PPP project (within the meaning of the BE-REIT regulation), in a participation which is in accordance with the BE-REIT regulation.

In the context of the making available of real estate, the company can, in particular, exercise all activities related to the construction, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate.

4.2. On an ancillary or temporary basis, the company may make investments in securities which are not real estate within the meaning of the BE-REIT regulations. These investments will be made in compliance with the risk management policy adopted by the company and will be diversified in a way to ensure an adequate risk diversification. The company can also hold unallocated liquidities, in any currency, in the form of cash or term deposit or in any instrument of the monetary market that can be easily mobilised.
The company may also trade in hedging instruments, with the exclusive aim to hedge the interest rate and exchange risk in the context of the financing and management of the activities of the company referred to in article 4 of the BE-REIT law and with the exclusion of any transaction of a speculative nature.

4.3. The company may take or give one or more real estate assets in finance-lease. The activity of giving real estate assets in finance-lease with a purchase option can only be carried out in ancillary order, save where these real estate assets are intended for the public interest including social housing and education (in which case the activity can be carried out as a primary activity).

4.4. The company may by way of a merger or otherwise, take an interest in all businesses, undertakings or companies having a similar or related object and which are of a nature that favours the development of its business, and, in general, to do all transactions that are directly or indirectly linked to its object as well as all acts that are useful or necessary for the realisation of its object.

ARTICLE 5: PROHIBITIONS

5.1. The company may not act as real estate developer in the meaning of the BE-REIT regulation.

5.2. Without prejudice to article 4.3 of the articles of association the company may not (a) provide credits nor (b) provide security interests or guarantees on behalf of third parties.
Regarding the application of the previous subparagraph, the proceeds owed to the company as a result of the disposal of assets shall not be taken into account provided that such proceeds are paid within usual periods.
This prohibition does not apply to loans, securities and guarantees granted by the company:
(a) for the benefit of one or more companies in the perimeter, or to the companies referred to in article 4.1., (b), subparagraph 2, (vi), (vii), (viii), (ix) or (xi) of these articles of association in which the company holds more than 25% of the shares;
(b) as part of the activities referred to in article 4.1., (c) and (d) of these articles of association and for the purpose of granting a bid bond or similar mechanism.

5.3. The company may not:
a. participate in a firm underwriting group or a guarantee syndicate;
b. lend financial instruments, with the exception of loans compliant to the provisions and conditions pursuant to the royal decree of 7 March 2006 on security loans granted by some investment companies;
c. acquire financial instruments issued by a private law company or association declared bankrupt that has concluded an amicable agreement with its creditors, that is the object of a judicial reorganisation procedure, that has obtained a suspension of payments, or with respect to which has been the object of a similar measure was taken abroad;
d. enter into agreements or provide for statutory provisions by which the voting rights in the companies in the perimeter to which it is entitled in accordance with the applicable law with a shareholding of 25% plus one share would be waived.

5.4. The company may not grant mortgages nor create pledges nor issue guarantees other than in the context of the financing of its activities

or those of its companies in the perimeter.
The total amount covered by these mortgages, pledges or guarantees may not exceed 50% of the total fair value of the assets of the consolidated entity constituted by (i) the company, (ii) the companies that it consolidates in accordance with IFRS rules, and (iii) if it does not consolidate them in accordance with IFRS rules, the companies in the perimeter, consolidated in accordance with article 28, § 2 of the BE-REIT law.
No mortgage, pledge or guarantee on a given asset, granted by the company or by one of its companies in the perimeter may exceed 75% of the value of the encumbered relevant property.
This restriction is not applicable to companies in the perimeter of the company carrying out an activity referred to in article 4.1, c) and d) of the articles of association, provided that the total contractual risk to which the company is exposed as regards the concerned company in the perimeter and the activity carried out by the said company in the perimeter, is limited to the amount of the direct or indirect contribution undertaking of the company in the capital of the concerned company in the perimeter, and the commitment of the company to directly or indirectly grant loans to the concerned company in the perimeter. In this case, the following are not taken into account to determine if the limit stipulated in subparagraph 2 of this article 5.4. is reached :

- mortgages, securities or guarantees granted encumbering the assets of the company in the perimeter or the shares of the company in the perimeter, in connection with the obligations of the company in the perimeter; as well as
- the value represented by the shareholding in the company in the perimeter, or, in case of consolidation, the assets of the concerned company in the perimeter, in the total fair value of the assets of the company.

TITLE TWO : CAPITAL

ARTICLE 6: CAPITAL

The capital is set at four hundred and thirteen million two hundred and seventy six thousand eight hundred and forty euros and twelve cents (EUR 413,276,840.12). It is represented by twenty-eight million four hundred and forty five thousand and nine hundred and seventy one (28,445,971) shares without nominal value, each representing an equal part of the capital, all fully paid-up.

ARTICLE 7: AUTHORISED CAPITAL

The Board of Directors is authorised to increase the capital, in one or several transactions, on the dates and pursuant to the terms and conditions to be determined by it, for a maximum amount of:

1°) two hundred and five million hundred thirty-five thousand two hundred thirty-seven euros and seventy-one cents (205,135,237.71 EUR), if the capital increase to be implemented is a capital increase by contribution in cash, (i) with preferential subscription right for the shareholders of the company, as foreseen in articles 7:188 and following of the Code of Companies and Associations, or (ii) with irreducible allocation right for the shareholders of the company, as foreseen in article 26, §1, subparagraphs 1 and 2 of the BE-REIT law;

2°) forty-one million twenty-seven thousand forty-seven euros and fifty-four cents (41.027.047,54 EUR), if the capital increase to be implemented is a capital increase in the context of the payment of an optional dividend;

3°) forty-one million twenty-seven thousand forty-seven euros and fifty-four cents (41,027,047.54 EUR), for all other forms of capital increases which are not referred to in sections 1°) and 2°) above;

with the understanding that, in any event, the capital may never be increased, within the framework of the authorised capital, by more than two hundred and eighty-seven million one hundred and eighty-nine thousand three hundred and thirty-two euros and seventy-nine cents (287,189,332.79 EUR).
The preferential right of the shareholders can be limited or cancelled, as the case may be, in favour of one or more specific persons, other than members of personnel, in accordance with article 9 of the articles of association.
The Board of Directors is authorised, under the same conditions, to issue convertible bonds or subscription rights, as the case may be without preferential rights and as the case may be in favour of one or more specific persons, other than members of personnel.
This authorisation is granted for a period of five years as from the date of publication in the Annexes of the Belgian Official Gazette of the minutes of the general meeting of 19 December 2019.
The authorisation is renewable.
Such capital increase(s) may be achieved by way of contribution in cash, by contribution in kind or by incorporation of reserves in accordance with the rules set forth in the Code of Companies and Associations, these articles of association and the BE-REIT regulation. The capital can also be increased 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 capital increases resolved on pursuant to this authorisation involve an issue premium, the amount of such premium will be booked on one or more separate equity accounts on the liabilities side of the balance sheet.

