ANNUAL FINANCIAL REPORT 2020

Befimmo

Working in 2020

2020 was a year of upheaval.

With homeworking already on the increase before the COVID crisis, successive lockdowns dramatically accelerated the adoption of teleworking, often creating a seismic shift in working patterns.

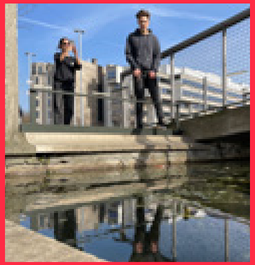
Many have commented on and measured the benefits, but this new and widespread phenomenon also highlighted the limitations of work life beyond the office, and created some complicated, and occasionally absurd situations.

After experiencing the 'new normal' for nearly a full year, employers and their teams have had time to reassess their fundamental priorities, and are working out what they really need from the workplace.

It turns out that most people are eager to reconnect with their co-workers: to share real-life and informal contacts; to create a better balance, with a slightly less porous boundary between work and home; and to reap the benefits of flexible spaces that adapt to the time of day or the nature of the task.

As individuals, corporations, and entire nations take their first cautious steps into this new hybrid world of work, Befimmo is already several strides ahead. For years now, we have worked to meet the changing needs of individuals, and of businesses of all sizes: offering spaces for social and professional interaction, dedicated to teamwork and collective efficiency, and also to quiet concentration.

Befimmo brings the workplace into the city, and the city into the workplace, in a natural and evolving relation with the teleworking phenomenon.



WeAreOskar

WeAreOskar is a pair of Brussels-based creatives and a photography duo.

They are specializing in still life photography with a playful and surrealistic approach.

Their aesthetic vision is both contemporary and off-the-wall and results in an ultra-defined visual identity.

In this Report, they take some height to share their views on the difference in ways of working at home and in Befimmo environments.

Silversquare Europe - Brussels Leopold district

Befimmo. Where businesses find a home.

Befimmo is a real-estate investor and operator and a Belgian Real-Estate Investment Trust (SIR-GVV).

We are a facilitator of enterprises, entrepreneurs, and their teams. Our **high-quality portfolio** is located in Brussels, the main Belgian towns and cities, and the Grand Duchy of Luxembourg. It is worth €2.7 billion and comprises 63 office buildings and more than 950,000 m² of space.

In partnership with our specialised subsidiary Silversquare, we operate seven **coworking spaces** and are jointly developing a Belux network of **flexible workspaces**. This hybrid offer includes traditional leases, fully flexible solutions, and a mix of both, allowing users to combine work-spaces in ways that promote creativity, innovation, and networking.

As an organisation that is human and responsible, we offer inspiring spaces and related services and facilities, in sustainable buildings.

Our three commitments - '**Provide and Rethink Workspaces**', '**Transform Cities**' and '**Be Responsible**' - form the basis of the integrated CSR ambitions summarised in our 2030 Action Plan.

We are listed on Euronext Brussels.
At 31 December 2020, our market capitalisation was **€1 billion**.

BY CREATING ADDED VALUE FOR OUR USERS, WE CREATE VALUE FOR OUR SHAREHOLDERS.

Befimmo 25 YEARS WHERE BUSINESSES FIND A HOME

High-quality portfolio

#63
BUILDINGS

#7
COWORKING SPACES

950,000 m²
OF WORKSPACE

28,000 m²
OF COWORKING SPACES

€131 million
NET RENTAL RESULT

€8 million
TURNOVER

95%
OCCUPANCY RATE OF PROPERTIES AVAILABLE FOR LEASE

75%
OCCUPANCY RATE OF MATURE SPACE

Resilient financial results

€2.81 per share
CONSOLIDATED EPRA EARNINGS

€58.85 per share
CONSOLIDATED NET ASSET VALUE

Solid financial structure

BBB
STANDARD & POOR'S RATING

36.8%
LTV

Team

94
TEAM MEMBERS

54%
MEN

46%
WOMEN

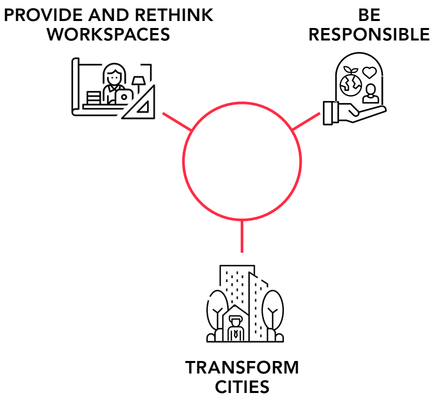
Share

€36.30
SHARE PRICE

6.2%
DIVIDEND YIELD

€1 billion
MARKET CAPITALISATION

Ambitious 2030 Action Plan



BEFIMMO IS ON TRACK FOR GROWTH IN EPRA EARNINGS. BASED ON THE CURRENT PLAN, EPRA EARNINGS SHOULD RISE UP TO A LEVEL BETWEEN €3 AND €3.20 PER SHARE BY 2025, POTENTALLY IMPROVED BY ADDITIONAL INVESTMENTS.

BEFIMMO'S ANNUAL FINANCIAL REPORT ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020 PRESENTED TO THE ANNUAL GENERAL MEETING OF 27 APRIL 2021 AND APPROVED BY THE BOARD OF DIRECTORS ON 10 MARCH 2021.
THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE ROYAL DECREE OF 14 NOVEMBER 2007 AND THE ROYAL DECREE OF 13 JULY 2014.
IT HAS BEEN FILED WITH THE FSMA (COMPETENT AUTHORITY UNDER REGULATION (EU) 2017/1129) AS A UNIVERSAL REGISTRATION DOCUMENT WITHOUT PRIOR APPROVAL ACCORDING TO ARTICLE 9 OF REGULATION (EU) 2017/1129.

Basis of consolidation

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

Befimmo has exclusive control of Silversquare Belgium SA and consequently Silversquare Belgium SA, and its subsidiary are included in the global consolidation as at 31 December 2020.

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

Real-estate, financial and environmental social and governance (ESG) indicators

Befimmo's real-estate indicators are defined in Appendix II to this Report, and identified in a footnote the first time they occur.

With a view to improving the quality and comparability of the information presented, Befimmo has fully committed to standardising its financial and ESG reporting by adopting EPRA reporting guidelines and Global Reporting Initiative (GRI) Standards[1]. All detailed information regarding Befimmo's 2030 Action Plan is grouped in the Sustainability Report, available as of 9 April 2021 on the Befimmo website. All ESG indicators are set out in the GRI Content Index in the Sustainability Report. A summary of Befimmo's 2030 Action plan with the main KPI's is included in this Report.

ALL DETAILED INFORMATION REGARDING BEFIMMO'S 2030 ACTION PLAN IS GROUPED IN THE SUSTAINABILITY REPORT, AVAILABLE AS OF 9 APRIL 2021 ON THE BEFIMMO WEBSITE

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 also published on Befimmo's website.

The following explanatory icons are used in this Report:

THIS ICON REFERS TO FURTHER INFORMATION VIA A PDF.

THIS ICON REFERS TO FURTHER INFORMATION AVAIBLE VIA A VIDEO.

WWW.BEFIMMO.BE
THIS ICON REFERS TO FURTHER INFORMATION ON THE BEFIMMO WEBSITE.

THIS ICON REFERS TO ANOTHER PAGE WITHIN THIS PDF.

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/).

Table of contents

RISK FACTORS

This chapter covers risks identified as potentially affecting the Company, and the measures it has taken to anticipate them, mitigate their potential impact, and turn them into opportunities.
Doing business involves taking risks: it is not possible to eliminate the potential impact of all risks identified, nor of any residual risk that may be borne by the Company and indirectly by its shareholders.
The global economic and financial climate and current 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 Annual Financial Report, and reflects only the specific and most important risk factors faced by the Company.
The risks in each category are ranked in order of importance, according to probability and the estimated extent of their negative impact on the Company, without taking into account mitigation measures or Befimmo's positioning.
The list is not exhaustive: there may be other risks which are unknown, improbable, non-specific, or unlikely to have an adverse effect on the Company, its business, or its financial situation.

Silversquare Bailli - Brussels Louise district

Main risks related to COVID-19

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE PANDEMIC CRISIS		
The measures imposed by the authorities in the context of the COVID-19 global pandemic have led, and could lead in future, to businesses being shut down, and to lockdowns. The crisis may accelerate the evolution of the world of work.	Reduced demand for office space. The interruption or slow-down of construction work for redevelopment projects. Tenants may face financial difficulties which have an impact on the Company's income and cash flow. Less easy access to financing and/or increased credit margins required by banks and financial markets, with a potential impact on liquidity. Liquidity risk. Lower projected EPRA earnings, and a delay in the contribution of development projects. A more volatile share price.	Befimmo is aware that the crisis may accelerate the evolution of the world of work. We have been monitoring trends in this area for several years. With our coworking business, we offer more flexibility in terms of contract duration, use of workspaces, and the type of equipment required, and make a hybrid[1] offering that allows corporate customers to combine several space solutions in a Belux network. The Company has a solid base of tenants, with 63% of revenues (real-estate operator) provided by long leases with Belgian and European public institutions. The remainder is spread among tenants from a range of sectors, including large companies, with a very limited share in the retail sector (1% of consolidated rental income). Our top five corporate clients account for 18.5% of revenues (real-estate operator). Our coworking business accounted for about 4% of consolidated revenues as at 31 December 2020. 68% of Silversquare revenues for the year were generated in "private offices" used by small and medium-sized companies which have a higher resilience potential than "flex desks". The weighted average duration of current leases (as a real-estate operator) until the next expiry was 7.2 years at 31 December 2020, and 7.7 years until final expiry. The occupancy rate (real-estate operator) was 95.2% as at 31 December 2020. 83% of office development projects in the pipeline are already pre-let. Financing needs are currently covered until the end of Q3 2022. Loan-to-Value (LTV) was 36.8% as at 31 December 2020.

Main risks related to external factors

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE NEW WAYS OF WORKING		
Office space is being used in increasingly flexible and mobile ways. New technology is facilitating the transformation from a static and "sequential" mode of operation to more dynamic business environments. Businesses are looking for pleasant, stimulating and flexible working environments to help attract talent and develop collective intelligence.	Tenants renting fewer square metres per employee) may lead to a decline in buildings' occupancy rates. Conventional office environments no longer meet expectations. The coworking business model is still developing.	The Company: - is committed to a redesigned world of work where workspaces are organised according to the type of activity and the profile of the users - acquired a majority shareholding in a coworking company (Silversquare) - develops (with Silversquare) a Belux network of hybrid offices - integrates a mix of functions in new projects to ensure that the environment is conducive to the development of a genuine community life - develops projects integrated with the city, where the buildings become an ecosystem open to their urban environment, with 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.

RISK ASSOCIATED WITH CHANGING INTEREST RATES		
Financial charges, the Company's main expense item, are largely influenced by the interest rates prevailing in the financial markets.	Increase in financial charges and drop in EPRA earnings and net results. 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 our 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 2020: - borrowings of €976.8 million (96.6% of total debt) are financed at fixed rates (specified in agreements or fixed by IRS) - the remainder of the debt, €33.9 million, is financed at floating rates, €20 million of which is hedged against rising interest rates by means of optional instruments (caps and collars[1]). The remaining 1.4% of total borrowings is therefore unhedged Without hedging, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €1.3 million (annual amount calculated based on the debt structure as at 31 December 2020). With the hedging arranged at 31 December 2020, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €0.3 million (annual amount calculated based on the debt structure as at 31 December 2020. As at 31 December 2020, the Company's debt ratio is 40.8% and its LTV ratio is 36.8%. On 1 July 2020, Standard & Poor's confirmed a rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.
RISK RELATED TO CHANGING CREDIT MARGINS		
The Company's financing cost also depends on the credit margins charged by banks and financial markets. These financing margins change in line with risk appetite in financial markets and with regulations, particularly in the banking sector (the "Basel IV" requirements) and the insurance sector (known as "CRD IV"). They also reflect the perception of the Company's credit risk profile.	An increase in financial charges and hence an adverse effect on EPRA earnings and net results.	Spread financing maturity dates 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).
RISK OF INFLATION AND DEFLATION		
Risk of deflation on income, as Befimmo leases contain clauses indexing rents to changes in the Belgian '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 €1.3 million on an annual basis (not including protection) per percentage point change in the health index.	In line with general practice, 95.35%[2] of the leases in Befimmo's consolidated portfolio are written to mitigate the effects of any negative indexing: - 44.95% provide for a ceiling on the basic rent - 50.40% contain a clause that sets the minimum at the level of the last rent paid The remaining 4.65% of the leases do not provide for any minimum rent. Costs controlled by contractual agreements with contractors.

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. Based on the gross current rent as at 31 December 2020.

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 by changing types of demand. The Company is exposed to the risks of its tenants leaving or renegotiating their leases: - risk of loss of and/or reduced income - risk of negative reversion of rents - risk of pressure on renewal conditions, and to grant rent-free periods - risk of loss of fair value of properties, etc.	Decline in spot occupancy rates and a reduction in the operating results of the portfolio. On an annual basis at 31 December 2020, a 1% fluctuation in the spot occupancy rate of the Company's portfolio would have an impact of some €2.0 million on its property operating results, -€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 €1.9 million, equivalent to around 1.4% of total rental income. Higher marketing expenses for properties available for lease. Fall in the value of buildings.	Befimmo's investment strategy is focused on (but not limited to): - quality office buildings, with a good location, good accessibility and a sufficient critical size - 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 where workspaces are organised according to activity and user profiles - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company - develops (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 integrated with the city, where 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 its relationship with customers. Steady cash flow depends mainly on rental income being secured. The Company strives to spread rentals risks by ensuring that a large proportion of its portfolio is let on long-term leases and/or to multiple tenants. At 31 December 2020, the weighted average duration of Befimmo's current leases until the next expiry was 7.2 years. The spot occupancy rate of the properties available for lease at 31 December 2020 was 95.2%, compared with 94.4% at 31 December 2019. The major projects in the North area are an opportunity for the Company to address the lack of Grade A[1] in Brussels.
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 on share price, or when negotiating lease agreements or seeking financing.	Befimmo has a Corporate Governance Charter and a Code of Ethics drafted by the Board of Directors. The Code of Ethics requires 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 with its stakeholders. The Company has a communication plan (internal and external) and a crisis communication plan. It commissions reputation analyses from specialist agencies. We monitor the media daily and issue any necessary corrections or clarifications.

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.

RISKS RELATED TO REDEVELOPMENT 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.) - marketing	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 rent-free periods. Negative impact on the occupancy rate of the portfolio.	We design innovative, sustainable and quality projects (incorporating the latest technologies) to satisfy market needs. Ongoing analysis of market needs: - a redesigned world of work where workspaces are organised 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 new projects to ensure that the environment is conducive to the development of a genuine community life - projects integrated with the city, where 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 good quality services providers. Professional commercial team dedicated to finding new occupants.
RISKS RELATED TO MERGERS, DEMERGERS, ACQUISITIONS AND JOINT VENTURES		
Risk that the value of some assets has been over-estimated, or that hidden liabilities have been transferred to the Company during mergers, spin-offs or acquisitions, or joint ventures.	The need to revalue specific assets, or record liabilities that could entail a financial loss to the Company.	We 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. We 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 but not limited to: - quality office buildings, with a good location, good accessibility and a sufficient critical size - 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, where 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 integrated with the city, where the buildings become an ecosystem open to their urban environment, bringing together a mix of functions
RISKS ASSOCIATED WITH TENANTS		
Risks related to insolvency of tenants.	Loss of rental income; an increase in property charges where rental charges cannot be recovered; unexpected rental vacancies. Risk of pressure on 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. Befimmo has a procedure for regularly monitoring outstanding receivables.
RISKS OF GEOGRAPHICAL CONCENTRATION		
The portfolio is not very diversified in terms of geography. It comprises office buildings, mainly located in Brussels and its economic hinterland (68% of the portfolio as at 31 December 2020).	Sensitivity to developments in the Brussels office property market, which is characterised 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. For example, the Axento building in Luxembourg, the AMCA building in Antwerp, the Paradis tower in Liège, the Gateway building at Brussels airport, the WTC Tower 3 in Brussels and the Quatuor and ZIN projects in Brussels, each account for between 5 and 8% of the fair value of the portfolio as at 31 December 2020.

1. The public sector tenants (Belgian Federal State, Flemish Region and European institutions), which occupy a significant part of the Company's portfolio (62.6% at 31 December 2020), calculated on the basis of the gross current rent at 31 December 2020, generally do not provide rental guarantees but have a more limited risk profile.

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.

Main risks in the property portfolio

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE FAIR VALUE OF PROPERTIES		
Risk of a negative change in the fair value of the portfolio. Risk of real-estate experts overvaluing or under-valuing properties in relation to their true market value. This risk is accentuated in market segments where a limited number of transactions provides few points of comparison: this holds true to some extent in the decentralised areas and periphery of Brussels (7.4%[1] of the portfolio), and more generally in the Belgian provincial towns.	Impact on the Company's net results, 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 share premiums. On the basis of the data as at 31 December 2020, a 1% decline in the value of the property assets would have an impact of around -€27.6 million on net results, entailing a change of around -€1.02 in the net asset value per share, around +0.04% in the debt ratio, and around +0.4% in the LTV ratio.	The Company has an investment strategy focused on but not limited to: - quality office buildings, with a good location, good accessibility and an adequate critical size - 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, where 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 integrate with the city, where the buildings become an ecosystem open to their urban environment, bringing together a mix of functions Statutory rotation of independent experts, who are systematically informed of changes in the situation of the buildings, and regularly visit buildings.
RISKS RELATED TO INADEQUATE INSURANCE COVER		
Risk of a major loss affecting buildings with insufficient cover.	Costs of refurbishing the affected building. Fall in operating results of the portfolio and in the fair value of the building following the termination of the lease on unused premises, 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 €1,905.8 million as at 31 December 2020. Buildings are covered by a policy insuring against 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 needed for buildings to meet regulatory requirements and tenants' expectations.	Property is 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. At 31 December 2020, 85% of Befimmo's consolidated portfolio was covered by "total guarantee" maintenance contracts. 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. Befimmo adopts an eco-responsible approach at every stage of a building's life, making optimal use of energy and natural resources.

1. Calculated on the basis of the fair value of investment properties at 31 December 2020.
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 the portfolio].
4. Please refer to the chapter "Appropriation of earnings (statutory accounts)" on page 77 of this Annual Financial Report.

RISKS RELATED TO PROJECT IMPLEMENTATION		
Risks of delays, budget overspending, environmental damage and organisational problems when erecting, redeveloping, or carrying out major works in buildings in the portfolio. Risk of insolvency and non-compliance with specifications by contractors responsible for the works.	Adverse impact on the Company's results owing to 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 include measures to mitigate such risks (price ceilings, delay penalties, etc.). Regarding environmental issues, specific measures are incorporated into specifications and contracts with 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 CO_2 emissions and soil, water, air, and noise pollution. Risk of not achieving the Company's targets for improving its environmental performance and of losing certifications (BREEAM, ISO 14001, etc.).	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: for many years, Befimmo has taken action to gradually reduce the environmental impact of the activities it directly controls and influences. Befimmo has implemented an ISO 14001-compliant Environmental Management System (EMS) which helps to anticipate environmental risks at both strategic level (acquisitions, major renovations, etc.) and operational level (building maintenance, use of buildings, etc.). We analyse on a yearly basis the environmental performance and potential for improvement of the portfolio, and its compliance with the requirements associated with certifications obtained. Befimmo adopts an eco-responsible approach at every stage of a building's life, making optimal use of energy and natural resources.

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 assets under unfavorable conditions.	Adoption of a financial policy which diversifies the sources and maturities of its financing. At 31 December 2020, the ratio of debt provided by financing from eight banking institutions was 58.3%. The remainder is provided by a number of private placements in Europe. At 31 December 2020, the Company had confirmed unused credit lines of €461.6 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 40.8% at 31 December 2020 (the statutory limit is 65%) compared to 42.7% as at 31 December 2019.

RISK RELATED TO A CHANGE IN THE COMPANY'S RATING		
The Company's financing cost is mainly influenced by its Standard & Poor's rating.	Any downgrade of the rating would make it harder to obtain new financing. A rating reduction of one notch, from BBB to BBB-, would entail an additional financing cost estimated at -€0.07 million, based on the debt structure and current contracts as at 31 December 2020. Adverse impact on the Company's standing 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. On 1 July 2020, Standard & Poor's confirmed a 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 might be unable to access the financing arranged or the cash flows to which it is entitled through hedging instruments.	Diversifying our banking relationships and working with banks that have an adequate rating or an acceptable level of risk. As at 31 December 2020, the Company had a business relationship with several banks: - at 31 December 2020, Befimmo had credit lines of €1,043.0 million provided by: 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, and was €2.4 million as at 31 December 2020 compared with €2.9 million at 31 December 2019.
RISK OF A CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE		
A change in interest alters the value of the financial assets and liabilities carried at fair value.	Had the euro interest rate curve been 0.5% lower than the reference rate curves at 31 December 2020, the change in fair value of the financial assets and liabilities would have been -€32.9 million. In the opposite case, the change in fair value would have been €30.8 million.	At 31 December 2020, the net fair value of all the hedging instruments was €-55.0 million. Part of Befimmo's borrowings at 31 December 2020 are arranged at floating rates (56.81%), which therefore means that the debt does not change in value in line with changes in interest rates.
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 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.	A challenge to a financing agreement would expose the Company to having to arrange additional financing at a potentially higher cost, or sell assets under unfavorable conditions.	Befimmo 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. Befimmo calls upon external consultants specialised in the matter.
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.	To devise and implement a value-creation strategy. Publish outlook and dividend policy. Regular, transparent, and proactive communication with 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.	Befimmo has introduced procedures to: - anticipate new standards and regulations (legislative and regulatory watch) - check the compliance of buildings, both 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 BE-REIT STATUS		
Risk of non-compliance with the BE-REIT regime. Risk of future adverse changes to that regime.	Loss of approval for 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 how 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.
RISKS 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 adverse decisions and civil, criminal, or administrative liability, and the risk of not obtaining or renewing 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 uses external legal consultants.

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 flow as possible while enjoying certain advantages.

BE-REITs pay corporate tax on a reduced base as long as at least 80% of their 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 their 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 registration fees and VAT, and differs from (and 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.

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.). Risk linked to the health, safety and well-being of the team. Risk of departure of key members of staff.	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. A loss of key skills could lead to a delay in achieving some of the Company's objectives.	Befimmo has a Corporate Governance Charter and a Code of Ethics, drafted by the Board of Directors. The Code of Ethics requires ethical values to be observed in relations with customers, staff, partners and shareholders. Internal audits of Befimmo's processes are regularly performed. 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. The plan covers both functional and IT aspects. Special attention is paid to staff health, safety, wellbeing and motivation. Pay is in line with market rates (benchmarking). Befimmo recognises the importance of dialogue with the team and managing the skills of team members. A 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.

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

COFFEE BREAK


MESSAGE OF THE CHAIRMAN AND THE CEO

"BEFIMMO HAS PROVED ITSELF RESILIENT TO THE CRISIS."

Arts 56 - Brussels Leopold district

Arts 56 - Brussels Leopold district

"OUR PORTFOLIO IS WELL-LOCATED, HIGH QUALITY, AND DESIGNED TO MEET THE MOST DEMANDING CRITERIA, CREATING A SOLID FOUNDATION FOR TRANSFORMATION INTO ENVIRONMENTS IN WHICH TO WORK, MEET, SHARE, AND EVEN LIVE TOGETHER."

Dear Shareholders,

One year ago, we wrote in our letter for the previous Annual Report, on the strength of the €80 million in new equity capital that you granted us in December 2019, that we targeted continued growth. We had full confidence in the outcome of the transition period we had announced some years before:

- The Quatuor building (Brussels, North area) was under construction and already one third pre-let.
- The ZIN site (Brussels, North area) had won a public contract from the Flemish authorities for an 18-year lease on its 70,000 m² of office space. The granting of the building permit was imminent, and demolition/reconstruction work was about to begin.
- The Brederode building (Brussels, centre) was about to welcome a new occupant that had agreed to rent the whole building.
- The Paradis Express site (Liège) was under construction, with two-thirds of its offices pre-let, and the residential section already sold in anticipation of its completion.
- We'd had a good year in terms of letting available space.
- Silversquare was already on track with its first network of coworking spaces in Belgium/Luxembourg, which are expected to contribute positively to EPRA earnings from 2023.

It was at this point that COVID-19 suddenly imposed itself, with immediate and sudden consequences. Like many publicly-listed companies, we saw a substantial drop in our share price: from 19 February (€57.00) to 17 March 2020 (€37.35), while our net asset value remained around €60 per share.

Following the rapid growth of the teleworking phenomenon, the debate on the future of offices has been intense, while for other real estate sectors there is greater consensus.

Befimmo has proved itself resilient to the effects of the crisis, with a very low proportion of tenants impacted (and therefore low levels of deferred or unpaid rents) and coworking activity that made best use from its proximity to the community of members.

It's clear that offices do have a future. The restrictions we experienced in 2020 and those still in place have clearly demonstrated the pros and cons of homeworking. Thanks to the resources and connections that we're all now familiar with, individual work can be done wherever it best meets the needs and well-being of employees and teams. But the office remains an indispensable place for social interaction, and a key tool for promoting and cementing company values, teamwork, and collective efficiency.

Befimmo is already a leading player in this essential evolution. Just a few years ago we were simply a supplier of workspaces, but well before the pandemic struck we were transforming our business into a 'life facilitator' for companies, entrepreneurs, and the teams that work for them. The client or tenant is the focus of our attention, and our hybrid model offers them innovative and inspiring spaces, flexibility in time and space, and user-centric management of their needs and expectations.

This evolution has also driven an important transformation of our internal organisation – especially in digitalisation – in our understanding of building use, and of our management processes.

Returning to the fundamentals of our real estate business, our portfolio is well-located, high quality, and designed to meet the most demanding criteria, creating a solid foundation for transformation into environments in which to work, meet, share, and even live together.

For some years now, Befimmo has been on track to respond to a fundamental shift which the coronavirus will accelerate rather than modify. Once the virus is under control, Befimmo will be ready for the new normality, and we expect the markets to recognise and value our proactivity.

Let's now take a look at the major achievements during 2020 despite the disruptions leading from COVID-19:

- Our major development projects (Quatuor, ZIN, Paradis Express) are slightly behind schedule, but are progressing very well both in terms of occupancy (83% of the offices in these developments are pre-let) and construction progress.
- More than 70,000 m² of our office spaces have been the subject of new leases or renewals during the confinement period, higher as the 2019 figure (excluding ZIN).

- The development of Silversquare's coworking activities continued with the opening of two new spaces Bailli (Brussels, Louise area) and Zaventem, the expansion of the Europe (Brussels, Leopold area) and Stéphanie (Brussels, Louise area) spaces, and the preparation of new spaces at the Central Gate (Brussels CBD), Quatuor (Brussels North area), and in Liège. We are working on the opening of our first space in Antwerp, the next development area in the network that we are building in the main Belgian cities.
- We have successfully acquired the Loi 52 building (Brussels Leopold area), which is just as strategic as the Loi 44 building acquired a year earlier, in that it is adjacent to the Joseph 2 building and allows for a particularly efficient and innovative redevelopment in the heart of the European quarter.
- The divestments we made for €252 million as part of our asset rotation policy generated a realised capital gain of €57 million on the investment value. The average IRR generated during the holding period of these properties was 6.2%.

We would like to highlight the enormous amount of work done by the entire team to prepare Befimmo for the changes in the world of work, particularly in the digitalisation of the Company, the related change management, and the progress still being made in terms of social responsibility. Befimmo has clearly entered a 'transformation' mode.

For the financial year 2020, Befimmo has consolidated (group share) EPRA earnings of €2.81 per share, well in line with the forecasts we adjusted during the COVID period. The consolidated net result (group share) amounts to €2.13 per share.

We will therefore propose to the Annual General Meeting on 27 April to distribute a final dividend of €0.57 gross per share. After the interim dividend paid in December 2020, the dividend for the year will amount to €2.25 gross per share.

In 2021, Befimmo will continue to pursue its asset rotation, although to a lesser extent than in 2020. This involves small buildings in provincial towns (non-core) and Brussels buildings that have reached an optimum point in their cycle (core). The funds released will allow new investments in medium/long-term qualitative projects, and the maintenance of debt at a level in line with our objectives.

2021 should also see a reduction in the risk and weight of the North area with the continued take-up of the Quatuor building and a new partner joining us in the ZIN. The Quatuor building will deliver its first revenues in 2022 and the ZIN building its full revenues in 2024, while the Silversquare network will generate positive contributions as of 2023.

The premium character of Befimmo's portfolio is continuously being strengthened and our financial structure is solid. On the basis of the current plan, the assumptions made in the outlook, and without including growth through acquisitions, EPRA earnings per share should return to significant growth after the completion of our redevelopment projects in the North district.

In 2020, our colleague Mr. Benoît Godts retired from the Board of Directors. We would like to express our gratitude to him for his important contribution to the work of the Board since the creation of Befimmo in 1995.

As you already know, 2021 will also be the year in which we pass the torch to our successors as Chairman and Managing Director. This letter, which we have written every year for more than 20 years, will therefore be our last. We would like to thank you sincerely for the trust you have placed in Befimmo and in us over all these years, and to express our total confidence in the ability of Vincent Querton and Jean-Philip Vroninks to develop Befimmo's strategy and meet the challenges that face our business. We wish them every success in the worthwhile endeavour that you are asked to entrust to them.

Brussels, 10 March 2021

Benoît De Blieck
Managing Director
CEO

Alain Devos
Chairman of the Board
of Directors

"WE WOULD LIKE TO HIGHLIGHT THE ENORMOUS AMOUNT OF WORK DONE BY THE ENTIRE TEAM TO PREPARE BEFIMMO FOR THE CHANGES IN THE WORLD OF WORK, PARTICULARLY IN THE DIGITALISATION OF THE COMPANY, THE RELATED CHANGE MANAGEMENT, AND THE PROGRESS STILL BEING MADE IN TERMS OF SOCIAL RESPONSIBILITY."

TEAM WORK


WHAT'S YOUR OTHER ANGLE?

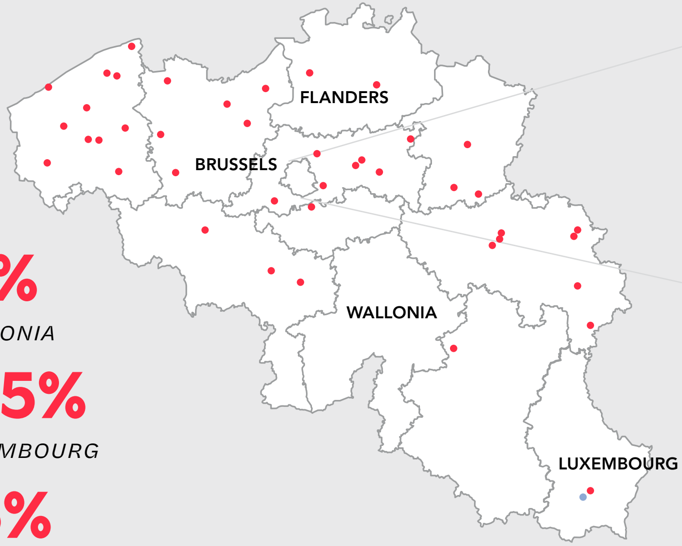
MANAGE-MENT REPORT

Axento - Luxembourg city

Our strategy

Our portfolio: locations in city centres where value is generated by scarcity

BELGIUM & LUXEMBOURG[1]

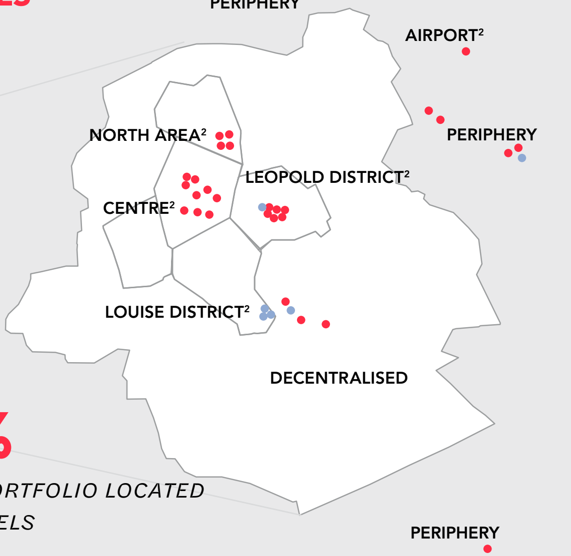


11%
WALLONIA

5.5%
LUXEMBOURG

16%
FLANDERS

BRUSSELS[2]



68%
OF THE PORTFOLIO LOCATED IN BRUSSELS

OF WHICH

62%
IN THE CENTRAL BUSINESS DISTRICT

Office buildings
Silversquare coworking spaces

Silversquare
SQ

Who is Silversquare?

By creating its first coworking space 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. 13 years on, the company manages 7 spaces, with a floor area of 28,000 m², has more than 2,000 members and generates a turnover of around €8 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 spaces 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 spaces true urban business hubs. It's Silversquare's promise to grow and florish its community.

WWW.SILVERSQUARE.EU

1. The percentages are expressed on the basis of the fair value of the investment properties as at 31 December 2020.
2. Brussels CBD and similar.

Our vision

Befimmo aims to create **environments where people can work, meet, share and live.**

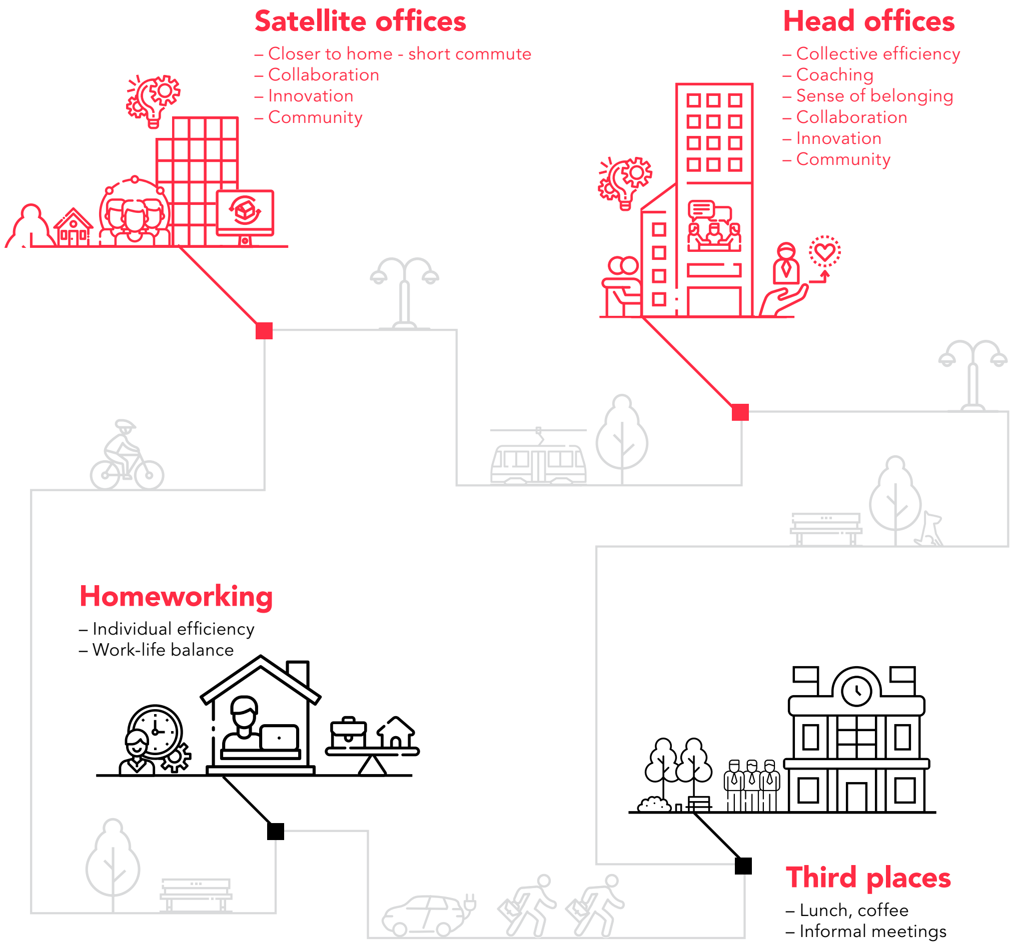
Our ambition is to develop a Belux network of workspaces for all types of user, whatever their scope or size. We want to support and **facilitate the working life of enterprises, entrepreneurs, and their teams**, large and small, to be a partner in growth, and to facilitate evolution in a flexible way.

We are developing a **high-density network** aligned with the local economy and leveraging our hybrid offer with its mix of workspace permutations. **Our goal is to become a one-stop-shop that offers organisations and businesses different office combinations fully in line with their needs** and provides **the full range of solutions** for tomorrow's hybrid work environment.

At Befimmo we keep our **users at the centre** of what we do and offer an increasing range of services and facilities to make their lives easier.