ARTICLE 8: CAPITAL INCREASE

8.1. The capital of the company may be increased by resolution of the shareholders' meeting, resolving in accordance with articles 7:153 and, as the case may be, 7:155 of the Code of Companies and Associations or by decision of the manager within the framework of the authorised capital. However the company may not directly or indirectly subscribe to its own capital increase.

8.2. Upon any capital increase, the manager determines the rate and conditions of issuance of new shares, unless the shareholders' meeting decides on it itself.

8.3. Should the capital be increased with an issue premium, the amount of such premium must be fully paid-up upon subscription.

ARTICLE 9: CAPITAL INCREASE BY MEANS OF CASH CONTRIBUTION

9.1. Without prejudice to articles 7:188 to 7:193 of the Code of Companies and Associations and to article 26, §1, subparagraph 3 of the BE-REIT law, in the event of a capital increase by contribution in cash, the preferential subscription right may only be restricted or cancelled if an irreducible 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").

In accordance with the BE-REIT law, no irreducible allocation right needs to be granted to the existing shareholders in the event of the

implementation of a capital increase by contribution in cash that meets the following conditions:
1° the capital increase is implemented through the use of authorised capital;
2° the cumulative amount of the capital increases implemented, over a period of 12 months, in accordance with this subparagraph, does not exceed 10% of the amount of capital at the time of the decision to increase the capital.

9.2. Without prejudice to compliance with articles 7:190 to 7:194 of the Code of Companies and Associations, article 9.1 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 10: CAPITAL INCREASE BY MEANS OF CONTRIBUTION IN KIND - REORGANISATION

10.1. Capital increases by contribution in kind are subject to the rules set forth in articles 7:196 and 7:197 of the Code of Companies and Associations.

10.2. Contributions in kind can also pertain to the right to dividend with regard to an optional dividend distribution, with or without complementary cash contribution.

10.3. Thereby, in accordance with the BE-REIT regulation, 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 7:197 of the Code of Companies and Associations, 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 value per share 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 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 10.5, 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 value per share and the capital, as well as the impact in terms of voting rights.

10.4. Article 10.3 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.

10.5. Article 10.3 of the articles of association applies mutatis mutandis to mergers, spin-offs and similar transactions as referred to in articles 12:2 to 12:8, 12:12 to 12:91 and 12:106 of the Code of Companies and Associations. 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 11: ACQUISITION, IN PLEDGE TAKING AND DISPOSAL OF OWN SHARES

11.1. The company may acquire, take as pledge or sell its own shares, in accordance with the Code of Companies and Associations.

11.2. In accordance with the decision of the extraordinary general meeting of 26 April 2016, the Board of Directors can, for a period of five years, from the publication of said decision in the Belgian Official Gazette onwards, acquire and take as pledge the company's own shares against a unitary price not lower than 85% nor higher than 115% of the closing share price of the day prior to the date of the transaction, without the company being entitled to hold more than ten percent (10%) of the total issued shares at any time. This authorisation is also valid for the company's direct subsidiaries.

11.3. The Board of Directors is explicitly authorised to sell the company's own shares to one or more specific persons, other than members of personnel of the company or its subsidiaries, in accordance with article 7:218, §1, 4° of the Code of Companies and Associations.

11.4. Rights and authorisations described in this article 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 Companies and Associations.

ARTICLE 12: CAPITAL REDUCTION

The company may reduce its capital in compliance with the applicable legal provisions.

TITLE THREE : SECURITIES

ARTICLE 13: NATURE AND FORM

13.1 With the exception of founders' shares and similar securities, and subject to specific provisions of the BE-REIT regulation, the company may issue the securities which are not prohibited by or by virtue of the law, provided that the special rules prescribed by the BE-REIT regulation and the articles of association are complied with.

13.2. Shares are registered 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, 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. Dematerialised shares are represented by an entry into the account in the holder's name at a recognised account holder or settlement institution.

13.5. The holder of dematerialised shares may, at any time, request the conversion of such shares, at his expense, into registered shares, and conversely.

ARTICLE 13 BIS: 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%).

TITLE FOUR : ADMINISTRATION – CONTROL

ARTICLE 14: COMPOSITION OF THE BOARD OF DIRECTORS

14.1. The company is administered by a Board of Directors 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 7:87 of the Code of Companies and Associations.

14.2. The Board of Directors elects a president from among its members.

14.3. The members of the board are eligible for re-election.

14.4. The directorship of the directors is remunerated.

14.5. In the event that one or more directors' mandates become vacant, the remaining directors have the right to fill them provisionally until the next general meeting, which may or may not confirm the mandate of the co-opted director(s).

14.6. The members of the Board of Directors must fulfil the requirements of integrity and expertise provided for by the BE-REIT regulation and must not come within the scope of the case of prohibitions provided for by the BE-REIT regulation.

14.7. 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.

14.8. The directors are exclusively natural persons.

14.9. The appointment of the directors is subject to the prior approval of the Financial Services and Market Authority (FSMA).

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 object, 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 annual and half-yearly reports in compliance with the applicable provisions and, in particular, the BE-REIT regulation.
The Board of Directors appoints one or several independent valuation experts, responsible for the valuation of the real estate of the company and its companies in the perimeter, in accordance with the BE-REIT regulation.

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, within the limits permitted by applicable law.

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. They may be held by means of conference call, videoconference or any other means that allows the directors to deliberate without meeting physically. 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.

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. The decisions of the Board of Directors may be taken by unanimous written decision of all directors.

16.7. The Board of Directors may draw up internal regulations. The most recent version of the internal regulations adopted by the Board of Directors are dated 23 February 2017.

ARTICLE 17: MINUTES

The decisions of the Board of Directors are recorded in minutes signed by at least two directors, among whom the chairman, 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: DAY-TO-DAY MANAGEMENT

19.1. 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.

19.2. The managing director(s) of the day-to-day management must fulfil the requirements of reliability and expertise as described in the BE-REIT regulation and must not come within the scope of the cases of prohibitions set forth in the BE-REIT regulation.

ARTICLE 20: INTERNAL ORGANISATION AND QUALITY

20.1. The executive direction of the company must be carried out by at least two natural persons.

20.2. The members of the executive direction must fulfil the requirements of integrity and expertise provided for by the BE-REIT regulation and may not fall within the scope of the prohibitions provided for by the BE-REIT regulation.

20.3. The appointment of the persons charged with the executive direction is subject to the prior approval of the Financial Services and Markets Authority (FSMA).

20.4 The company is organised in compliance with article 17 of the BE-REIT law.

ARTICLE 21: REPRESENTATION OF THE COMPANY

21.1 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, one or more managing directors of this management, each acting individually.

21.2. The company shall moreover be validly bound by special proxyholders of the company acting within their powers.

21.3. The copies or extracts of the minutes of the general meetings of shareholders and of the meetings of the Board of Directors to be delivered to third parties, and notably each extract to be published in the annexes to the Belgian Official Gazette, are validly signed by a director, by a person in charge of the day-to-day management or a person explicitly authorised by the board.

ARTICLE 22: PREVENTION OF CONFLICTS OF INTERESTS

22.1. The company is structured and organised in such a way as to minimise the risk of the shareholders interests being prejudiced by conflicts of interests in accordance with the BE-REIT regulation.

22.2. The persons referred to in article 36 of the BE-REIT law may not act as counterparty in a transaction with the company or with one of its companies in the perimeter nor obtain any benefit in such a transaction, unless the transaction is in the interest of the company, fits in the scope of its strategy and is realized under normal market conditions.

22.3. The company must inform the FSMA prior to any transaction considered by the company if one of the following persons acts directly or indirectly as the counterparty or obtains any benefit in the transaction:
- persons who control or hold a shareholding in the company;
- persons with which the company, one of its companies in the perimeter, the promoter and other shareholders of a company in the perimeter are bound or have a shareholding connection;
- the promoter;
- the other shareholders of any company in the perimeter of the company;
- the directors, managing directors, executive officers or representatives: of the company, of one of its companies in the perimeter, of the promoter, of the other shareholders of any company in the perimeter of the company and of a person who controls or holds shares in the company.

22.4. Information regarding the transaction mentioned in article 22.3 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.

22.5. 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 euros;
- the acquisition of movable goods by the company or one of its companies in the perimeter within the context of a public offering made by a third party issuer, for which a promoter or one of the persons referred to in article 37, § 1 of the BE-REIT law 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 37 § 1 of the BE-REIT law, 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 companies in the perimeter , 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.

22.6. In addition to the preceding provisions, the directors shall comply with articles 7:96 and 7:97 of the Code of Companies and Associations.

ARTICLE 23: CONTROL

23.1. 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 the BE-REIT regulation.

23.2. Article 3:72, 2° of the Code of Companies and Associations is not applicable to the company having the status of a BE-REIT, in accordance with article 55, § 1, second subparagraph, of the BE-REIT law.

23.3. In accordance with the BE-REIT regulation, the FSMA is entitled to any information or may complete on the spot searches and peruse all the company's documents.

TITLE FIVE : GENERAL MEETING OF SHAREHOLDERS

ARTICLE 24: 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 25: MEETINGS

25.1. The annual general meeting shall take place on the last Tuesday of April at 10:30. If this day is a public holiday, the general meeting shall meet the next working day at the same time, with the exception of Saturday or Sunday.
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.

25.2. 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/tenth of the capital.

25.3. 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 26: NOTICES & INFORMATION

26.1. 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 Companies and Associations and by any other regulation.

26.2. The company shall provide shareholders with any information required by the Code of Companies and Associations and by any other regulation.

ARTICLE 27: ADMISSION TO THE MEETING

27.1. 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.

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, through the company's e-mail address or the specific e-mail address mentioned in the convening notice of the general meeting.

27.2. A register designated by the Board of Directors records, for each shareholder who wishes to participate in the general meeting, his or her name, address or registered office, the number of shares that he or she held on the registration date and as to which he or she has indicated that he or she wishes to participate in the general meeting, as well as the description of the documents proving that he or she was in possession of those shares on the registration date.

27.3. 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 28: PARTICIPATION AND VOTING PROCEDURES FOR SHAREHOLDERS' MEETINGS

28.1 All shareholders may vote in person or through a proxy holder. Proxy notifications to the company must be remitted in writing.

28.2. The proxy must be signed by the shareholder and must be provided to the company, through the company's e-mail address or the specific e-mail address mentioned in the convening notice of the general meeting, no later than six days prior to the date of the meeting.

28.3. 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.

28.4. If several persons have rights *in rem* in respect of the same share, the company may suspend the exercise of the voting right until a single person has been appointed vis-à-vis the Company as the holder of the voting right. Contrary to the foregoing, if a security belongs to one or more bare owners and one or more usufructuaries, all rights attached thereto, including the possible voting right, shall be exercised by the usufructuary or usufructuaries, unless otherwise provided in a will or an agreement. In the latter case, the bare owner or owners and the usufructuary or usufructuaries must inform the company in writing of this arrangement.

ARTICLE 29: 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 30: PRESENCE LIST

30.1. 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.

30.2. A presence list mentioning the names of the shareholders and the number of securities they hold shall be signed by each of them or their proxyholder before the meeting. Those who attended or were represented at the general meeting have access to this list.

ARTICLE 31: VOTING RIGHT OF THE SHAREHOLDERS

31.1. Each share entitles its holder to one vote.

31.2. In case of acquisition or pledging by the company of its own shares, the voting right of these securities shall be suspended.

31.3. Voting take place by raising hands or by calling names, unless the general meeting, by majority of votes, decides otherwise.

ARTICLE 32: DELIBERATIONS OF THE GENERAL MEETING

32.1. 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.

32.2. Any draft amendment to the articles of association must first be submitted to the FSMA in accordance with article 8 of the BE-REIT regulation.

32.3. 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.

ARTICLE 33: MINUTES

33.1. The minutes of the general meetings include for each resolution the number of shares for which valid votes were expressed, the percentage of the capital represented by such votes, the total number of valid votes expressed, the number of votes expressed for and against each resolution, and, as the case may be, the number of abstentions.

33.2. The minutes of the general meetings are signed by the members of the office and the shareholders asking to do so.

33.3. Information referred to in article 33.1 is published by the company on its website within fifteen days of the general meeting.

33.4. Copies or excerpts to be delivered to third parties must be signed by a director, by a person in charge of the day-to-day management or a person explicitly authorised by the board.

TITLE SIX : BONDHOLDERS' MEETING

ARTICLE 34: POWERS – NOTICES

The general bondholders' meeting has the powers determined by the Code of Companies and Associations and is convened in accordance with such Code.

ARTICLE 35: ADMISSION TO THE BONDHOLDERS' MEETING

In order to be admitted to the general meeting of bondholders, bondholders must comply with the provisions of the Code of Companies and Associations as well as with any formalities prescribed by the terms and conditions of issue of the bonds or in the convening notice of the meeting.

ARTICLE 36: CONDUCT OF THE BONDHOLDERS' MEETING – MINUTES

The bondholders' meeting renders resolutions according to provisions of the Code of Companies and Associations or according to the terms and conditions of issue of the bonds.

The minutes of the bondholders' meetings are signed by the members of the office and by the bondholders who request to do so.

Copies and excerpts to be delivered to third parties are signed by a director, by a person in charge of the day-to-day management or a person explicitly authorised by the board.

ARTICLE 37: REPRESENTATION

Any bondholder may be represented at the bondholders' meeting by a proxy holder, whether or not bondholder. The Board of Directors determines the form of the proxies.

TITLE SEVEN : COMPANY RECORDS - DISTRIBUTION

ARTICLE 38: COMPANY RECORDS

38.1. The company's fiscal year begins on 1st January and ends on 31st December.

38.2. On this last date, the books of the company are closed and the Board of Directors prepares a full inventory, as well as the annual accounts in accordance with the law on book-keeping and the annual accounts of the undertakings and the special provisions of the BE-REIT regulation.