We envision a place where all users can enjoy a **pleasant, safe, productive, and more 'connected' work experience**, reinforced by a sense of belonging to a strong and interdependent **community** that operates as a vibrant and inspiring **ecosystem**.

We aspire to achieve all this as the most environmentally and societally **responsible** workspace solutions provider in the market.



BEFIMMO'S AND SILVERSQUARE'S JOINT "HYBRID OFFER", RANGING FROM TRADITIONAL OFFICES TO FULL FLEXIBILITY AND A MIX OF BOTH, ALLOWS CLIENTS TO COMBINE SEVERAL INNOVATIVE WORKSPACES THAT PROMOTE CREATIVITY AND NETWORKING IN A BELUX NETWORK.

Trends and drivers

Many forces impact what we do at Befimmo;
and we are the result of each and every one of them.

They fall into three major categories:

Metropolisation

– Centred on Brussels, the capital of Europe

– Demographic growth

– New trends and needs in architecture and urban life

The new hybrid world of work

– Worldwide homeworking experience as a result of the ongoing health crisis

– New technologies, digital revolution, and phygitalisation

– Increasing need for a positive work life balance and attractive workspaces

– Continuing search for flexibility and efficiency

– Increased focus on well-being, health and safety

Environmental awareness

– EU Green Deal

– Climate change, focus on energy efficiency, protection of biodiversity

– Efficient use of resources, focus on sustainable and circular design

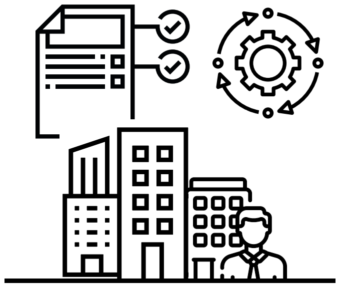
– Mobility, focus on shared and soft mobility

Our business model

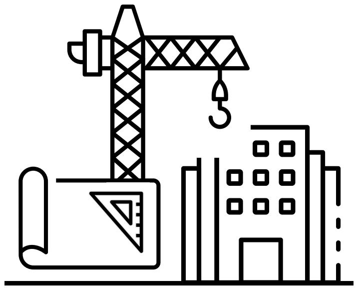
PROVIDING PLACES TO WORK, MEET, SHARE AND LIVE

Real-estate operator

Asset management & rotation

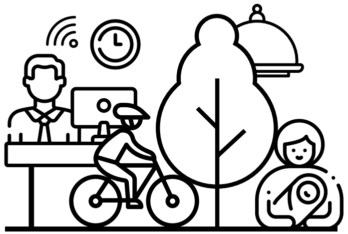


Asset redevelopment



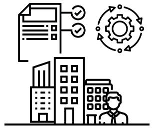
Coworking

Workspace as a service



SUSTAINABLE, INNOVATIVE APPROACH AND TENANT'S EMPOWERMENT ARE AT THE CENTER OF OUR STATEGY

Our business model and strategy



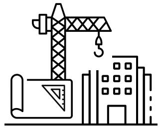
Asset management and rotation

– **Rental and property management:** we proactively manage our portfolio in order to maintain a high occupancy rate, taking account of the characteristics of the property, commercial relations and user centricity, digitalisation, and the environment

– **Asset rotation:** we ensure a high-quality portfolio, by **investing** in flexible office buildings in good locations with value-creating potential, while **divesting** where we can crystallise the value of mature buildings or where buildings no longer fit our strategy

95.2%
HIGH OCCUPANCY RATE

€252 million
IN DISPOSALS IN 2020

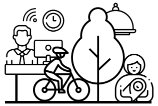


Asset redevelopment

After the end of a first life cycle, the properties we keep in the portfolio on account of their central location and intrinsic quality, are transformed into innovative and value-creating projects with a focus on sustainability and user needs. By doing so, we create quality workspaces while securing attractive returns.

Proactive occupancy risk management:
- Permit application
- Pre-marketing phase, mandating real-estate brokers
- Permit delivery
- Go/No go decision
- Launch of construction (in case of go)
- Marketing phase, securing leads from brokers and maximising prelet

83%
PRELETTING RATE ON THE COMMITTED ONGOING OFFICE PIPELINE



Workspace as a service

We focus on facilitating enterprises, entrepreneurs, and their teams - the connective tissue of society. We embrace new ways of working, and foster collaboration by:

– providing a **full range of services and facilities** for:
- **well-being:** restaurant, catering, nursery, fitness centre, sports classes, logistics solutions for receiving parcels, showers, secure lockers
- **health and safety:** our Breathe@work initiative
- **mobility:** cycling infrastructure, provision of electric bikes, electric vehicle charging systems, smart parking systems
- **space planning:** turnkey solutions that assist current and prospective tenants with the design and fitting out of their workspace
- **environmental concerns:** monitoring the environmental performance of the buildings on a daily basis and offering support to optimise energy, water consumption, and waste management

– investing in the **development of a network of flexible workspaces** with our subsidiary Silversquare

– enriching this offer with the **strong value proposition of a full hybrid office model that includes meeting centres**

– entering the **innovation and ecosystem management universe** through our partnership in Co.Station Belgium: supporting our users and partners by providing open-innovation ecosystems which stimulate knowledge sharing, boost innovation, and generate marketable solutions

+991
DESKS IN COWORKING (FROM 2,037 IN 2019 TO 3,028 IN 2020)

— A HIGHLY QUALIFIED AND LOYAL TEAM —
— 25 YEARS OF EXPERIENCE IN OUR FIELD —
— 2030 ACTION PLAN GUIDED BY OUR THREE COMMITMENTS —
— SOLID FINANCIAL STRUCTURE —
LTV of around 45% | Hedging policy to mitigate the effect of a change in interest rates

Digitalisation and innovation, important means to develop our vision

DIGITALISATION AND INNOVATION ARE TWO IMPORTANT MEANS TO DEVELOP OUR VISION AND STRENGTHS AS A USER-ORIENTED COMPANY, THEY WILL PLAY A MAJOR ROLE IN THE ACHIEVEMENT OF OUR 2030 ACTION PLAN OBJECTIVES.

Befimmo's digitalisation and innovation strategy is created around four axis:

1 Digital solutions for prospects and customers

The digital solutions that we are developing will allow us to achieve our goals, and to measure the satisfaction of our customers, to better understand and thus meet their constantly evolving needs as well as to communicate regularly with the end user.

2 Digital solutions for internal teams

The digitalisation of Befimmo's internal organisation will help our teams to focus their efforts on qualitative outcomes that are relevant to customers, partners, and building users. It automates processes, which allows team members to focus on higher added-value tasks. Digital solutions greatly improve the team's mind-set, way of functioning and agility.

3 Digital solutions for buildings

In the **design phase**, Befimmo adopts the BIM (Building Information Management) approach to better control costs, improve the performance of the building, and guarantee a consistent flow of data throughout the building's lifecycle.

In the **operational phase**, digitalisation brings together a set of initiatives to make buildings 'SMART'. The SMART buildings will allow Befimmo to:

- own a network of buildings that are financially, socially, and environmentally efficient;
- offer an exemplary experience of work, meeting, sharing and living;
- adapt its spaces in response to changes in the world of work and society;
- develop new services and facilities;
- control buildings data and generate intelligence to provide best-in-class operational management, relevant services and contribute to societal innovations.

4 Open innovation and R&D

We are convinced that innovation will be contributory to shape tomorrow's hybrid world of work in a smart, progressive and sustainable way. Moreover we believe that it will have to happen in a collaborative way, by sharing and exchanging with other actors (experts, specialists, actors from the same or different sector and business, public authorities, etc.). In 2020 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. We actively participate in many debates, in a Smart Cities Chair, and are dynamic members of many tech, real-estate and construction associations. We often organise inspiring field trips with the management team.

In partnership with Co.Station, we also joined forces in the ecosystem Co.Building, addressing themes such as smart building, new technologies, etc.

Silversquare Delta - Brussels decentralised

Our mission

Our mission is to provide real estate solutions for our clients, inspiration for our teams, and sustainable value to our shareholders.

The buildings we buy, renovate, build, or lease are here to last. Our strategy has always been to understand the office world we live in and to shape the changes ahead. Our mission is to be the everyday partner of our users in the new hybrid world of work.

Our mission is no longer simply to provide office spaces. Our users are choosing a partner, not just a building.

We are not simply experiencing change. We are changing experiences.

WE ACTIVELY TRY TO HAVE A POSITIVE IMPACT ON THE WORLD OF WORK, WITH OUR 2030 ACTION PLAN AND VIA OUR THREE COMMITMENTS:

– PROVIDE AND RETHINK WORKSPACES
– BE RESPONSIBLE
– TRANSFORM CITIES

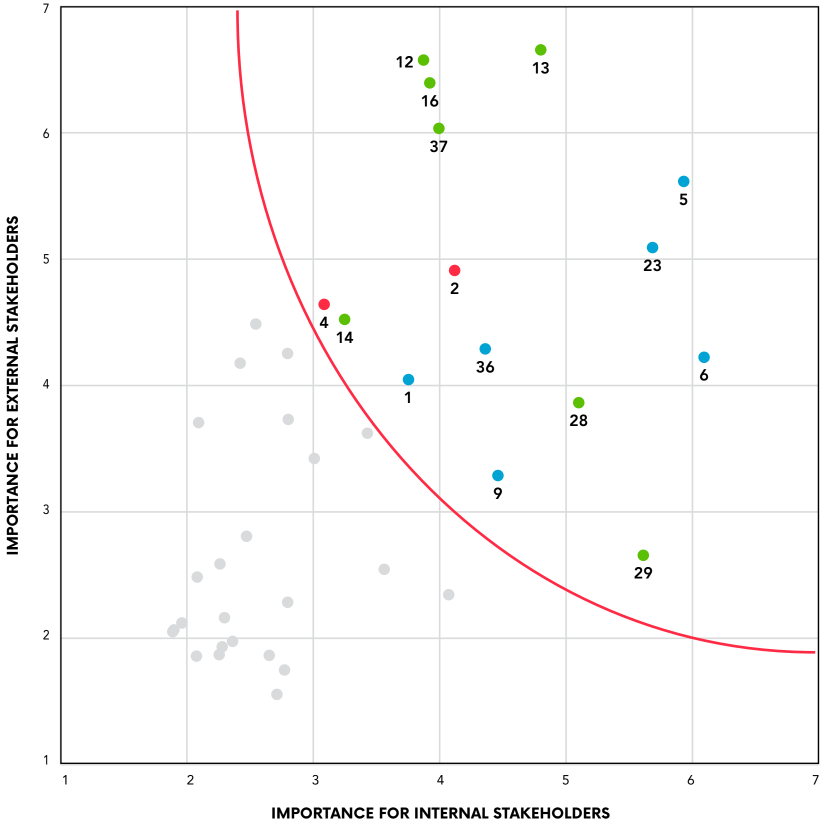
Context

ESG became a fully-integrated part of Befimmo's overall strategy in 2017. Following a comprehensive exercise, we created six strategic axes and adopted 15 of the 17 UN Sustainable Development Goals into our day-to-day business.

In 2020 we decided to challenge and improve our overall strategy by re-analysing the priorities of our external stakeholders, experts, management, and staff, and revisiting the priorities set out in our materiality matrix.

Our materiality matrix

The matrix allows us to identify and rank environmental, social and governance topics (ESG) according to the expectations of our stakeholders. The y-axis enumerates the importance to external stakeholders, and the x-axis represents the strategic importance for our team and Board of Directors. The top right-hand section therefore shows the short-term priorities shared by our external and internal stakeholders.



In this way, Befimmo has identified and prioritised **15 environmental, social and governance priorities which are grouped into 3 categories of commitments:**

PROVIDE AND RETHINK WORKSPACES

5 Safety & health of occupants
23 Communication with tenants and occupants
6 Comfort & well-being of occupants
36 Innovation
1 Architectural quality
9 Flexibility/Adaptability of the buildings

TRANSFORM CITIES

2 Mixed functions
4 Participation of stakeholders in the project development process

BE RESPONSIBLE

13 Energy consumption
12 Biodiversity
16 Circular economy
37 Integration of ESG challenges within the investment, management and risk control policy
28 Ethics and transparency
29 Dialogue employee/employer
14 Water consumption

Nine of the SDGs are directly linked to the 15 priorities identified in our stakeholder surveys, and therefore to our three commitments. The other six SDGs that we follow are linked to other more specific Befimmo activities and can be consulted through the Sustainable Development Report.

Other topics with a lower short-term priority will be analysed and implemented in the medium and/or long term.

Our 2030 Action Plan

Our Action Plan has four levels.

Starting from the centre:

1. Stakeholders

Our external and internal stakeholders are the driving force for Befimmo's evolution and activities.

2. Commitments

PROVIDE AND RETHINK WORKSPACES

Befimmo needs to provide quality assets for its tenants, and build communities by offering facilitating services and extending the coworking network.

Provide quality assets

- Build flexible and adaptable buildings
- Improve comfort, security and safety
- Create innovative projects
- Obtain building certifications

Build and animate (tenant) communities

- Create and improve services
- Extend the coworking network and meeting opportunities

TRANSFORM CITIES

We are a major player in how cities are evolving and transforming, through the integration of open services for communities in our buildings and investment in better accessibility solutions.

Integrate the building into the city

Provide easily accessible buildings

BE RESPONSIBLE

Befimmo must be an example for others and act responsibly on environmental, social and governance issues.

Environmental criteria

- Combat climate change and its impact
- Adopt circular economy principles
- Make rational use of water
- Reduce pressure on biodiversity
- Promote sustainable procurement practices
- Reduce the environmental impact of the team

Social criteria

- Taking care of our team and the communities in which we operate

Governance criteria

- Behave ethically
- Communicate transparently

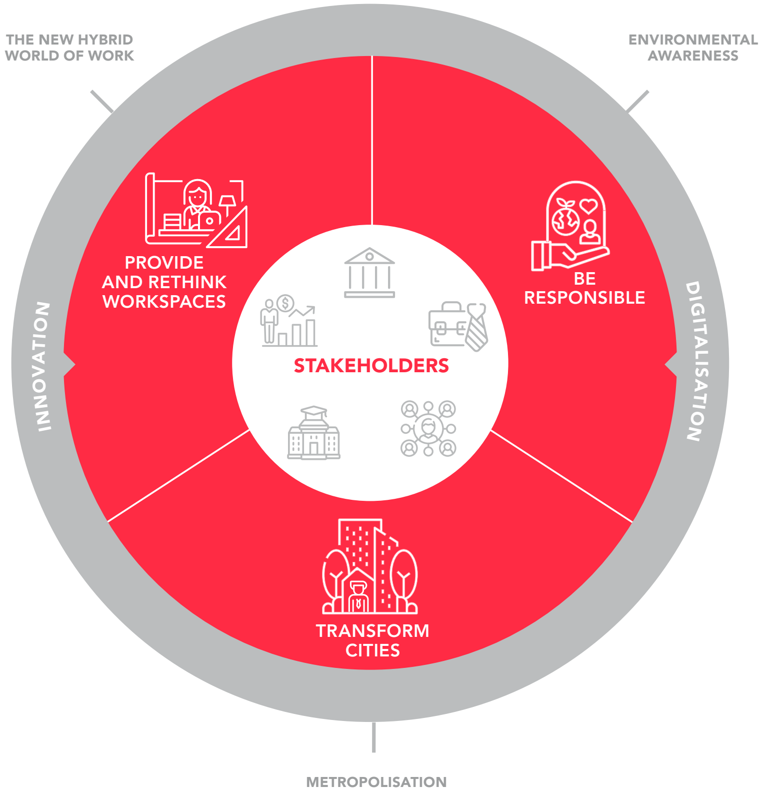
3. Means

Digitalisation and innovation kept in mind throughout the entire process.

4. External trends and drivers

There are many forces that impact what we do at Befimmo.
We are the result of each and every one of them.

READ MORE ON PAGE 27



ALL FOCUS AREAS ARE LINKED TO THE SUSTAINABLE DEVELOPMENT GOALS SET BY THE UNITED NATIONS

Our KPi's and targets[1]

Provide and rethink workspaces

ESG	MAIN SDG'S	AMBITION	ACTION	RESULT 2019	RESULT 2020	OBJECTIVE	TIMEFRAME
S		**Build and animate (tenant) communities**	Extend the coworking network and meeting opportunities	16 800 m²	28 000 m²	51 800 m² of coworking space in the Befimmo portfolio	2023
E,S		**Provide quality assets**	Build flexible and adaptable buildings	49%	50%	100% adaptable projects[2]	2030
			Improve comfort, security and safety	1	1	0 incidents involving people	Continuous
				92%	81%	100% of inspections of fire, lifts, electricity and heating carried out	Continuous
			Promote sustainability, technical, and technological improvements	75%	78%	100% innovative projects[2]	2025
			Obtain building certifications	97%	100%	100% certified projects[2]	2030

Transform cities

ESG	MAIN SDG'S	AMBITION	ACTION	RESULT 2019	RESULT 2020	OBJECTIVE	TIMEFRAME
S		**Integrate buildings into cities**	Be in dialogue with different stakeholder groups	94%	97%	100% of projects[2] carried out in dialogue with stakeholders	2021
			Open up buildings to the city and its community	94%	97%	100% of projects[2] open to the city	2030
E		**Provide easily accessible buildings**	Invest near public transport hubs, Invest in mobility hubs if no public transport system is available	62%	67%	100% of the portfolio offers real mobility solutions	2030

1. For more detailed information please consult the Sustainability Report available on the Befimmo website as of 9 April 2021.
2. Projects: committed ongoing redevelopment projects.

Be responsible

ESG	MAIN SDG'S	AMBITION	ACTION	RESULT 2019	RESULT 2020	OBJECTIVE	TIMEFRAME
E	13, 7	**Combat climate change and its impacts**	Reduce CO_2e emissions linked to energy consumption of the buildings	25.8 kg CO_2e/m^2	24.1 kg CO_2e/m^2	19.9[1] Kg CO_2e/m^2	2030
E	12	**Adopt circular economy principles**	Maintain existing elements and reuse material	96%	100%	100% of projects subject to an inventory of materials	Continuous
E,S,G	12	**Promote sustainable procurement practices**	Assess and assist suppliers in their efforts to comply with responsible purchasing requirements	6%	100%	100% of suppliers have been assessed on their ESG issues	2022
			Develop a concrete action plan to challenge our suppliers on ESG matters	-	Ongoing	Yes	2023
E	6	**Make rational use of water**	Reduce water consumption	266 l/m²	213 l/m²	226.5 l/m²	2030
E	15	**Reduce pressure on biodiversity**	Study biodiversity management on various sites and manage the biodiversity of the corporate site	Ongoing	Ongoing	100% of recommended actions implemented	2020
E,S,G	17	**Promote Befimmo's sustainable development thanks to investors aligned with our strategy and our ESG values**	Validate and implement financing which falls within the green financial framework	No	No	Yes	2030
G	16	**Substantially reduce corruption and bribery in all their forms**	Develop a policy on and implement the process within the framework of the fight against money laundering and terrorism financing, on a proactive base	No	Yes	Yes	2021
S	4	**Taking care of our team and the communities in which we operate**	Promote participation to transverse working groups (innovation, Comité B+, LynX)	27%	56%	75% of the team participates in a transverse group	2030

Belgian Alliance for Climate Action

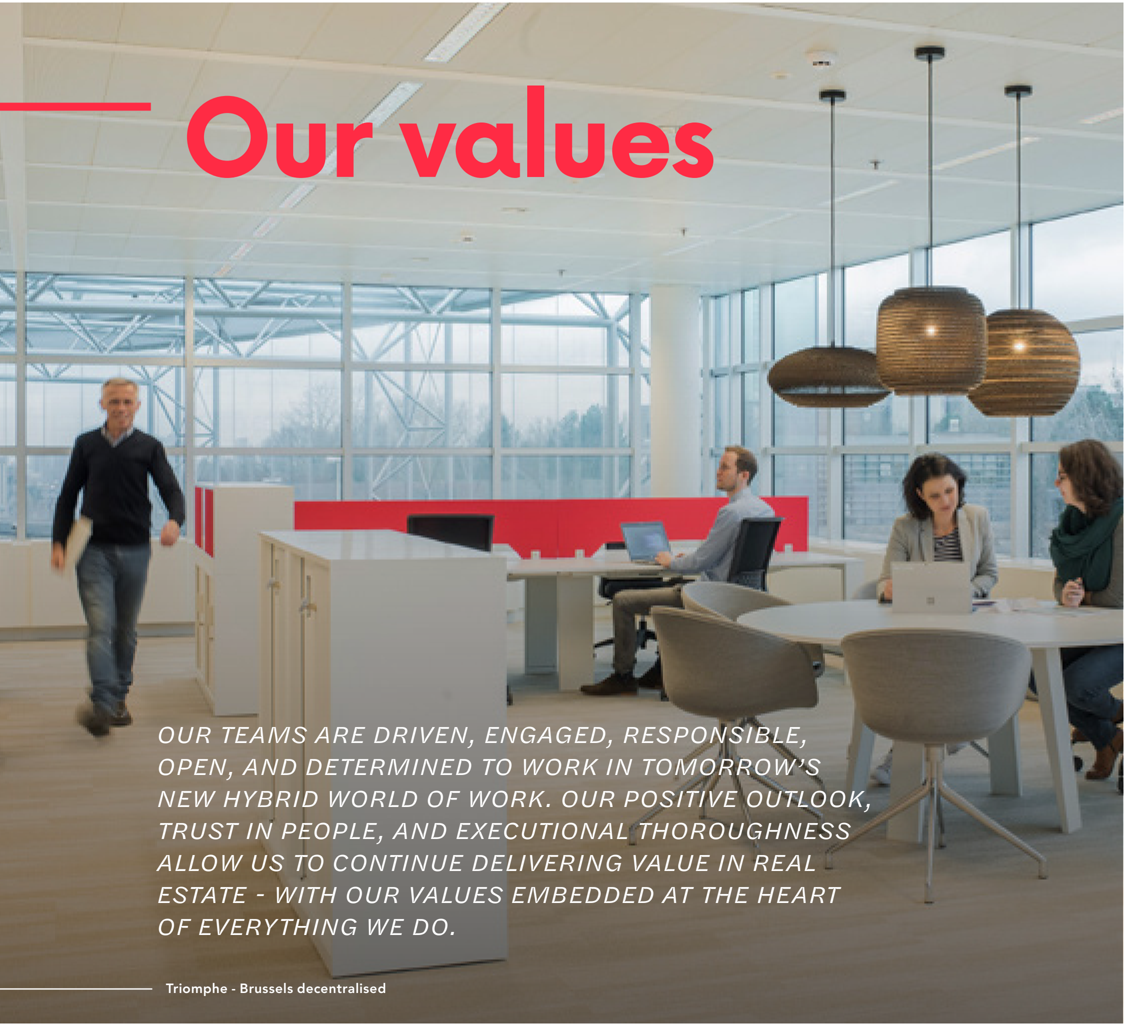
WE JOINED THE BELGIAN ALLIANCE FOR CLIMATE ACTION (BACA) IN 2020, AN ALLIANCE OF ORGANISATIONS THAT TAKE THEIR CLIMATE AMBITIONS SERIOUSLY AND CHOOSE THE PATH OF SCIENCE-BASED TARGETS.

OUR TARGET IS TO REDUCE CO_2e EMISSIONS LINKED TO THE ENERGY CONSUMPTION OF OUR BUILDINGS TO 19.9 KG CO_2e/M^2 BY 2030 (-33% TO COMPARED TO THE REFERENCE YEAR 2016).

1. The change in the target value (19.9 kg CO_2e/m^2) compared to the one given in the press release of 18 February 2021 (18.1 kg CO_2e/m^2) is linked to a change made in methodology after the release was published. An alignment of the perimeters for calculating specific energy consumption (kWh/m²) and the related CO_2e emission intensity (kgCO_2e/m^2) has been carried out. The calculations are now based on an identical perimeter that excludes buildings that (during the year) were acquired/disposed, were under construction, had a non-office function, had an occupancy rate < 50%, had incomplete consumption data. The alignment of the methodology was carried out retroactively, including for the reference year 2016. With an unchanged target (33% reduction in CO_2e/m^2 by 2030 compared to 2016), the change in the 2016 baseline has resulted in a change in the target value to be achieved in 2030 (from 18.1 kg CO_2e/m^2 to 19.9 kg CO_2e/m^2).

ESG	MAIN SDG'S	AMBITION	ACTION	RESULT 2019	RESULT 2020	OBJECTIVE	TIMEFRAME
E		**Reduce environmental impact of the team**	Reduce paper use	83%	88%	100% electronic incoming invoices	2022
				24%	91%	100% electronic outgoing invoices	2022
			Reduce waste production	26 kg/FTE	10 kg/FTE	0 kg waste/FTE	2030
			Promote flexible and sustainable mobility Implement: - homeworking charter - mobility budget for alternative transportation solutions - pooled mobility solutions	10%	14%	40% of the team has changed its mobility	2025
G		**Protect personal data**	Analyse, supervise and solve questions linked to personal data management, with a view to proactive management of protection and integrity of this data (including ethical aspects)	75%	100%	100% of projects containing elements on personal data	Continuous
E,S,G		**Communicate transparently**	Conduct and continually improve communication in line with current reference standards.	- 2 voluntary assessments: GRESB, CDP - 1 extra assessment: MSCI - Gold Award for EPRA SBPR	- 2 voluntary assessments: GRESB, CDP - 1 extra assessment: MSCI - Gold Award for EPRA SBPR	- Min. 2 voluntary assessments - Gold Award for EPRA SBPR	Continuous
G		**Create a digital signature**	Develop the tool	No	Yes	Yes	2020

Our values



OUR TEAMS ARE DRIVEN, ENGAGED, RESPONSIBLE, OPEN, AND DETERMINED TO WORK IN TOMORROW'S NEW HYBRID WORLD OF WORK. OUR POSITIVE OUTLOOK, TRUST IN PEOPLE, AND EXECUTIONAL THOROUGHNESS ALLOW US TO CONTINUE DELIVERING VALUE IN REAL ESTATE - WITH OUR VALUES EMBEDDED AT THE HEART OF EVERYTHING WE DO.

Triomphe - Brussels decentralised

Professionalism

We give every project or user, regardless of size, all the attention, thoroughness and professional dedication required, in line with best practices.

Humanity

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

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.

Leading by example

We share the benefit of our research with our users and partners, and we use our influence to foster positive developments in society.

Commitment

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

Key figures 2020

REAL-OPERATOR KEY FIGURES	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Fair value of portfolio (in € million)	2 714.0	2 788.6	2 655.3	2 494.4
Spot occupancy rate of properties available for lease (in %)[1]	95.2	94.4	94.5	94.4
Weighted average duration of current leases up to next break (in years)[1]	7.2 years	7.1 years	7.0 years[2]	7.3 years
Weighted average duration of current leases up to final expiry (in years)[1]	7.7 years	7.8 years	7.8 years	7.8 years
Gross initial yield on properties available for lease (in %)[1]	5.3	5.4	6.0	6.2
Gross potential yield on properties available for lease (in %)[1]	5.6	5.6	6.3	6.5
Gross initial yield of the investment properties (in %)[1]	4.3	4.6	5.5	5.9

COWORKING KEY FIGURES	31.12.2020	31.12.2019
Occupancy rate of mature coworking spaces (in %)[3]	75	93

FINANCIAL KEY FIGURES	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Net asset value (in € per share)	58.85	59.29	56.42	56.63
Consolidated net result (in € per share)	2.13	6.95	3.24	5.32
Net result real-estate operator (in € per share)	2.16	7.03	3.24	5.32
Shareholders' equity (in € million)	1 591.4	1 603.9	1 443.2	1 448.5
Return on shareholders' equity[4] (in € per share)	2.1	6.5	3.2	5.3
Return on shareholders' equity[4] (in %)	3.6	11.6	5.8	9.9
Debt ratio[5] (in %)	40.8	42.7	45.8	41.6
Loan-to-value[6] (in %)	36.8	39.0	43.6	39.6
Average financing cost[7] (in %)	2.0	2.0	2.0	2.1
Weighted average duration of debts (in years)	4.9	4.4	4.8	4.7

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. A space is considered as mature after 3 years of existence.
4. 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.
5. The debt ratio is calculated in accordance with article 13 of the Royal Decree of 13 July 2014.
6. 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.
7. This is an Alternative Performance Measure. For more information, please refer to Appendix III of this Report.
8. This is an Alternative Performance Measure. For more information, please consult the chapter "EPRA Best practices".
9. 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".
10. Subject to a withholding tax of 30%.
11. Gross dividend divided by the closing share price.
12. Calculated over a 12-month period ending at the closing of the fiscal year, taking into account if applicable the gross dividend reinvestment, if any, and the optional dividend participation if any, and the participation in the capital increase if any.
13 . Voluntary participation by Befimmo.
14. As from 2020, GRESB has split its overall score into two different categories for the real-estate business: Standing Investments and Developments.
15. The ESG Ratings Report has been replaced by a Risk Ratings Report which focuses primarily on showing the level of risk a company is exposed to, the closer the score is to zero, the better.

EPRA KEY FIGURES	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Consolidated EPRA earnings[8] (in € per share)	2.81	3.29	3.68	3.74
EPRA earnings real-estate operator[8] (in € per share)	2.88	3.26	3.68	3.74
EPRA NRV[8] consolidated (in € per share)	63.48	63.38	-	-
EPRA NTA[8] consolidated (in € per share)	60.10	59.85	-	-
EPRA NDV[8] consolidated (in € per share)	57.19	57.66	-	-
EPRA Net Initial Yield (NIY)[8] real-estate operator (in %)	5.0	4.9	5.7	5.8
EPRA Topped-up NIY[8] real-estate operator (in %)	5.2	5.1	5.9	6.0
EPRA Vacancy Rate real-estate operator (in %)	2.9	4.1	4.3	5.4
EPRA Like-for-Like Net Rental Growth[9] real-estate operator (in %)	-0.2	4.7	2.4	2.8
EPRA cost ratio (including direct vacancy costs)[8] real-estate operator (in %)	23.7	21.7	19.7	17.4
EPRA cost ratio (excluding direct vacancy costs)[8] real-estate operator (in %)	22.2	20.0	17.8	15.8

KEY FIGURES ON BEFIMMO'S SHARE	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Closing share price (in €)	36.30	54.10	48.55	53.55
Gross dividend[10] (in € per share)	2.25	3.45	3.45	3.45
Gross yield[11] (in %)	6.2	6.4	7.1	6.4
Return on share price[12] (in %)	-28.5	18.7	-2.9	7.0
Number of outstanding shares	28 445 971	28 445 971	25 579 214	25 579 214
Average number of shares during the period	27 040 351	27 052 443	25 579 214	25 579 214
Average number of shares not held by the group during the period	27 048 907	25 676 219	25 579 214	25 579 214

AWARDS AND ESG BENCHMARKS	2020	2019	2018	2017
EPRA BPR[13]	Gold	Gold	Gold	Gold
EPRA sBPR[13]	Gold	Gold	Gold	Gold
CDP[13]	A- Leadership	C Awareness	A- Leadership	B Management
GRESB[13]	80% Standing investments 84% Developments Green Star[14]	83% Green Star	81% Green Star	86% Green Star
MSCI	A	A	A	A
Sustainalytics	19.2/100 Low Risk[15]	56/100	64/100	-

2020 in a nutshell

Q1

- Since early March 2020, the COVID-19 pandemic has affected the whole world in every respect. In these exceptional circumstances, our attention was focused first and foremost on the health and safety of our staff, customers and all other stakeholders, while safeguarding the Group's business and the continuity of the services it provides to its customers.
- ZIN (Brussels, North area): building and environmental permits delivered on 19 March 2020.

ZIN - Brussels North area

1. A 99-year leasehold was granted on Guimard.
2. A 99-year leasehold was granted on Schuman 3 and 11.

Q2

In June 2020, Befimmo announced its partnership with Co.Station and becomes its privileged real estate partner. Co.Station is a unique innovation and entrepreneurship platform. Befimmo is also one of the founding partners of the "co.building" innovation ecosystem, launched by Co.Station beginning 2021.

This ecosystem will support more than 30 companies in designing intelligent and sustainable buildings together, placing environmental quality at the heart of housing and the workplace.

This dialogue will bring many opportunities with it for Befimmo, because it is going to be a cutting-edge ecosystem open to themes, such as mobility, integration in the city, use of resources, etc., that have been built into our strategy since long.

CO.STATION

WWW.BEFIMMO.BE

Q3

- Beginning October 2020, Befimmo granted a 99-year leasehold on the Blue Tower for a total amount of about €112 million. The Blue Tower, located in the Louise area of Brussels, is a multi-tenant office building which entered in the Befimmo portfolio in 2013. The asset was then valued at €78.5 million, which corresponded to a gross initial yield of 6.9%. The transaction generated a net capital gain of some €22 million (based on the investment value), the gross exit yield amounted to 5.3% and the unleveraged IRR on the investment amounted to 7.1%.
- In October 2020, Befimmo joined the community of the Belgian Alliance for Climate Action, founded by The Shift and WWF. Together with 52 other Belgian companies, Befimmo is committed to reducing its CO_2e emissions by introducing Science Based Targets (SBT).
- "EPRA Gold Award - Financial Reporting" (since 2010) and "EPRA Gold Award Sustainability Reporting" (since 2015) for the Annual Financial Report 2019.

Q4

- In December 2020 Befimmo continued its successful asset rotation strategy with the disposal, on the one hand of the Media building and, on the other hand of the Guimard[1], Froissart, Schuman[2] 3 and Schuman 11 buildings. Based on investment value the transactions generated an overall net capital gain of some €35 million. The global gross (initial) exit yield was 4.6% and the unleveraged internal rate of return (IRR) amounted to 6.0%.
- Introduction of our Breathe @ work label.
- Befimmo celbrated its 25th birthday in November 2020.

Befimmo 25 YEARS WHERE BUSINESSES FIND A HOME

Breathe SAFE WORKPLACE BY BEFIMMO at work

BREATHE AT WORK | BEFIMMO

BEFIMMO ANNUAL RESULTS 2020

Silversquare Stéphanie - Brussels Louise district

Key events after closing

New CEO

After the close of 2020, Jean-Philip Vroninks, currently Executive Director of Jones Lang Lasalle Belgium-Luxembourg, was appointed as new CEO. He shall succeed Benoît De Blieck, who's approaching the age of 65. Jean-Philip Vroninks will be joining us in the coming months. Benoît De Blieck will ensure the transition with Jean-Philip and will remain a Director of the Company until the end of his mandate in April 2022.

In addition, the Board has decided to elect Vincent Querton as new Chairman of the Company at the close of the 2021 General Shareholders' Meeting and after approval of the proposed renewal of his term of office. He will take over from the current Chairman, Alain Devos who will remain Director of the Company until April 2023, after approval of the proposed renewal of his term of office, in order to ensure a smooth transition with the new CEO and Chairman tandem.

Expanding the portfolio in the Grand Duchy of Luxembourg with the acquisition of the Cubus building

Befimmo continues its expansion in Luxembourg. In February 2021, we acquired[1] the Cubus building in Howald for approximately €30 million "all in". This 5,000 m² building, located near the Cloche d'Or (Luxembourg City), offers an important value creating potential. Already well served by public transport (the train station and busses are within walking distance from the building), this area has been undergoing significant development for several years. By 2023, the new Howald station will become a major public transport hub in the south of the city with an intermodal connection (train, tram and bus).

The location of the site is a key element of the transaction. We anticipate that this area will be a good alternative to the Cloche d'Or and in this perspective, we expect rents to increase and yields to decrease in the coming years. Based on the current leases, the initial yield on investment is 5.6%.

This second investment in the Grand Duchy demonstrates Befimmo's confidence in the Luxembourg market, which has been growing for several years.

5,000 m²

VALUE CREATING POTENTIAL

5.6%

INITIAL YIELD ON INVESTMENT BASED ON CURRENT LEASES

Acquisition of the office building of the "Esprit Courbevoie" project in Louvain-la-Neuve

In February 2021, Befimmo has acquired[2] a 94-year long lease on the office building of the "Esprit Courbevoie" project, in state of future completion, for an amount of approximately €27 million. The expected yield on investment is 5.6%.

The building is characterised by a very exceptional location in the unique and innovative university zone (UCLouvain) in Louvain-la-Neuve, close to the city centre with direct access to the station and the Brussels-Luxembourg motorway. It is part of the new "Esprit Courbevoie" district, jointly developed by BESIX RED and Thomas & Piron Bâtiment.

This office building is a good example of Befimmo's hybrid offer. It will offer approximately 3,300 m² of office space and 5,000 m² of Silversquare coworking space, a new step in the development of our Belux network.

The building is scheduled for completion at the end of 2023. Marketing is underway, Befimmo has already held initial discussions with potential clients.