38.3. The company bears, amongst others, the costs of incorporation, organisation and domiciliation, the costs for the service of the company shares, the costs related to the immovable goods operations and the investment transactions, the costs of technical management, supervision, maintenance, etc. of the immovable goods of the company, the accountancy and inventory costs, the costs stemming from the supervision of the accounts and the control of the company, the publication costs, that are inherent to the share offer, costs stemming from the establishment of periodical reports and the distribution of financial information, the management costs and the taxes and duties and rights due as a result of the business carried on by the company, or as a consequence of the activities of the company.

38.4. Furthermore, the Board of Directors establishes an inventory of the immovable goods owned by the company and its companies in the perimeter when the company proceeds to a share issue or a share buy-back other than on a regulated market.

ARTICLE 39: DISTRIBUTION

39.1. Article 7:211 of the Code of Companies and Associations concerning the establishment of a reserve fund is not applicable to companies having the status of a regulated real-estate company by Belgian law in accordance with article 11, § 3, of the BE-REIT law.

39.2. 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 BE-REIT royal decree and (ii) the net decrease, in the course of the same financial year, of the indebtedness of the company as specified in article 13 of the BE-REIT royal decree.

39.3. 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.

39.4. The balance shall be allocated in the manner resolved by the shareholders' meeting on proposal of the Board of Directors.

39.5. The company may distribute an optional dividend with or without cash complement.

39.6. Unclaimed dividends of registered shares and fees within the five years of their payment will expire.

ARTICLE 40: PROVISIONS REGARDING SHAREHOLDERS SUBJECT TO WITHHOLDING

40.1. For the purpose of the following paragraphs, the term '*Actionnaire à Prélèvement*' *("*Shareholder Subject to Withholding") must be understood as any shareholder, other than a natural person, who directly or indirectly holds 10% or more of the rights to dividend distributed by the company and whose personal situation – or the situation of his shareholders who, prior to the payment of any distribution, directly or indirectly hold ten percent (10%) or more of the rights to dividend from the company – implies that the company is liable of a withholding equal to twenty percent (20%) (le '*Prélèvement*' or the "Withholding",) as specified in article 208 C II ter of the "*Code Général des Impôts français*" ("General Code of French Taxes").

40.2. If the ten percent (10%) threshold of the capital of the company (to be understood as the possession of ten percent (10%) or more of the rights to dividend paid out by the company) is directly or indirectly exceeded, any shareholder other than a natural person ("Concerned Shareholder") ("*Actionnaire Concerné*") shall notify the company thereof and such shareholder shall be deemed an '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding").

In the event such shareholder states that he is not an '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding"), he must, within a short time period and at the latest ten business days prior to the payment of any distribution, evidence this at the request of the company and, if the company so demands, submit an acceptable and unreserved legal opinion issued by an internationally reputed tax firm with recognised expertise in the field of French tax law, stating that the shareholder is not an '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") and that distributions declared payable by the company do not render the company liable for the '*Prélèvement*' ("Withholding"). The company may proceed to request any supporting document, additional data or the point of view of the French tax administration and, as the case may be, until satisfactory answers have been obtained, retain the distribution concerned.

Any '*Actionnaire Concerné*' ("Concerned Shareholder") must within a short period of time inform the company of any modification in its tax position whereby it would acquire or lose the capacity of '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") by justifying such event, in the event of loss of this status, in the manner as indicated above.

40.3 Every '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") shall, at the time of payment of each distribution, become a debtor of the company for an amount that corresponds with the amount of the Withholding which the company by way of distribution of dividends, reserves premiums or '*returns deemed distributed*' as defined in the General Code of French Taxes owes.

In the event that the company directly and/or indirectly would possess a percentage of the rights to a dividend that is at least equal to what is specified in article 208 C II ter of the General Code of French Taxes of one or more '*Sociétés d'Investissements Immobiliers Cotées'* ("SIICs") as specified in article 208 C of the General Code of French Taxes ('SIIC Fille') and in which the SIIC Fille as a result of the capacity of the '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") would have settled the Withholding, the '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") must, as the case may be, indemnify the company, either for the amount that the company has paid out to the SIIC Fille, by way of compensation for the payment of the Withholding by the SIIC Fille, or, in the absence of a compensation to the SIIC Fille by the company, for an amount that is equal to the Withholding paid by the SIIC Fille, multiplied by the percentage of the rights to receive a dividend of the company in the SIIC Fille, in such a manner that the other shareholders of the company do not contribute in an economical manner to whichever fraction of the '*Prélèvement*' ("Withholding") paid by whichever SIIC in the holding chain because of the '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") (the so-called '*Indemnisation Complémentaire*' - "Additional Compensation").

The amount of this '*Indemnisation Complémentaire*' ("Additional Compensation") shall be borne by all '*Actionnaires à Prélèvement*' ("Shareholders Subject to Withholding") in proportion to their respective rights to dividends, divided by the total number of rights to dividends of the '*Actionnaires à Prélèvement*' ("Shareholders Subject to Withholding").

The capacity of '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") is established at the time of payment of the distribution.

40.4. The company has the right to proceed to a set-off between its claim seeking damages from any '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") on the one hand and the amounts which the company must pay in favour of this shareholder on the other hand.

In such a manner, the amounts retained from the company's profits exempted from corporation tax pursuant to article 208 C II of the General Code of French Taxes and which pursuant to each share must be paid out in the hands of the said '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") pursuant to the above-mentioned decision to distribute or to repurchase of shares in his favour, shall thus be reduced up to the amount of the Withholding due by the company for the distribution of these amounts and/or up to the '*Indemnisation Complémentaire*' ("Additional Compensation").

The amount of each compensation due by an '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") shall be calculated in such a manner that the company, after payment thereof and taking account of possible application of tax laws, shall be placed in the same position as if the Withholding would not have become due.

The company and the '*Actionnaires Concernés*' ("Concerned Shareholders") shall cooperate in good faith so that all reasonable measures shall be taken to reduce the amount of the Withholding (still) due and the compensation possibly resulting therefrom.

In the event (i) after the distribution of a dividend, reserves or premiums or '*produits réputés distribués*' ("returns deemed distributed") as defined in the General Code of French Taxes levied on the profits of the company or on the profits of a SIIC Fille, exempted from corporation taxes pursuant to article 208 C II of the General Code of French Taxes, it would appear that a shareholder would be an '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") on the date of payment of the said amounts and (ii) in which the company or the SIIC Fille should have proceeded to the payment of the Withholding on the amounts thus paid, without said amounts having been the subject of the set-off specified in the first subparagraph of this paragraph, then the '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") shall be liable to pay to the company, by way of compensation for the damages that the latter sustains, and notwithstanding partial or full transfer of the shares that occurred in the meanwhile, an amount that is equal to, on the one hand, the Withholding which the company had to discharge for each share of the company that it held at the time of the payment of the distribution of dividends, reserves or premiums concerned, increased with every fine and interests and, on the other hand, as the case may be, the amount of the '*Indemnisation Complémentaire*' ("the Additional Compensation") (the '*Indemnité*' - the "Compensation").

The company shall be entitled, as the case may, be to proceed to a set-off to the appropriate extent between its claim on the ground of the "Compensation" ('*l'Indemnité*') and all amounts that may be payable at a later stage for the benefit of this '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") and such, as the case may be, without prejudice to the prior application in respect of the said amounts of the set-off specified in the first subparagraph of this paragraph. In the event the company, after realization of such a set-off, remains, on the ground of the "Compensation" ('*l'Indemnité*'), a creditor of the '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding"), it shall be entitled to proceed once again to a set-off to the appropriate extent with all amounts that later may be made payable for the benefit of this '*Actionnaire à Prélèvement*' ("Shareholder Subject to Withholding") and this until said debt has been definitively settled.

ARTICLE 41: INTERIM DIVIDENDS

Dividends are paid out on the dates and at the places determined by the Board of Directors.

The latter may decide under his personal liability, in compliance with the law, on the payment of the advances on dividends; he determines the amount and the payment dates of such advance(s).

ARTICLE 42: ACCESS TO REPORTS

Annual and half-yearly financial reports, annual and half-yearly financial statements of the company as well as the auditor's reports are available on the company's website.

Additionally, the annual financial report is available in the form of a brochure sent to all registered shareholders and provided to any other shareholder upon request.

TITLE EIGHT : WINDING-UP – LIQUIDATION

ARTICLE 43: WINDING-UP

43.1. In the event of dissolution of the Company, for whatever reason and at any time, the liquidation shall be performed by one or more liquidator(s) appointed by the general meeting of shareholders. If it appears from the company's statement of assets and liabilities, drawn up in accordance with the Code of Companies and Associations, that not all creditors can be repaid in full, the nomination of the liquidator(s) must be submitted to the president of the enterprise court for confirmation. In the absence of nomination of one or more liquidators, the directors in office will be considered as liquidators with respect to third parties.

43.2. After winding-up, the company will be regarded as being in liquidation.

43.3. Unless otherwise provided in the instrument of appointment, the persons in charge of the liquidation have greater power for that purpose, which are granted by the Code of Companies and Associations

43.4. The general meeting of shareholders determines the liquidation mode and, as the case may be, the remuneration of the liquidators(s).

43.5. The liquidation of the company ends pursuant to the provisions of the Code of Companies and Associations.

43.6. Except in case of merger, the net assets of the company will be, after clearing of all liabilities or deposit of the sums which are necessary for that purpose, allocated as a matter of priority to the reimbursement of the amount paid-up of the capital shares, and the remaining balance shall be distributed equally among all the shareholders of the company, proportionally to the number of shares they hold.

TITLE NINE : GENERAL PROVISIONS

ARTICLE 44: ELECTION OF DOMICILE

For the performance of these articles of association, every shareholder, 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 45: JURISDICTION

For all lawsuits between the company, its shareholders, bondholders, directors and liquidators concerning the affairs of the company and the execution of the present articles of association, only the enterprise court of the registered office of the company shall have jurisdiction, unless the company expressly waives such jurisdiction.

ARTICLE 46: GENERAL LAW

46.1. The provisions of these articles of association that would conflict with the mandatory provisions of the Code of Companies and Associations, the BE-REIT legislation or other applicable law, are deemed non-existent. The nullity of an article or part of an article of these articles of association does not affect the validity of the other (parts of) of the provisions of the articles of association.

46.2. Special mention is made, in accordance with articles 11, § 3 and 55, § 1, second subparagraph, of the BE-REIT law, that articles 3:24, 3:72,2°, 7:2, 7:11, 7:47 and 7:211 of the Code of Companies and Associations are not applicable.

TITLE TEN : SPECIAL PROVISION

ARTICLE 47: AMENDMENTS OF THE LAW

In case of coordination of the law, the Board of Directors is allowed to adapt these articles of association to the future legal coordination texts that would amend these articles of association. This authorisation aims expressly at an amendment by notarial deed only.

Appendix V: Spread of the buildings of the consolidated portfolio[1] per subsidiary

AXENTO

Grand-duchy of Luxembourg

Axento

BEFIMMO

Brussels Airport

Gateway

Brussels Centre

Brederode Corner	Poelaert
Central Gate	Rue au Choux
Empereur	
Montesquieu	

Brussels Leopold District

Arts 56	Schuman 11
Joseph 2	View Building
Guimard	Wiertz
Schuman 3	

Brussels Louise District

Blue Tower

Brussels North Area

Quatuor

Brussels Decentralised

Goemaere	Triomphe
La Plaine	

Brussels Periphery

Fountain Plaza	Ocean House
Ikaros Park	Planet 2
Media	Waterloo Office Park

Flanders

AMCA	Leuven - Vital Decosterstraat (leasehold)
Antwerpen - Meir (leasehold)	

1 For more information, please consult the buildings of the consolidated portfolio on pages 60 to 62 of this Report.

FEDIMMO

Brussels Centre

Gouvernement Provisoire	
Lambermont	
Pachéco	

Brussels Leopold District

Arts 28	
Froissart	
Science-Montoyer	

Brussels North Area

World Trade Center – Tower 3	WTC 4 (permit implemented)

Wallonia

Ath	Liège Paradis tower - Rue Fragnée
Binche	Malmedy
Braine l'Alleud	Marche-en-Famenne
Eupen	Saint-Vith
La Louvière	Seraing
Paradis Express (land)	

Flanders

Bilzen	Lokeren
Brugge	Nieuwpoort
Deinze	Oudenaarde
Dendermonde	Roeselare
Diest	Sint-Niklaas
Diksmuide	Sint-Truiden
Eekloo	Tervuren
Haacht	Tielt
Halle	Tienen
Herentals	Tongeren
Ieper	Torhout - Burg
Knokke-Heist	Torhout - Elisabethlaan
Kortrijk - Bloemistenstraat	Vilvoorde

MEIRFREE

Flanders

Antwerpen – Meir

VITALFREE

Flanders

Leuven – Vital Decosterstraat

ZIN IN NOORD[1]

Brussels North Area

ZIN

[1] Since 30 January 2020, Befimmo is the controlling shareholder of Zin in Noord, a regulated institutional real estate company under Belgian law, which is owned 64.1% by Befimmo and 35.9% by Fedimmo.

Appendix VI: Methodology

DIRECT ENERGY (GAS AND OIL), INDIRECT ENERGY (ELECTRICITY AND DISTRICT HEATING), WATER, GREENHOUSE GAS EMISSIONS

For its 2019 non-financial reporting (and since 2017), Befimmo has opted to report the data for the Befimmo and Fedimmo portfolios in consolidated form.

Even though it has limited control and influence on the buildings in its portfolio let to the Buildings Agency, as most of the recurring work and operational management of the buildings is the Agency's responsibility, Befimmo believes that it should align its sustainable development commitments across its entire portfolio.

GENERAL REMARKS

Some additional historical data, complete or partial, obtained after the publication of the last Annual Financial Report were verified and then integrated with previously published data. This could explain any differences with previous publications.