8,300 m²

CUMULATED OFFICE AND COWORKING SPACES

1. Via its subsidiary Kubissimo sarl.
2. Subject to the usual suspensory conditions.

BRAINSTORM


ZIN - Brussels North area

Property report

Office property markets

The future of the office

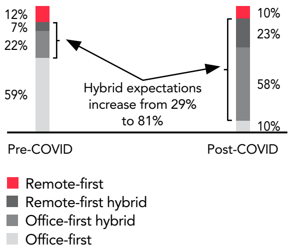
2020 was an unprecedented year: the COVID-19 health crisis had immediate and abrupt worldwide consequences. The debate on the future of the office remains intense and the long-term impact of the ongoing sanitary crisis on demand is still uncertain. A new balance between an increase in the number of m² needed for social distancing, creative spaces, etc. and a reduction in the number of m² linked to the increase in teleworking has yet to be defined.

We are however convinced that the office, an indispensable place for social and professional interaction, is the key tool for adhering to the company and its values. More than ever the office will be dedicated to teamwork and collective efficiency, while individual work will be done wherever it suits the user best. Offices haven't become obsolete, they will serve another purpose. Recent research has confirmed these views.

In a CoreNet Global-Cushman & Wakefield survey[1], occupiers indicated they expect to move towards less binary solutions. When asked about their company's approach to work and the workplace pre-COVID-19, the majority indicated it was "office-first", while less than a third operated in a hybrid model. In a post-pandemic future, the expectation is that "remote-first" models will be about as prevalent (approximately one-in-ten both pre- and post-pandemic), but the prevalence of hybrid models is expected to more than double with a focus on "office-first hybrid".

At Befimmo, we were early adopters of this vision and are ready to answer to the changing needs of our users thanks to the quality of our assets and range of offers covering solutions from long term leases to flexible contracts combined with services and facilities.

MOVING TOWARDS ECOSYSTEMS[2]



The Brussels office market

All of the following information, covering Brussels and Luxembourg, comes from Cushman & Wakefield's databases, analyses and market reports as at 31 December 2020.

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.

13,542,979 m²

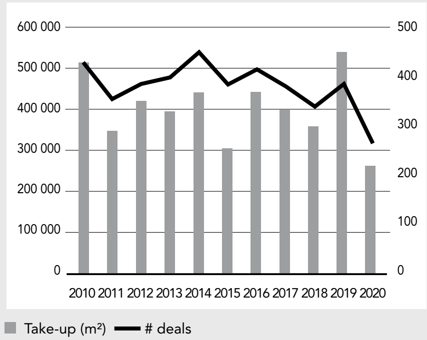
OFFICE STOCK IN BRUSSELS

CUSHMAN & WAKEFIELD

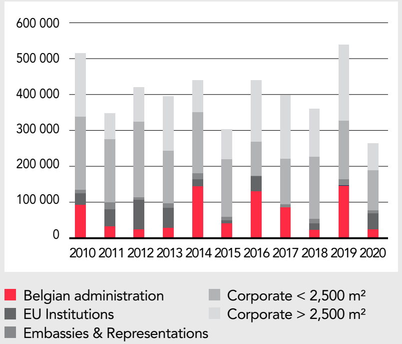
SUMMARY TABLE FOR THE BRUSSELS OFFICE PROPERTY MARKET

BRUSSELS	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Stock (m²)	13 542 979	13 462 133	13 467 886	13 496 075
Take-up (m²)	263 618	542 737	360 742	399 513
Vacant space (m²)	973 650	1 018 792	1 074 714	1 184 329
Vacancy rate (%)	7.19%	7.57%	7.98%	8.78%
Prime rent (€/m²/year)	320	320	315	305
Average rent (€/m²/year)	190	180	171	165
Investment volume offices (€ million)	3 544	2 085	1 891	1 448
Prime yield (%)	4.00%	4.10%	4.25%	4.40%
Prime yield long term (%)	3.50%	3.55%	3.65%	3.65%

TAKE-UP AND NUMBER OF TRANSACTIONS



YEARLY TAKE-UP BY OCCUPANT TYPE (IN M²)



1. New perspective: from pandemic to performance | workplace ecosystems of the future.
2. Source: CoreNet Global; Cushman & Wakefield Research.

Take-up

The Brussels office market recorded the lowest take-up in more than 20 years with a level of 264,000 m². This represents a decrease of almost 50% compared to 2019, which was an exceptional year for Brussels (the 10-year historical average amounts to 400,000 m²). Around 265 transactions were observed, more than 100 less than last year.

In contrast to 2019, the public sector was not very active in 2020, with the exception of the 30,000 m² rented by the European Commission in the The One building in the European quarter. Demand from the private sector is also declining, no doubt due to COVID-19. For its part, coworking activity (new take-up by coworking operators) has come to an almost complete halt in Brussels, with only 4 transactions recorded in 2020.

Recent hand-overs and future projects

In 2020, approximately 220,000 m² of new office buildings were delivered, the most important being the Gare Maritime (45,000 m² of which 40% prelet), the Manhattan Center (41,000 m² of which 44% prelet) and the Mobius Tower occupied by Allianz (26,000 m²). In addition, the pipeline for 2021 and 2022 is important, as the delivery of nearly 450,000 m² of new office space in Brussels is expected, of which 200,000 m² is still available at the end of 2020.

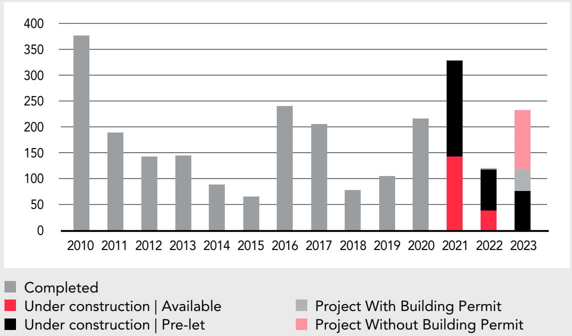
Evolution of rental vacancies

Despite a low level of activity, the vacancy rate decreased further in 2020 to reach its lowest level in more than 10 years at 7.2% at the end of the year. Major differences continue to appear depending on the neighborhood: the CBD (Leopold, Centre, North, Midi and Louise neighborhoods) has a vacancy rate below 4%, while the decentralised and periphery neighborhoods have vacancy rates of 11.6% and 16.5% respectively. The vacancy rate is expected to increase in the coming years. Indeed, remote work has increased significantly in 2020 under the obligation of telework in many sectors. The hybridization of the workplace will continue in the coming years. This hybridization will inevitably contribute to the rethinking of office space and could lead to some freeing up of space. Combined with the speculative pipeline currently under construction, it appears that the vacancy rate could exceed 8.5 or even 9% by the end of 2022.

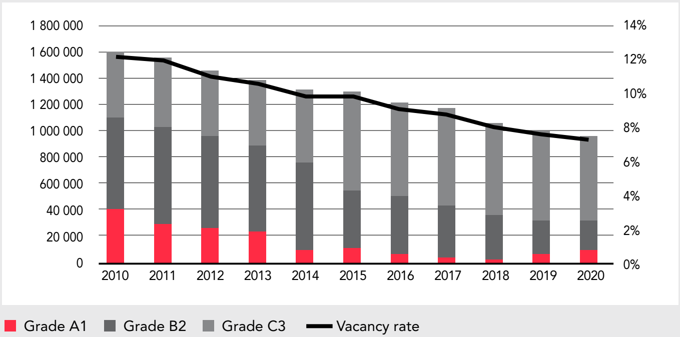
Evolution of rents

Prime office rents in Brussels have remained stable at 320 €/m²/year throughout 2020. The low availability of quality space and the confidence of some landlords in the achievable rent level have also contributed to an increase in prime rents in the Louise district (€275/m²/year) and in the North area (€250/m²/year). Conversely, they have decreased to €175/m²/year in the decentralised area, which continues to record mixed performances. Taking into account quality buildings that have recently been put on the market, or are expected to be put on the market in the coming months, prime rents could increase further to reach €325/m²/year by the end of 2021.

DEVELOPMENT PROJECTS (IN M²)



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



220,000 m²

NEW OFFICE BUILDINGS DELIVERED IN 2020 IN BRUSSELS

Goemaere - Brussels decentralised

Office investment market

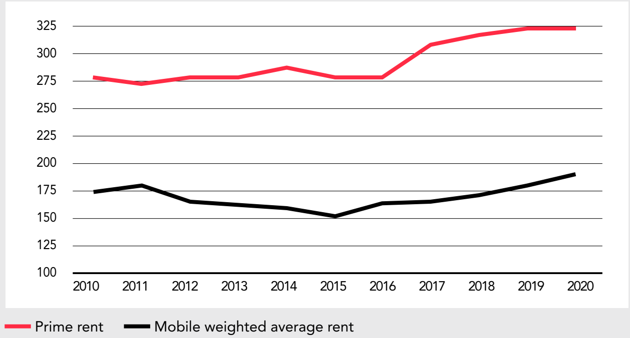
Taking all sectors together, the investment volume in Belgium in 2020 amounted to more than €6 billion, an absolute record for professional real estate in Belgium. This volume was boosted by some important transactions in the office sector (notably the sale of the Finance Tower for more than €1.2 billion) and the industrial sector, while the commercial sector recorded a further decrease to a total volume of €684 million in 2020.

The Belgian office market recorded an investment volume of €4.2 billion, including €3.5 billion in the Brussels office market. Indeed, in Brussels, in addition to the large number of transactions (76 over the whole year), volumes reached new records following several significant transactions. A total of 8 transactions in excess of €100 million were recorded in the Brussels office market. The most notable was the acquisition of the Finance Tower followed by the sale of the IRIS Tower by Ghelamco (more than €210 million) and the acquisition of the Euroclear headquarters for more than €170 million.

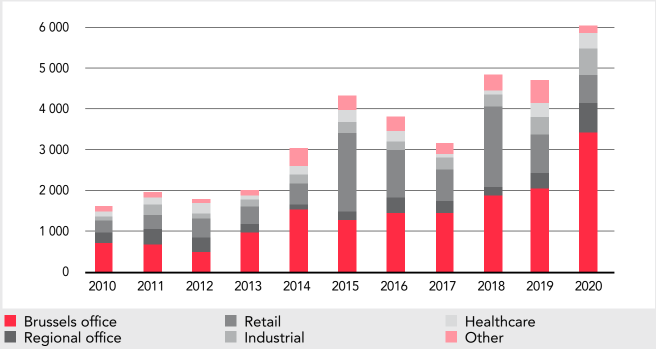
Foreign investors still represent the majority of buyers. International investors tend to focus on LT-Core, Core and Core+ products, while so-called "add-value" and redevelopment products are more reserved for Belgian investors, with the exception of "off-market" transactions such as the acquisition of the Toaster by Cofinimmo.

Despite the health crisis, prime yields on the Brussels office market are still at historically low levels, mainly due to the interest rate policy of the European Central Bank and the competition between investors for the best assets. Prime yields on buildings with 6/9 year leases have been reduced to 4% in 2020, a further decrease from the 4.1% recorded at the end of 2019, reflecting the strong demand for investment in the office sector. Long-term prime yields have also been reduced to 3.5% following the sale of several assets. With interest rates expected to remain at a very low level throughout 2021, prime yields are expected to remain stable or even compress further to reach a new record low during 2021.

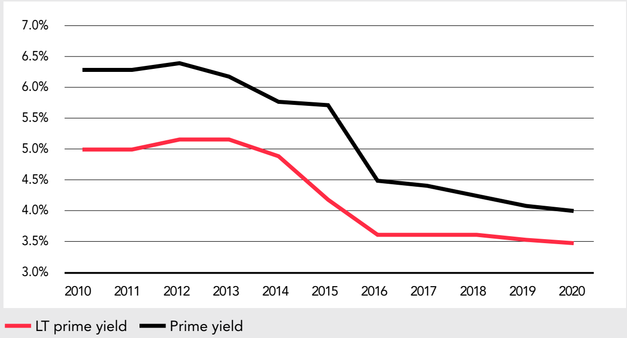
PRIME AND AVERAGE RENT (IN €/M²/YEAR)



INVESTMENT VOLUME ON THE BELGIAN MARKET (IN € MILION)



PRIME YIELDS (IN %)



Antwerp and Liège office property market

SUMMARY TABLE FOR THE ANTWERP OFFICE PROPERTY MARKET

ANTWERP	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Stock (m²)	2 292 185	2 300 900	2 290 933	2 211 285
Take-up (m²)	69 563	125 390	144 322	198 270
Vacant space (m²)	130 000	148 580	146 841	219 253
Vacancy rate (%)	5.67%	6.46%	6.41%	9.92%
Prime rent (€/m²/year)	165	160	155	155
Average rent (€/m²/year)	119	126	119	119
Investment volume offices (€ million)	428	166	90	75
Prime yield (%)	5.50%	5.50%	6.25%	6.25%

SUMMARY TABLE FOR THE LIÈGE OFFICE PROPERTY MARKET

LIÈGE	31.12.2020	31.12.2019	31.12.2018	31.12.2017
Stock (m²)	495 043	459 290	440 955	427 735
Take-up (m²)	43 055	53 206	31 834	23 961
Vacant space (m²)	16 000	16 289	18 054	27 594
Vacancy rate (%)	3.23%	3.55%	4.09%	6.45%
Prime rent (€/m²/year)	160	155	150	150
Average rent (€/m²/year)	127	137	122	128
Investment volume offices (€ million)	0	42	12.35	1.3
Prime yield (%)	6.75%	6.75%	6.75%	6.75%

Gateway - Brussels Airport

The Luxembourg office market

Evolution of the office stock

The Luxembourg office stock witnesses a continuous increase and stands now close to 4,400,000 m². During 2019 the office stock saw a remarkable increase, especially in the Cloche d'Or area, the periphery and in the Kirchberg district. The new extensions of the European Parliament in 2020 contribute to a new boost in the Kirchberg district. The office stock will continue to increase in the coming months as many projects are currently under construction.

Office pipeline

The office pipeline is important with projects under construction such as the new headquarter of ArcelorMittal (55,000 m², Kirchberg) and Buzzcity in the periphery (16,500 m²). The available pipeline is relatively low as it represents only 190,000 m² of the total pipeline under construction for the period 2021 to 2024.

Furthermore, an additional 480,000 m² could enter the market between 2022 and 2024 as projects exist, though important uncertainties or cautiousness of the developers could delay their deliveries.

Take-up

Overall, despite a consecutive decrease in terms of number of deals, the take-up reached a historic 352,000 m² in 2020. This is especially good considering the turbulent conditions faced during the year. This also shows the strengths of this small office market and its resilience during economic uncertainties. Since 2010, the letting activity is dominated by the banking & finance sector as well as the so-called "services firms" such as consultancy firms, services to business, etc. These sectors represent between 30% and 50% of the total activity on a yearly basis, with the exception of 2020 and the impact of the COVID-19 crisis. However, activity in these sectors should remain intense in Luxembourg in the coming months.

The public & non-profit sector is also an important contributor to the activity. Taking into account the European institutions, the share of the public sector increases to 30% of the total. 2020 has been atypical with the important lettings of different National and European public bodies.

The rest of the take-up is spread between different sectors.

ALMOST

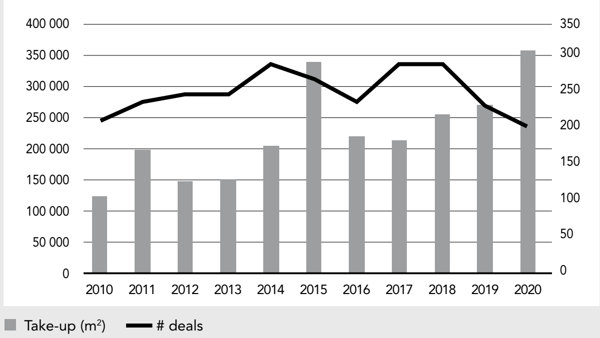
4,400,000 m²

LUXEMBOURG OFFICE STOCK

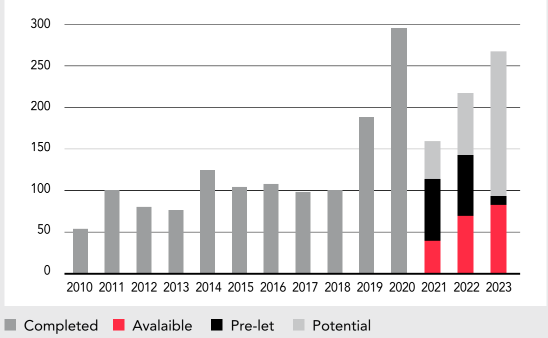
SUMMARY TABLE FOR THE LUXEMBOURG OFFICE PROPERTY MARKET

LUXEMBOURG	31.12.2020	30.12.2019	31.12.2018	31.12.2017
Stock (m²)	4 373 188	4 141 350	3 950 000	3 850 000
Take-up (m²)	352 174	266 820	252 133	209 380
Vacant space (m²)	152 107	123 085	135 000	151 000
Vacancy rate (%)	3.47%	2.97%	3.40%	3.90%
Prime rent (€/m²/month)	52	51	50	50
Investment volume offices (€ million)	874	1 268	1 880	920
Prime yield (%)	3.60%	4.00%	4.00%	4.30%

TAKE-UP AND NUMBER OF TRANSACTIONS



DEVELOPMENT PROJECTS (IN M²)



Evolution of rental vacancies

The vacancy rate for the overall market is currently at 3.50%. The central districts record the best performance, with a vacancy rate standing below 2% in the CBD and the Kirchberg. The Cloche d'Or district has a vacancy rate of approximately 4.8%. The low level of speculative developments, combined with the dynamic activity, contribute to this low vacancy rate.

In the Periphery, other inner districts and decentralised areas the vacancy rate is higher. It currently stands around 7% in the decentralised areas, 6.2% in the other inner districts and 7% in the periphery.

Evolution of rents

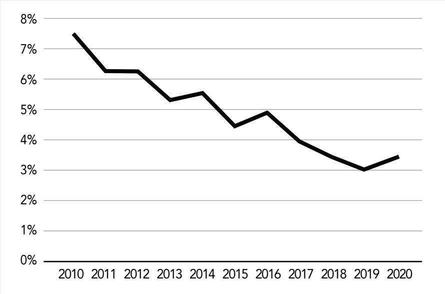
Owing to the combined effect of a low vacancy rate and rising take-up, prime rents are logically under pressure. Occupants are seeking the best locations and buildings. The highest prime rents, in the CBD in the brand-new and prestigious office schemes, increased to €52/m²/month compared to €46 in 2016. Prime rents could witness a further increase in the coming months. No changes have been observed in the Station area since 2016, standing at €36/m²/month. The Kirchberg district saw different increases over the last years to stand at €39/m²/month at the end of 2020. The Cloche d'Or area recorded continuous increase since 2017 with currently a prime rent at €35/m²/month following the delivery of new qualitative office buildings. The decentralised districts have recorded stable prime rents since 2012, around €28.5 /m²/month. In the periphery, prime rents stand at €25.5/m²/month.

Office investment market

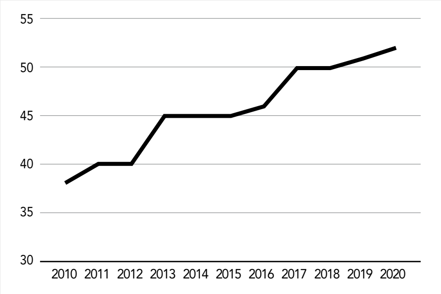
In 2020, €875 million were invested in offices in Luxembourg, the second decrease in a row, as a result of the COVID-19 outbreak. Activity is however expected to remain strong in the coming months as Luxembourg presents solid fundamentals and offers good value for money compared to other European markets. As a result of a maturing market and a higher attractivity for international investors, competition is growing for the prime assets, resulting in a strong yield compression. Prime yields currently amount to 3.60% in the CBD, coming from more than 5% in 2015.

Axento - Luxembourg city

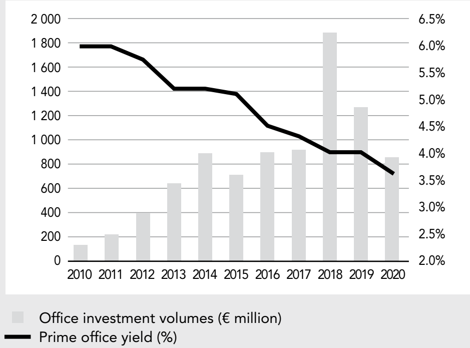
VACANCY RATE (IN %)



PRIME RENT (IN €/M²/MONTH)



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



€875 million

INVESTED IN OFFICES IN LUXEMBOURG

Real-estate operator business

Letting activity

In 2020 Befimmo contracted new leases and renewals for a total space of 73,410 m² (including 68,210 m² of offices and 5,200 m² of retail and multipurpose spaces), a 20% increase compared to the 61,000 m² contracted in 2019 (excluding the 70,000 m² in ZIN). 58%[1] of the let space represented the signing of new leases (28 transactions), while the balance concerned the renegotiation of existing leases (18 transactions).

73,410m²

OF NEW LEASES AND RENEWALS

99.7%

OF RENTS DUE FOR 2020 COLLECTED

Main transactions

PROPERTIES AVAILABLE FOR LEASE

- **Buildings Agency:** lease extension and terminations: we reached an agreement on the **Poelaert** building (Brussels centre) to extend the lease for a fixed nine-year term starting from 19 December 2021. The agreement also provides for the early termination (full or partial) with compensation of ten leases in small buildings located in Belgian provinces (in 2020 and in 2021). The economic result of this operation amounts to some €14 million, and the impact on EPRA earnings in 2020, 2021 and 2022 is neutral. As planned in its strategy and outlook, Befimmo is currently in the process of selling these buildings.
- **Vital** building (Flanders): lease renewal (3,150 m²) for a six/nine-year term.
- **Arts 56** building (Brussels, Leopold area): lease renewal (2,924 m²) for a six/nine-year term.
- **Axento** building (Grand-Duchy of Luxembourg): new lease (2,335 m²) for a six/nine-year term.

REDEVELOPMENT PROJECTS

- **Quatuor** building (Brussels, North area): 3,950 m² pre-let in 2020 to Touring for a six/nine year term and an LOI for an additional lease of 3,500 m² signed beginning 2021. Quatuor is currently 56% pre-let.
- **Paradis Express** site (Liège): 3,100 m² pre-let to the ONEM and 2,540 m² to Deloitte. The project is entirely pre-let, one year before delivery.

Collection and deferal of rents

Befimmo is aware of the challenges that some of its customers face and is monitoring the situation responsibly on a case-by-case basis. Most tenants in the retail sector (which accounts for about 1% of consolidated rental income), were granted rent rebates. For around 35 office tenants seriously affected by the crisis, deferred payments were allowed for the second to fourth quarter and rents were made payable on a monthly basis. These rent deferrals currently amount to around €0.5 million. Overall, demands for renegotiation of lease terms remain the exception.

As at 10 February 2021, 99.7% of rents due for 2020 have been collected; this percentage is in line with last year, and a limited proportion of late payments are directly related to the COVID-19 crisis.

EPRA "like-for-like net rental growth"

The EPRA "like-for-like net rental growth" was -0.2%, compared to 4.7% for the 2019 fiscal year. This results from the combined effect of:

- the impact of the health crisis (€1.1 million of which the major part is related to rent free periods granted to customers of the retail sector (1% of revenues)),
- rent renegotiations related to a lease extension,
- and some early terminations,
- partly compensated by the indexations of leases.

SPOT OCCUPANCY RATE AND "EPRA VACANCY RATE"

	31.12.2020	31.12.2019
"Spot" occupancy rate of properties available for lease	95.2%	94.4%
EPRA Vacancy Rate	2.9%	4.1%

WEIGHTED AVERAGE DURATION OF LEASES[2]

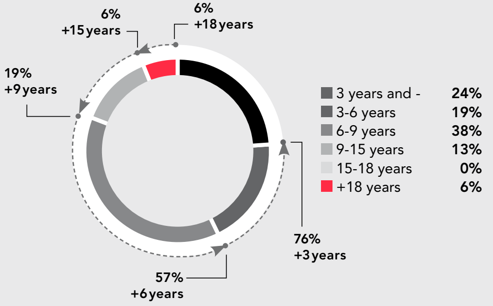
	31.12.2020	31.12.2019
Weighted average duration of current leases up to next break	7.2 years	7.1 years
Weighted average duration of current leases up to final expiry	7.7 years	7.8 years

1. Based on the number of m² let.
2. In accordance with the definitions, future signed leases are not taken into account in the calculation of the weighted average duration leases.

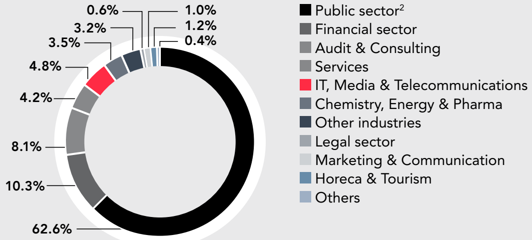
TENANTS

	WEIGHTED AVERAGE DURATION UP TO NEXT BREAK	PERCENTAGE OF THE GROSS CURRENT RENT FROM LEASE AGREEMENTS	RATING
	IN YEARS	IN %	
PUBLIC SECTOR			
Federal		51.5%	AA (S&P rating)
Flemish Region		2.4%	AA (Fitch rating)
Belgian public sector	**8.4**	**53.9%**	
European Commission		3.9%	AAA (rating Fitch)
European Parliament		4.2%	AAA (rating Fitch)
Representations		0.6%	-
European public sector	**4.5**	**8.8%**	
Total public-sector tenants	**7.9**	**62.6%**	
PRIVATE SECTOR - TOP 5			
Deloitte Services & Investments NV		5.2%	-
BNP Paribas and affiliated companies		5.2%	A+ (S&P rating)
Beobank (Crédit Mutuel Nord Europe)		2.8%	A (S&P rating)
Docler Services S.à.r.l.		2.7%	-
KPMG Luxembourg		1.6%	-
Total private-sector top-5 tenants	**8.0**	**18.5%**	
OTHER TENANTS			
± 230 tenants	4.2	18.9%	
Total of portfolio	**7.2**	**100%**	

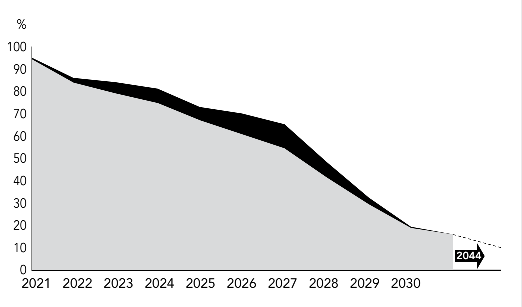
DURATION OF LEASES[1]



TENANTS

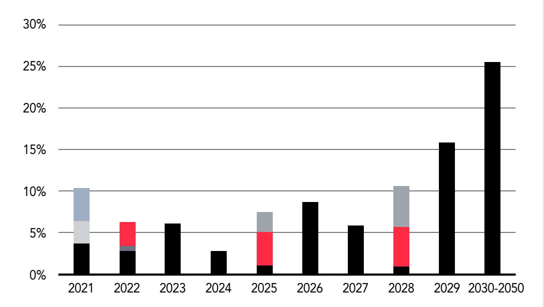


PERCENTAGE OF RENT SECURED UNDER CONTRACT IN RELATION TO THE RESIDUAL DURATION OF LEASES IN THE CONSOLIDATED PORTFOLIO[3] (FOR ONGOING AND SIGNED FUTURE LEASES) (IN %)



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

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



■ Small buildings in the Belgian provinces with planned disposal at the end of the lease
■ Small buildings in the Belgian provinces included in the disposal target for 2021-2022
■ Pacheco
■ Joseph 2
■ La Plaine
■ Other buildings

1. The proportions are expressed on the basis of the gross current rent from lease agreements as at 31 December 2020.
2. Public sector: Belgian public institutions (federal & regional) and European institutions.
3. 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 2020.

Pacheco - Brussels Centre

FAIR VALUE[1]

OFFICES	CHANGE OVER THE YEAR[2]	PROPORTION OF PORTFOLIO[3] 31.12.2020	FAIR VALUE 31.12.2020	FAIR VALUE 31.12.2019
	IN %		IN € MILLION	IN € MILLION
Brussels CBD and similar[4]	0.50%	43.9%	1 191.9	1 346.1
Brussels decentralised	-4.35%	3.0%	82.2	83.2
Brussels periphery	-2.12%	3.4%	92.5	121.1
Flanders	-3.92%	15.8%	428.3	474.9
Wallonia	0.94%	8.6%	233.0	230.6
Luxembourg city	6.14%	5.4%	147.1	138.6
Properties available for lease	*-0.30%*	*80.1%*	*2 175.1*	*2 394.5*
Properties that are being constructed or developed for own account in order to be leased	*3.09%*	*19.1%*	*517.3*	*394.1*
Investment properties[5]	**0.33%**	**99.2%**	**2 692.4**	**2 788.6**
Properties held for sale	**-5.93%**	**0.8%**	**21.6**	**0.0**
Total	0.03%	100.0%	2 714.0	2 788.6

As at 31 December 2020, the fair value of the portfolio was €2,714.0 million, as against €2,788.6 million as at 31 December 2019.

This change in value incorporates:

– renovation or redevelopment works carried out in the portfolio

– investments (Loi 52) and divestments (Blue Tower, Guimard, Froissart, Schuman 3, Schuman 11, Media, buildings)

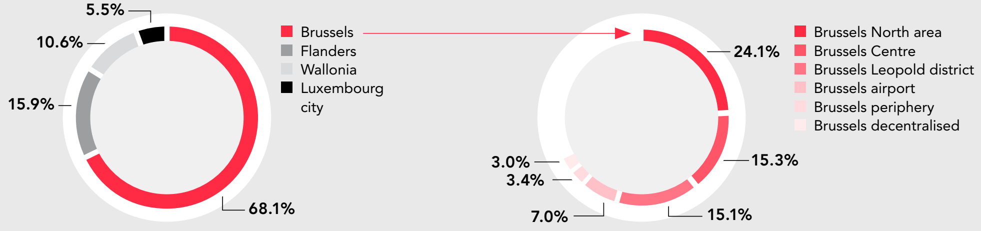
– the changes in fair value booked to the income statement (IAS 40)

As at 31 December 2020, the Axento building in Luxembourg, the AMCA building in Antwerp, the Paradis tower in Liège, the Gateway building at Brussels airport, the WTC Tower 3 in Brussels and the Quatuor and ZIN projects in Brussels, each account for between 5 and 8% of the fair value of the portfolio.

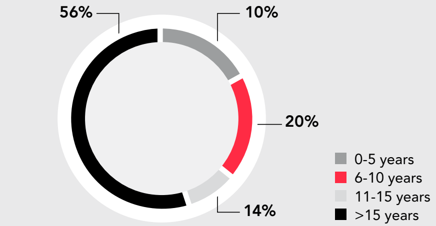
At constant perimeter, the value of the portfolio (excluding acquisition, investments and divestments) remained stable over the year (change of +0.03% or €0.8 million).

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 2020 and 31 December 2020 (excluding acquisition, investments and divestments).
3. The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 December 2020.
4. Including the Brussels airport zone, in which the Gateway building is situated.
5. Excluding rights of use lease agreements for office space and rights to use land (IFRS 16).

GEOGRAPHICAL BREAKDOWN[1]

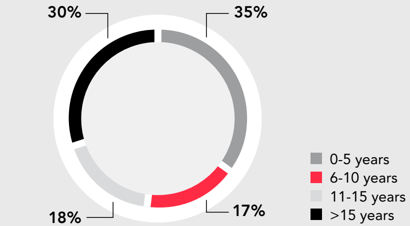


BREAKDOWN OF PORTFOLIO BY AGE CLASS[1,2]



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.

Silversquare Europe - Brussels Louise district

1. The proportions are expressed on the basis of the fair value of the investment properties as at 31 December 2020.
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 2020.

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

OFFICES	ACQUISITION PRICE	INSURED VALUE[1] 31.12.2020	FAIR VALUE 31.12.2020	ESTIMATED RENTAL VALUE (ERV) 31.12.2020	GROSS INITIAL YIELD[5] 31.12.2020
	IN MILLION €	IN MILLION €	IN MILLION €	IN THOUSAND €	
Brussels CBD and similar	887.8	768.1	1 191.9	54 291	4.9%
Brussels decentralised	78.3	124.7	82.2	7 072	8.8%
Brussels periphery	84.7	157.1	92.5	9 570	7.9%
Flanders	399.6	598.7	428.3	24 567	6.3%
Wallonia	159.2	185.3	233.0	10 178	4.7%
Luxembourg city	-[2]	49.5	147.1	5 644	3.8%
Properties available for lease	*1 609.5*[3]	*1 883.4*[4]	*2 175.1*	*111 322*	*5.3%*
Properties that are being constructed or developed for own account in order to be leased	*519.3*	*22.4*	*517.3*	-	-
Investment properties	**2 128.8**[3]	**1 905.8**	**2 692.4**	-	**4.3%**
Properties held for sale	**47.2**	-	**21.6**	-	-
Total	**2 176.0**[3]	**1 905.8**	**2 714.0**	-	-

Silversquare Delta - Brussels decentralised

1. The insured value is the reconstruction value (exluding the land).
2. 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.
3. Excluding Luxembourg city.
4. The amounts include the All-Risk Fire insurance. Befimmo is also covered by the kind of All-Risk Construction Site insurance.
5. The ratio between the gross current rent from lease agreement and the "deed-in-hands" value of properties available for lease. The complete overview of the overall rental yields can be found on page 55 to this Report.

Rotation of real-estate experts

In accordance with the obligation to rotate the mandates of the real-estate experts, pursuant to the Royal Decree on BE-REITs of 13 July 2014, Befimmo has mandated, as from 2021 (first appraisal at 31 March 2021) and for a period of three years, Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield), M. Rod P. Scrivener (Jones Lang LaSalle Sprl, National Director) and M. Pieter Paepen (CBRE Valuation Services SPRL, Senior Director, Head of Valuation Services).

Rental yield

The compression of the yield of investment properties is mainly linked to the additional investments realised over the year in the properties that are being constructed or developed for own account in order to be leased.

Asset rotation

Befimmo ensures a high-quality portfolio by investing in flexible office buildings in good locations with value-creating potential, and divesting where it can crystallise the value of mature buildings or where buildings no longer fit its strategy. The proceeds of the disposals contribute to managing the LTV ratio, the financing of ongoing development projects and ensure capacity for growth.

Disposals for €252 million

- Value crystallisation:
  - Blue Tower building (Brussels, Louise area): disposal in October 2020 generating a net capital gain of some €22 million (based on investment value) and an unleveraged IRR on the investment of 7.1%
  - Guimard, Froissart, and Schuman 3 and 11 buildings (Brussels, Leopold area): disposal in December 2020 generating a net capital gain of some €41.3 million (based on investment value) and an unleveraged IRR on the investment of 7.3%.
- Assets that no longer fit the strategic framework: Media building (Brussels, periphery): disposal in December 2020 generating a net capital loss of some -€6.4 million (based on the investment value) and an unleveraged IRR on the investment of 3.8%.

Acquisition Loi 52

- Loi 52 building (Brussels, Leopold area) adjacent to the Joseph 2 building, with value creating potential allowing a particularly efficient and innovative redevelopment in the heart of the European district[1].

Acquisition early 2021

- Cubus[2] building (Howald, Luxembourg), through the subsidiary Kubissimmo sarl, located in the upcoming Howald area next to the Cloche d'Or, with good value creating prospects.
- Office building of the "Esprit de Courbevoie"[3] project in Louvain-la-Neuve in state of future completion

OVERALL RENTAL YIELD

OFFICES	GROSS INITIAL YIELD 31.12.2020	GROSS INITIAL YIELD 31.12.2019	GROSS POTENTIAL YIELD 31.12.2020	GROSS POTENTIAL YIELD 31.12.2019
Brussels CBD and similar	4.9%	4.9%	5.2%	5.3%
Brussels decentralised	8.8%	8.1%	8.8%	8.7%
Brussels periphery	7.9%	7.7%	9.7%	9.1%
Wallonia	4.7%	4.6%	4.7%	4.6%
Flanders	6.3%	6.3%	6.3%	6.3%
Luxembourg city	3.8%	4.0%	3.8%	4.0%
Properties available for lease	**5.3%**	**5.4%**	**5.6%**	**5.6%**
Total investment properties[4]	4.3%	4.6%		

	PROPERTIES AVAILABLE FOR LEASE 31.12.2020	PROPERTIES AVAILABLE FOR LEASE 31.12.2019	INVESTMENT PROPERTIES[4] 31.12.2020	INVESTMENT PROPERTIES[4] 31.12.2019
Gross initial yield	5.3%	5.4%	4.3%	4.6%
Gross potential yield	5.6%	5.6%		

	31.12.2020	31.12.2019
EPRA Net Initial Yield	5.0%	4.9%
EPRA Topped-up Net Initial Yield	5.2%	5.1%

1. See the press release of 18 February 2021 on the Befimmo website (https://www.befimmo.be/sites/default/files/imce/publications/befimmo_sa_-_annual_results_2020_-_uk_0.pdf).
2. See the press release of 17 February 2021 on the Befimmo website (https://www.befimmo.be/fr/investisseurs/publications?type=227).
3. See the press release of 22 February 2021 on the Befimmo website (https://www.befimmo.be/sites/default/files/imce/publications/befimmo_sa_-_courbevoie_-_2021.02.22_-_uk_-_final_2.pdf)
4. Comprising properties that are being constructed or developed for own account in order to be leased. This is a real-estate indicator. For more information, please consult Appendix II of this Report.