Other minor adjustments were also made to the data with a view to improving the quality and accuracy of the consolidated non-financial reporting data, notably:

- the conversion factors needed to calculate the CO_2e emissions were verified and updated and the conversion factors used in reporting associated with waste were adjusted;
- the accuracy and updating of tariff data were verified for energy supply contracts used to calculate the financial savings from energy saving;
- the alteration or adaptation of certain spaces following work and/or resurveying;
- the correction of missing or incorrect historical data, in particular following the receipt of credit notes or adjustment invoices for electricity and water;
- the adaptation of the ratio between allocation to common/private areas on the basis of any data on under-estimates.

INTERPRETATION OF DATA IN THE ENVIRONMENTAL REPORTING TABLES

Befimmo intends to keep segmenting its reporting by the size of the buildings, by classing the buildings as [1-5,000 m²], [5,001-10,000 m²], [>10,000 m²]. This approach allows an analysis from a different angle and the exploitation of certain specific data. Full detailed tables, including four years of reporting (2008 and 2017 to 2019) are published on the Company's website.

	TOTAL ABOVE-GROUND AREAS			
	2016	2017	2018	2019
Buildings 1 – 5 000 m²	178 053	176 777	169 891	168 205
Buildings 5 001 – 10 000 m²	138 600	131 947	132 267	138 557
Buildings > 10 000 m²	571 575	624 402	598 390	598 390
Total (m²)	**888 228**	**933 125[1]**	**900 547**	**905 151**

MANAGEMENT OF CONSUMPTION DATA

All available energy-consumption data and information are obtained via (i) utility companies and energy suppliers, (ii) maintenance companies, (iii) telemonitoring of consumption and (iv) the in-house manager.

Telemonitoring now covers 75% by floor area of the portfolio. The data collected generally cover all consumption and production (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 take the necessary corrective action, assess the energy performance of each building and identify priority future investments to be considered.

With regard to the management of electricity consumption data, Befimmo is continuing to work on separating consumption for private and common areas of the buildings in which it has control over the energy supply contract. Regarding the buildings in which the supply contracts are not in Befimmo's name, the Environmental Technical Team directly asks tenants for consumption data and/or the renewal of the mandates needed for obtaining data via the network managers. This situation becomes marginal as Befimmo decided to manages the energy meters for new lease agreements, in order to ensure the guarantee of the origin of the consumed energy.

Since 2015, Befimmo has been systematically using statistical models to refine the detection of abnormal electricity, water and gas consumption. These models for predicting future consumption are based on the energy signature of the building and working hours.

[1] The surfaces of the buildings sold during the year are included in the total surface of the portfolio used within the framework of environmental reporting.

More relevant than generic alarms triggered when a maximum threshold is exceeded, these models can detect very slight overconsumption in relation to total consumption.

For its 2019 reporting Befimmo has chosen to disclose all the data available to it, even though for some buildings its level of control is limited, and consumption and/or generation data are not always accessible or available.

DETERMINING THE UNCERTAINTY LEVEL OF THE DATA

Befimmo is aware that the accuracy and reliability of the data it uses for monitoring the environmental performance of its portfolio are directly related to the quality of the information received, inaccuracies in the metering systems, transfer of partial or incorrect information, spurious data, inaccuracy of conversion factors, reading errors, missing data and in particular the degree of uncertainty of the metering instruments in its buildings.

In addition, Befimmo continues to strengthen and develop its requirements for the selection, installation, maintenance and preventive replacement of metering equipment in its buildings to minimise the risk of loss and distortion of information.

REPORTING PERIMETER

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 period. It is directly affected by any sales and/or acquisitions.

The areas mentioned above or below each table correspond to the areas of the buildings in use during the reporting year.

CALCULATION AT CONSTANT PERIMETER

The calculation at constant perimeter (like-for-like [LfL]), 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 (as a result of major renovations, acquisitions or sales), it is possible to analyse, compare and explain the results achieved in relation to the stated objectives. Note, however, that the calculation at constant floor area does not take account of changes in the occupancy of the buildings.

CALCULATION OF SPECIFIC CONSUMPTION (KWH/M^2 AND LITRES/M^2)

To ensure consistency in specific consumption and to ensure that it is properly representative, some buildings are excluded from the scope solely for the calculation of specific consumption. These are:

- buildings under construction and/or renovation;
- buildings not used as offices (for 2019, part of a building that houses an indoor pool/fitness centre, a building housing only showers and a service building were excluded);
- buildings with incomplete consumption data;
- buildings with an average annual occupancy rate below 50%[1] (calculated on the basis of the quarterly occupancy history and the floor area occupied).

Regarding the calculation of the greenhouse gas emissions intensity (GRI-305-4), the following are excluded from the reporting scope:

- all buildings with ongoing works or that were bought or sold during the year;
- buildings with an occupancy rate of less than 50%;
- buildings with incomplete and/or missing consumption data.

The resulting emission values form the numerator which is divided by the total area of buildings within the perimeter.

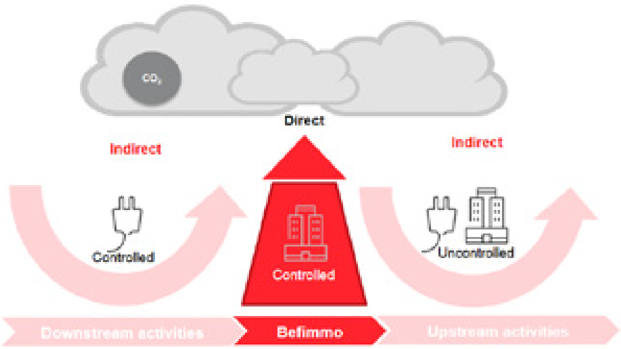
REPORTING CO2e EMISSIONS AND EMISSION FACTORS

When reporting CO2e emissions related to its activities, Befimmo follows the recommendations and methodology of the Greenhouse Gas Protocol[2] (GHG Protocol). This international accounting method is the one most used by government leaders and business to understand, quantify and manage greenhouse gas emissions.

In practice, Befimmo distinguishes emissions in accordance with the diagram below, namely emissions:

- controlled directly relating to the heating of buildings (gas, oil);
- indirectly controlled and relating to the use of electricity in controlled installations (common areas of buildings);
- indirectly uncontrolled and relating to the use of electricity in installations not under Company control (private areas of buildings).

1 On the basis of the long-term lease agreements 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 few cases are not representative.
2 www.ghgprotocol.org



Furthermore, calculations of CO_2e emissions are reviewed and adjusted, including for historical data, on the basis of any new information provided by the tenants regarding their contracts for supplying energy for private areas.

For the calculation of uncontrolled indirect CO_2e emissions, i.e. related to the use in its tenants' private areas of non-renewable electricity or from unidentified/confirmed sources, Befimmo uses the emission factor provided and updated by the International Energy Agency (IEA).

CO_2e EMISSION FACTORS (G CO_2e/KWH)

TYPE	2016	2017	2018	2019
Gas[1]	188	188	188	188
Non-renewable electricity, Belgium[2]	172	172	172	172
Green electricity	0	0	0	0
District heating Luxembourg[3]	281	281	281	281
District heating	43	0	0	0

CO_2e EMISSION FACTORS (KG CO_2e/LITRE) (KG CO_2e/KM)

TYPE	2016	2017	2018	2019	UNITS
Diesel	2.511	2.511	2.511	2.515	kg CO_2e/litre
Petrol	2.264	2.264	2.264	2.258	kg CO_2e/litre
Aircraft (short haul) economy	0.233	0.233	0.233	0.233	kg CO_2e/km
Aircraft (long haul) economy	0.202	0.202	0.202	0.202	kg CO_2e/km
Aircraft (short haul) business	0.468	0.468	0.468	0.468	kg CO_2e/km
Aircraft (long haul) business	0.477	0.477	0.477	0.477	kg CO_2e/km
Train	0.048	0.048	0.048	0.048	kg CO_2e/km

NOT APPLICABLE

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;
- where data are not available;
- for the scope relating to renewable energy production, which is not measured.

Generally speaking,

- in the few cases where consumption of common and private areas could not be obtained separately, a distribution of 40/60 between common areas and private areas assumed in 2012 is confirmed and retained for 2016 to 2019;
- 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 energy.

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.

1 Source : Engie Electrabel.
2 Source : IEA (International Energy Agency).
3 Source : Luxembourg city.

Appendix VII: GRI Content Index[1]

GRI STANDARD	DISCLOSURE		PAGE, URL OR COMMENT	EXTERNAL ASSURANCE[2]	SDG
GRI 101: Foundation 2016					
GRI 102: General Disclosures 2016	1. Organizational profile				
	102-1	Name of the organization	210		
	102-2	Activities, brands, products, and services	4,30		
	102-3	Location of headquarters	210		
	102-4	Location of operations	30,33,51,54,60		
	102-5	Ownership and legal form	210		
	102-6	Markets served	4,30,33,51,54,60		
	102-7	Scale of the organization	52,53,60,112,153	✔ [3]	
	102-8	Information on employees and other workers	112,113,114		8
	102-9	Supply Chain	32,65 Dialogue		
	102-10	Significant changes to the organization and its supply chain	40,56,57,58,218		
	102-11	Precautionary principle or approach	65 CSR policy		
	102-12	External initiatives	39 Dialogue		
	102-13	Membership of associations	Dialogue		
	2. Strategy				
	102-14	Statement from senior decision maker	23		
	102-15	Key impacts, risks, and opportunities	7,30,31,32		
	3. Ethics and integrity				
	102-16	Values, principles, standards, and norms of behavior	29,111,141		16
	102-17	Mechanisms for advice and concerns about ethics	21,141,142,145,147		16
	4. Governance				
	102-18	Governance structure	121,141		
	102-19	Delegating authority	32,128,141 Strategic axes		
	102-20	Executive level responsibility for economic, environmental, and social topics	141		
	102-21	Consulting stakeholders on economic, environmental, and social topics	30,31,32		16
	102-22	Composition of the highest governance body and its committees	95,120		5,16
	102-23	Chair of the highest governance body	120,127		16
	102-24	Nominating and selecting the highest governance body	127		5,16
	102-25	Conflicts of interest	145		16
	102-26	Role of highest governance body in setting purpose, values, and strategy	127,141		
	102-27	Collective knowledge of highest governance body	114,141		4
	102-28	Evaluating the highest governance body's performance	127,128,141		
	102-29	Identifying and managing economic, environmental, and social impacts	31,32,65,129,141		16
	102-30	Effectiveness of risk management processes	129,142		
	102-31	Review of economic, environmental, and social topics	141		
	102-32	Highest governance body's role in sustainability reporting	141		
	102-33	Communicating critical concerns	112,115,117,141,147		
	102-35	Remuneration policies	130,134		
	102-36	Process for determining remuneration	130,134		
	102-37	Stakeholders' involvement in remunerations	130		16
	5. Stakeholder engagement				
	102-40	List of stakeholder groups	Stakeholders Dialogue		
	102-41	Collective bargaining agreements	112		8
	102-42	Identifying and selecting stakeholders	Stakeholders Dialogue		
	102-43	Approach to stakeholder engagement	Stakeholders Dialogue		
	102-44	Key topics and concerns raised	117 Stakeholders Dialogue		

1 For more information concerning the GRI Standards, please visit the official GRI website: https://www.globalreporting.org.
2 External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 248 of the Annual Financial Report 2019.
3 External assurance only for the "Consolidated statement of financial position" (Annual Financial Report 2019 - Statutory Auditor's report on page 201).

GRI STANDARD	DISCLOSURE		PAGE, URL OR COMMENT	EXTERNAL ASSURANCE[1]	SDG
GRI 102: General Disclosures 2016	6. Reporting practice				
	102-45	Entities included in the consolidated financial statements	149 All entities are included.		
	102-46	Defining report content and topic boundaries	30,31,32 Stakeholders and CSR policy		
	102-47	List of material topics	30,31,32		
	102-48	Restatements of information	218,241		
	102-49	Changes in reporting	31,32,218 Stakeholders and CSR policy		
	102-50	Reporting period	218		
	102-51	Date of most recent report	218		
	102-52	Reporting cycle	218		
	102-53	Contact point for questions regarding the report	218,cover		
	102-54	Claims of reporting in accordance with the GRI Standards	5,218 This report has been prepared in accordance with the GRI Standards, Core option. GRI Reporting		
	102-55	GRI content index	244 GRI Reporting		
	102-56	External assurance	218		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30,31,32 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources		
	103-2	The management approach and its components	30,31,32 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources		1,5,8,16
	103-3	Evaluation of the management approach	30,31,32 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources		

1 External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 248 of the Annual Financial Report 2019.

GRI STANDARD	DISCLOSURE		PAGE, URL OR COMMENT	EXTERNAL ASSURANCE[1]	SDG
TOPIC-SPECIFIC STANDARDS (MATERIAL TOPICS)					
GRI 200: ECONOMIC STANDARD SERIES					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	76,152	✔ [2]	5,7,8,9
	201-2	Financial implications and other risks and opportunities due to climate change	188	✔ [2]	13
	201-3	Defined benefit plan obligations and other retirement plans	189,190	✔ [2]	
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	100%		16
	205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption over the past fiscal year.		16
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions for anti-competitive behaviour, anti-trust or monopoly practices during the fiscal year.		16
GRI 300: ENVIRONMENTAL STANDARD SERIES					
GRI 302: Energy 2016	302-1	Energy consumption within the organization	67,95,118 Use of resources	✔	7,8,12,13
	302-2	Energy consumption outside the organization	67,95 Use of resources	✔	7,8,12,13
	302-3	Energy intensity	67,95,118 Use of resources	✔	7,8,12,13
	302-4	Reduction of energy consumption	67,95 Use of resources	✔	7,8,12,13
	302-5	Reduction in energy requirements of products and services	67,95 Use of resources	✔	7,8,12,13
GRI 303: Water 2016	303-1	Water withdrawal by source	68,95 Use of resources	✔	6
	303-3	Water recycled and reused	68,95 Use of resources	✔	6,8,12
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	66,95,118,119 Use of resources	✔	3,12,13,15
	305-2	Energy indirect (Scope 2) GHG emissions	66,95 Use of resources	✔	3,12,13,15
	305-3	Other indirect (Scope 3) GHG emissions	66,95,118 Use of resources	✔	3,12,13,15
	305-4	GHG emissions intensity	66,95,241 Use of resources	✔	13,15
	305-5	Reduction of GHG emissions	66,95 Use of resources	✔	13,15
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	69,70,95 Use of resources	✔	3,6,12
	306-5	Water bodies affected by water discharges and/or runoff	Waste water is discharged into public sewers.	✔	6,15
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	There were no fines for non-compliance over the past fiscal year.		16
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	6% Use of resources		
	308-2	Negative environmental impacts in the supply chain and actions taken	65 Use of resources		

1 External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 248 of the Annual Financial Report 2019.
2 This data was audited by the Statutory Auditor (Annual Financial Report 2019, Statutory Auditor's report on page 201).