Capital expenditure in properties available for lease

In 2020 Befimmo invested €19.8 million in its portfolio of properties available for lease.

Redevelopment projects

Befimmo invested €138.2 million in its redevelopment projects. As at 31 December 2020 these projects represent 19% of the total value of the portfolio. As proven in the past, Befimmo has always attached great importance to the management of the projects, paying particular attention to the analysis of the market before launching at risk of occupancy and to maximising the pre-letting rate before construction work begins. Currently, the pre-letting[1] rate of office projects amounts to 83%.

The developments are broadly on schedule. Limited delays of around six months linked to the ongoing health crisis have led to some cost increases, and will postpone the contribution to EPRA earnings of Quatuor, Paradis Express and ZIN.

97%

OF PROJECTS CARRIED OUT IN DIALOGUE WITH STAKEHOLDERS

OFFICES	INVESTMENT REALISED IN 2020	TOTAL INVESTMENT	PERCENTAGE OF COMPLETION	YIELD ON TOTAL INVESTMENT (LAND INCLUDED)	FORECAST INVESTMENT IN 2021	FORECAST INVESTMENT IN 2022	FORECAST INVESTMENT IN 2023
	IN € MILLION	IN € MILLION			IN € MILLION	IN € MILLION	IN € MILLION
Committed ongoing projects							
Brederode Corner - Brussels CBD, Centre	5.1	22	100%	±5.5%	-	-	-
Paradis Express (office part) - Wallonia, Liège	15.8	54	41%	>6%	32	-	-
Quatuor - Brussels CBD, North	68.5	170	73%	>5.3%	46	-	-
ZIN - Brussels CBD, North	39.4	411	19%	±4.3%	50	152	124
Ongoing projects to be committed							
WTC 4[2] - Brussels CBD, North	1.6	140	-	-	Development in case of pre-letting		
PLXL (currently La Plaine) - Brussels decentralised	1.7	49	6%	±5.5%	6	26	14
Redevelopment Joseph 2 (Joseph 2, Loi 44, Loi 52) - Brussels Leopold District	0.7	62	1%	±5%	3	14	23
Pacheco - Brussels CBD, Centre	0.7	37	4%	±5%	-	23	12
Total	133.5						

100%

CERTIFIED PROJECTS 2030 ACTION PLAN

100%

OF PROJECTS SUBJECT TO AN INVENTORY OF MATERIALS 2030 ACTION PLAN

Environmental aspects in redevelopment

Financing

Design
- Geothermal
- TOTEM
- Cradle-2-Cradle
- Quality matrix
- Rainwater recovery

Construction
- Circular economy
- Recovery

Operation
- Environmental services
- Green electricity
- Monitoring consumption
- Maintenance

Improvement
- Environmental procurement criteria
- Recovery
- Self-generation

Sales and acquisitions
- CO_2 emissions forecasting model

1. Calculated on the office portion of ongoing committed projects, excluding coworking.
2. New planning permission in preparation, in the same spirit as the ZIN project, open to the city and a mix of functions.

Projects to be committed[1]

PLXL (BRUSSELS DECENTRALISED)

Scheduled for completion beginning 2024, PLXL is one of the most recent additions to Befimmo's portfolio of hybrid properties. A complete reinvention of the iconic Beobank building (15,180 m²) in the heart of Brussels' vibrant university district of Etterbeek, the 20,000 m² project features the very latest trends in smart building, sustainable design and circularity.

The site enjoys an excellent location, next to the railway station and opposite the University of Brussels, and will offer flexible workspaces including a Silversquare coworking, a modular auditorium, a restaurant, a rooftop terrace, and a wide range of services and facilities. PLXL has more than 160 bike stations, nearly 50 e-bike stations and 100 car parking spaces, all with charging points. User well-being and health are key elements of PLXL. It aims for the highest certification in its class (BREEAM "Outstanding"). Smart energy monitoring and management systems, occupancy detection, adaptive lighting, smart water management, and charging systems are among the solutions that come with the property.

The estimated construction cost amounts to €49 million. The expected yield on total investment is about 5.5%. Permits approval is expected by mid-2021 and the decision to start the works will be taken at that time, depending on market and pre-letting conditions.

~18,000 tons

OF AVOIDED WASTE FORESEEN

PACHECO (BRUSSELS CENTRE)

The Pacheco building will be developed in the former building of the Royal Belgian Mint after the current lease ends. Befimmo will transform this iconic 1970's industrial building into a multifunctional and flexible asset, designed to meet today's and tomorrow's requirements. The building is ideally located along Boulevard Pachéco, between the central station and the Brussels inner ring road, in a district that marks the connection between the upper and lower parts of the city.

The Pacheco will offer nearly 11,600 m² of multifunctional and flexible space, including 9,400 m² of office space, 1,050 m² of coliving, 1,150 m² allocated to restaurants/café or shops and, last but not least, a 250 m² rooftop area.

The construction costs are estimated at €37 million, with an expected yield on total investment of about 5.5%. Permits are expected to be approved end 2022 and the decision to start the works will be taken at that time, depending on market and pre-letting conditions.

Befimmo is aiming to gain BREEAM "Excellent" certification for the "Design" phase.

11,600 m²

MULTIFUNCTIONAL AND FLEXIBLE SPACE

REDEVELOPMENT OF JOSEPH 2 (BRUSSELS LEOPOLD DISTRICT)

With the redevelopment of the Joseph 2 building, after the end of the current lease, Befimmo aims to transform three existing buildings (Rue de la Loi 44 & 52 and Rue Joseph II 27) into a unique green and open island. These buildings in the heart of the European quarter offer extraordinary potential for value generation, and Befimmo will create an innovative and multifunctional complex that meets the needs of users looking for quality workspaces in the centre of Brussels. The new complex will have 23,000 m² of space including a part dedicated to coliving.

Befimmo is definitely applying the concepts of the circular economy to this project. The existing buildings will be reused, with the structure retained, and elements that are demolished or removed being recovered, reused or recycled.

The projected construction cost amounts to €62 million, with the yield on total investment expected to be around 5%. Permits are expected to be approved mid-2022 and the decision to start the works will be taken at that time, depending on market and pre-letting conditions.

Befimmo is aiming to gain BREEAM "Outstanding" certification for the "Design" phase and a DGNB[2] "Platinum" certification.

CREATING AN INNOVATIVE AND MULTIFUNCTIONAL COMPLEX

PLXL - Brussels decentralised

Pacheco - Brussels Centre

1. Images for illustrative purposes, images and project details subject to approval of permits.
2. https://www.dgnb-system.de/en/system/

Committed ongoing projects

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 space. With the Guillemins train station and a new tram line nearby, Paradis Express will be a perfectly integrated in the neighbourhood, enjoying a privileged location in Liege. The works began in July 2019 and construction is ongoing. Befimmo has pre-let 100% of the office space and sold the residential space. The delivery of the Paradis Express project is scheduled for 2021. The cost of construction of the office part amounts to €54 million. The expected return on total investment of the office part should be above 6%.

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

> 6%

EXPECTED RETURN ON TOTAL INVESTMENT OF OFFICE PART

QUATUOR (BRUSSELS NORTH AREA)

Quatuor will be open to the city, linking the historic heart of the city to the North area. It will offer 62,000 m² of office space, 8,000 m² of coworking and also 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 Quatuor is currently prelet for 56%. The construction cost amounts to €170 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. An "Excellent" certification is aimed for the entire site.

QUATUOR - SMART BUILDING ON VIMEO

3,067 m²

OF SOLAR PANEL (566 KWC) FORESEEN COVERING THE ELECTRICITY NEEDS EQUIVALENT TO THE ANNUAL CONSUMPTION OF ABOUT 133 HOUSEHOLDS

Paradis Express - Liège

Quatuor - Brussels North area

ZIN (BRUSSELS NORTH AREA)

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 towers, 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 ZIN 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. After the dismantling phase, the construction works have started and delivery is foreseen in 2023. The construction cost (all functions included) is estimated at €411 million. The expected gross return on the total investment value is expected to be around 4.3%.

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

Befimmo pays particular attention to decrease the weight of its portfolio in the North area of Brussels. By 2024, Befimmo wants to enter into a partnership in its subsidiary ZIN IN NO(O)RD whereby the partner should hold a minimum of 25 and a maximum of 75%.

7,122 m²

OF SOLAR PANEL (1,386 KWC) FORESEEN COVERING THE ELECTRICITY NEEDS EQUIVALENT TO THE ANNUAL CONSUMPTION OF ABOUT 276 HOUSEHOLDS

30,000 tonnes

OF DISMANTLED CONCRETE WILL BE RECYCLED IN THE NEW CONCRETE OF THE ZIN PROJECT

THE FUTURE IS HERE | ZIN

ZIN - LIVING BUILDING ON VIMEO

ZIN - Brussels North area

Coworking business

Recovery rate: issued invoices

We cancelled membership fees for fully-flex and dedicated desks in the open space of the coworking spaces for the month of April and granted specific concessions on a case-by-case basis in order to foster loyalty.

The recovery rate for monthly invoices issued during 2020 is 99.3% as at 31 December 2020. There has been no material increase in doubtful debtors since the beginning of the year.

Revenues split

68% of revenues were generated in private offices used by small and medium-sized companies with a higher resilience potential than flex-desks.

Occupancy rate

The occupancy rate of the mature coworking space was 75% as at 31 December 2020. The number of occupied desks in this category decreased due to the transfer of the Europe and Stéphanie spaces to the "non-mature" category following their extensions, the move of members to new spaces (mainly the Bailli), and the effect of the COVID-19 crisis. The second wave of the health crisis resulted overall in postponed decisions regarding take-up of private offices for medium size companies, limiting consequently the growth of the activity, which nevertheless showed strong resilience with a global increase in the number of members.

The recent openings of the Zaventem and Bailli spaces had an impact on the total occupancy rate, which stood at 51% as at 31 December 2020. The perimeter of mature and total spaces changes from period to period because Silversquare is in a development phase.

Coworking spaces under development

The coworking spaces planned in Befimmo buildings are generally fitted out by Befimmo (as real-estate operator) and handed over to Silversquare as "turnkey" premises at market price. 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 2020, Silversquare has invested €5.7 million in its coworking spaces. As stated above, Befimmo (the real-estate operator) invested €0.8 million in 2020 in current turnkey projects.

€5.7 million

INVESTED IN COWORKING SPACES

PORTFOLIO OF COWORKING SPACES

SPACES	AREA	LOCATION
Silversquare Bailli	7 200 m²	Louise district, Brussels CDB
Silversquare Europe	4 600 m²	Leopold district, Brussels CDB
Silversquare Louise	3 300 m²	Louise district, Brussels CDB
Silversquare Liberté	2 200 m²	Railway station district, Luxembourg city, Grand Duchy of Luxembourg
Silversquare Stéphanie	3 800 m²	Louise district, Brussels CDB
Silversquare Delta	4 300 m²	University district, Brussels decentralised
Silversquare Zaventem	2 600 m²	Brussels periphery
Total	28 000 m²	

OCCUPANCY RATE

SPACES	NUMBER OF OCCUPIED DESKS AS AT 31.12.2020 (A)	NUMBER OF AVAILABLE DESKS AS AT 31.12.2020 (B)	OCCUPANCY RATE AS AT 31.12.2020 (A/B)
"Mature" coworking spaces[1]	244	326	75%
All coworking spaces	1 552	3 028	51%

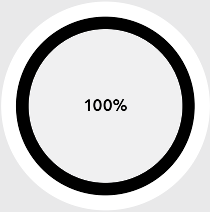
NEW OPENINGS FOR THE NEXT TWO YEARS

SPACES	SURFACE	LOCATION
Central Gate	6 100 m²	Centre, Brussels CDB
Quatuor	8 100 m²	North district, Brussels CDB
Total 2021	14 200 m²	
Flanders	5 800 m²	
Paradis Express	3 800 m²	Liège, Wallonia
Total 2022	9 600 m²	

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

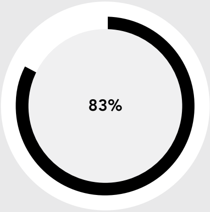
Happy members at Silversquare[1]

SERVICES

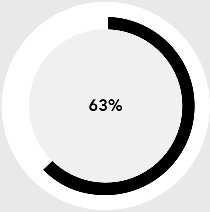


Silversquare's staff is always welcoming

SYNERGIES

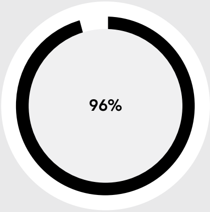


Networking events are important to me



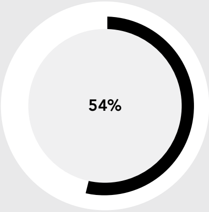
I've done business with a member I have met here

FACILITIES



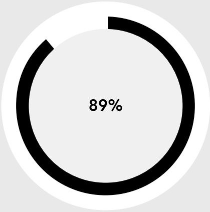
The place fills me with good vibes

WORKING HABITS



I sometimes work from another Silversquare coworking space

COMMUNITY



I feel confident to share my ideas here

Silversquare Stéphanie - Brussels Louise district

1. Vox, survey based on 2,230+ votes, 49 questions in 3 coworking spaces.

Buildings of Befimmo's consolidated portfolio[1]

	CONSTRUCTION YEAR OR YEAR OF THE LAST RENOVATION[2]	FLOOR AREA FOR LEASE IN M²	PROPORTION OF PORTFOLIO[3] IN %	RENT BILLED DURING THE FISCAL YEAR[4] € THOUSAND	OCCUPANCY RATE[5] IN %
Brussels centre					
Brederode Corner - Rue Brederode and Rue de Namur, 1000 Brussels	2020	7 355	1.6%	984	98.6%
Central Gate - Rue Ravenstein 50-70 and Cantersteen 39-55, 1000 Brussels	2012	28 519	2.8%	2 965	52.0%
Choux - Rue aux Choux 35, 1000 Brussels	1993	5 114	1.0%	1 249	100.0%
Empereur - Boulevard de l'Empereur 11, 1000 Brussels	1963	5 700	0.9%	1 130	100.0%
Gouvernement Provisoire - Rue du Gouvernement Provisoire 15, 1000 Brussels	2005	2 954	0.6%	678	100.0%
Lambermont - Rue Lambermont 2, 1000 Brussels	2000	1 788	0.3%	393	100.0%
Montesquieu - Rue des Quatre Bras 13, 1000 Brussels	2009	16 931	4.2%	5 068	100.0%
Pachéco - Boulevard Pachéco 32, 1000 Brussels	1976	5 770	0.7%	800	100.0%
Poelaert - Place Poelaert 2-4, 1000 Brussels	2001	12 557	2.4%	2 937	100.0%
		86 688	**14.5%**	**16 204**	**83.4%**
Brussels Leopold district					
Arts 28 - Avenue des Arts 28-30 and Rue du Commerce 96-112, 1000 Brussels	2005/-	16 793	3.8%	4 513	100.0%
Arts 56 - Avenue des Arts 56, 1000 Brussels	2007	22 150	4.5%	5 379	92.9%
Joseph 2 - Rue Joseph II 27, 1000 Brussels	1994	12 820	3.9%	4 669	100.0%
Science-Montoyer - Rue Montoyer 30, 1000 Brussels	2011	5 180	1.1%	1 319	100.0%
View Building - Rue de l'Industrie 26-38, 1040 Brussels	2001	11 075	1.8%	1 786	100.0%
Wiertz - Rue Wiertz 30-50, 1050 Brussels	1996	10 108	3.1%	3 702	100.0%
		78 126	**18.1%**	**21 368**	**97.8%**
Brussels North area					
World Trade Center - Tower 3 - Boulevard du Roi Albert II 30, 1000 Brussels	1983	76 810	10.8%	12 907	100.0%
		76 810	**10.8%**	**12 907**	**100.0%**
Brussels Airport					
Gateway - Brussels Airport - 1930 Zaventem	2017	34 493	6.1%	7 283	100.0%
		34 493	**6.1%**	**7 283**	**100.0%**

86,688 m²

IN BRUSSELS CENTRE

97.8%

OCCUPANCY RATE IN LEOPOLD DISTRICT

1. The fair value of every subportfolio is published on page 52 on this Report.
2. Contruction year and year of the last renovation: year of the last renovation is indicated when dealing with a major renovation (investment work on the envelope, structure and main installations of the building).
3. The proportion of portfolio is calculated on the basis of the gross current rent from lease agreements as at 31 December 2020.
4. It is the collected rent in accordance with Appendix B of the Royal Decree of 13 July 2014.
5. Estimated Rental Value (ERV) of the rented surfaces / ERV of the building.

	CONSTRUCTION YEAR OR YEAR OF THE LAST RENOVATION[1]	FLOOR AREA FOR LEASE	PROPORTION OF PORTFOLIO[2]	RENT BILLED DURING THE FISCAL YEAR[3]	OCCUPANCY RATE[4]
		IN M²	IN %	€ THOUSAND	IN %
Brussels decentralised					
Goemaere - Chaussée de Wavre 1945, 1160 Brussels	1997	6 950	0.9%	1 080	99.3%
La Plaine - Boulevard Général Jacques 263G, 1050 Brussels	1995	15 180	2.6%	3 194	100.0%
Triomphe - Avenue Arnaud Fraiteur 15-23, 1050 Brussels	2014	17 189	2.6%	2 942	98.6%
		39 319	**6.1%**	**7 216**	**99.2%**
Brussels periphery					
Fountain Plaza - Belgicastraat 1-3-5-7, 1930 Zaventem	2012	17 760	1.5%	1 816	91.7%
Ikaros Business Park (phases I to V) - Ikaroslaan, 1930 Zaventem	1990/2019[5]	45 821	3.5%	4 141	75.7%
Ocean house - Belgicastraat 17, 1930 Zaventem	2012	4 624	0.4%	472	86.1%
Planet II - Leuvensesteenweg 542, 1930 Zaventem	1988	10 277	0.6%	751	82.2%
Waterloo Office Park - Drève Richelle 161, 1410 Waterloo	1992	1 980	0.2%	264	99.7%
		80 462	**6.2%**	**7 444**	**81.9%**
Wallonia					
Ath - Place des Capucins 1	1995	4 256	0.5%	620	100.0%
Braine-l'Alleud - Rue Pierre Flamand 64	1977	2 340	0.2%	281	100.0%
Eupen - Vervierserstrasse 8	1989	2 240	0.3%	316	100.0%
Eupen - Rathausplatz	2018	7 184	0.8%	952	100.0%
La Louvière - Rue Ernest Boucqueau 15	1997	6 116	0.8%	945	100.0%
Liège - Rue Fragnée 2 - Paradis Tower	2014	37 195	5.4%	6 466	100.0%
Malmedy - Rue Joseph Werson 2	2000	2 757	0.3%	364	100.0%
Marche-en-Famenne - Avenue du Monument 25	1988	4 070	0.5%	570	100.0%
Saint-Vith - Klosterstrasse 32	1988	3 156	0.3%	399	100.0%
Seraing - Rue Haute 67	1971	2 109	0.2%	254	100.0%
		71 423	**9.3%**	**11 167**	**100.0%**

Act Of Love - Construction site Quatuor - Brussels North area

WWW.BEFIMMO.BE
ACT OF LOVE

1. Contruction year and year of the last renovation: year of the last renovation is indicated when dealing with a major renovation (investment work on the envelope, structure and main installations of the building).
2. The proportion of portfolio is calculated on the basis of the gross current rent from lease agreements as at 31 December 2020.
3. It is the collected rent in accordance with Appendix B of the Royal Decree of 13 July 2014.
4. Estimated Rental Value (ERV) of the rented surfaces / ERV of the building.
5. Ikaros Business Park - Phase II (buildings1-3, 2-4, 5-7 and 6-8).

	CONSTRUCTION YEAR OR YEAR OF THE LAST RENOVATION[1]	FLOOR AREA FOR LEASE	PROPORTION OF PORTFOLIO[2]	RENT BILLED DURING THE FISCAL YEAR[3]	OCCUPANCY RATE[4]
		IN M²	IN %	€ THOUSAND	IN %
Flanders					
Antwerpen - Amca - Italiëlei 4	1991/1992	58 413	6.5%	7 798	100.0%
Antwerpen - Meir 48	19th century/1985	17 763	3.1%	3 702	100.0%
Brugge - Boninvest 1 (Justice part)	1996	1 981	0.2%	220	100.0%
Deinze - Brielstraat 25	1988	3 251	0.4%	421	100.0%
Dendermonde - Sint-Rochusstraat 63	1987	6 453	0.8%	971	100.0%
Diest - Koning Albertstraat 12	1995	2 869	0.4%	439	100.0%
Eeklo - Raamstraat 18	1993	3 155	0.4%	433	100.0%
Halle - Zuster Bernardastraat 32	1985	7 440	1.0%	1 175	100.0%
Herentals - Belgiëlaan 29	1987	3 296	0.4%	483	100.0%
Ieper - Arsenaalstraat 4	1994	5 421	0.6%	683	100.0%
Knokke-Heist - Majoor Vandammestraat 4	1979	3 979	0.4%	468	100.0%
Kortrijk - Bloemistenstraat 23	1995	12 137	1.4%	1 704	100.0%
Leuven - Vital Decosterstraat 42-44	1993	16 718	1.8%	2 217	100.0%
Oudenaarde - Marlboroughlaan 4	1963	4 701	0.4%	538	100.0%
Roeselare - Rondekomstraat 30	1987	6 873	0.7%	854	100.0%
Sint-Niklaas - Driekoningenstraat 4	1992	6 897	0.8%	978	100.0%
Tervuren - Leuvensesteenweg 17	1980	20 408	1.2%	1 412	100.0%
Tielt - Tramstraat 48	1982	4 180	0.5%	545	100.0%
Tongeren - Verbindingsstraat 26	2002	7 710	1.0%	1 251	100.0%
Torhout - Elisabethlaan 27	1985	1 284	0.1%	171	100.0%
Vilvoorde - Groenstraat 51	1995	6 117	0.8%	960	100.0%
		201 046	**22.8%**	**27 423**	**100.0%**
Grand Duchy of Luxembourg					
Axento - Luxembourg city, Avenue JF Kennedy 44	2009	12 247	4.7%	4 531	99.0%
		12 247	**4.7%**	**4531**	**99.0%**
Properties available for lease		**680 615**	**98.7%**	**115 543**	**95.2%**

-33%

REDUCTION IN SPECIFIC CO_2E EMISSIONS BY 2030 COMPARED TO 2016

95%

OF THE PORTFOLIO COVERED BY A GREEN ELECTRICITY CONTRACT

1. Contruction year and year of the last renovation: year of the last renovation is indicated when dealing with a major renovation (investment work on the envelope, structure and main installations of the building).
2. The proportion of portfolio is calculated on the basis of the gross current rent from lease agreements as at 31 December 2020.
3. It is the collected rent in accordance with Appendix B of the Royal Decree of 13 July 2014.
4. Estimated Rental Value (ERV) of the rented surfaces / ERV of the building.

	CONSTRUCTION YEAR OR YEAR OF THE LAST RENOVATION[1]	FLOOR AREA FOR LEASE	PROPORTION OF PORTFOLIO[2]	RENT BILLED DURING THE FISCAL YEAR[3]	OCCUPANCY RATE[4]
		IN M²	IN %	€ THOUSAND	IN %
Loi 44 - Rue de la loi 44 à 1000 Bruxelles	Redevelopment project in preparation	6 290	0	730	-
Loi 52 - Rue de la loi 52 à 1000 Bruxelles	Redevelopment project in preparation	3 821	0	0	-
Paradis Express - Rue Paradis 1, 4000 Liège	Under construction	35 000	0	0	-
Quatuor - Boulevard Baudouin 30, 1000 Brussels	Under construction	60 000	0	0	-
WTC 4 - Boulevard du Roi Albert II 30, 1000 Brussels	Implementation of the permit According to commercialisation	53 500	0	0	-
ZIN - Boulevard du Roi Albert II 30, 1000 Brussels	Under construction	110 000	0	0	-
Properties that are being constructed or developed for own account in order to be leased		**268 611**	**0.6%**	**730**	-
Total investment properties		**949 226**	**99.3%**	**116 273**	-
Bilzen - Brugstraat 2	1995	1676	0	72	-
Binche - Rue de la Régence 31	1960	2480	0	0	-
Brugge - Boninvest 1 (Finance part)	1996	765	0	0	-
Diksmuide - Woumenweg 49	1979	2 207	0.3%	315	-
Haacht - Remi van de Sandelaan 1	1985	2 744	0.0%	1	-
Lokeren - Grote Kaai 20	2005	1 938	0.2%	295	-
Nieuwpoort - Juul Filliaertweg 41	1982	2 868	0.0%	1	-
Sint-Truiden - Abdijstraat 6	1984	3 932	0.0%	1	-
Tienen - Goossensvest 3	1985	6 390	0.2%	153	-
Torhout - Burg 28	1973	1 720	0.0%	1	-
Properties held for sale		**26 720**	**0.7%**	**839**	-
Total		**975 946**	**100.0%**	**117 112**	-

BUILDINGS UNDER CONSTRUCTION	BREEAM NEW CONSTRUCTION / REFURBISHMENT	
RATING	SURFACE (M²)	# BUILDINGS
Outstanding	16 000	1
Excellent	28 642	2
Not certified	156 162	5[5]
Total	**200 804**	**8**

BUILDINGS IN OPERATION	BREEAM NEW CONSTRUCTION / REFURBISHMENT		BREEAM IN USE[6]	
RATING	SURFACE (M²)	# BUILDINGS	SURFACE (M²)	# BUILDINGS
Excellent	47 889	3	-	-
Very Good	133 321	6	18 989	2
Good	7 749	3	22 139	1
Not certified	579 020	95	726 851	104[7]
Total	**767 979**	**107**	**767 979**	107

1. Contruction year and year of the last renovation: year of the last renovation is indicated when dealing with a major renovation (investment work on the envelope, structure and main installations of the building).
2. The proportion of portfolio is calculated on the basis of the gross current rent from lease agreements as at 31 December 2020.
3. It is the collected rent in accordance with Appendix B of the Royal Decree of 13 July 2014.
4. Estimated Rental Value (ERV) of the rented surfaces / ERV of the building.
5. The projects concerned are indeed subject to certification, but are not yet at a sufficiently advanced stage to have a valid certification.
6. Two certificates expired in 2020. One concerns a building that has been sold while the second one is being renewed.
7. Among these buildings, a large part has been certified BREEAM In Use in 2010 and 2011, but those certificats no longer valid.

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 2020.

Context

In accordance with Chapter III, Section F of the law of 12th of May 2014 on B-REITs, Befimmo has instructed an independent valuer to provide an opinion of value for its portfolio as at 31st December 2020. 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 2020, the cumulative fair value of the right-of-use asset amounts to €45,169,841. The fair value of the right of use of land amounts to €2,085,858.

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 B-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.

OFFICES	**FAIR VALUE IN € MILLION**	**%**
Properties available for lease	2 175.1	80.1%
Brussels CBD and similar	1 191.9	43.9%
Brussels decentralised	82.2	3.0%
Brussels periphery	92.5	3.4%
Wallonia	233.0	8.6%
Flanders	428.3	15.8%
Luxembourg city	147.1	5.4%
Properties that are being constructed or developed for own account in order to be leased	517.3	19.1%
Properties held for sale	21.6	0.8%
Total buildings	**2 714.0**	**100.0%**
Right of use of leased offices (IFRS 16)[1]	45.2	
Right of use of land (IFRS 16)[1]	2.1	
Total of investment property	**47.3**	
Total	2 761.2	

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

In the light of all comments mentioned above, we confirm that the investment value of the consolidated Befimmo property portfolio as at 31st December 2020 amounts to a total of

€2,782,822,000 (two billion seven hundred eighty two million eight hundred twenty two 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 2020 amounts to a total of

€2,713,973,634 (two billion seven hundred thirteen million nine hundred seventy three thousand six hundred thirty four 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 5.34%. Should the vacant accommodation be fully let at estimated rental value, the initial yield is 5.58% for the same portfolio.

The occupation rate of the portfolio with properties available for lease is 95.19%.

Yours sincerely,

Brussels, 8th February 2021

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

LUNCH TIME


ZIN - Brussels North area

Financial report

Key figures

KEY FIGURES

CONSOLIDATED	31.12.2020	31.12.2019
Number of shares issued	28 445 971	28 445 971
Number of shares not held by the group	27 040 351	27 052 443
Average number of shares not held by the group during the period	27 048 907	25 676 219
Shareholders' equity attributable to shareholders (in € million)	1 591.4	1 603.9
Net asset value (in € per share)	58.85	59.29
EPRA NRV (in € per share)	63.48	63.38
EPRA NTA (in € per share)	60.10	59.85
EPRA NDV (in € per share)	57.19	57.66
Net result (in € per share)	2.13	6.95
EPRA earnings (in € per share)	2.81	3.29
Average (annualised) financing cost[1] (in %)	2.0%	2.0%
Weighted average duration of the debt (in years)	4.9	4.4
Debt ratio as per the Royal Decree (in %)	40.8%	42.7%
Loan-to-value[2] (in %)	36.8%	39.0%
Return on shareholders' equity[3] (in € per share)	2.1	6.5
Return on shareholders' equity[3] (in %)	3.6%	11.6%

REAL-ESTATE OPERATOR BUSINESS ACTIVITY	ACTIVITY	31.12.2019
Net result (in € per share)	2.16	7.03
EPRA earnings (in € per share)	2.88	3.26
EPRA Like-for-Like Net Rental Growth[4] (in %)	-0.2%	4.7%

1. Including margin and hedging costs.
2. Loan-to-value (LTV) = [(nominal financial debts – cash)/fair value of portfolio]. This is an Alternative Performance Measure.
3. 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.
4. Trend of the rental income minus property charges at constant perimeter, calculated on the basis of the "EPRA Best Practices Recommendations".

Consolidated net asset value and balance sheet

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 2019 (group share)	**59.29**	**1 603.9**	**27 052 443**
Final dividend of the 2019 fiscal year		-23.3	
Other elements of comprehensive income - actuarial gains and losses on pension obligations		-1.8	
Valuation of the put option held by minority shareholders, net of profit attributable to non-controlling interests		0.7	
Interim dividend of the 2020 fiscal year		-45.4	
Liquidity contract - reserve for treasury shares		-0.4	
Result on liquidity contract		0.1	
Net result (group share) as at 31 December 2020		57.7	
Net asset value as at 31 December 2020 (group share)	**58.85**	**1 591.4**	**27 040 351**

EPRA NRV, NTA and NDV

In October 2019, EPRA published new Best Practice Recommendations for financial disclosures by listed real-estate companies. As from 2020 onwards, EPRA NAV and EPRA NNNAV are replaced by three new Net Asset Valuation metrics: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV).

The EPRA NAV metrics make adjustments to the IFRS NAV in order to provide stakeholders with the most relevant information on the fair value of the assets and liabilities. The three different EPRA NAV metrics are calculated based on the following rationales:

- EPRA NRV: assumes that entities never sell assets and aims to represent the value required to rebuild the entity.
- EPRA NTA: assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
- EPRA NDV: represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

The full EPRA bridge, comparing current and former EPRA NAV measures, can be found in on page 82.

EPRA NRV, NTA AND NDV

IN € PER SHARE	31.12.2020	31.12.2019
EPRA NRV	63.48	63.38
EPRA NTA	60.10	59.85
EPRA NDV	57.19	57.66

Comments on the condensed consolided balance sheet

As at 31 December 2020, 97.0% 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 (€18.1 million), hedging instruments (€7.9 million) and trade receivables (€28.4 million).

Shareholders' equity accounts for 55.9% of sources of finance.

Non-current financial debts comprise €219.7 million in bank debt, €416.9 million in a number of European private placements and €44.7 million in IFRS 16 financial debts.

Current financial debts comprise mainly in short-term commercial paper (for €353.0 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 (€63.0 million), trade and other payables (€93.1 million; suppliers, received advance payments and withholding tax and taxes) and accrued charges and deferred income (principally €37.8 million in property income received in advance).

CONDENSED CONSOLIDATED BALANCE SHEET

IN € MILLION	31.12.2020	31.12.2019
Investment and held for sale properties	2 761.2	2 814.8
Other assets	85.3	97.4
Total assets	**2 846.5**	**2 912.3**
Shareholders' equity	1 591.4	1 603.9
Financial debts	1 053.3	1 134.7
non current	684.6	637.6
current[1]	368.7	497.2
Other debts	201.8	173.6
Total equity & liabilities	**2 846.5**	**2 912.3**
LTV	**36.8%**	**39.0%**

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.

Financial results

Events changing the perimeter

The perimeter of the real-estate business changed during fiscal year 2020 owing mainly to the disposals (Blue Tower, Media, Froissart, Guimard, Schuman 3 and Schuman 11 buildings) and acquisition (Loi 52 building).

Due to the placement of shares realised in December 2019, the average number of shares not held by the group during the period rose from 25,676,219 at the end of 2019 to 27,048,907 at the end of 2020. The total number of shares not held by the group slightly decreased from 27,052,443 to 27,040,351 which is related to the shares bought in the framework of the liquidity program.

CONDENSED INCOME STATEMENT OF THE REAL-ESTATE OPERATOR ACTIVITY

IN € THOUSAND	**31.12.2020**	**31.12.2019**
Net rental result	130 782	134 786
Net rental result excluding spreading	*128 941*	*133 604*
Spreading of gratuities/concessions	*1 841*	*1 182*
Net property charges[1]	-15 208	-14 347
Property operating result	**115 574**	**120 440**
Corporate overheads	-15 746	-14 559
Other operating income & charges	-1 841	-1 177
Operating result before result on portfolio	**97 987**	**104 703**
Operating margin[1]	*74.9%*	*77.7%*
Gains or losses on disposals of investment properties	306	12 961
Net property result[1]	**98 293**	**117 664**
Financial result (excl. changes in fair value of financial assets and liabilities)[1]	-19 472	-22 801
Corporate taxes	-689	-741
Deferred taxes	-390	-472
Net result before changes in fair value of investment properties and financial assets and liabilities and share in the profit or loss of investments[1]	**77 742**	**93 650**
Changes in fair value of investment properties	759	109 882
Changes in fair value of financial assets and liabilities	-17 682	-22 921
Share in the profit or loss of investments booked using the equity method	-2 373	-
Changes in fair value of investment properties & financial assets and liabilities and share in the profit or loss of investments	**-19 296**	**86 961**
Net result	58 446	180 611
EPRA earnings	77 826	83 605
Net result (in € per share)	**2.16**	**7.03**
EPRA earnings (in € per share)	**2.88**	**3.26**

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

Comments on the results

Analysis of the results of real-estate operator activity

The **like-for-like net rental result** is down 1.7% compared with last year. This evolution is mainly due to the COVID impact of €1.1 million of which the major part is related to rent free periods granted to customers of the retail sector. The decrease in the rent of the Poelaert building linked to the extension of the lease is also contributing. In addition, part of the Central Gate building was vacated in 2020: renovation works on the floors concerned are under way and part of this space is already pre-let.

The **net rental result** decreased by 3.0% in relation to the same period last year. This is mainly explained by the effect of the loss of income linked to the disposals in 2020 (mainly Blue Tower) and the full-year impact of the disposal of the Pavilion building in 2019. Perceived compensations related to the anticipated end of leases have been higher in 2020 than in 2019.

Net property charges are up by €0.9 million. This rise is mainly explained by an increase in agency commissions related to leases agreed during the year and some COVID-related sanitary measures, with other recurring costs remaining stable over the two comparable periods. It is to be noted that Befimmo has benefited from non-recurrent income in 2019 as well as in 2020.

EPRA like-for-like net rental growth was -0.2% as at 31 December 2020.

Overheads amounted to €15.7 million as against €14.6 million in 2019. This change is explained mainly by the expansion of teams and support missions for the transformation, innovation and digitisation of the businesses.

The **Operating result before result on portfolio** was €98.0 million at the end of December (-6.4%).

The **Net property result** was €98.3 million, compared with €117.7 million last year when a realised capital gain of €13 million was recorded on the sale of the Pavilion building.

The **Financial result** (excluding changes in the fair value of the financial assets and liabilities) was -€19.5 million. The decrease in financial charges is mainly related to the one-off charge booked in 2019 (€2.7 million) related to the termination of a fixed-rate sales of receivables on the Pavilion building, which was sold in May 2019. The stability of the average financing cost (at 2.0%) reflects amongst other things the extension of the liquidity management target to 21 months.

The **Net result** was €58.4 million. This year, the fair value of the investments properties remained stable (compared with last year's significant increase of €110 million or 4.0%). The disposals in 2020 were realised at or close to their fair value while last year, the capital gain realised on the sale of the Pavilion building amounted to €10.0 million. The negative change in fair value of the financial assets and liabilities (-€20.8 million), reflecting the continuing decrease in interest rates, is slightly lower than last year (-€22.9 million).

EPRA earnings were €77.8 million as against €83.6 million last year. Due to the placement of shares realised in December 2019, the average number of shares not held by the group during the period rose from 25,676,219 at the end of 2019 to 27,048,907 at the end of 2020. EPRA earnings per share stood at €2.88 at the end of 2020 in relation to €3.26 at the end of 2019.