GRI STANDARD	DISCLOSURE		PAGE, URL OR COMMENT	EXTERNAL ASSURANCE[1]	SDG
GRI 400: SOCIAL STANDARD SERIES					
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	95,112		5,8
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	95,112,113,114		8
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	95,115		3,8
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	95,112		4,5,8
	404-2	Programs for upgrading employee skills and transition assistance programs	112,115		8
	404-3	Percentage of employees receiving regular performance and career development reviews	100% 95		5,8
GRI 405: Diversity and Inclusion 2016	405-1	Diversity of governance bodies and employees	95,114		5,8
	405-2	Ratio of basic salary and remuneration of women to men	95,112		5,8,9
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There were no cases of discrimination over the past fiscal year.		5,8,16
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	37,117 Integration into the city		
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	6% Dialogue		5,8,16
	414-2	Negative social impacts in the supply chain and actions taken	Dialogue		5,8,16
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	37		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	37		16
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	71		12
	417-3	Incidents of non-compliance concerning marketing communications	0 Setting an example		16
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	There were no sanctions over the past fiscal year.		16
Environment					
CRE1:	Building Energy Intensity 2016		67,95 Use of resources	✔	7,8,12,13
CRE2:	Building Water Intensity 2016		68,95 Use of resources	✔	6,8,12
CRE3:	Greenhouse gas emissions intensity from buildings 2016		66,95 Use of resources	✔	13,15
Product Responsibility					
CRE8:	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment 2016		71,95 Use of resources	✔	4,6,7,8,10, 11,12,13

1 External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 246 of the Annual Financial Report 2018.

Appendix VIII: Limited assurance report

Independent auditor's report on the limited review performed on selected environmental, social and governance indicators published in the Annual Financial Report of Befimmo SA of 31 December 2019

To the board of directors

As independent auditor we have been engaged to perform limited review procedures to express a limited assurance on selected environmental indicators ("the Data") published in the Annual Financial Report of Befimmo SA for the year ended 31 December 2019 ("the Annual Financial Report"). The environmental, social, and governance indicators have been defined following the guidelines of the "Global Reporting Initiative" GRI Standards, EPRA Sustainability Best Practice Recommendations (sBPR) (3rd version September 2017) and GHG protocol guidelines scope I, II, III. The Data have been selected by Befimmo SA and are identified with the symbol ✓ in the tables[1] as mentioned on pages 5, and 118 of the Annual Financial Report.

The scope of our work has been limited to the Data covering the year ended 31 December 2019 and including the selected environmental, social and governance indicators of Befimmo SA and its subsidiairies Fedimmo SA, Axento SA and Beway SA. The limited review was performed on the Data gathered by Befimmo SA and retained in the reporting scope of the Annual Financial Report. Our conclusion as formulated below covers therefore only these Data and not all indicators presented or any other information included in the part "Social and environmental responsibility" of the Annual Financial Report.

Responsibility of the board of directors

The board of directors of Befimmo SA is responsible for the Data and the references made to it presented in the Annual Financial Report as well as for the declaration that its reporting meets the requirements of the « Global Reporting Initiative» (GRI Standards), the EPRA Sustainability Best Practice Recommendations (sBPR) (3rd version, September 2017) and GHG protocol guidelines scope I, II, III, as described in the part "Social and environmental responsibility" of the Annual Financial Report.
This responsibility includes the selection and application of appropriate methods for the preparation of the Data, for ensuring the reliability of the underlying information and for the use of assumptions and reasonable estimations. Furthermore, the board of directors is also responsible for the design, implementation and maintenance of systems and procedures relevant for the preparation of the Data.

The choices made by the board of directors, the scope of the part "Social and environmental responsibility" of the Annual Financial Report and the reporting policies, including any inherent limitations that could affect the reliability of the information are set out on pages 241 to 243 of the Annual Financial Report.

Nature and scope of works

Our responsibility is to express an independent conclusion on the Data based on our limited review. Our assurance report has been made in accordance with the terms of our engagement letter.
We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information".

We planned and performed the procedures deemed necessary for expressing a limited assurance on the fact that the Data are not materially misstated. A limited assurance engagement provides less assurance than an audit.

The scope of our work included, amongst others the following procedures:
- Assessing and testing the design and operating effectiveness of the systems and procedures used for data-gathering, classification, consolidation and validation, and that for the methods used for calculating and estimating the 2019 environmental, social and governance indicators identified with the symbol ✓ in the tables as mentioned on pages 95 and 118 of the Annual Financial Report;
- Conducting interviews with responsible officers;
- Examining, on a sample basis, internal and external supporting evidence and performing consistency checks on the consolidation of these data.

[1] The complete and detailed tables are published on the website of Befimmo (www.befimmo.be)

Conclusion

Based on our limited review, as described in this report, we have not identified any significant misstatement that causes us to believe that the Data related to Befimmo SA identified with the symbol ✓ in the tables[1] as mentioned on pages 95 and 118 of the Annual Financial Report have not been prepared in accordance with GRI Standards guidelines, the EPRA sBPR (3rd version, September 2017) and the GHG protocol.

Observation

Without qualifying the conclusion above, we draw your attention to the following points:

- For the BREEAM In-Use certificates, the expiration date has in most cases passed. These expired certificates were reported as active certification. Furthermore, no recertification process of these buildings was initiated.

Zaventem, 16 March 2020
The independent auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Rik Neckebroeck

[1] The complete and detailed tables are published on the website of Befimmo (www.befimmo.be)

CONTACT
Befimmo SA
Chaussée de Wavre 1945
1160 Brussels
TVA: 0455 835 167
Tel.: +32 (0)2 679 38 60
contact@befimmo.be

FOR FURTHER INFORMATION
Caroline Kerremans
Head of IR & Communication
Email: c.kerremans@befimmo.be

PHOTOS
Jean-Michel Byl, Catherine De Saegher,
Jean-Luc Deru

ILLUSTRATIES
Céleste Gangolphe

CREATION, CONCEPT, DESIGN & PRODUCTION
ChrisCom - www.chriscom.be
Befimmo's team

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BEFIMMO SA

Registered office:
Chaussée de Wavre 1945,
1160 Brussels

Register of Corporate Bodies (RPM-RPR):
0 455 835 167

Tel.: +32 2 679 38 60

contact@befimmo.be
www.befimmo.be

Befimmo