The **net result per share** amounted to €2.16.

Note on the results for the coworking business

The turnover of the coworking business amounted to €8.0 million over the fiscal year. During the development phase, the coworking business has a negative contribution of -€0.06 per share (in 2020) to the consolidated EPRA earnings[1].

Note on the consolidated results

Consolidated net rental result was €137.7 million, slightly down on last year. The net result (group share) was €57.7 million, down €120.7 million compared with 31 December 2019, mainly on account of the positive change in the fair value of the investment properties recorded last year. EPRA earnings per share were €2.81 per share as against €3.29 at 31 December 2019.

€2.81

CONSOLIDATED EPRA EARNINGS PER SHARE (GROUP SHARE)

1. Eliminating the effect of the application of IFRS 16 on leases signed by Silversquare with third party owners, contribution to consolidated EPRA earnings (group share) would be - €0.09 per share.

Financial structure and hedging policy

The Company arranges 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 €1,461 million (71.4% of which were bank loans), €1,002 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;
- 96.6% of total borrowings at fixed rates (including IRS);
- An average (annualised) financing cost (including hedging margin and costs) of 2.0%, stable in comparison with 2019;
- A weighted average duration of debt of 4.9 years (as against 4.4 years as at 31 December 2019);
- A debt ratio of 40.8%[1] (compared with 42.7% as at 31 December 2019);
- An LTV ratio of 36.8%[2] (compared with 39.0% as at 31 December 2019);
- A hedge ratio[3] of 98.6% (compared with 102.3% as at 31 December 2019).

Financing arranged during the fiscal year

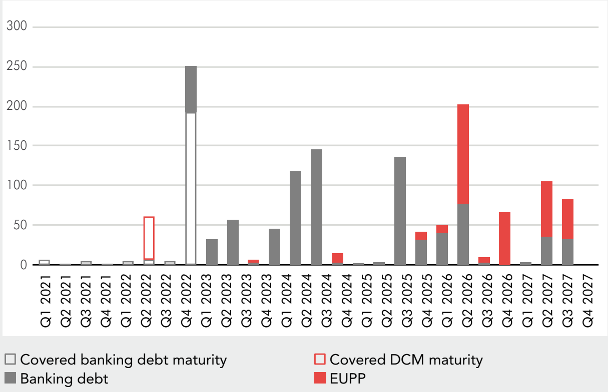
- A six year extension of a €75 million bilateral facility;
- A renewal of a €100 million bilateral facility with a maximum maturity of five years, two years at start with three options to extend one year, of which one was already exercised;
- A new €100 million bilateral facility with a maturity of four years;
- A six year extension of a €35 million bilateral facility;
- A nominal increase from €40 million to €80 million of a bilateral facility;
- An extension of a €60 million tranche of a bilateral facility, with €30 million extended until August 2025 and the remainder until August 2027;
- A €10 million private placement with a maturity of 15 years.

On this basis, and all other things being equal, the Company has covered its financing needs until 30 September 2022.

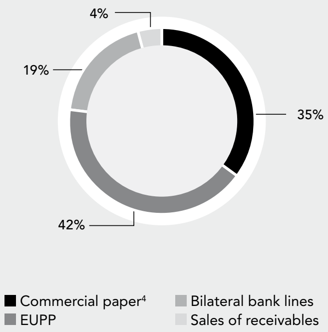
On 1 July 2020, the Standard & Poor's rating agency confirmed the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.

To reduce its financing costs, Befimmo has a commercial paper programme of a maximum amount of €600 million, €353 million of which was in use as at 31 December 2020 for short-term issues (stable in comparison with last year) and €111.25 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.

MATURITIES OF COMMITMENTS BY QUARTER (IN € MILLION)



DEBT DISTRIBUTION



A MAXIMUM LTV RATIO OF AROUND 45%, BEING MAINLY ACTIVE IN THE BRUSSELS OFFICE MARKET THAT IS FUNDAMENTALLY QUITE STABLE.

A HEDGING POLICY TO MITIGATE THE EFFECT OF A CHANGE IN INTEREST RATES ON THE RESULT AND EPRA EARNINGS.

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. The 2019 hedge 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. With confirmed bank lines in excess of one year as a back-up.

Hedging the interest rate

Befimmo holds a portfolio of instruments to hedge the interest-rate risk, consisting of IRS, CAPs and COLLARs[1].

In 2019 Befimmo extended the maximum duration of its hedging policy, with maturities of up to 20 years.

Operations carried out:

- Arrangement of two new payer IRS for €25 million each, with maturities of 18 years
- Arrangement of two new payer IRS with a total notional amount of €50 million and maturities of 18 years, with start dates in 2022
- Restructuring of a €25 million payer IRS to extend the maturity from 8 years to 12 years
- Restructuring of a payer IRS of €25 million with a forward start date in 2025 to extend the maturity from 2028 to 2031
- Restructuring of a payer IRS of €30 million to extend the maturity from 2028 to 2040
- Following the asset rotation realised end of 2020 four IRS were restructured for a total of €125 million covering 2021 and part of 2022.

The package of instruments in place gives the Company a hedging ratio of 98.6%[2] as at 31 December 2020. The hedge ratio remains above 70% until the fourth quarter of 2022 and above 50% until the fourth quarter of 2025 inclusive.

Silversquare Zaventem - Brussels periphery

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

ANNUAL AVERAGE		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	> 2040
CAP	Notional (€ million €)	20	0	0	0	0	0	0	0	0	0	0	0	> 0
	Average rate[3] (in %)	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	> 0.0%
FLOOR	Notional (€ million)	20	0	0	0	0	0	0	0	0	0	0	0	> 0
	Average rate[3] (in %)	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	> 0.0%
Fixed-rating financing (incl. IRS)	Notional (€ million)	973	1 064	1 035	968	891	751	555	328	240	215	190	167	> 15
	Average rate[3] (in %)	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%	0.8%	0.7%	0.6%	0.6%	0.6%	0.6%	> 0.5%

1. 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).
2. Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAPs)/total borrowings.
3. Average fixed rate excluding credit margin, including swap options (SWAPTIONS) considered at the cap rate.

Silversquare Europe - Brussels Leopold district

Appropriation of results (statutory accounts)

The net result for the fiscal year is €57,779,488.68[1].

Taking account of the result carried forward at 31 December 2019 of €199,751,893.8, the net result for the fiscal year, the restatement, on 1 January 2020, due to the change in accounting method for the valuation of subsidiaries, the result generated on the own share liquidity program, the write-off of reserve c. "Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties" and the appropriation to the reserves following the disposal of buildings during the year, the result to be appropriated is €302,766,554.3[1].

The result for the fiscal year relates to 27,040,351 shares. The slight decrease in the number of shares, compares to the previous fiscal year, is the result of a transaction buyback of treasury shares in the context of a liquidity contract that came into force end 2020 (-12,092 shares).

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 2020 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 €2.25 gross per share. This dividend would consist of an interim dividend of €45,439,988.16, or €1.6800 net per existing share, declared on 26 October 2020, and a final dividend of €15,413,000.07[2], or €0.5700[3] net per share, payable by detaching coupon No 41;
3. carry forward the balance again, i.e. the sum of €243,067,290.8.

The proposed dividend for fiscal year 2020 (including the interim dividend declared on 26 October 2020 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 2020 is 80%, compared to 106.1% in 2019).

1. The Financial Services and Markets Authority published in May 2020 recommendations related to the distribution result's obligation, the appropriation of the result and the distribution result's limitation. Consequently, the accounting method for the valuation of subsidiaries and the use of the reserve "Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties" have been reviewed. Moreover, due to these recommendations, the appropriation of the statutory reserves related to the buildings that have been sold during the year has to be performed for closing the annual account on 31 December 2020. Extra explanations on the impact generated by the implementation of these recommendations has been described in the financial statements of this annual report under the section "Note on statutory shareholders' equity". Amount subject to the approval of the Ordinary General Meeting of 27 April 2021
2. This maximum amount is calculated on 27,052,443 shares, excluding the treasury shares held by the Group and including the shares under the ongoing liquidity program.
3. Amount subject to the approval of the Ordinary General Meeting of 27 April 2021.

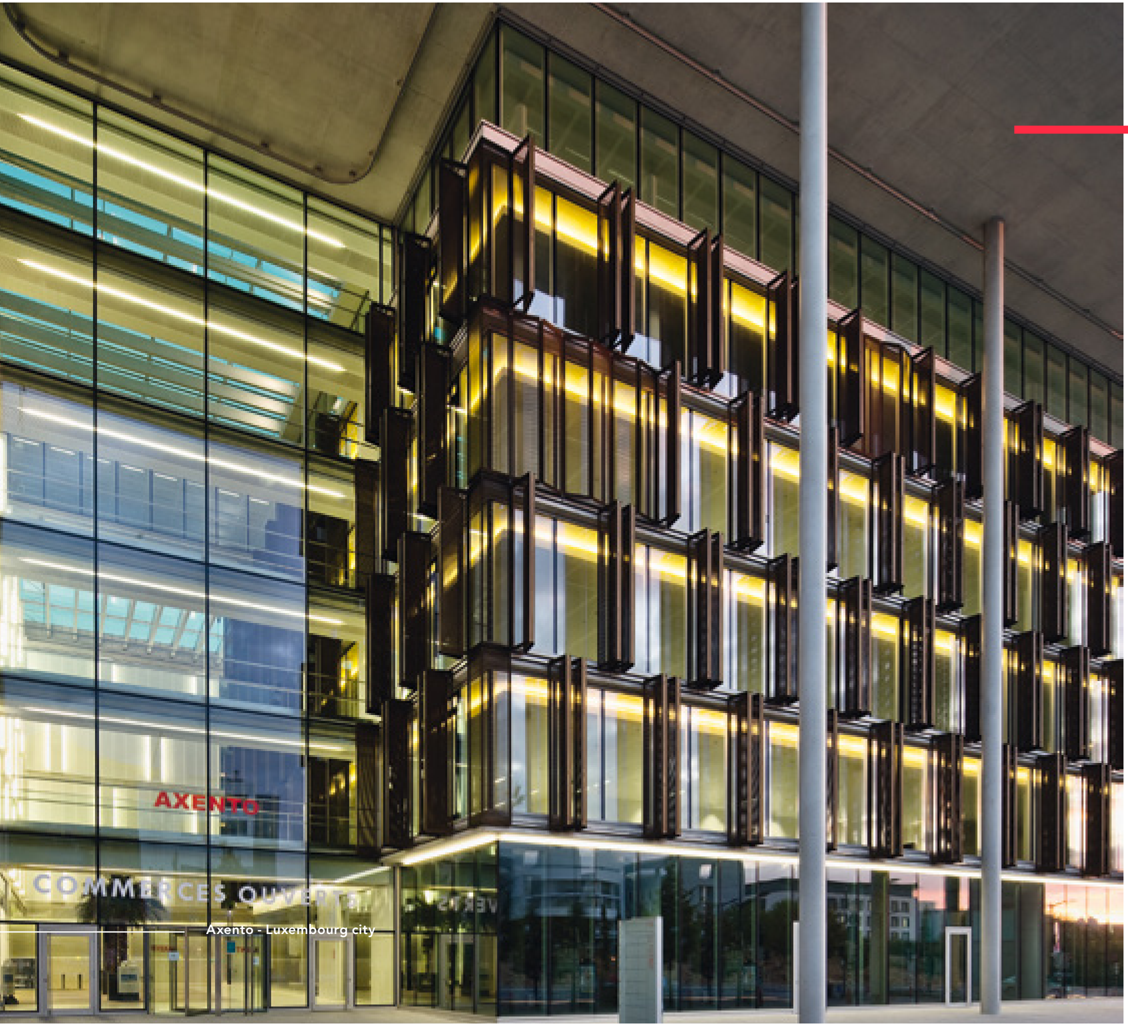
RESULT TO BE APPROPRIATED, PROPOSED APPROPRIATIONS AND WITHDRAWALS

IN €	
A. Net result	**57 779 488.7**
B. Transfer to/from reserves (±)	**3 073 499.6**
I. Transfer to / from reserve of balance (positive or negative) of changes in fair value of properties (±)	-15 893 040.5
- Accounting year	-15 893 040.5
- Previous fiscal years	
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 (±)	14 405 304.7
- Accounting year	14 405 304.7
- Previous fiscal years	
Transfer to/from the reserve for the balance of the share in the profit or loss and other comprehensive income of investments booked using the equity method	2 372 991.4
Transfer to/from the reserve for actuarial gains and losses for the defined benefit pension plan	268 469.2
XI. Transfer to/from result brought forward from previous fiscal years (±)	1 919 774.8
C. Remuneration of capital	**-60 852 988.2**
- Interim dividend for the fiscal year paid out in December 2020	-45 439 988.2
- Final dividend for the fiscal year (payable after the Ordinary General Meeting of 27 April 2021)[1]	-15 413 000.1
D. Remuneration of capital apart from C	**0.0**

EXPLANATORY TABLE OF THE STATUTORY RESULT OF THE 2020 FISCAL YEAR[2]

IN €	
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	-23 265 101.0
Result to bring forward as at 31 December 2019	**199 751 893.8**
Result for the 2020 fiscal year	57 779 488.7
Restatement as at 1 January 2020 following the recognition of shareholdings using the equity method with look through	-2 477 347.1
Impact of the result from the liquidity program on own shares	57 187.0
Cancellation of reserve c) (FSMA recommendations)	-42 532 304.4
Transfer of reserves following the disposal of buildings - investment properties (FSMA recommendations)	90 187 636.3
Result to be appropriated as at 31 December 2020	**302 766 554.3**
Interim dividend for the 2020 fiscal year	-45 439 988.2
Impact of appropriation to reserves other than “(n) Result brought forward from previous years” (Royal Decree of 13 July 2014)	1 153 724.7
Final dividend proposed for the 2020 fiscal year[3]	-15 413 000.1
Résultat à reporter au 31 décembre 2020	**243 067 290.8**

1. Amount subject to the approval of the Ordinary General Meeting of 27 April 2021.
2. Please see the note of the statutory shareholders’ equity of the financial statements.
3. Amount subject to the approval of the Ordinary General Meeting of 27 April 2021.



Axento - Luxembourg city

EPRA Best Practices

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 IN ITS REPORT "BEST PRACTICES RECOMMENDATIONS ON SUSTAINABILITY REPORTING".

FOR MORE INFORMATION CONSULT THE SUSTAINABILITY REPORT AVAILABLE AS OF 9 APRIL 2021 ON THE BEFIMMO WEBSITE.

Performance indicators - definition & use

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 NRV (Net Reinstatement Value)	Assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.
EPRA NTA (Net Tangible Assets)	Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.
EPRA NDV (Net Disposal Value)	Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.	Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a "liquidation NAV" because, in many cases, fair values do not represent liquidation values.
(i) EPRA Net Initial Yield (NIY)	Annualised rental income[2] 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)[4].

1. Source: EPRA Best Practices (www.epra.com).
2. 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.
3. According to the BE-REIT legislation, the buildings of the portfolio of Befimmo are booked at their fair value.
4. Because the EPRA doesn't publish the use of the EPRA Like-for-Like, Befimmo wrote it.

Key performance indicators

KEY FIGURES

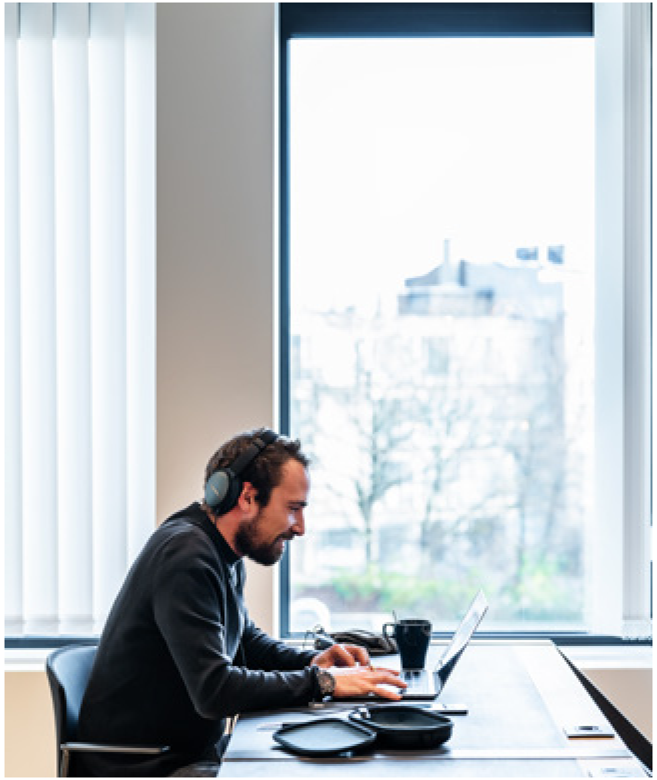
EPRA INDICATORS - CONSOLIDATED		31.12.2020	31.12.2019
EPRA earnings	in € thousand in €/share	76 097 2.81	84 377 3.29
EPRA NRV	in € thousand in €/share	1 716 486 63.48	1 714 665 63.38
EPRA NTA	in € thousand in €/share	1 625 138 60.10	1 618 960 59.85
EPRA NDV	in € thousand in €/share	1 546 515 57.19	1 559 975 57.66

EPRA INDICATORS - REAL-ESTATE OPERATOR BUSINESS		31.12.2020	31.12.2019
EPRA earnings	in € thousand in €/share	77 826 2.88	83 605 3.26
EPRA Net Initial Yield (NIY)	in %	5.0%	4.9%
EPRA Topped-up NIY	in %	5.2%	5.1%
EPRA Vacancy rate	in %	2.9%	4.1%
EPRA Cost ratio[1]	Incl. vacancy costs Excl. vacancy costs	23.7% 22.2%	21.7% 20.0%
EPRA Like-for-Like	in %	-0.2%	4.7%

Tables of the EPRA indicators - consolidated

TABLE 1 – EPRA EARNINGS

IN € THOUSAND		31.12.2020	31.12.2019
Net result IFRS (group share)		**57 709**	**178 463**
Net result IFRS (in € per share) (group share)		**2.13**	**6.95**
Adjustments to calculate EPRA earnings		18 389	-94 086
To exclude:			
I.	Changes in fair value of investment properties and properties held for sale	237	-109 392
II.	Result on disposals of investment properties	-306	-12 961
V.	Negative goodwill/goodwill impairment	700	-
VI.	Changes in fair value of financial assets and liabilities and close-out costs	17 683	27 983
VIII.	Deffered tax in respect of EPRA adjustments	390	472
X.	Adjustments in respect of minority interests	-315	-189
EPRA earnings (group share)		**76 097**	**84 377**
EPRA earnings (in € per share) (group share)		**2.81**	**3.29**



Silversquare Bailli - Brussels Louise district

1. For more information, please consult the "Financial report" chapter of this Report and also the explanation on the evolution of the revenus and net property charges.

TABLE 2 – EPRA NRV, NTA AND NDV

	2020					2019 - PROFORMA				
	NEW METRICS			OLD METRICS		NEW METRICS			OLD METRICS	
	EPRA NRV (NET REINSTATEMENT VALUE)	EPRA NTA (NET TANGIBLES ASSETS)	EPRA NDV (NET DISPOSAL VALUE)	EPRA NAV (NET ASSET VALUE)	EPRA NNNAV (TRIPLE NET ASSET VALUE)	EPRA NRV (NET REINSTATEMENT VALUE)	EPRA NTA (NET TANGIBLES ASSETS)	EPRA NDV (NET DISPOSAL VALUE)	EPRA NAV (NET ASSET VALUE)	EPRA NNNAV (TRIPLE NET ASSET VALUE)
IFRS Equity attributable to shareholders	**1 591 404**	**1 591 404**	**1 591 404**	**1 591 404**	**1 591 404**	**1 603 872**	**1 603 872**	**1 603 872**	**1 603 872**	**1 603 872**
To include:										
Revaluation of tenant leases held as finance leases	104	104	104	104	104	115	115	115	115	115
Diluted NAV at fair value	**1 591 508**	**1 591 508**	**1 591 508**			**1 603 987**	**1 603 987**	**1 603 987**		
To exclude:										
Fair value of financial instruments	55 049	55 049		55 049		39 984	39 984		39 984	
Deferred tax in relation to fair value gains of investment property	1 081	540		1 081	1 081	691	345		691	691
Goodwill as per IFRS balance sheet		-18 145	-18 145				-23 629	-23 629		
Intangibles as per IFRS balance sheet		-3 815					-1 729			
To include:										
Fair value of fixed interest rate debt[1]			-26 848		-26 848			-20 383		-20 383
Deferred tax in relation to fair value gains of investment property					-1 081					- 691
Real-estate transfer tax	68 848	0				70 003	0			
NAV	1 716 486	1 625 138	1 546 515	1 647 637	1 564 660	1 714 665	1 618 960	1 559 975	1 644 662	1 583 604
NAV (€/share)	63.48	60.10	57.19	60.93	57.86	63.38	59.85	57.66	60.80	58.54

1. Excluding IFRS 16.

EPRA indicators table - real-estate operator business

TABLE 1 - EPRA EARNINGS

IN € THOUSAND	31.12.2020	31.12.2019
Net result IFRS	**58 446**	**180 611**
Net result IFRS (in € per share)	**2.16**	**7.03**
Adjustments to calculate EPRA earnings	19 381	-97 006
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	-759	-109 882
Changes in the share in the profit or loss of investments accounted for using the equity method	2 373	-
II. Result on disposals of investment properties	-306	-12 961
VI. Changes in fair value of financial assets and liabilities and close-out costs	17 683	25 365
VIII. Deferred tax in respect of EPRA adjustments	390	472
EPRA earnings	**77 826**	**83 605**
EPRA earnings (in € per share)	**2.88**	**3.26**

TABLE 2 - EPRA VACANCY RATE

IN € THOUSAND	31.12.2020	31.12.2019
Estimated rental value (ERV) on vacant space (A)	3 203	5 166
Estimated rental value (ERV) (B)	111 322	124 846
EPRA Vacancy rate of properties available for lease (A)/(B)	**2.9%**	**4.1%**

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

IN € THOUSAND	31.12.2020	31.12.2019
Investment properties and properties held for sale	2 713 974	2 788 591
To exclude:		
Properties that are being constructed or developed for own account in order to be leased	-517 289	-394 130
Properties held for sale	-21 581	-
Properties available for lease	2 175 104	2 394 461
To include:		
Allowance for estimated purchasers' cost	54 957	60 089
Investment value of properties available for lease (B)	**2 230 061**	**2 454 550**
Annualised cash passing rental income	114 032	128 033
To exclude:		
Property charges[1]	-2 799	-6 915
Annualised net rents (A)	**111 234**	**121 118**
To include:		
Notional rent expiration of rent free periods or other lease incentives	4 896	3 383
Future rent on signed contracts[2]	0	-
Topped-up annualised net rents (C)	**116 130**	**124 501[2]**
EPRA Net Initial Yield (A/B)	**5.0%**	**4.9%**
EPRA Topped-up Net Initial Yield (C/B)	**5.2%**	**5.1%[2]**

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.

TABLE 4 - EPRA COST RATIO

IN € THOUSAND	31.12.2020	31.12.2019
Net administrative and operating expenses in the income statement	**-30 924**	**-29 318**
III. (+/-) Rental charges	30	-417
Net property charges	-15 208	-14 347
XIV. (-) Corporate overheads	-15 746	-14 559
XV. (+/-) Other operating income and charges	-1 841	-1 177
Exclude:		
i. Impact of the spreading of gratuities	1 841	1 182
EPRA costs (including direct vacancy costs) (A)	**-30 924**	**-29 318**
XI. (-) Charges and taxes on unlet properties	1 867	2 268
EPRA costs (excluding direct vacancy costs) (B)	**-29 058**	**-27 050**
I. (+) Rental income	130 753	135 203
Gross rental income (C)	**130 753**	**135 203**
EPRA cost ratio (including direct vacancy costs) (A/C)	23.7%	21.7%
EPRA cost ratio (excluding direct vacancy costs) (B/C)	22.2%	20.0%

Silversquare Bailli - Brussels Louise district

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

SEGMENT	31.12.2020						31.12.2019						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	54 394	726	5 380		307	60 807	58 208	32	8 627		1 885	68 752	-6.6%
Brussels decentralised	6 176					6 176	4 119					4 119	49.9%
Brussels periphery	6 021		1 958			7 978	5 228		2 077			7 305	15.2%
Wallonia	10 628				-225	10 403	10 342			-1	-508	9 833	2.8%
Flanders	26 639			618		27 256	25 961		-2	3 262		29 221	2.6%
Luxembourg city	4 655					4 655	4 853					4 853	-4.1%
Total	108 513	726	7 337	618	82	117 276	108 710	32	10 702	3 261	1 377	124 082	-0.2%
Reconciliation to the consolidated IFRS income statement													
Net rental income related to:													
- Properties booked as financial leases (IFRS 16)						-9						-12	
- Non recurring element						6 718						3 962	
Other property charges						**-8 411**						**-7 592**	
Property operating result in the consolidated IFRS income statement						**115 574**						**120 440**	

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 SPACE[1]	GROSS CURRENT RENT FROM LEASE AGREEMENTS	ESTIMATED RENTAL VALUE (ERV) ON VACANT SPACE	ESTIMATED RENTAL VALUE (ERV)	VACANCY RATE 31.12.2020	VACANCY RATE 31.12.2019
	IN € THOUSAND	IN € THOUSAND	IN M²	IN € THOUSAND	IN € THOUSAND	IN € THOUSAND	IN %	IN %
Brussels CBD and similar	59 852	58 155	276 117	59 707	1 390	54 291	2.6	5.6
Brussels decentralised	6 705	6 176	39 319	7 383	54	7 072	0.8	0.8
Brussels periphery	7 519	7 235	80 462	7 496	1 703	9 570	17.8	12.2
Wallonia	11 118	10 403	71 423	11 254	0	10 178	0.0	0.0
Flanders	27 434	26 970	201 046	27 550	0	24 567	0.0	0.2
Luxembourg city	4 854	4 783	12 247	5 697	56	5 644	1.0	1.2
Properties available for lease	117 483	113 722	680 614	119 087	3 203	111 322	2.9	4.1
Reconciliation to the consolidated IFRS income statement								
Rental income related to:								
- Properties booked as financial leases (IFRS 16)		-9						
- Properties that are being constructed or developed for own account in order to be leased	-220	888						
- Assets held for sale	4 799	4 360						
- Investment properties sold during the last 12 months	8 718	7 269						
- Other property charges		**-10 656[1]**						
Total	130 782[2]	115 574[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 31.12.2020	FAIR VALUE 31.12.2019	CHANGES IN FAIR VALUE 31.12.2020[1]	CHANGES IN FAIR VALUE 31.12.2019[1]	CHANGES IN FAIR VALUE 31.12.2020	CHANGES IN FAIR VALUE 31.12.2019	EPRA NET INITIAL YIELD 31.12.2020	EPRA NET INITIAL YIELD 31.12.2019	WEIGHTED AVERAGE DURATION UP TO NEXT BREAK 31.12.2020	WEIGHTED AVERAGE DURATION UP TO NEXT BREAK 31.12.2019	WEIGHTED AVERAGE DURATION UP TO FINAL EXPIRY 31.12.2020	WEIGHTED AVERAGE DURATION UP TO FINAL EXPIRY 31.12.2019
	IN € THOUSAND	IN € THOUSAND	IN € THOUSAND	IN € THOUSAND	IN %	IN %	IN %	IN %	IN YEARS	IN YEARS	IN YEARS	IN YEARS
Brussels centre (CBD)	1 191 864	1 346 098	7 078	13 182	0.5	1.0	4.54%	4.69%	7.3	6.9	7.7	7.4
Brussels decentralised	82 234	83 180	-3 736	2 987	-4.3	3.7	7.56%	4.59%	2.8	3.8	3.9	4.5
Brussels periphery	92 537	121 093	-2 588	-2 801	-2.1	-2.2	7.05%	5.79%	2.6	2.9	5.0	5.4
Wallonia	233 046	230 613	2 179	7 301	0.9	3.3	4.50%	4.43%	15.7	16.5	15.7	16.5
Flanders	428 340	474 911	-18 690	2 053	-3.9	0.4	6.11%	6.03%	6.4	7.0	6.4	7.1
Luxembourg city	147 083	138 566	8 502	16 047	6.1	13.1	3.42%	3.86%	4.8	3.6	6.7	6.7
Total properties available for lease	**2 175 104**	**2 394 461**	**-7 254**	**38 769**	**-0.3**	**1.6**	**4.99%**	**4.93%**	**7.2**	**7.1**	**7.7**	**7.8**
Reconciliation to the consolidated IFRS balance sheet												
Properties that are being constructed or developed for own account in order to be leased	517 289	394 130	16 633	71 426	3.1	22.1						
Investment properties in the consolidated IFRS balance sheet	**2 692 393**	**2 788 591**	**9 378**	**110 195**	**0.3**	**4.1**						

1. Excluding acquisitions, investments and disinvestments.

TABLE 8 – INVESTMENT PROPERTIES – LEASE DATA

SEGMENT	AVERAGE DURATION OF LEASES AS AT 31.12.2020 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 2021	IN 2022	IN 2023-2025	AS FROM 2026	IN 2021	IN 2022	IN 2023-2025	AS FROM 2026
Brussels CBD and similar	7.7	6 785	548	3 531	48 676	4 492	580	2 989	42 776
Brussels decentralised	3.9	3 507	0	1 135	2 675	2 938	0	1 219	2 601
Brussels periphery	5.0	819	766	1 960	3 807	770	632	2 090	3 941
Wallonia	15.7	575	0	2 577	8 103	440	0	2 058	7 681
Flanders	6.4	3 309	3	6 456	17 036	2 989	0	5 735	15 694
Luxembourg city	6.7	322	46	300	5 029	301	42	304	4 812
Total properties available for lease	**7.7**	**15 318**	**1 363**	**15 959**	**85 325**	**11 930**	**1 255**	**14 394**	**77 504**

SEGMENT	AVERAGE DURATION OF LEASES AS AT 31.12.2020 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			
	1ST BREAK	IN 2021	IN 2022	IN 2023-2025	AS FROM 2026	IN 2021	IN 2022	IN 2023-2025	AS FROM 2026
Brussels CBD and similar	7.3	6 993	932	5 078	46 537	4 717	998	4 473	40 649
Brussels decentralised	2.8	3 648	388	2 130	1 150	3 035	409	2 196	1 117
Brussels periphery	2.6	2 360	1 914	2 188	891	2 304	2 073	2 265	791
Wallonia	15.7	575	0	2 577	8 103	440	0	2 058	7 681
Flanders	6.4	3 426	3	6 358	17 017	3 098	0	5 646	15 674
Luxembourg city	4.8	322	195	322	4 858	301	185	325	4 648
Total properties available for lease	**7.2**	**17 324**	**3 433**	**18 653**	**78 555**	**13 895**	**3 665**	**16 964**	**70 559**

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	
Paradis Express	32.6	41.4	1.3	75.3[2]	2021	35 000 m²	100%
Quatuor	122.5	46.1	1.5	170	2021	60 000 m²	56%
ZIN	77.1	322.3	11.7	411	2023	110 000 m²	offices 100%
Redevelopment Joseph 2 (Joseph 2, Loi 44, Loi 52)	0.6	60.3	1.5	62.3	Permit application ongoing	23 000 m²	2024
Total committed ongoing projects	232.7	470.1	15.9	718.6			
Reconciliation to the consolidated IFRS balance sheet							
Cost to date WTC 4	22.4						
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	145.5						
Difference between fair value as at 31 December 2020 and [the fair value before works + the cost of the works]	116.7						
Properties that are being constructed or developed for own account in order to be leased within the IFRS consolidated balance sheet	**517.3**						

TABLE 10 - PROPERTY-RELATED CAPEX

			INVESTMENT REALISED IN 2020 IN € MILLION
Acquisition	Acquisition		**13.2**
Development	Committed		133.6
		Of which Silversquare	0.6
		Of which interim interest	3.0
	Non-Committed		4.6
		Of which Silversquare	0.0
Total development (A)			**138.2**
Properties available for lease			19.8
		Of which Silversquare	0.2
		Of which tenant incentive	0.0
Total properties available for lease (B)			**19.8**
Total (A+B)			158.0

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. The project Eupen is not included in "Properties that are being constructed or developed for own account in order to be leased" as the first phase (main phase) is already finalised and the first rent agreement has already started.
2. "All-in" construction cost of the project (including other functions than offices).

TABLE 10 – SUMMARY TABLE OF EPRA SUSTAINABLE PERFORMANCE INDICATORS

EPRA SUSTAINABILITY PERFORMANCE MEASURES	GRI STANDARD & CRESD INDICATOR CODE	DATA 2020	DATA 2019
Environmental sustainability performance measures			
Elec-Abs not normalised	302-1	47.91 GWh	55.38 GWh
Elec-LfL not normalised	302-1	38.045 GWh	43.504 GWh
DH&C-Abs not normalised	302-1	1.82 GWh	2.08 GWh
DH&C-LfL not normalised	302-1	1.82 GWh	2.08 GWh
Fuels-Abs not normalised	302-1	52.17 GWh	54.89 GWh
Fuels-LfL not normalised	302-1	41.79 GWh	43.55 GWh
Energy-Int not normalised	CRE1	133.6 kWh/m²	144.4 kWh/m²
GHG-Dir-Abs	305-1	3 387 tCO_2e	3 726 tCO_2e
GHG-Indir-Abs - landlord controlled building	305-2	189 tCO_2e	225 tCO_2e
GHG-Indir-Abs - tenant controlled building	305-2	7 106 tCO_2e	7 083 tCO_2e
GHG-Dir-LfL	305-1	2 351 tCO_2e	2 473 tCO_2e
GHG-Indir-LfL - landlord controlled buidling	305-2	158 tCO_2e	161 tCO_2e
GHG-Indir-LfL - tenant controlled building	305-2	5 612 tCO_2e	5 834 tCO_2e
GHG-Int	CRE3	14.14 kg CO_2e/m²	13.80 kg CO_2e/m²
Water-Abs	303-1	136 784 m³	190 222 m³
Water-LfL	303-1	111 417 m³	135 376 m³
Water-Int	CRE2	212.99 l/m²	266.24 l/m²
Waste-Abs[1]	306-2	Recycled: 60 178 tonnes	Recycled: 75 548 tonnes
		Reused: 157 tonnes	Reused: 925 tonnes
		Composted: 2 tonnes	Composted: 2 tonnes
		Incinerated: 12 301 tonnes	Incinerated: 1 311 tonnes
		Burried or landfilled: 160 tonnes	Burried or landfilled: 15 790 tonnes
Waste-LfL[1]	306-2	Recycled: 3 807 tonnes	Recycled: 62 827 tonnes
		Reused: 0 tonnes	Reused: 11 tonnes
		Composted: 2 tonnes	Composted: 2 tonnes
		Incinerated: 1 288 tonnes	Incinerated: 652 tonnes
		Burried or landfilled: 1 tonne	Burried or landfilled: 15 101 tonnes
Cert-Tot	CRE8	BREEAM New construction/refurbishment | Outstanding | 1 building	BREEAM New construction/refurbishment | Outstanding | 1 building
		BREEAM New construction/refurbishment | Excellent | 5 buildings	BREEAM New construction/refurbishment | Excellent | 5 buildings
		BREEAM New construction/refurbishment | Very Good | 6 buildings	BREEAM New construction/refurbishment | Very Good | 6 buildings
		BREEAM New construction/refurbishment | Good | 3 buildings	BREEAM New construction/refurbishment | Good | 3 buildings
		BREEAM New construction/refurbishment | Non-certified | 100 buildings	BREEAM New construction/refurbishment | Non-certified | 105 buildings
		BREEAM In-Use| Very Good | 2 buildings	BREEAM In-Use| Very Good | 1 building
		BREEAM In-Use | Good | 1 building	BREEAM In-Use | Good | 1 building
		BREEAM In-Use | Non-certified | 112 buildings	BREEAM In-Use | Non-certified | 118 buildings
Social Performance Measures			
Diversity-Emp (M/F)	405-1	54% (M) - 46% (F)	53% (M) - 47% (F)
Diversity-Pay[2] (M/F)	405-2	-12.23%	-5.35%
Emp-Training	404-1	9 hours/year	33 hours/year
Emp-Dev	404-3	100%	100%
Emp-Turnover - new arrivals (total number)	401-1	15	9
Emp-Turnover - new arrivals (rate)	401-1	16.0%	10.5%
Emp-Turnover - Turnover (total number)	401-1	7	9
Emp-Turnover - Turnover (rate)	401-1	7.5%	10.5%
H&S Emp - Lost day rate	403-2	0,0%	0.0%
H&S Emp - Injury rate	403-2	0.0%	0.0%
H&S Emp - Absentee rate	403-2	5.0%	4.1%
H&S Emp - Absentee rate (short term)	403-2	1.4%	2.3%
H&S Emp - number of work related fatalities	403-2	0	0
H&S-Asset	416-1	81%	92%
H&S-Comp	416-2	1	1
Comty-Eng[3]	413-1	29%	25%
Governance Performance Measures			
Gov-Board	102-22	10	10
Gov-Select	102-24	Narrative on process	Narrative on process
Gov-Col	102-25	Narrative on process	Narrative on process

FOR MORE INFORMATION CONSULT THE SUSTAINABILITY REPORT AVAILABLE AS OF 9 APRIL 2021 ON THE BEFIMMO WEBSITE.

1. Waste from buildings undergoing renovation and in operation.
2. Category of the managers.
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.

FOCUS TIME


Silversquare Zaventem - Brussels periphery

Outlook and dividend policy

Disclaimer

This outlook should not be interpreted as a commitment on the part of Befimmo. Whether or not these forecasts will be achieved depends on factors beyond Befimmo's control, such as developments in the real-estate and financial markets. Given the present context of the ongoing health crisis and economic uncertainty, the assumptions used may be highly volatile. 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 even general market trends, may differ substantially from these forecasts. Given these uncertainties, shareholders should not give undue credence to these forecasts, which 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 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.

Outlook 2021

Given the unprecedented economic uncertainties linked to the pandemic, Befimmo announced on 18 February 2021 that it will no longer publish a detailed financial outlook for the next three financial years. However, this Report does present the financial outlook for the next financial year (2021) and an indication of the expected evolution of EPRA earnings over the next years.

The financial outlook 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.

Scope and perimeter of the outlook

Befimmo prepares its outlook on the basis of two business units:

- the real-estate operator business (94% of consolidated revenues as at 31 December 2020);
- the coworking business (6% of consolidated revenues as at 31 December 2020);

The outlook:

- assumes **stable equity**, but it is also assumed that the option to take the interim dividend (net of withholding tax[1]) in new shares is proposed each year in December, and that 25% of shareholders exercise it
- assumes **asset rotation** in core and non-core properties for an estimated amount of €220 million in 2021
- takes account of the **value-creating redevelopment projects**, and the investments in properties available for lease, in the real-estate operator business, for a total investment volume of €195 million in 2021
- takes account of the **growth and further development** of the coworking business
- does not take account of growth through acquisitions[2]

Assumptions: real-estate operator business

The real-estate operator business represents 94% of the consolidated rental income as at 31 December 2020.

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 September 2020 and update of the short-term outlook in November 2020)
- interest rates are the average of the forecast Euribor one and three-month rates established by a major Belgian financial institution and of the market rates (forward rates) over the next three fiscal years. These forecasts were made end January 2021
- assumptions about the perception ratio of rents are based on an individual assessment of each lease. (This is the ratio of the net income realised (2020) or budgeted (2021) 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.).

Our assumptions reflect our current assessment of the impact of the ongoing health crisis on our activities (for example, delay in construction projects, slowdown of commercial activities, etc.).

INCOME GUARANTEED UNDER CONTRACT

For the 2021 fiscal year, the budgeted income is 97.5% guaranteed under contracts and 2.5% of budgeted income is under unsecured contracts (owing to an expiry) and/or based on reletting assumptions.

1. The amount of the interim dividend used in the outlook is assumed to cover three quarters.
2. However three ongoing transactions have been taken into account for an amount of €58 million.

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), but other systems for allocating charges may be used
- whenever a property is re-let, allowance is made for real-estate 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). Real-estate agent's commission is generally 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
- when tenants vacate a space, they are liable to pay compensation consisting of estimated rental damages and one month of unavailability for lease

REDEVELOPMENT PROJECTS

In 2021 Befimmo will invest €195 million in its redevelopment projects and in properties available for lease. For more information, please consult the chapter "Property Report".

Befimmo (real-estate operator) is planning coworking spaces in certain developments[1]. Befimmo is handing over turnkey spaces to Silversquare (coworking business) at market conditions. A total investment of €13.1 million is foreseen in 2021 in those spaces.

ASSET ROTATION

We ensure a high-quality portfolio by investing in flexible office buildings in good locations with value-creating potential, while divesting where we can crystallise the value of mature buildings or where buildings no longer fit our strategy.

As mentioned above, this forecast assumes asset rotation in core and non-core properties for an estimated amount of €220 million in 2021 but does not take account of growth through acquisitions[2].

In terms of non-core assets, Befimmo will focus in 2021 and 2022 on the disposal of buildings in provincial towns. In 2006, we concluded a strategic "sale and lease back" transaction with the Belgian State. The portfolio we acquired consisted of 62 buildings (±380,000 m²) in the centre of Brussels and in Belgian provincial towns, let for an average duration of 17 years. 42 buildings (± 308,000 m²) from that transaction remain in the portfolio. Some have already been redeveloped and relet but most of the buildings in provincial towns are being sold at the end of the lease or slightly earlier because they no longer fit with our strategy.

The total disposal target for 2021 and 2022 is €265 million (core and non core):

- Disposal of 30 non core buildings (±140,000 m²) in provinces by end 2022
- Disposal of 2 core buildings for value cristalization of mature assets

The pace of these disposals will be aligned with the investment opportunities that Befimmo can materialise.

ASSUMPTIONS

	REALISED 2020	ASSUMPTIONS 2021
External assumptions on which the Company cannot exert any influence		
Evolution of the health index (annual average)	1.0%	1.1%
Average of Euribor 1- and 3-month interest rates	-0.5%	-0.6%
Internal assumptions on which the Company can at least exert a partial influence		
Impact of the health index on rents (on an annual basis)	1.0%	0.9%
Perception ratio of rents[3]	93.9%	92.4%
Average financing cost (including margin and hedging costs)	2.0%	2.1%

IMPACT OF THE FORESEEN DISPOSALS

	2015	2020	OUTLOOK 2025
# of assets	87	72	43
Average value per asset (in € thousand)	27 452	37 694	69 289
Core assets	76%	84%	90%
Non-core assets	24%	16%	10%
Developments for own account in order to be leased	7%	19%	2%

PORTFOLIO FORECAST ASSUMPTIONS:
– DISPOSAL TARGET ACHIEVED
– NO CHANGES IN FAIR VALUE
– DEVELOPMENT PROJECTS REALISED ACCORDING TO PLAN

1. For more information, please see the chapter "Property Report".
2. However three ongoing transactions have been taken into account for an amount of €58 million.
3. 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).

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 €250 million in 2021, based on the outstanding amount of €353 million and €352 million as at 31 December 2020 and 31 December 2019 respectively
- a financing reserve of minimum €100 million for a period of 6 months and strict liquidity management 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 2021)
- 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 and IRS), but these do not qualify as hedging instruments under IFRS 9 on financial instruments

Assumptions: coworking business

In 2021 Silversquare plans to open two new spaces (Central Gate and Quatuor). The investments related to fitting-out, furniture, and IT for these spaces amount to €3.4 million in 2021. As mentioned above, for the coworking spaces planned in its portfolio, Befimmo (real-estate operator) is handing over turnkey spaces to Silversquare (coworking business) for a total investment of €13.1 million in 2021.

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 this. The forecast takes into account a gradual take-up of the new spaces and the slower pace of take-up currently resulting from the ongoing health crisis. In the normal course of business, a coworking space is considered to reach maturity after three years in operation and is break-even at an occupancy rate of about 75%.

The investments needed to expand the Silversquare network postpone the positive contribution of the business. Based on the current plan, the first significant accretive results are expected by 2023.

Borrowings and LTV

In the present environment, Befimmo will aim not to exceed an LTV ratio of around 45%.

In addition to value crystallisation, asset rotation should make it possible to fund the developments in progress and ensure a capacity for growth.

The forecast nominal net debt is €990 million at the end of 2021 reflecting amongst others the assumptions on asset rotation.

Triomphe - Brussels decentralised

EPRA earnings outlook

Description of the headings in the EPRA earnings outlook table

IN € THOUSAND		REALISED 2020	FORECASTS 2021
Real-estate operator	Rental income	130 753	120 635
	Charges linked to letting	30	- 695
	Net rental result	**130 782**	**119 939**
	Net property charges	-15 208	-18 162
	Property operating result	**115 574**	**101 777**
	Corporate overheads	-15 746	-18 494
	Other operating income and charges (excl. goodwill impairment)[1]	-1 841	-5 847
	Operating result before result on portfolio	**97 987**	**77 437**
	Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs)	-19 081	-17 334
	Corporate taxes	-1 079	-1 453
	EPRA earnings	**77 826**	**58 649**
	EPRA earnings (in € per share)	**2.88**	**2.17**
CW	**Contribution to the EPRA earnings of the coworking activity (in € per share) (group share)**	**-0.06**	**-0.06**
TOTAL	**Total EPRA earnings (in € per share) (group share)**	**2.81**	**2.10**
	Average number of shares	27 048 907	27 052 443

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

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 about re-letting are made in line with market practices and based on Befimmo's experience. They also have an impact on estimates of agent's commission and expenses for vacant premises, which are also included in the Company's non-recurring property charges. Property charges also include the total staff costs of the real-estate department, and all research costs related to existing buildings (cost of lawyers, tax experts, due diligence, or agents' commissions for the legal, fiscal, financial, or technical analysis of a project).

The decrease in income in 2021 is mainly due to Befimmo's asset rotation program. As indicated above, we've set a target of €220 million for 2021, consisting in a combination of small non-core buildings located in provincial cities and core Brussels buildings that have reached an optimum point in their life cycle. These additional divestments, especially the non-core buildings in provincial cities, will contribute to even further focus on top quality assets in our portfolio with important value creating potential, their pace will depend on the investment opportunities that Befimmo can materialise (currently not included in the forecast).

Corporate overheads

Corporate overheads are estimated line-by-line using the data from previous years and recent and expected developments in the Company. Most of these are subject to indexing. Staff costs vary at a pace that takes account of expected changes in the size of the team.

Other operating income and charges

The forecast for 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 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 service costs 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 2020, it can be estimated that a 1% change in the fair value of the property portfolio (IAS 40) would have an impact of around €27.6 million on the net result, thereby generating a change of the order of -€1.02 in the net asset value per share and 0.38% 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 2020, it can be estimated that if the Euro interest rate curve had been 0.5% lower than the curves for 31 December 2020, the change in fair value of the financial assets and liabilities carried at fair value would have been -€32.9 million. In the opposite case, the change would have been €30.8 million.

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

EPRA earnings and dividend policy for 2021

For 2021 EPRA earnings (consolidated, group share) are estimated at €2.10 per share.

All other things being equal we foresee a gross dividend in line with the earlier communicated dividend policy (at least 80% of EPRA earnings supplemented, as the case may be, by realised capital gains during the financial year in the framework of the asset rotation policy) which may be paid via an interim dividend in December 2021 and a final dividend in May 2022.

€2.10

PER SHARE
EPRA EARNINGS OUTLOOK 2021

EPRA earnings and dividend policy beyond 2021

Befimmo's portfolio is currently in a transition period with value-creating development projects of which the offices are 83% pre-let. These projects will contribute gradually to EPRA earnings as from 2022.

Befimmo is also developing a Belux network of workspaces. The positive contribution of mature coworking spaces will be used to finance the extension of the network, with the first significant accretive contribution of the activity to EPRA earnings results expected in 2023.

Befimmo will 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 proceeds of the disposals contribute to managing the LTV ratio, the financing of ongoing development projects and ensure capacity for growth. The pace of these disposals will be aligned with the investment opportunities that Befimmo can materialise.

In the present environment, Befimmo will aim not to exceed an LTV ratio of around 45%.

Befimmo is on track for growth in EPRA earnings. Based on the current plan, EPRA earnings should rise up to a level between €3 and €3.20 per share by 2025.

Befimmo will propose a dividend in line with the earlier communicated dividend policy of at least 80% of the EPRA earnings for the year, supplemented, as the case may be, by realised capital gains during the financial year in the framework of its asset rotation policy.

The dividend in subsequent years will depend on the economic climate, the investment opportunities that the Company takes, its degree of success in implementing projects, and in the development of the coworking business, while it continues to benefit from a stable income, thanks to the defensive nature of its property assets.

Ocean House - Brussels periphery

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

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 October 2019 in the report "Best Practices Recommendations" of the European Public Real Estate Association) per share for the 12 months periods ending 31 December 2021 and for the subsequent period beyond 2021 until 31 December 2025 (the "Forecast") of Befimmo sa, included in the paragraph "Outlook and Dividend Policy" of their Annual Financial Report 2020 as approved by the Board of Directors on 10 March 2021 of the company.

The assumptions included in the paragraph "Outlook and Dividend Policy" result in the following forecasts of the EPRA earnings for the accounting year ending 2021 and next to that for the subsequent period beyond 2021 until 31 December 2025:

EPRA Earnings, per share, in EUR:

31 DECEMBER 2021	BEYOND 2021 UNTIL 31 DECEMBER 2025
2.10 EUR	Between 3.00 and 3.20 EUR

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

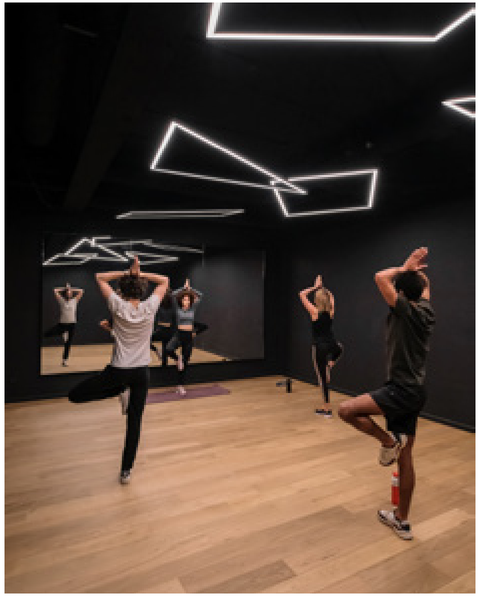
(ii) the basis of accounting used for these forecasts is consistent with the accounting policies applied by Befimmo sa for the consolidated financial statements of 2020.

Brussels, 26 March 2021

EY Réviseurs d'Entreprises SRL
Statutory auditor
represented by

Christel Weymeersch[1]
Partner

Arts 56 - Brussels Leopold district



1. Acting on behalf of a SRL.

Arts 56 - Brussels Leopold district

Befimmo on the stock market

Evolution of the share price

Befimmo started 2020 with a share price of €54.10 after realising a private placement of €69 million at the end of 2019. A couple of months later, as soon as the COVID-19 crisis hit Europe, most stocks were impacted severely, including the Befimmo share price which closed on 31 December 2020 at €36.30.

Taking into account the dividend distributed in 2020, the annual return on share price amounts to -28.5%. Over the 25 years since its listing, the share has offered a total annualised return of 5.3%.

As at 31 December 2020, Befimmo shares were trading with a discount of -38.3%. Befimmo's market capitalisation stood at €1.0 billion.

Based on transactions recorded on all market platforms, Befimmo shares offer good liquidity, with an average daily volume of around 70,693 shares, which corresponds to a free-float velocity of 120% over the year.

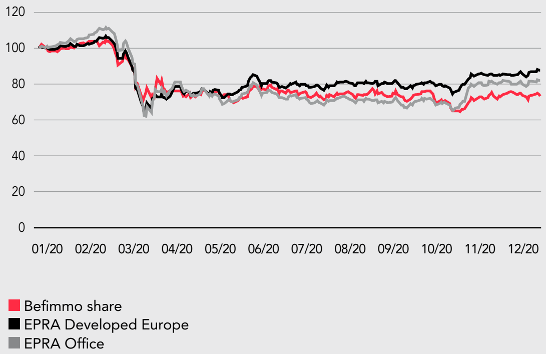
Liquidity program

In October 2020 Befimmo entrusted Kepler Cheuvreux with the implementation of a liquidity contract relating to its ordinary shares admitted to trading on Euronext Brussels. This agreement provides for the purchase and sale by Kepler Cheuvreux of Befimmo shares. Kepler Cheuvreux is acting in the name and on behalf of Befimmo and within the framework of a discretionary mandate as authorised by the Extraordinary General Meeting of 26 April 2016. In accordance with the conditions specified by this General Meeting, the purchase price may not be less than 85% nor more than 115% of the closing price the day before the date of the transaction. To implement the programme, Befimmo is making €2 million available to Kepler Cheuvreux. On 15 February 2021, the balance of shares held by Befimmo under the liquidity contract was 26,446.

KEY FIGURES

	31.12.2020	31.12.2019
Number of shares issued	28 445 971	28 445 971
Number of shares not held by the group	27 040 351	27 052 443
Average number of shares not held by the group during the period	27 048 907	25 676 219
Highest share price (in €)	57.00	59.40
Lowest share price (in €)	33.15	47.35
Closing share price (in €)	36.30	54.10
Number of shares traded[1]	24 888 322	17 395 988
Average daily turnover[1]	70 693	67 953
Free float velocity[1]	120%	87%
Distribution ratio (in relation to the EPRA earnings)	80%	106%
Gross dividend[2] (in € per share)	2.25	3.45
Gross yield[3]	6.2%	6.4%
Return on share price[4]	-28.5%	18.73%

PERFORMANCE OF BEFIMMO'S TOTAL RETURN INDEX IN RELATION TO THE EPRA DEVELOPED EUROPE AND EPRA OFFICE INDEX



LIQUIDITY PROGRAM - TOTAL NUMBER OF OWN SHARES PURCHASED AND SOLD

	TOTAL NUMBER OF SHARES	NUMBER OF OWN SHARES HELD	ACCOUNTABLE PAR IN €, ROUNDED	COUNTER VALUE PER SHARE IN €	PERCENTAGE IN CAPITAL (BASED ON THE NUMBER OF SHARES)
Situation as at 01.01.2020	**28 445 971**	**1 393 528**	**14.53**	**49.50**	**4.90%**
Total number of own shares purchased from 02.10.2020 to 31.12.2020		128 555	14.53	36.18	0.45%
Total number of own shares sold from 02.10.2020 to 31.12.2020		-116 463	14.53	36.68	-0.41%
Situation as at 31.12.2020	**28 445 971**	**1 405 620**	**14.53**	**49.39**	**4.94%**

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

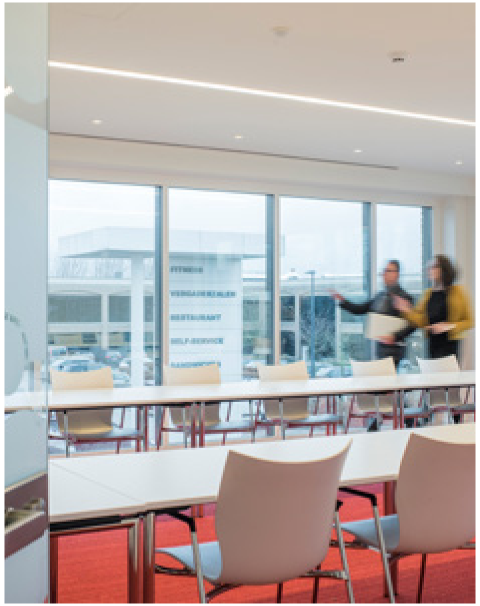
Dividend of the 2020 fiscal year

Final dividend for the 2020 fiscal year

The agenda of the Ordinary General Meeting of shareholders to be held on 27 April 2021, at which the accounts for the 2020 fiscal year are to be approved, will include a proposal for the distribution of a final dividend of €0.57 gross[1] per share not held by the group. This final dividend will supplement the interim dividend, bringing the total dividend for the fiscal year to €2.25 gross per share not held by the group which represents a return on the share price of 6.2%.

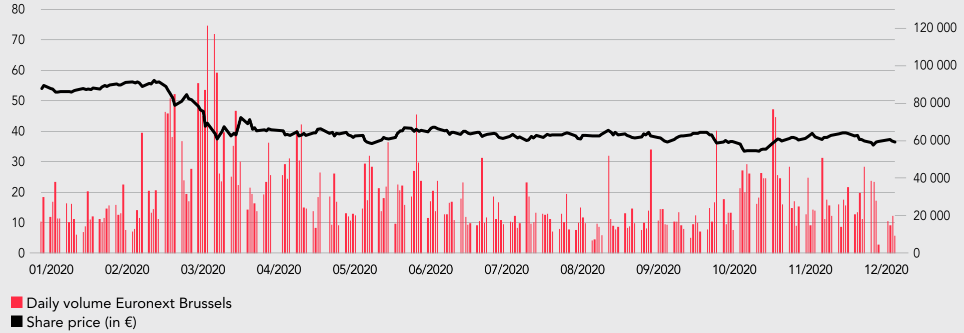
€2.25

GROSS DIVIDEND PER SHARE

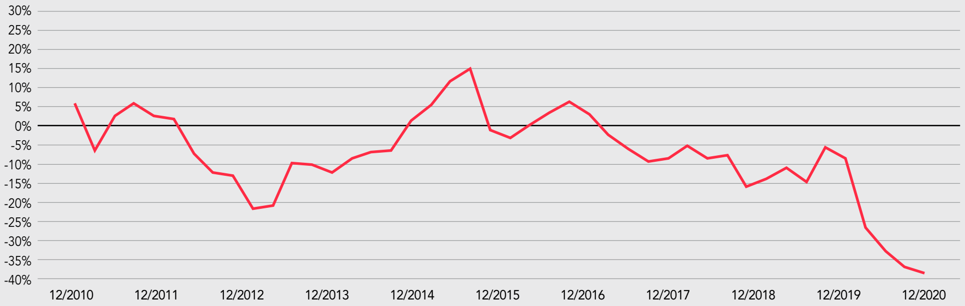


Ikaros - Brussels periphery

SHARE PRICE AND VOLUMES (FROM 01.01.2020 TO 31.12.2020)



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 -7.3% in relation to the net asset value.

1. 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%
BlackRock Inc.	848 297	20.11.2019	3.0%
Own shares			
Befimmo SA	1 421 575	02.03.2021	4.997%
Other shareholders under the statutory threshold	20 793 614	02.03.2021	73.1%
Total	**28 445 971**		**100%**

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

Calendar of the 2021 fiscal year

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[2]
– Payment date	Friday 7 May 2021
Interim statement as at 31 March 2021	**Tuesday 11 May 2021[2]**
Publication of the half-yearly results and online publication of the Half-Yearly Financial Report 2021	**Thursday 29 July 2021[2]**
Interim statement as at 30 September 2021	**Thursday 28 October 2021[2]**
Payment of the interim[3] dividend of the 2020 fiscal year on presentation of coupon No 42	
– Ex-date	Wednesday 15 December 2021
– Record date	Thursday 16 December 2021
– Payment date	Friday 17 December 2021
Publication of the annual results as at 31 December 2021	**Thursday 17 February 2022[2]**
Online publication of the Annual Financial Report 2021	**Friday 25 March 2022**
Ordinary General Meeting of the fiscal year closing as at 31 December 2021	**Tuesday 26 April 2022**
Payment of the final[1] dividend of the 2021 fiscal year on presentation of coupon No 43	
– Ex-date	Wednesday 4 May 2022
– Record date	Thursday 5 May 2022
– Payment date	Friday 6 May 2022

WWW.BEFIMMO.BE

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

Quatuor - Brussels North area

Triomphe - Brussels decentralised

Taking care of our team

Exceptional times need exceptional measures

2020 was marked by the COVID-19 pandemic, which affected the whole world at all levels. In these exceptional times, Befimmo's attention is focused first and foremost on the health and safety of its team members

1. Change management and well-being

– Regular virtual contacts

– Increased use of digital communication tools

– Tips, tricks, and protocols for working from home (WFH) and work-life balance (WLB)

– Virtual social activities

– Training

– Additional IT and logistics support for home offices

– Specific integration process for new recruits

2. Crisis team

– Crisis management and crisis communication team to carry out daily/weekly follow-up of the business impact of the crisis

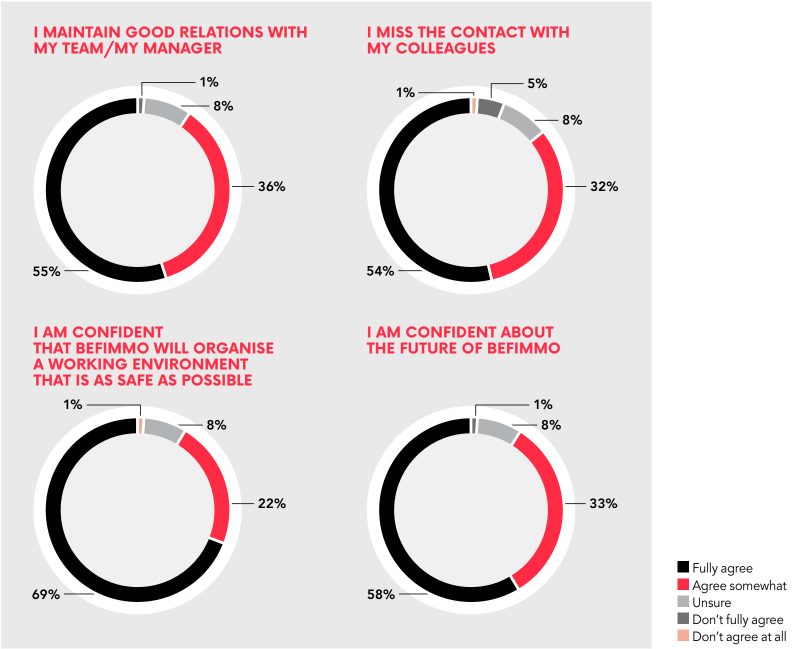
Due to the rapid evolution of the world of work, the Befimmo team was well-prepared for the flexibility and adaptability required during the health crisis, and had already been trained on IT solutions that are well suited to homeworking.

Well-being is key, so the crisis team launched an online survey to understand everyone's needs, fears, and lessons learned, and then did everything possible to optimise the homeworking conditions of each person. An excerpt from this survey can be found on the right.

We continue to organise virtual events to keep the team together and share feelings and experiences.

The management can also track well-being using the Vox Collector, a tool that sends team members a daily question on a range of topics.

The pandemic experience has taught us that the Befimmo team is incredibly resilient and flexible under all circumstances, and that continuous improvement and further development of internal team functioning is key to success and well-being.

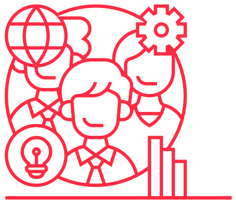


The three pillars of our HR philosophy

BEFIMMO IS A STABLE AND HIGHLY-INVOLVED TEAM. ITS VALUES OF PROFESSIONALISM, COMMITMENT, TEAM SPIRIT, HUMANITY AND LEADING BY EXAMPLE ARE PRACTISED ON A DAILY BASIS, AND ALSO SUPPORT THE THREE PILLARS OF OUR HR PHILOSOPHY.

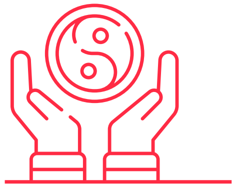
56%

LEVEL OF PARTICIPATION AT TRANSVERSAL WORKSHOPS
OBJECTIVE: 75% BY 2030



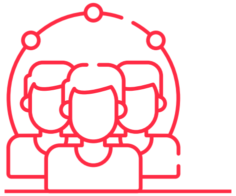
Talent

Investing in the ongoing development of the workforce, both individually and collectively, has built a team that is stable, highly motivated, expert, and aware of future challenges in its business evolution and relationships. In a world that is changing with increasingly rapidity, it is essential to identify and attract the best talent, enabling the transformation and skills of tomorrow, and Befimmo encourages diversity as a source of interchange and creativity. What better than a diverse team to meet the evolving demands of tomorrow's world of work?



Well-being

Well-being is a central pillar of tomorrow's world of work: physical well-being, in pleasant, ergonomic, well-equipped and safe environments; and psychosocial well-being, with the flexibility that allows everyone to achieve their own balance. Befimmo aims to go beyond these basic principles and create pleasant and inspiring environments in its buildings, so it makes sense to do so first and foremost for our own team.



Community

At Befimmo, we understand the concept of community on two levels. Firstly, fostering sharing between individuals 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 have on the wider world, as responsible players in society.

Talent

Developing the team individually and collectively

– Great emphasis is placed 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 staff turnover is limited and motivation is high.

– Besides ongoing dialogue, we carry out an annual whole-team appraisal, oriented towards communication and staff development.

5%

OF THE TEAM OPTED FOR CASH FOR CAR, COMPARED TO 0.5% AT NATIONAL LEVEL

Identifying, attracting and retaining the right people

– Our recruitment policy is based as much on shared values as on soft skills and technical capabilities.

– We have an aligned, open, and diversified pay policy which 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 collective benefits related to well-being.

– Befimmo remains open to discussion when a team member wishes to adapt his/hers working hours or schedule.

Travel benefits

In 2019, the HR department designed "mobility@BEFIMMO" packs that allow employees to choose the best travel solution for their needs. For example, they can 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").

Under the B-Switch-project Befimmo has acquired a fleet of ultralight folding electric bicycles. Team members are provided with a bicycle if they agree to share a car parking space with a colleague. Since 2017, 40 team members have participated in this project.

With Befimmo also pursuing a policy of awareness-raising, more team members chose alternative fuel options for their vehicles.

Encouraging diversity and inclusion

– Befimmo has a great gender balance in its team (54%-46% M/W) and in its Executive Committee (50-50% M/W).

– Our recruitment policy is open to diversity and without selection criteria relating directly or indirectly to gender, age, origin, belief, or sexual orientation.

– Our pay policy guarantees fair treatment of men and women, based solely on non-gender criteria, such as internal consistency and sector benchmarks.

– Our Company innovation process includes regular cross-cutting working groups, which are self-managing through collective intelligence, open to all, and cover business topics, innovation, and digital themes such as the LynX project.

– We make regular appeals to the team's creativity.

– We draw directly on Befimmo's fundamental values.

– We practice explicit opposition to any form of discrimination through a Code of Ethics that demonstrates Befimmo's commitment to transparent dialogue and non-discrimination.

Diversity

the visible and non-visible characteristics of each individual.

Inclusion

combining the different characteristics of each person in order to achieve a common goal.

Highlights of 2020

- *THIRD ANNUAL REMUNERATION REPORT FOR EACH TEAM MEMBER, PROVIDING A GLOBAL AND TRANSPARENT VIEW OF THE COMPONENTS OF THEIR PACKAGE.*
- *FIRST EDITION OF THE "MYCHOICE@BEFIMMO" CAFETERIA PLAN.*

94 team members[1]

WITH EMPLOYEE STATUS AND A PERMANENT CONTRACT

54% men
46% women

GENDER DIVERSITY

9.3 hours

OF TRAINING PER PERSON, WITH AN AVERAGE BUDGET OF €722.36/YEAR (INCLUDING IT AND LANGUAGES)

15 new staff members

- *9 MEN AND 6 WOMEN*
- *AVERAGE AGE 36*
- *EPRA NEW HIRE RATE: 15.96%*

6.02 years

AVERAGE SENIORITY

7 departures

- *4 MEN AND 3 WOMEN*
- *ONE RETIREMENT, FOUR RESIGNATIONS AND TWO DISMISSALS*
- *AVERAGE AGE 41*
- *EPRA TURNOVER RATE: 7.45%*

100%

OF STAFF APPRAISED EVERY YEAR

-12.23%

WAGE GAP FOR MANAGERS[2]

2 cases

OF INTERNAL MOBILITY

41 years

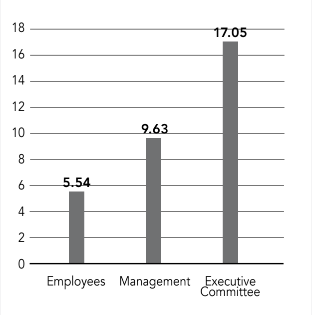
AVERAGE AGE

Triomphe - Brussels decentralised

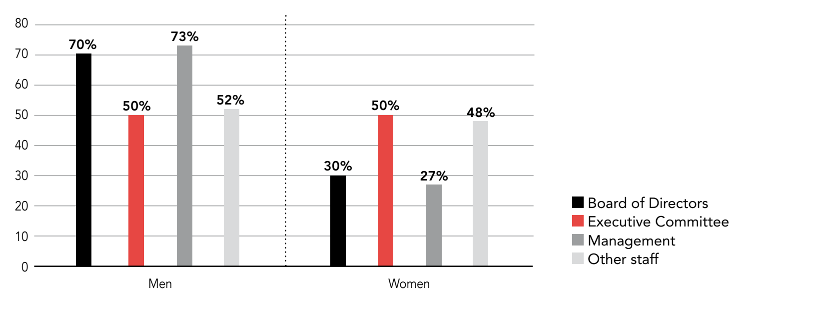
SINCE 2016, BEFIMMO HAS ACTIVELY SUPPORTED THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT, INCLUDING RESPECT FOR HUMAN RIGHTS, INTERNATIONAL LABOUR STANDARDS, THE PROTECTION OF THE ENVIRONMENT, AND THE FIGHT AGAINST CORRUPTION. THE COMPANY IS COMMITTED TO FOLLOWING THESE PRINCIPLES IN ITS STRATEGY, CULTURE, AND DAY-TO-DAY OPERATIONS, AND PROMOTING THEM IN ITS SPHERE OF INFLUENCE.

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.

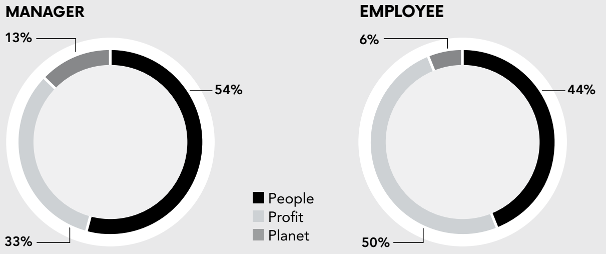
AVERAGE SENIORITY (YEARS)



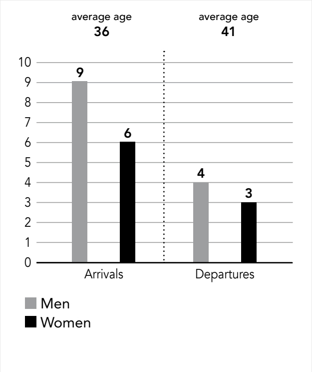
BREAKDOWN MEN/WOMEN (%)



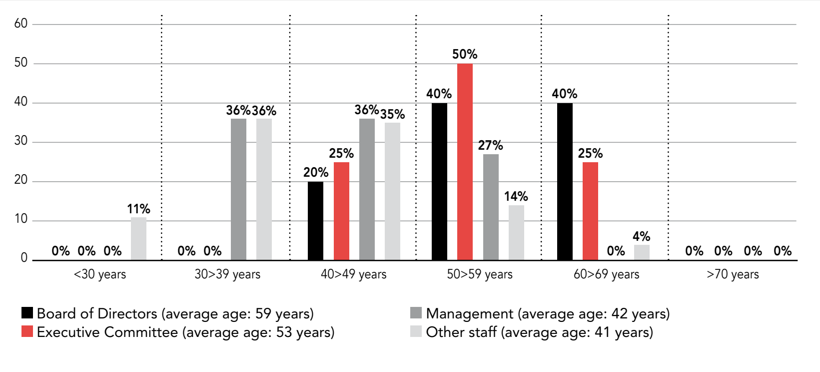
BREAKDOWN OF TRAINING HOURS, EXCLUDING LANGUAGE AND IT TRAINING



ARRIVALS/DEPARTURES (UNITS)



BREAKDOWN AGE (%)



What our staff members say[1]…

CORPORATE CULTURE
– OPEN/FOCUS ON PEOPLE
– EVOLUTIVE / INNOVATIVE

MANAGEMENT
– HUMAN/FAIR/ORGANISED
– INVOLVED

WORKING ENVIRONMENT
– POSITIVE/PLEASANT

YOUR JOB
– EXCITING
– VARIED

OPPORTUNITIES TO CONTRIBUTE TO SOCIETY
– HIGH/DEVELOPING
– OPEN FOR EVERYBODY

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

Well-being

Creating a pleasant environment

– A ubiquitous theme at Befimmo.

– We create ergonomic and well-equipped offices that meet the needs of individual team members

– Cross-cutting working groups consider projects to be tested in an "incubator approach" in our own offices.

– We pay particular attention to social contact in the office and fostering opportunities to meet through simple and healthy pleasures.

– We have a flexible spatio-temporal policy that allows everyone to find their balance. Team members also have the chance to work in a Silversquare coworking centre. We use the Befimmo network of buildings to accommodate the team's occasional or temporary workplace needs.

– Befimmo is currently analysing a framework for homeworking.

– A large offer of services are implemented to make life easier for team members.

Ensuring the health and safety of the team

– Befimmo focuses on security, at the office, and in our buildings, and provides training courses on these issues.

– Our Employee Assistance Programme is open to everyone (psychological and legal support, burn-out prevention). Communication on this programme is published on a regular basis.

– We offer favourable terms for access to flexible and varied sports subscriptions (Gymlib) to the entire team.

– A portfolio of non-statutory benefits is available in the event of major setbacks (medical insurance + incapacity for work).

e.Motion

Befimmo moves its head office in 2021 to the Central Gate building, located just in front of the Central Station.

These new offices illustrate 100% the vision that Befimmo defends every day with its customers. This move will bring us closer to Silversquare and allow us to experience our hybrid model on a daily basis.

This relocation project is a great opportunity to work on a real collective and collaborative project, based on co-creation and transversality between the different departments. To achieve this, eight working groups have been set up. Team members were able to join the group of their choice. The role of these groups was to challenge the project, to be a place for constructive reflection and questioning around the project and to make concrete proposals. They therefore act as a ThinkTank by bringing innovative ideas.

0 complaints

ABOUT EMPLOYMENT

1.4%

"SHORT-TERM" ABSENTEEISM RATE
– COMPARED WITH THE AVERAGE RATE OF 2.7% FOR BELGIUM
– EPRA ABSENTEEISM RATE: 5.0%

2 accidents

OCCUPATIONAL

0.0%

INJURY RATE (EPRA)

25.5 hours

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

0.0%

LOST DAY RATE (EPRA)

4 first-aiders

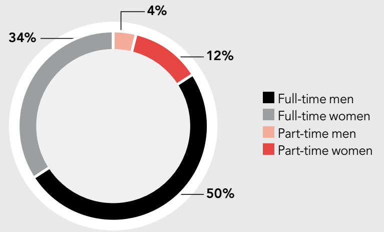
WERE GIVEN ANNUAL REFRESHER TRAINING

1 advisor

LEVEL-1 PREVENTION ADVISOR AND ONE ANNUAL RISK STUDY

16%

PART-TIME
– CONTRACTUAL, PART-TIME CREDIT AND PARTIAL PARENTAL LEAVE
– INCLUDING 4 MEN AND 11 WOMEN
– WITH THE SAME NON-STATUTORY BENEFITS



Community

Sustaining an ongoing dialogue

– We pay special attention to internal communications, including intranet, information screen, informal channels such as Yammer, and regular presentations of achievements to the entire team.

– We organise a staff satisfaction survey every two years.

– A "fresh eyes" process introduced in 2017 captures 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, arranges activities such as sport challenges, picture competitions, mindfulness sessions, quizzes, and virtual cooking classes.

– We share and celebrate a forthright culture of success.

– We organize regular team events, just for the pleasure of being together.

Silversquare Zaventem - Brussels periphery

Undertaking social actions

– As well as its staff festive activities, the B+ Committee organised two clothing collections and a food collection for the Auderghem Red Cross enabling the team to create 112 Xmas Boxes for distribution to the homeless.

– In May the whole team ran, walked or cycled for the Auderghem Red Cross. This year, next to running and cycling, team members could also raise funds.

– Befimmo remained an active member of the Be.Face association, with mentoring and participation in workshops.

– Befimmo participated, via the donation of 29 smartphones, in the "Connected Smiles" solidarity action. Reconditioned smartphones and tablets are distributed to people in need who receive help to use these devices.

Initiatives and partnerships

B Plus

B+ is a committee created by our team and for our team. This committee organise sports, cultural, festive, family, and charitable activities. The figure for 2020 are:

– 10 years in existence

– 13 organising members

– various events and courses, most of which took place virtually

– three collections (two clothing, one food)

– two blood donation sessions

Be.Face

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

2020 was Befimmo's fifth year of membership. Four people from our team acted as mentors for students or adults in insecure employment situations since the start of our membership.

Paradis Tower - Liège

Corporate governance statement

Principles

Befimmo applies the Belgian Code on Corporate Governance, which is the reference Code within the meaning of Article 3:6 §2,1° of the Code on Companies and Associations, and came into force on 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.

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:

– terms of reference of the Board of Directors

– terms of reference of the Audit Committee

– terms of reference of the Appointment and Remuneration Committee

– terms of reference of the Executive Committee

– terms of reference of the internal audit

– Remuneration Policy

Most of these documents were last updated on 28 January 2020 to bring them in line with the Code of Companies and Associations and the 2020 Code. The Remuneration Policy was last updated on 6 March 2020, and approved by the Ordinary General Meeting of 28 April 2020.

Management structure

Having opted for a "one-tier" governance structure, the Company is run by a Board of Directors empowered to carry out all acts necessary or useful to achieve its purpose, 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 Befimmo's articles of association, the Company is administered by a Board 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 reflects a triple degree of independence in the sense that, in accordance with the Corporate Governance Charter, it must be composed of:

– a majority of non-executive Directors

– at least three independent Directors within the meaning of the Code of Companies and Associations and the 2020 Code

– and a majority of Directors not linked to the Company's shareholders

The Company values complementarity in skills, experience, knowledge and age, and complies with Article 7:86 of the Code of Companies and Associations regarding gender diversity.

Since 28 April 2015, Befimmo has satisfied the provisions on gender diversity in Boards of Directors. As of 31 December 2020 the Board of Directors comprised ten members, including three women.

All Directors should also have the personal qualities required to carry out their duties in a flexible and collective manner, while retaining full independence of mind. They must have an impeccable reputation for integrity (notably in terms of confidentiality, prevention of conflicts of interest and insider trading), a critical mind, strong business sense, and the ability to develop a strategic vision. They must also have sufficient time to prepare for and attend meetings of the Board and any specialised committees of which they are a member.

In accordance with Article 14 §1, al. 2 of the Law of 12 May 2014 on BE-REITs (BE-REIT Law), members of the Board of Directors must at all times have the necessary professional integrity and appropriate expertise for 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 legal status and supervision of credit institutions and stockbroking firms. 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 position as a Director or member of the Company's Management 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.

Central Gate - Brussels Centre

Composition of the Board of Directors as at 31 December 2020

On 31 December 2020, the Board consisted of ten Directors, specifically:

– One executive Director

– Nine non-executive Directors, including five 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, and three Directors linked to a shareholder

As a reminder, until 20 December 2012, the Company was a limited partnership by shares and was managed by its statutory manager, which was a legal person. The Directors who were appointed for the first time by the Company's Extraordinary General Meeting of 20 December 2012, after it was transformed into a limited-liability company, began a mandate in a separate legal entity; but the Company considered it appropriate to take account of the mandates of the Directors who previously sat on the Board of its former statutory manager (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 its transformation, were appointed for a term up to the end of the mandate they were serving with the former statutory manager of the Company.

Similarly, when considering the criterion of a maximum total term of 12 years for the same Board of Directors (Article 3.5 2. of the 2020 Code), the Company takes into account the number of years served as an independent non-executive Director of the former statutory manager.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS DURING THE 2020 FISCAL YEAR

The mandates of the following Directors expired at the end of the Ordinary General Meeting of 28 April 2020:

– Mrs Anne-Marie Baeyaert

– Mr Wim Aurousseau

– Mr Kurt De Schepper

The same Ordinary General Meeting renewed the mandates of:

– Mrs Anne-Marie Baeyaert, as an Independent Director, for a further term of three years, expiring at the end of the Ordinary General Meeting of 2023

– Mr Wim Aurousseau, as a Director linked to a shareholder, for a further term of two years, expiring at the end of the Ordinary General Meeting of 2022

– Mr Kurt De Schepper, as a Director linked to a shareholder, for a further term of four years, expiring at the end of the Ordinary General Meeting of 2024

At its meeting of 4 September 2020, the Board of Directors noted the resignation of Mr Benoît Godts with effect on 1 September 2020, and co-opted Mr Amand Benoît D'Hondt as a Director linked to a shareholder, as a temporary replacement for Mr Benoît Godts and to continue his mandate until the next General Meeting.

A brief description of the professional background of each Director is included below, together with a note of their mandates outside the Company during the five previous calendar years.

The Board of Directors met 20 times during the fiscal year.

COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2020

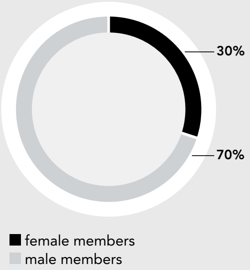
10 *MEMBERS*

1 *CEO EXECUTIVE*

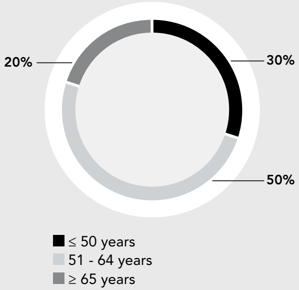
9 *NON-EXECUTIVE*

5 *INDEPENDENTS*

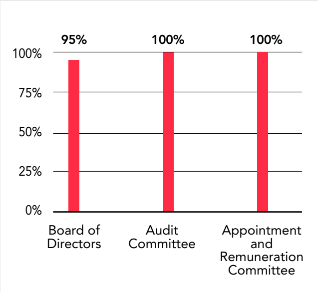
GENDER BALANCE



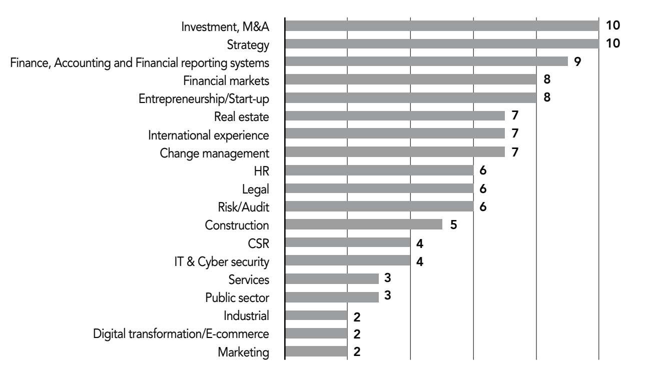
AGE BREAKDOWN



ATTENDANCE TO MEETINGS



WORK EXPERIENCE & EXPERTISE



Proposals for renewals at the 2021 Ordinary General Meeting

The mandates of Mr Alain Devos, Mrs Sophie Goblet, Mrs Sophie Malarme-Lecloux, Mr Vincent Querton and Mr Amand Benoît D'Hondt expire at the Ordinary General Meeting of 27 April 2021.

The General Meeting of 27 April 2021 will be asked to:

- appoint Mr Jean-Philip Vroninks as an Executive Director, for a period of 4 years, ending at the Ordinary General Meeting of 2025
- renew the mandate of Mr Alain Devos, as a non-executive Director, for a period of 2 years, ending at the Ordinary General Meeting of 2023
- renew the mandate of Mrs Sophie Goblet, as an Independent Director, for a period of 4 years, ending at the Ordinary General Meeting of 2025
- renew the mandate of Mrs Sophie Malarme-Lecloux, as an Independent Director, for a period of 3 years, ending at the Ordinary General Meeting of 2024
- renew the mandate of Mr Vincent Querton, as an Independent Director, for a period of 4 years, ending at the Ordinary General Meeting of 2025

As announced in the press release of 4 February 2021, in the framework of its good governance and in anticipation of the end of the last mandate of Mr Benoît De Blieck, CEO of Befimmo, foreseen at the age of 65, the Board of Directors has appointed, upon proposal of the Nomination and Remuneration Committee, Mr Jean-Philip Vroninks as new CEO of the Company.

After several years at Citibank in Brussels and KPMG in London, Jean-Philip Vroninks joined the Capital Markets department of King Sturge in Belgium in 2003. In 2009, he was promoted to Managing Director and, after the merger of King Sturge and JLL in 2011, became the head of the Belux Capital Markets team. At the beginning of 2017, he became the Executive Director of JLL in Belgium and Luxembourg. Since 2020, he has also been Head of Capital Markets Benelux at JLL. Thanks to this career, Jean-Philip Vroninks has built up a long experience in managing multi-disciplinary teams in a service company. He has also managed various real estate activities, including investment and development in Belgium and internationally. In addition, under his management, JLL Belux has followed a growth path with a focus on the creation of new activities, customer development and digital transformation.

Mr Benoît De Blieck will ensure the transition with the new CEO and will remain non-executive Director of the Company until the expiry of his term of office at the end of the General Meeting of Shareholders of 2022.

In addition, Mr Alain Devos, Chairman of the Board, has announced his intention to pass on the torch of Chairman at the term of the mandate in April 2021, thus enabling the Company to begin a new page in its history with a completely renewed Chairman and CEO tandem. In this context, the Board has decided to elect Mr Vincent Querton as Chairman of the Board at the close of the 2021 General Shareholders' Meeting and after approval of the proposed renewal of his term of office. Vincent Querton has been Director of the Company since 2019.

Meir - Antwerp

COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2020

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	20
Benoît De Blieck - Executive Director	December 2012[2]	April 2022	20
Anne-Marie Baeyaert - Independent non-executive Director	April 2018	April 2023	19
Sophie Goblet - Independent non-executive Director	April 2013	April 2021	20
Sophie Malarme-Lecloux - Independent non-executive Director	April 2015	April 2021	19
Wim Aurousseau - Non-executive Director, linked to a shareholder	April 2018	April 2022	16
Kurt De Schepper - Non-executive Director, linked to a shareholder	April 2014	April 2024	20
Etienne Dewulf - Independent non-executive Director	December 2020[3]	April 2022	20
Amand Benoît D'Hondt - Non-executive Director, linked to a shareholder	September 2020	April 2021	4 of 7 meetings since 4 September 2020[4]
Vincent Querton - Independent non-executive Director	April 2019	April 2021	20

1. Mr Alain Devos was appointed for the first time as Director of the former statutory manager of Befimmo in October 2002.
2. Mr Benoît De Blieck was appointed for the first time as Director of the former statutory manager of Befimmo in August 1999.
3. Etienne Dewulf SPRL, represented by its permanent representative, Mr Etienne Dewulf, was appointed for the first time as independent Director of the former statutory manager of Befimmo in March 2011.
4. In accordance with the Corporate Governance Charter and in order to prevent any risk of conflict of interest, Mr Amand Benoît D'Hondt did not participate in three meetings of the Board of Directors.

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 manager 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 at AG Insurance (formerly Fortis AG), where his last post was as a member of the executive committee. He was CEO of AG Real Estate SA (formerly Fortis Real Estate) from 2003 to April 2012 and held various mandates in companies affiliated to AG Real Estate SA.

OTHER POSITIONS HELD AT 31 DECEMBER 2020

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

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

Mr Alain Devos was a Director of Equilis SA; Director of A3 Management; Director 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 and 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 building sites in Saudi Arabia (1980-1985) and of project studies in China, Zaire, and Egypt (1985-1988). He was then responsible for real-estate project development at Codic (1988-1990) and 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), where he was responsible for international development. He was appointed Managing Director of Befimmo in August 1999 and of its subsidiary Fedimmo in December 2006.

OTHER POSITIONS HELD AT 31 DECEMBER 2020

Mr Benoît De Blieck is Director of BDB Management SRL; Director of the Professional Union of the Real-Estate Sector (UPSI); Fellow member of the Royal Institution of Chartered Surveyors (FRICS). He is a Director of the following Befimmo subsidiaries: Fedimmo SA (Managing Director), Loi 52 SA, ZIN in Noord SA, and ZIN in Noord 2025 SA. He is the permanent representative of BDB Management SRL, which holds the following positions in Befimmo's subsidiaries: Chairman of Axento SA; Director of Meirfree SA and Vitalfree SA; Managing Director of Befimmo Property Services SA. BDB Management SRL, again represented by its permanent representative, is Managing Director of Noblieck SA and Director of BVR SRL.

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

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

Mrs Anne-Marie Baeyaert (1961)

Mrs Anne-Marie Baeyaert (Schaapsbaan 28, 2910 Essen) has been an independent Director of Befimmo since 14 December 2017. She 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, a shipping agency that now belongs to the Herfurth group. From 1985, Mrs Baeyaert held a number of leading functions at Katoen Natie Group (KTN), 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 gained international experience from 2001 to 2005 as 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 Director of Resigrass since 2013.

OTHER POSITIONS HELD AT 31 DECEMBER 2020

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

Mrs Sophie Goblet (1964)

Mrs Sophie Goblet (avenue Franklin Roosevelt 108, 1050 Brussels) has been an independent Director of Befimmo since 30 April 2013. She has been a member of the Audit Committee since April 2015, and has chaired the 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 at 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 2020

Director of Sohonet asbl and of The Pond & the Waterfall asbl.

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

Director of non-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, and a 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 from 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 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 more than 15 years' experience as a director.

OTHER POSITIONS HELD AT 31 DECEMBER 2020

Founder and Director 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; Independent Board Member and Member of the Advisory Committee, Audit Committee, and Remuneration Committee of Compagnie Het Zoute SA.

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

Director of Orpea SA (France).

Mr Wim Aurousseau (1971)

Mr Wim Aurousseau (Gaaiendreef 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). He has held the post of Chief Investment Officer of AXA Belgium SA since November 2013.

OTHER POSITIONS HELD AT 31 DECEMBER 2020

Director of Home Invest Belgium SA and Leasinvest SCA.

Mr Kurt De Schepper (1956)

Mr Kurt De Schepper (Akkerstraat 16, 2540 Hove) has been a Director of Befimmo since 29 April 2014, and a member of its Audit Committee since September 2020. 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, where his responsibilities included the CaiFor and Fortis Insurance UK joint venture. 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 2020

Mr De Schepper is Director of Kadees BVBA.

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

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 SA, Companhia Portuguesa de Seguros SA, 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 10, 1970 Wezembeek-Oppem) has been an independent Director of Befimmo and a member of its Appointment and Remuneration Committee since March 2011, and has chaired the committee since 13 May 2014. He is a graduate in commercial and financial science (ICHEC). He began a career in sales at GB-INNO-BM (1981-1983) and Materne Confilux (1983-1985), before moving into corporate banking at Crédit Général (1985-1987), and from there into the construction industry, where he held a number of posts from 1987 to 2010: executive attaché at Maurice Delens SA (later Valens SA) in 1987, Managing Director of Soficom Development (1989), and Managing Director of Eiffage Benelux SA (1995-2010). Acting on behalf of Cassiopee SPRL, Mr Dewulf currently works in consulting and daily management, mainly in real estate and construction.

OTHER POSITIONS HELD AT 31 DECEMBER 2020

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 Cassiopee SPRL); Honorary Chairman of the non-profit Association des Entrepreneurs Belges de Grands Travaux; Director of the non-profit Association Paroles d'Ados; Director of Maison de la Route et du Génie Civil SCSA, and Director of Latour et Petit SA (mandate via Cassiopee SPRL).

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

Mr Etienne Dewulf was a Director of Confédération Construction, of Bavière Développement SA and of Foncière Kerkedelle SA (company 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 Amand Benoît D'Hondt (1976)

Mr Amand Benoît D'Hondt has an international background and extensive experience in real estate, corporate finance and law. He is Head of Indirect, Alternative & Healthcare Investments at AG Real Estate since 2015 and, as such, is responsible for the management and growth of a property portfolio in several countries. He also holds various mandates in companies in which AG Real Estate is invested. Mr Amand Benoît D'Hondt started his career in 2001 as a lawyer in the Corporate and Real Estate departments of Allen & Overy where he worked for 12 years. From 2013 to 2015, he was COO & General Counsel of DTH Capital, a joint venture between Eastbridge and AG Real Estate based in New York and active in the redevelopment of office spaces in residential properties. Mr Amand Benoît D'Hondt holds a master in law from UCL, an MBA from Vlerick Business School and an LLM from Columbia University.

OTHER POSITIONS HELD AT 31 DECEMBER 2020

Mr D'Hondt is Director of Ascencio SCA, Interparking SA and Cohabs Group SA and vice-president of the Board of Directors of Vocatio Fondation d'utilité publique. He is Director of SRL Amand Benoît D'Hondt. SRL Amand Benoît D'Hondt, represented by its permanent representative, Mr Amand Benoît D'Hondt, hold various mandates in companies affiliated to AG Real Estate SA.

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

AG Heylen Warehouses SA.

Mr Vincent Querton (1961)

Mr Vincent Querton (Place Jean Jacobs 6, 1000 Brussels) is an independent Director of Befimmo and has been 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 extensive 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 a member of the management board of Interparking), and 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 2020

Managing Director of Ascencio SA.

Procedure for the appointment and renewal of Directors

Directors are appointed and their mandates are renewed by the General Meeting of Shareholders of Befimmo, on a proposal of the Board of Directors. Before formulating its proposals, the Board 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 mandate is being considered for renewal

– the Director profile being sought, based on general criteria for the selection of Directors, the Board's latest assessment of operation (including the skills, knowledge and experience available and needed within the Board), and any specific criteria for selection

– the candidates already identified or interviewed by the Appointment and Remuneration Committee

Before taking a decision, the Board may wish to conduct its own interviews of the candidates, examines their curriculum vitae and references, and assesses other mandates they may hold.

The Board ensures that adequate plans are in place for the succession of the Directors, the Chief Executive Officer, and the other members of the Executive Committee, and reviews these plans periodically. It ensures that any appointment of a Director or renewal of a mandate, whether for an executive or non-executive Director, will allow the Board and its specialised committees to continue its work, and will maintain the required balance of skills and experience.

If one or more mandates become vacant, the remaining Directors have the right to fill them provisionally, subject to the opinion of the Appointment and Remuneration Committee, until the next General Meeting, which will confirm (or not) the mandate of the co-opted Director(s).

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 his/her knowledge, skills, experience, and mediation skills.

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 by discussing the items on the agenda in a critical and constructive way, and takes the necessary measures to develop a climate of trust within the Board of Directors by contributing to open discussions, and offering constructive dissent and support for the Board's decisions.

Finally, he strives to develop effective interaction between the Board of Directors and the Chief Executive Officer.

Duties of the Board of Directors

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

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

It draws up the annual accounts and prepares the quarterly and half-yearly accounts of the BE-REIT; it establishes the management report, which includes 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 communications to shareholders, financial analysts and the general public, such as prospectuses, Annual Financial Reports, half-yearly and quarterly statements, and press releases.

The Board 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.

– Decisions of the Board shall be 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.

– Decisions of the Board of Directors may be taken by unanimous decision of all the Directors, expressed in writing.

The decisions of the Board of Directors are recorded in the minutes, which must be approved by the Board and signed by at least two Directors, including the chairman and any other Directors who express an interest to do so.

Activities of the Board of Directors during the 2020 fiscal year

The Board of Directors met 20 times during the 2020 fiscal year. In addition to items falling within its ordinary powers (monitoring results, approval of the budget, appraisal and remuneration of the members of the Executive Committee, preparing the management report), it made decisions on the following key topics and files:

- COVID-19 impact assessment on the business and forecasts
- Budget and forecasts review
- Dividend policy
- Strategy review
- Investment and divestment projects
- Bids under tendering and public-procurement procedures
- 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
- Development of the coworking business
- Financial management policy
- Interest-rate risk-hedging policy
- Partnerships
- Pay-out of an interim dividend
- Main changes in the regulatory framework
- Corporate Governance topics, including the 2020 Code, and the Shareholder Rights Directive II[1]
- Review of the Remuneration Policy
- Creation of institutional REITs (ZIN in Noord SA, ZIN in Noord 2025 SA and Loi 52 SA), subsidiaries of Befimmo SA
- Setting up a liquidity contract
- Rotation of Independent real-estate experts
- Preparation and convening of the Ordinary General Meeting

The Board was regularly informed of the activities of the Audit Committee, the Appointment and Remuneration Committee, and 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 some small buildings which 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 functioning, and its interaction with the Managing Director, the Executive Committee and its specialised committees. This self-assessment exercise is carried out under the leadership of the Chairman and, where appropriate, with the support of the Appointment and Remuneration Committee. It has five main objectives:

- to check whether the composition of the Board of Directors is in line with requirements
- to appraise the functioning 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 discussions and decision-making
- to evaluate whether the chosen governance structure remains appropriate

When the issue of the renewal of a mandate 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 specialised 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 duties, powers and composition in accordance with the provisions of the law and the 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 their members from among its own 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, who then report to the Board on the conduct of their duties.

In accordance with the above, the Board has set up two permanent specialised 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.

1. Directive (EU) 2017/828 of the European Parliament.

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 its members.

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

At 31 December 2020, the members of the Audit Committee were:

- Mrs Sophie Goblet, Independent Director and Chairwoman of the Audit Committee
- Mrs Sophie Malarme-Lecloux, Independent Director
- Mr Kurt De Schepper, 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 the Executive Committee in ensuring the accuracy and truthfulness of Befimmo's accounts and financial information, and checks the relevance and effectiveness of the Company's internal-control and risk-management systems. It monitors internal auditing and the external controls operated by the Statutory Auditor, and is involved in appointing the latter and 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 others 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 or 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) reports 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 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 2020

The Committee met 12 times in fiscal year 2020.

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

- Quarterly, half-yearly, and annual accounts, and financial reporting
- COVID-19 impact assessment
- Financing policy
- Interest-rate hedging policy
- Impact of investment or divestment projects on financing and key ratios
- Review of budgets and outlook for future years (including tests of sensitivity to certain assumptions, and stress tests)
- Accounting treatment of specific operations and application of IFRS
- Review of Internal Audit reports and update of the multi-annual Audit plan, in the presence of the Internal Auditor
- Monitoring of risk management and internal control systems: monitoring of the implementation of recommendations made in the internal or external audit reports; review of the Executive management's Report on Internal control to the FSMA; review of the risk factors analysis; monitoring of developments in main legal proceedings; monitoring of internal control etc.
- Distribution of an interim dividend for 2020
- Relations with the Statutory Auditor; independence test, and appointment/re-appointment of the Statutory Auditor for Befimmo and/or its subsidiaries
- Monitoring of the main regulatory developments and analysis of their potential impact on Befimmo, its activities, or its reporting (changes in IFRS standards, FSMA circulars, etc.)

SELF-ASSESSMENT

Every three years at least, the Committee assesses its own effectiveness, functioning, 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.

The Audit Committee has decided to perform its next self-assessment in 2021, so that its recently-appointed members can fully contribute. This brings the frequency of the Audit Committee's self-assessments into alignment with those of the Board of Directors and the Nomination and Remuneration Committee, allowing a better overall understanding of the conclusions and interactions of these different self-assessments going forward.

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 also a member of the Committee, he may attend its meetings at his discretion, unless the Committee decides otherwise, or is voting on his remuneration or the renewal of his mandate as Chairman or Director. When the Committee is voting on the appointment of his successor, he may take part in the discussion, but may not chair the meeting.

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 2020, the composition of the Committee was as follows:

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

DUTIES

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

- drawing up profiles for Directors, 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 the specialised committees of Befimmo and the Board of Directors of Fedimmo; delivering an opinion and making recommendations about 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:

- 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 non-executive Directors, members of the Board's specialised committees, the CEO and the other members of the Executive Committee, including variable remuneration, benefits and length-of-service bonuses, related to shares or otherwise, severance grants, and, if appropriate, on any resulting proposals which the Board must submit to the General Meeting of Shareholders
- the setting of performance targets for the CEO and other members of the Executive Committee, and the assessment of performance related 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 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, where that includes draft decisions that concern directorships
- to draft the annual remuneration report

After each meeting of the Committee, the Chairman (or in his absence a designated Committee member) reports to the Board of Directors on the exercise of the Committee's duties and submits its 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 2020

The Appointment and Remuneration Committee met 13 times in fiscal year 2020. All members of the Committee attended all the meetings.

The following main dossiers and topics were considered:

- 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 Shareholder Rights Directive, and of the expectations of stakeholders
- Review of the Remuneration Policy and implementation of a Long-Term Incentive Plan (Performance Stock Units plan) for members of the Executive Committee
- 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 to provide for mandate expiry dates 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 performance targets and criteria for the Managing Director and other members of the Executive Committee

– Changes in the Company payroll from 1 January 2021, and overall budget-allocation for the variable remuneration of staff (bonuses) for fiscal year 2020

– Drafting the Remuneration report published in the Annual Financial Report 2020

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, functioning, and interaction with the Board of Directors, reviews its terms of reference, and recommends any necessary amendments to the Board.

The Appointment and Remuneration Committee carried out its latest self-assessment at the end of 2018. The key findings are published on page 129 of the Annual Financial Report 2018.

Silversquare Stéphanie - Brussels Louise district

Executive Committee

Having opted for a "one-tier" governance structure, the Company is run by a Board of Directors empowered to carry out all acts necessary or useful to achieve its purpose, 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.

In accordance with Article 14 of the BE-REIT Law, the effective management of the Company is entrusted by the Board of Directors to the members of the Executive Committee, who are referred to as "Executive Officers".

The Executive Committee periodically reviews its terms of reference, and submits proposals to the Board of Directors to approve any revisions it deems desirable. 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 2020, the Executive Committee had four members:

– Mr Benoît De Blieck, Managing Director, who is also the Chief Executive Officer (CEO) and chairs the Executive Committee

– Mr Laurent Carlier, Chief Financial Officer (CFO)

– Mrs Martine Rorif, Chief Operating Officer (COO)

– Mrs Aminata Kaké, General Counsel & Secretary General (SGC)

Mr Benoît De Blieck

Mr Benoît De Blieck (1957) is Managing Director of Befimmo and 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 of project studies in China, Zaire, and Egypt (1985-1988). He was then responsible for real-estate project development at Codic (1988-1990) and 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), where he was responsible for international development. He was appointed Managing Director of Befimmo in August 1999 and of its subsidiary Fedimmo in December 2006.

OTHER POSITIONS HELD AT 31 DECEMBER 2020

Mr Benoît De Blieck is Director of BDB Management SRL; Director of the Professional Union of the Real-Estate Sector (UPSI); Fellow Member of the Royal Institution of Chartered Surveyors (FRICS). He is a Director of the following Befimmo subsidiaries: Fedimmo SA (Managing Director), Loi 52 SA, ZIN in Noord SA, and ZIN in Noord 2025 SA; and the permanent representative of BDB Management SRL, which holds the following positions in Befimmo's subsidiaries: Chairman of Axento SA; Director of Meirfree SA and Vitalfree SA; Managing Director of Befimmo Property Services SA. BDB Management SRL, again represented by its permanent representative, is also Managing Director of Noblieck SA and Director of BVR SRL.

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

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

Mrs Aminata Kaké

Mrs Aminata Kaké (1977) holds a master's degree in law (Université Libre de Bruxelles, 2000), an executive certificate in Real Estate (Solvay Brussels School of Economics and Management, 2016), a post-graduate certificate in Cognitive Technologies, Artificial Intelligence and Law (Brussels School of Competition, 2019), and has completed a post-graduate programme for General Counsel (Mini-MBA - Oxford University and Harvard Faculty Club, 2014). 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), then Head of the Secretary General, Corporate & Regulatory Division, and Deputy General Secretary of Dexia SA, the 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 Independent Director of CBC Banque SA, Director of the Belgian Association of Listed Companies asbl, 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), the Belgian Risk Management Association (BELRIM), the Advisory Council of the European Issuers Association, and the Belgian Institute of Company Lawyers (IJE).

OTHER POSITIONS HELD AT 31 DECEMBER 2020

Independent Director of CBC Banque SA and Director of the Belgian Association of Listed Companies asbl (FEB).

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

Director of Hu-Man asbl.

Mrs Martine Rorif

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

OTHER POSITIONS HELD AT 31 DECEMBER 2020

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 the following subsidiary companies of Befimmo: Vitalfree SA, Loi 52 SA, ZIN in Noord SA and ZIN in Noord 2025 SA. She is Director of Co.Station SA and co-founder of the Cercle Belge des Femmes de l'Immobilier.

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

Mrs Rorif was Managing Director of Beway SA (merged with Befimmo in April 2019) and co-chairwoman of the UPSI Investors Committee.

Mr 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 attended the Advanced Management Program run by the Wharton School, University of Pennsylvania (AMP71-2016) and began his career in 1991 at Unilever as Internal Auditor/ Team Leader (1991-1994) in Paris, becoming 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), before moving to Sodexo Pass Belux as Finance & Administration Director (1999-2006). Since 2006, Mr Laurent Carlier has been Chief Financial Officer at Befimmo. He also is Befimmo's Chief Risk Officer.

OTHER POSITIONS HELD AT 31 DECEMBER 2020

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. He is also Managing Director of the following subsidiaries of Befimmo: Meirfree SA, Loi 52 SA, ZIN in Noord SA, and ZIN in Noord 2025 SA. In addition, he is Chairman of the Board of Directors of the non-profit BE-REIT Association, a member of the EPRA Accounting and Reporting Committee, and Director of L&L Services sprl.

MANDATES EXPIRED AS AT 31 DECEMBER 2020, HELD DURING THE PERIOD 2016-2020

Mr Laurent Carlier was a director of the non-profit Financial Executives Institute of Belgium, of Beway SA (which merged with Befimmo in April 2019). He was a director of Silversquare Stéphanie SA, Silversquare Europe SA, and Silversquare Louise SA, and Director of Silversquare Partnership sprl, all of which merged with Silversquare Belgium SA in November 2019. He was also co-chairman of the UPSI Investors Committee.

Duties

The Executive Committee is entrusted with the following duties:

– Analysing the Company's general policy and strategy and making appropriate proposals in that regard to the Board of Directors:

– Implementing the Company's general policy and strategy, as decided by the Board of Directors; and implementing the decisions of the Board of Directors

– Identifying opportunities and needs in terms of investments, divestments, and financing, and making any appropriate proposals in that regard to the Board of Directors when the valuation of these exceed the amounts provided in the delegation of powers by the Board to the Executive Committee

– Day-to-day management of the Company, including (but not limited to) the commercial, operational and technical management of the property portfolio

– Leading the Company's operational team in accordance with its strategy and general policy

– Supervising the exhaustive, specific, reliable, and precise preparation of financial statements in accordance with accounting standards and the Company's assessment rules

– Presenting 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 financial statements and other financial and non-financial information

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

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

Activity Report to the Board of Directors

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

– Developments affecting the Company's business and any changes in its strategic context

– Company forecasts and financial results and an assessment of its financial position

– The main decisions of the Executive Committee

– Current or potential major litigation

– Regular follow-up on all questions falling within the competence of the Board of Directors

Operating mode

The Executive Committee operates on a collegial basis, with decisions taken by the consensus of its members, who collectively share responsibility for them. If a consensus cannot be reached, the item or file concerned is put on the agenda of the meeting of the Board of Directors for deliberation 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 by the Chairman or at the request of at least two members of the Executive Committee.

In 2020, the Executive Committee met once a week on average.

The Executive Committee leads a team of 94 staff and endeavours to optimise its operating costs.

The heads of 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 Transformation & impact), Mrs Petra Sobry (Head of Legal), Mr Vincent Meulders (Head of Controlling), Mr Stéphane dos Santos (Chief Accountant) and Mr Ludovic Wendel (Head of Information Technology).

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 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 its specialised committees and the Executive Committee, and the self-assessment process of its various bodies and committees. These are designed to foster a complementarity of skills, experience, age, knowledge, and profiles in the composition of these bodies, in addition to the expertise and professional integrity required to exercise their 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, and 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 women and seven men, and the Executive Committee, which is composed of two women and two men. It is also reflected in the biographies of the Directors (see pages 116 to 120 and the members of the Executive Committee (see pages 126 and 127), which demonstrate complementary career paths, professional experience, and skills.

The diversity policy is also reflected in the composition of the team: see the chapter "Taking care of our team" for its principal characteristics.

1. SPRL.

Remuneration policy

The remuneration policy for Befimmo SA and its subsidiaries is established in accordance with the Code of Companies and Associations (as amended by the Law transposing the Second Shareholder Rights Directive[1], as regards the encouragement of long-term shareholder engagement), with the BE-REIT Law, and with the recommendations of the 2020 Code.

This remuneration policy, as approved by the Annual General Meeting of 28 April 2020, applies from 1 January 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 refers to other chapters of the Corporate Governance Charter, which identify the different categories of remuneration recipients.

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 itself received 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

1. Directive (EU) 2017/828 of the European Parliament.

Committee decides on his remuneration. Furthermore, the legal provisions relating to conflicts of interest also apply.

His remuneration consists of a fixed portion, a variable portion and a long-term incentive plan.

– **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. New 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. New 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 2021 and which may therefore give rise to the issue of shares in 2024 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" (50%); the peer group consists of Alstria Office REIT-AG, Colonial, Covivio, Entra, Gecina, Icade, Kungsleden, NSI, Prime Swiss Property et Société Foncière Lyonnaise;

- Consolidated EPRA earnings (€m) in line with the budget for the period 2021-2023 (25%);

- Coworking: turnover/m² of coworking space in line with the budget for the period 2021-2023 (15%);

- CO_2e emissions linked to the energy consumption of buildings for the common and private installations: 23.88 kg CO_2e/m² at the end of 2023, in line with the target for 2030 (SBT method) (10%).

  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 laptop 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 Main provisions 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 SRL 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 SRL 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. Their remuneration consists of a fixed portion, a variable portion and a long-term incentive plan.

– **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.

– **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.

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

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 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 (PSUs):** 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 2021 and which may therefore give rise to the issue of shares in 2024 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" (50%) ; the peer group consists of Alstria Office REIT-AG, Colonial, Covivio, Entra, Gecina, Icade, Kungsleden, NSI, Prime Swiss Property et Société Foncière Lyonnaise;
  - Consolidated EPRA earnings (€m) in line with the budget for the period 2021-2023 (25%);
  - Coworking: turnover/m² of coworking space in line with the budget for the period 2021-2023 (15%);
  - CO_2e emissions linked to the energy consumption of buildings for the common and private installations: 23.88 kg CO_2-e/m² at end of 2023, in line with the target for 2030 (SBT method) (10%).

  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 laptop and mobile 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 Main provisions of the contracts 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 €285,000 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.

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

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. A same period of time 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.

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 positions in the Company and in charge of a team.

8. Special bonuses

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.

9. Share options or long-term incentive plans

The Company has not set up option plans for directors, the CEO, other members of the Executive Committee or the staff.

The Company has established a long-term incentive plan for the CEO and other members of the Executive Committee, which potentially entitles the holder to receive shares upon expiry of the plan, provided that the objectives set out in the plan are achieved. This long-term incentive plan is further described in sections 2.1 and 3.1 ("Performance Stock Units Plan") of this remuneration policy.

10. 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.

Construction site of ZIN with view on Quatuor construction site - Brussels North area

Remuneration report

The Remuneration Report provides an overview of the remuneration, including all benefits granted or due during the 2020 fiscal year to the Directors, the CEO and the other members of the Executive Committee.

The remuneration and benefits mentioned below must comply with the provisions of Article 3:6(3) of the Code of Companies and Associations as amended by the Law transposing the Second Shareholder Rights Directive[1], as regards the encouragement of long-term shareholder engagement, with the BE-REIT Law, the 2020 Code and the Company's remuneration policy, as approved by the Annual General Meeting of 28 April 2020, and included on p. 129 of this Report and on the Company's website[2].

Remuneration of non-executive Directors for fiscal year 2020

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 an attendance token 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 specialised 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 variable remuneration (such as bonuses, shares or stock options), no benefits in kind, or benefits related to pension plans.

NON-EXECUTIVE DIRECTORS - REMUNERATION FOR THE 2020 FISCAL YEAR (IN €)

	BEFIMMO				TOTAL
	FIXED ANNUAL REMUNERATION	ATTENDANCE TOKENS			
	BOARD OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	APPOINTMENT AND REMUNERATION COMMITTEE	
Alain Devos	50 000	75 000		19 500	144 500
Anne-Marie Baeyaert	20 000	47 500			67 500
Sophie Goblet	20 000	50 000	30 000		100 000
Sophie Malarme-Lecloux	20 000	47 500	24 000		91 500
Wim Aurousseau	20 000	40 000			60 000
Kurt De Schepper	20 000	50 000	10 000		80 000
Etienne Dewulf	20 000	50 000		26 000	96 000
Amand-Benoît D'Hondt[3]	6 667	10 000			16 667
Benoît Godts[4]	13 333	32 500	14 000		59 833
Vincent Querton	20 000	50 000		19 500	89 500
Total for Directors	**210 000**	**452 500**	**78 000**	**65 000**	**805 500**

Silversquare Bailli - Brussels Louise district

1. Directive (EU) 2017/828 of the European Parliament.
2. https://www.befimmo.be/sites/default/files/gbl_quicklinks/20210316_remuneration_policy_uk.pdf
3. Mandate started on 4 September 2020.
4. Mandate ended on 1st September 2020.

Remuneration for the CEO and members of the Executive Committee for fiscal year 2020

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 Officer (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, a variable portion and a long-term incentive plan.

- **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 2020, the fixed remuneration awarded respectively to the CEO and the three other members of the Executive Committee is set out in the table on page 138.

- **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. 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 2020, the performance of the CEO and the other members of the Executive 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 2020 were set as follows at the meeting of the Board of Directors on 6 March 2020, on the proposal of the Nomination and Remuneration Committee:

- for the CEO: a target variable remuneration of €225,000 with a ceiling of €300,000; 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 €330,000 with a maximum of €400,000 (total amount for the three members of the Executive Committee).

The payment of variable remuneration for fiscal year 2020 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 2020 is paid in 2021;
- 25% of the variable remuneration is deferred for one year and will be payable in 2022 provided that the performance indicators for the Company's results are sustained throughout 2020 and 2021;
- the remaining 25% of the variable remuneration will be payable in 2023, again provided that performance is sustained throughout 2020 to 2022.

Notwithstanding the health crisis linked to Covid-19, the Company's non-stock market performance has proven to be very resilient and the objectives set for the members of the Executive Committee have been met in 2020. Nevertheless, the stock market's share price, which was at the level of the intrinsic value at €57 until the eve of the crisis, was instantly strongly affected by the crisis in a context of uncertainty surrounding the future of the office real estate sector's activity. Taking into account both the achievement of the Company's operational objectives and the impact of the crisis on the shareholder's return on share, the variable annual remuneration of the members of the Executive Committee was tempered by approximately 10 % compared with what it would have been in a normal situation without the Covid-19 crisis.

In accordance with article 8 of the remuneration policy, an exceptional bonus was granted to the members of the Executive Committee for obtaining the public contract from the Flemish Administration and all enforceable permits for the ZIN project.

On the above basis, at its meeting of 10 March 2021, 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 2020 of the amounts set out in the table on page 138.

– **Performance Stock Units granted in 2020:** The Board of Directors, on a recommendation of the Nomination and Remuneration Committee, has granted a total of 6,250 PSUs (listed below in the column entitled "Number of PSUs granted") to the CEO and the other members of the Executive Committee during fiscal year 2020. As detailed in the remuneration policy[1], after a vesting period of three years, the PSUs entitle the holder to receive Company stock, as well as a cash amount corresponding to the dividends paid out during the vesting period: these shares and the cash amount will only be delivered to the extent that the performance criteria set out in the remuneration policy have been met. In addition, the shares delivered after the vesting period will have to be held for at least two years by the Executive, without prejudice to compliance with the minimum share threshold applicable to Executives.

  The table hereafter shows the PSUs granted to the CEO and other members of the Executive Committee in 2020.

– **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 may designate for that purpose.

  Apart from the provision of a laptop 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.

Triomphe - Brussels decentralised

1. https://www.befimmo.be/sites/default/files/gbl_quicklinks/20210316_remuneration_policy_uk.pdf

EXECUTIVE COMMITTEE – PERFORMANCE STOCK UNITS PLAN

NAME, POSITION	MAIN CONDITIONS OF THE PERFORMANCE STOCK UNITS PLAN					INFORMATION REGARDING THE REPORTED FINANCIAL YEAR				
						OPENING BALANCE	DURING THE YEAR		CLOSING BALANCE	
	SPECIFICATION OF PLAN	PERFORMANCE PERIOD	AWARD YEAR OF THE PSUs	DATE OF ACQUISITION OF THE UNDERLYING SHARES (VESTING), SUBJECT TO MEETING PERFORMANCE CRITERIA	END OF RETENTION PERIOD FOR UNDERLYING SHARES	NUMBER OF PSUs HELD AT THE BEGINNING OF THE YEAR	A) NUMBER OF PSUs GRANTED B) VALUE OF THE UNDERLYING SHARES ON THE DATE OF THE OFFER OF PSUs	A) NUMBER OF SHARES GRANTED B) VALUE OF SHARES AT THE DATE OF FINAL GRANT	NUMBER OF PSUs HELD	NUMBER OF SHARES GRANTED SUBJECT TO A RETENTION CONDITION
Benoît De Blieck, Chief Executive Officer	PSU 2020	01.01.2020 – 31.12.2022	2020	30 April 2023	30 April 2025	0	a) 2 500 b) 101 875 €	0	2 500	0
Aminata Kaké, Secretary General & General Counsel	PSU 2020	01.01.2020 – 31.12.2022	2020	30 April 2023	30 April 2025	0	a) 1 250 b) 50 937.5 €	0	1 250	0
Martine Rorif, Chief Operating Officer	PSU 2020	01.01.2020 – 31.12.2022	2020	30 April 2023	30 April 2025	0	a) 1 250 b) 50 937.5 €	0	1 250	0
Laurent Carlier, Chief Financial Officer	PSU 2020	01.01.2020 – 31.12.2022	2020	30 April 2023	30 April 2025	0	a) 1 250 b) 50 937.5 €	0	1 250	0

EXECUTIVE COMMITTEE – REMUNERATION FOR THE 2020 FISCAL YEAR (IN €)

	FIXED REMUNERATION	POST-EMPLOYMENT BENEFITS	VARIABLE REMUNERATION[1]	SPECIAL BONUS (CF. ARTICLE 8 OF THE REMUNERATION POLICY)[4]	TOTAL	RELATIVE PROPORTION VARIABLE REMUNERATION (SPECIAL BONUS INCLUDED)/ TOTAL REMUNERATION	CONTRACTUEL SEVERANCE GRANT
Managing Director						34%	
BDB Management SRL[2]	230 000		80 000	40 000	350 000		263 592
Benoît De Blieck[3]	237 963	117 037	120 000	60 000	535 000		486 408
Other members of the Executive Committee	908 960	196 040	300 000	160 000	1 565 000	29%	1 305 000
Total Executive Committee	**1 376 923**	**313 077**	**500 000**		**2 450 000**		

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 SRL 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.
4. For the obtention of the public contract from the Flemish Administration and all enforceable permits for the ZIN project.

Severance allowances

The provisions relating to severance pay are described in the remuneration policy[1].

No severance pay was paid to any member of the Executive Committee during fiscal year 2020.

Information on the change of remuneration and company performance

This section contains information on the annual change of (i) the remuneration of (i) each Director, the CEO and, in aggregate, the other members of the Executive Committee, (ii) the performance of the Company and (iii) the average remuneration on a full-time equivalent basis of employees of the Company (other than the persons referred to in (i)), over the last five financial years and (iv) the ratio between the highest remuneration among the members of the management and the lowest remuneration, expressed on a full-time equivalent basis.

1. https://www.befimmo.be/sites/default/files/gbl_quicklinks/20210316_remuneration_policy_uk.pdf

COMPARATIVE TABLE ON THE CHANGE OF REMUNERATION AND COMPANY PERFORMANCE OVER THE LAST 5 REPORTED FINANCIAL YEARS

ANNUAL CHANGE IN %	2016 VS 2015	2017 VS 2016	2018 VS 2017	2019 VS 2018	2020 VS 2019	
1. Remuneration of the non-executive Directors (total) (a) (b) (c) (d)						
Alain Devos	-5%	-4%	3%	-11%	20%	
Sophie Goblet	15%	-7%	9%	-5%	20%	
Annick Van Overstraeten	-19%	-60%				(e)
Benoît Godts	11%	-14%	11%	-3%	7%	(f)
Jacques Rousseau	-9%					(g)
Guy Van Wymersch-Moons	8%	-17%				(h)
Hugues Delpire	5%	-18%	19%	-32%		(i)
Etienne Dewulf	-7%	-8%	4%	-12%	30%	
Kurt De Schepper	4%	4%	4%	-15%	30%	
Sophie Malarme-Lecloux	-1%	-1%	8%	15%	39%	
Anne-Marie Baeyaert				-4%	13%	
Wim Aurousseau				43%	20%	(j)
Vincent Querton					10%	(k)
Amand Benoît D'Hondt						(l)
2. Remuneration of the CEO (total) (m)						
Benoît De Blieck	0.00%	3.23%	0.00%	4.38%	5.99%	(n)
3. Average remuneration of the other members of the Executive Committee (total)						
Other ExCom members	10.57%	1.12%	1.96%	1.55%	10.83%	(o)
4. Company's performance						
EPRA earnings (EUR/share) actual	3.68	3.74	3.68	3.26	2.88	(p)
EPRA earnings (EUR/share) budget	3.66	3.63	3.64	3.22	2.76	(q)
Y on Y variation (actual)	-5.4%	1.6%	-1.6%	-11.4%	-11.7%	
Net Result (EUR/share) actual	3.82	5.32	3.24	7.03	2.16	(r)
Y on Y variation	-13.4%	39.3%	-39.1%	117.0%	-69.3%	
Occupancy rate of properties available for lease (%)	94.79%	94.44%	94.50%	94.40%	95.20%	
Average financing cost (%)	2.26%	2.08%	2.01%	1.97%	2.00%	
Average specific CO_2e emissions (in $KgCO_2e/m^2$)	29.17	26.67	26.45	25.48	24.14	
5. Average remuneration on a full time equivalent basis of employees (s)						
Employees of the company	-3.58%	0.92%	6.34%	-1.56%	0.61%	
6. Ratio between the highest and the lowest full time equivalent remuneration (2020) (t)						
					15	

Explanatory notes

(a) For mandates starting or ending in the course of the year an extrapolation of the remuneration earned for the full year has been calculated.

(b) The remuneration of non-executive directors has remained unchanged since 2013. The differences are solely due to the number of meetings of the Board of Directors during the year and whether or not the Directors are part of a specialized committee (see also note (d)).

(c) The amounts awarded to Mr. Aurousseau, Mr. D'Hondt and Mr. Godts are directly retroceded to AXA REIM Belgium SA (for Mr. Aurousseau) and AG Real Estate SA (for Mr. D'Hondt and Mr. Godts).

(d) 2019/2020 : the increase in remuneration is only due to the higher number of meetings of the Board and the specialised committees in 2020 (see note (b)) to discuss in particular the following topics specific to the 2020 fiscal year : assessment of the impact of the Covid-19 pandemic (on the business, the budget and forecasts), succession planning of the Chairman of the Board and the CEO, follow-up on the evolution of important redevelopment projects, strategic review exercise.

(e) Mandate ended in februari 2017.

(f) Mandate ended in september 2020.

(g) Mandate ended in april 2016.

(h) Mandate ended in october 2017.

(i) Mandate ended in april 2019.

(j) Mandate started in april 2018.

(k) Mandate started in april 2019.

(l) Mandate started in september 2020.

(m) This includes the remuneration received by Mr. Benoît De Blieck in his capacity as CEO of Befimmo SA and the remuneration received by BDB Management SRL for its mandates as Managing Director of Befimmo Property Services SA and Chairman of the Board of Directors of Axento SA, respectively.

(n) and (o) In 2020, the variable annual remuneration of the members of the Executive Committee was tempered by approximately 10 % compared with what it would have been in a normal situation without the COVID-19 crisis.; Moreover, an exceptional bonus was granted for obtaining the public contract from the Flemish Administration and all enforceable permits for the ZIN project.

(p) At the level of the Real-estate Operator activity. 2019/2020 : impact of the (i) sales completed in the framework of the asset rotation policy (Blue Tower, Guimard, Froissart, Schuman 3 & 11 and Media building), (ii) redevelopment of buildings Noordbuilding (Quatuor-project) and WTC I & II (ZIN-project).

(q) At the level of the Real-estate Operator activity. 2020: budget was revised taken into account the impact of Covid-19 and the sale of the Blue Tower. 2019: the published forecast of 3.31 EUR/share was adapted following the impact of the Pavillon sale (- 0.09 EUR/share). 2016: budget was revised after capital increase

(r) At the level of the Real-estate Operator activity. 2019 : increase of net result 2019 (+ 4,28 EUR/share) mainly due to the signing of the lease with Flemish authorities in the ZIN-project.

(s) The amount taken into consideration for the calculation of the average remuneration is Befimmo's cost for the remuneration of its employees. All subsidiaries 100% owned by Befimmo have been taken into consideration for this calculation.

(t) The amount taken into consideration for the calculation of the ratio between the highest and the lowest remuneration is the total yearly cost for the Company.

Gateway - Brussels Airport

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 a "control of control". The Company also pays particular attention to the reliability of its 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 organisation chart.

Operational functions are carried out in Befimmo's technical departments (project management, property management and environmental management), and its commercial, building administration and investment departments. Support functions are provided by the following departments: accounting, controlling, treasury/finance, legal real-estate, general secretary & legal corporate, IR & communication, transformation & impact, human resources, and IT.

Each member of the team has a job description.

There is a procedure for the delegation of authority 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, the Executive Committee has a power to sub-delegate, which it has exercised, while 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 closing of accounts, 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, most importantly the FSMA, the Statutory Auditor, and the Independent real-estate experts.

Organisation of internal control

The Audit Committee, composed of a majority of independent directors, has a specific duty to monitor 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 consulted 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.

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 were assessed on the basis of their potential impact, their level of control, their specific nature, and the appetite of the Company, were and then classified tabulated in order of decreasing from high to low potential impact.

This risk matrix provides a framework for the work of the internal audit service, and is 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.

Financial information and disclosure

The process of establishing financial information is organised as follows: a retro- planning chart with deadlines sets out the tasks to be completed for the quarterly, half-yearly, and annual closing of accounts of the Company and its subsidiaries. The Company has a checklist of steps to be followed by the various departments and subsidiaries involved in the process. The accounts team produces the accounting figures using the accounting software, under the supervision of the Chief Accountant.

The Controlling Team checks the validity of the figures provided by accounts team and produces the quarterly reports. The figures are checked using the following techniques:

– consistency tests - by comparison with historical and budget figures;

– sample checks of transactions according to their materiality.

Financial reporting reports is are prepared on a quarterly basis by the Controlling Team and discussed with the CFO. This reporting, together with notes on the Befimmo's 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 2020, two internal audits were carried out, relating to "obligations related to the REIT status" and "hedging policy";

– the implementation of a Silversquare risk matrix;

– the Audit Committee: over fiscal year 2020, the Audit Committee: reviewed the Befimmo's quarterly accounts closures, and the specific accounting methods. It reviewed, the ongoing litigations, and the main Befimmo risks; and examined the recommendations of the internal audit;

– 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 28 April 2020 renewed the mandate of EY Bedrijfsrevisoren/Réviseurs d'entreprises BV/SRL 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 2020 amounted to €77,880.00 excluding VAT. In fiscal year 2020 it also provided additional services as part of its statutory duties for a fee of €32,455.00 excluding VAT. Outside its statutory role, during fiscal year 2020, EY and affiliated companies provided services related to other non-auditing duties of €27,000.00 excluding VAT.

EY, represented by the same auditor, is also the Statutory Auditor of the Befimmo's subsidiaries. The fees of the Statutory Auditor for auditing the financial statements for fiscal year 2020 of Fedimmo, ZIN in Noord, ZIN in Noord 2025, Loi 52, Befimmo Property Services, Meirfree, Vitalfree and Silversquare Belgium and its subsidiary totalled €67,080.00 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 for fiscal year 2020 amount to €15,000 excluding VAT.

Outside its statutory role, during fiscal year 2020, Ernst & Young (Luxembourg) has not provided services related to other non-auditing duties.

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 fully observed in respect of the Statutory Auditor's services.

Real-estate experts

For fiscal year 2020, 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 had the task of coordinating property valuations for the Company.

These mandates were granted in accordance with the provisions of the Royal Decree of 13 July 2014. The three-year appointment ran from 1 January 2018 to 31 December 2020.

For fiscal year 2020, the fees paid to these experts for their quarterly valuations amounted to:

– JLL - Rod P. Scrivener: €77,125 excluding VAT;

– C&W - Christophe Ackermans: €179,472 excluding VAT.

Additional fees paid to these experts in 2020 for occasional valuations amounted to:

– JLL: n.a.;

– C&W - Christophe Ackermans: €5,000 excluding VAT (valuation of acquisition projects).

In accordance with the obligation to rotate the mandates of the real-estate experts, pursuant to the Royal Decree on BE-REITs of 13 July 2014, Befimmo has mandated, as from 2021 (first appraisal at 31 March 2021) and for a period of three years, Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield), M. Rod P. Scrivener (Jones Lang LaSalle Sprl, National Director) and M. Pieter Paepen (CBRE Valuation Services SPRL, Senior Director, Head of Valuation Services). Mr Rod P. Scrivener will have the task of coordinating these valuations. These new mandates were granted in accordance with the requirements of the new Royal Decree of 13 July 2014, with a view in particular to introducing a system of rotation between the real-estate experts valuing the portfolio. This new assignment will cover the next three years, from 1 January 2021 to 31 December 2023. These are companies of real-estate experts with an excellent knowledge of the market and which enjoy an international reputation. The fees of the independent real-estate experts are calculated on the basis of the number of properties assessed, their size (in m²) or their rental situation (single or multiple tenants). The fees are not related to the fair value of the properties.

Financial service

The Company’s financial service is provided by ING Belgium, which received remuneration of €58,398.40 (including VAT) on that account in 2020. This remuneration is variable, depending on the amount of the dividend paid out and the realization of a dividend in optional form.

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 BE-REIT Law, 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

– the additional rules specified in its Corporate Governance Charter. These rules and their application in fiscal year 2020 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 be reproduced in the management report.

Article 7:96 of the Code of Companies and Associations provides 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 a related party (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, if it deems it necessary, can be assisted by one or several independent expert(s). The *ad hoc* Committee must provide a detailed and 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 Auditor’s assessment is annexed to 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 listed company must publicly announce, by press release, all decisions or transactions regarding related parties (subject to certain exceptions) at the latest at the time it takes the decision or concludes the transaction. The opinion of the ad hoc Committee and the Auditor's assessment should also be disclosed in the press release as well as, if applicable, the reasons for deviating from the ad hoc Committee's opinion.

In addition, the company's annual report must contain an overview of all announcements made during the fiscal year, together with the place where these disclosures can be accessed/found.

Article 37 of the BE-REIT Law and Article 8 of the Royal Decree of 13 July 2014 concerning BE-REITs

These Articles require 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.

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 a 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 conclude 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 an ordinary transaction complying with normal market conditions and guarantees), Befimmo nonetheless considers it necessary that:

- such Director notifies the other Directors prior to the Board's deliberation
- that his statement as well as the reasons for the non-application of Article 7:96 of the Code of Companies and Associations are added to the minutes of the Board of Directors which will take the decision
- the Director concerned refrains from attending the Board's deliberation related to such transaction, and from voting
- whenever it would be contrary to the interests of the Company's shareholders for the Director concerned to be informed of the terms under which the Company plans to carry out a transaction, the preparatory notes will not be sent to him and the item will be added as an appendix to the minutes, which will not be communicated to him

The transaction must in any case be carried out at arm's length. Nevertheless the minutes reporting the concerned transaction 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 potential 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 under normal market conditions.

Directors and corporate opportunities

Since Befimmo's Directors are appointed on the basis of their knowhow and experience in real estate, it often happens that they hold mandates in other real-estate companies or in 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 duties, 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 Chairman of the Board of Directors or 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 more sensible 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 item is discussed, and such item will be included as an appendix to the minutes, which shall not be provided 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.

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 BE-REIT Law.

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, when 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 2020, one decision or transaction gave rise to the application of Article 7:96 of the Code of Companies and Associations.

At its meeting of 6 March 2020, 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 Executive Committee for fiscal year 2019, (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 Executive Committee for fiscal year 2020 and (iii) the setting up of a Long-Term Incentive Plan. In accordance with Article 7:96 of the Code of Companies and Associations, Mr De Blieck did not take part in the discussions or decision of the Board of Directors on his remuneration, the determination of his performance criteria, and the setting up of a Long-Term Incentive Plan. 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 6 March 2020

"Before discussion on this agenda item opens, Mr Benoît De Blieck, Managing Director, announced that there is a potential conflict of interests of a financial nature within the meaning of Article 7:96 of the Code of Companies and Associations (CSA). He says that the conflict of interests arose from the fact that some of the decisions to be taken related to his variable remuneration for the 2019 fiscal year, the setting of his targets for the 2020 fiscal year, and the establishment of a Long-Term Incentive Plan in his capacity as Managing Director and Member of the Executive Committee. The Board of Directors takes note of this statement and notes that the Managing Director left the meeting during the discussions and decisions relating to the items affecting him.

The Chairman of the Appointment and Remuneration Committee reports on the Committee's work and sets out the Committee's recommendations which were then discussed as follows:

1.1 Plan to award shares to members of the Executive Committee: Performance Stock Units

(…)

***Decisions:** After discussion, the Board of Directors - except for the CEO who takes no part in the discussions or decisions concerning him - takes the following decisions:*

(1) In accordance with recommendation 7.9 of the 2020 Code, the Board of Directors set the minimum threshold of Company shares that each member of the Executive Committee must hold at any time at (i) 6,000 shares for the CEO and (ii) 3,000 shares for each of the other members of the Executive Committee (individually). The members of the Executive Committee have six years to reach this threshold from the date of entry into force of the new remuneration policy (i.e. after its adoption by the Ordinary General Meeting of 28 April 2020); the same six-year period will apply to any member who is appointed subsequently, from the date of his or her appointment.

(2) As of fiscal year 2020, and after the approval by the General Meeting of 28 April 2020 of the changes made in this respect to the Remuneration Policy, the members of the Executive Committee may be awarded Performance Stock Units (PSUs). After 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. (…)

The maximum number of PSUs awarded in 2020 and which may therefore give rise to the granting of shares in 2023 is set at (i) 2,500 for the CEO and (ii) 3,750 for the other three members of the Executive Committee, i.e. 1,250 each.

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

- *Evolution of Total Shareholder Return (TSR) in relation to Befimmo's peers (a 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 common and private installations: 23.49 kg CO_2e/m² at the end of 2022, in line with the target for 2030 (SBT method) (10%).*

One PSU entitles to no more than one share at the granting date, and the Performance Test determines the number of Befimmo shares to be actually awarded. If the Performance Test is only partially passed, only part of the corresponding shares will be granted, 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 (explicitly provided for in the PSU plan) apply if the CEO's mandate ends before the vesting date. In borderline cases, such as retirement, all PSUs already awarded will be 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 (right of recovery).

Shares issued following vesting must be kept for at least two years by each member of the Executive Committee, without prejudice to compliance with the minimum share threshold applicable to executives. 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 further align over the long term the interests of the CEO and other members of the

Executive Committee with those of Befimmo, the shareholders and other stakeholders.

(3) After an exchange of views, the Board of Directors approves the PSU Plan, which may be implemented after the General Meeting of 28 April 2020.

1.2 Remuneration policy

After discussion, the Board of Directors approves the changes to Befimmo's Remuneration Policy proposed by the Appointment and Remuneration Committee with a view to implementing the new recommendations of the 2020 Code (by implementing the above-mentioned points) and the second Shareholder Rights Directive (SRD II) currently being transposed into Belgian law. It will be the subject of a separate and binding vote at the General Meeting of 28 April 2020.

(…)

1.3 Appraisal of the members of the Executive Committee for fiscal year 2019

1.3.1 Appraisal and determination of the variable remuneration of the Managing Director for fiscal year 2019 - Performance criteria and target variable remuneration of the Managing Director for fiscal year 2020

The Chairman of the Appointment and Remuneration Committee presents the proposals of the Appointment and Remuneration Committee for the variable remuneration of the Managing Director for fiscal year 2019, and the performance criteria and amounts of variable remuneration for fiscal year 2020. These proposals take account of the results of the Company and the achievement of both quantitative and qualitative targets.

***Decisions:** After discussion, the Board of Directors, excluding the Managing Director, who does not take part in the discussions or decisions on these items:*

– Approves the proposal of the Appointment and Remuneration Committee to award Mr Benoît De Blieck, for his role as Managing Director of Befimmo SA in 2019, variable remuneration of €150,000; furthermore, on the basis of the performance criteria of Befimmo Property Services SA, a proposal will be made to the Board of Directors of that company to award variable remuneration of €100,000 to its Managing Director, SRL BDB Management, represented by its director and permanent representative, Mr Benoît De Blieck; this brings the total variable remuneration to 250,000 EUR for the 2019 fiscal year;

– Sets the main targets and performance criteria for the award of the variable remuneration of the Managing Director relating to fiscal year 2020 as follows: net current result per share (30%), operating margin (15%), occupancy rate of buildings (15%), cost of financing (20%) and human resources management (20%); this first set of criteria will represent 75% of his variable remuneration. Additional personal targets, in relation to the above-mentioned targets, were set, in connexion with the specific operational responsibilities of the Managing Director; they will represent 25% of his variable remuneration.

– Sets the amount of a target variable remuneration for the Managing Director for fiscal year 2020 at €225,000 with a maximum of €300,000 if the targets are exceeded; this amount includes any variable remuneration awarded to him by Befimmo SA and/or any of its subsidiaries.

Under the remuneration policy, the portion of variable remuneration awarded to the Managing Director in year "N" (fiscal year concerned by the appraisal) to be paid in 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 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 (included)."

During the 2020 fiscal year, no decision or transaction gave rise to the application of Article 7:97 of the Code of Companies and Associations.

Application of Article 37 of the BE-REIT Law

Over the fiscal year, this Article was not applied in respect of any transaction.

Transactions not covered by the statutory provisions on conflicts of interest, but covered by Befimmo's Corporate Governance Charter

Pursuant to the rules for the prevention of conflicts of interest contained in the corporate governance charter:

– Mr Wim Aurousseau, Director linked to AXA Belgium SA, did not take part in the discussion or decisions relating to three investment projects.

– Mr Benoît Godts, (former) Director linked to AG REAL ESTATE SA, did not take part in the discussion or decisions relating to three investment projects and one divestment project.

– Mr Amand Benoît D'Hondt, Director linked to AG REAL ESTATE SA, did not take part in the discussion or decisions relating to one investment project and one rental offering.

– Mr Kurt De Schepper and Mr Amand Benoît D'Hondt, Directors linked to AG REAL ESTATE SA, did not take part in the discussion or decisions relating to the representation of the shareholder AG Insurance in the Board of Directors of Befimmo.

Compliance

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 insider 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 a training provided by the Compliance Officer. The Dealing Code is regularly updated to take account of relevant regulatory developments, and is published on the Befimmo website.

The Compliance Officer is responsible for ensuring 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 insider 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 "closed" periods (a certain period preceding the publication of Befimmo's annual, half-yearly and quarterly results) or "prohibited" periods (a limited period during which the Company and/or certain Directors, certain Officers or certain Employees are in possession of Inside Information), 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 most recently on 7 February 2018, to introduce an internal whistle-blowing procedure and to bring it into line with changes 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.

Code of Ethics

In accordance with its Code of Ethics, Befimmo SA does not tolerate any form of corruption and refuses to enter into relationships with persons involved in illegal activities or suspected of being involved in illegal activities.

Application

The above-mentioned rules were applied without giving rise to any difficulties.

Prevention of risks of money laundering and terrorist financing

Befimmo has developed and implemented a Client and Counterparty Acceptance Policy (the "CAP"), enabling it to subject the entry into business relations with Clients or the conclusion of transactions with Counterparties to a prior assessment of potential money laundering and terrorist financing risks associated with the Client's or Counterparty's profile or with the considered transaction. After entering into a business relationship, a continuous monitoring system is put in place.

Regular information and specific training sessions are provided by the Compliance Officer and her team to operational staff members.

Application

The Code of Ethics was updated most recently in January 2020, in order to bring it in line with the wording of the new Code of Companies and Associations and the 2020 Code. The CAP is assessed on a regular basis (and at least once a year), to take into account any relevant business or regulatory development.

The above-mentioned rules were applied without giving rise to any difficulties.

Personal data protection

The General Data Protection Regulation (GDPR) was put into effect in 2018, aiming to protect individuals' fundamental right to protection of their personal data. In this framework, Befimmo has implemented a Personal Data Protection Policy covering all its activities. Specific Data Protection Agreements have been concluded with suppliers, subcontractors, counterparties, etc. Regular information and training sessions are provided by the Compliance Officer and her team to operational staff members. Moreover, Befimmo has opted for a "compliance-by-design" approach in the development of its activities.

The Befimmo Data Protection Policy entered into force on May 25, 2018. It is regularly assessed, taking into account any relevant business or regulatory development.

Application

The above-mentioned rules were applied without giving rise to any difficulties.

Stock ownership or stock options plan

– As of fiscal year 2020, the members of the Befimmo Executive Committee may 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, and 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 criteria set out in the plan (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 corporate bodies or its employees.

1. This obligation also applies to transactions carried out by natural or legal persons closely linked to them.

Shares held by the directors and members of the Executive Committee

As at 31 December 2020, the following Directors and members of the Executive Committee of Befimmo held Befimmo shares:

- Mr Benoît De Blieck (1,000 shares)
- Mr Laurent Carlier (330 shares)

Factors likely 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 issuers of financial instruments admitted to trading on a regulated market (hereinafter the "Royal Decree"), requires them to enumerate and, if appropriate, comment in a management report on the following elements where their nature is such that they may have an impact in the event of a takeover bid.

Most of the powers of Befimmo's administrative body in this respect are to a large extent restricted by the Company's status as a BE-REIT.

- Capital structure, where appropriate with an indication of the different classes of shares and, for each class of shares, the rights and obligations attached to it and the percentage of total share capital that it represents (Royal Decree, Article 34,1°)
- Holders of any securities with special control rights and a description of those rights (Royal Decree, Article 34,3°)
- Rules governing the appointment and replacement of board members and the amendment of the issuer's articles of association (Royal Decree, Article 34,7°)
- Powers of the board members; and in particular the power to issue or buy back shares (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 several transactions, on the dates and pursuant to the terms and conditions to be determined by it, for a maximum amount of:

  1°) €205,135,237.71, if the capital increase to be implemented is a capital increase by contribution in cash (i) with preferential subscription rights for the shareholders of the Company, as foreseen in Articles 7:188 and following the Code of Companies and Associations, or (ii) with irreducible allocation for the shareholders of the company, as foreseen in Article 26 §1; subparagraphs 1 and 2 of the BE-REIT Law

  2°) €41,027,047.54, if the capital increase to be implemented is a capital increase in the context of the payment of an optional dividend

  3°) €41,027,047.54 for all other forms of capital increase 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 €287,189,332.79.

  This authorisation is 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.

- 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 is also granted for a period of five years from 27 December 2019).
- In accordance with Articles 7:215 and following 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 or take as pledge 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. The proposal to renew this authorisation will be submitted to an Extraordinary General Meeting to be held in 2021.
- 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, in accordance with the Code of Companies and Associations and Article 27.1 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 on the fourteenth day prior to the shareholder's meeting, at 24 hours (midnight, Belgian time) either: by registration of the shares in the company's registered shares register, or by registration of the shares in the account of an authorised holder or settlement institution. The afore-mentioned 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 shareholder's 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."*

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 amendment of the issuer's articles of association (Royal Decree, Article 34, 7°)

In accordance with Article 12 of the BE-REIT Law, 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 need to have any draft amendment approved by the FSMA.

– Significant agreements to which the issuer is a party, and which take effect, alter, or terminate upon a change in the control of the issuer following 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 agreements on 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.

ZIN construction site - Brussels North area

Share ownership, structure and organisation

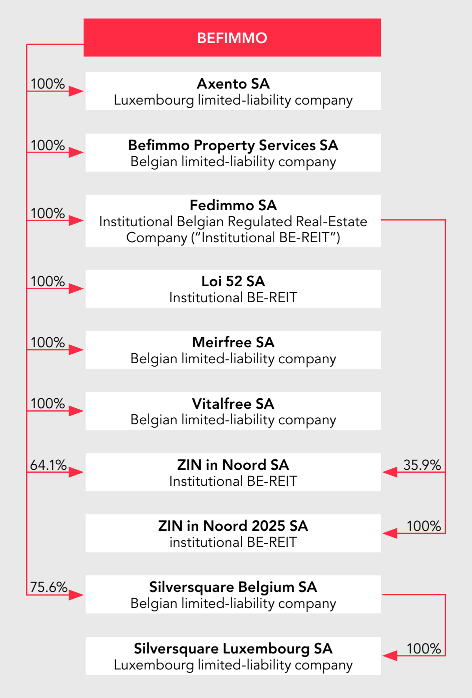
Share ownership

	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%
BlackRock Inc.	848 297	20.11.2019	3.0%
Own shares			
Befimmo SA	1 421 575	02.03.2021	4.997%
Other shareholders under the statutory threshold	20 793 614	02.03.2021	73.1%
Total	**28 445 971**		**100%**

Shareholders do not have different voting rights.

Structure and organisation

On 31 December 2020, the Company has the following subsidiaries and partnerships.



Since 2 February 2021, Befimmo has also been the controlling shareholder of Kubissimmo SARL, a Luxembourg limited company, which is 100% owned by Befimmo.

The breakdown of properties in the consolidated portfolio by subsidiary is published in Appendix V to this Report.

Befimmo holds 12,5% in Co.Station Belgium SA, a limited-liability company under Belgian Law.

Silversquare Delta - Brussels decentralised


Silversquare Stéphanie - Brussels Louise district

FINANCIAL STATEMENTS

Table of contents

Consolidated statement of total comprehensive income (in € thousand)

		Notes	31.12.20	31.12.19
I.	(+) Rental income	5	137 652	142 437
III.	(+/-) Charges linked to letting	6	- 14	- 514
NET RENTAL RESULT			**137 638**	**141 924**
IV.	(+) Recovery of property charges	7	16 081	14 992
V.	(+) Recovery of rental charges and taxes normally paid by tenants on let properties	8	24 947	24 300
VII.	(-) Rental charges and taxes normally paid by tenants on let properties	8	- 32 760	- 29 752
VIII.	(+/-) Other revenue and charges for letting	9	2 171	536
PROPERTY RESULT			**148 077**	**152 000**
IX.	(-) Technical costs	7	- 18 520	- 17 055
X.	(-) Commercial costs	7	- 1 736	- 1 476
XI.	(-) Charges and taxes on unlet properties	7	- 1 867	- 2 268
XII.	(-) Property management costs	7	- 2 830	- 2 642
XIII.	(-) Other property charges	7	- 7 928	- 5 308
	(+/-) Property charges		**- 32 880**	**- 28 749**
PROPERTY OPERATING RESULT			**115 197**	**123 251**
XIV.	(-) Corporate overheads	10	- 18 596	- 16 504
XV.	(+/-) Other operating income and charges	11	- 1 932	- 1 028
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**94 669**	**105 719**
XVI.	(+/-) Gains and losses on disposals of investment properties	12	306	12 961
XVIII.	(+/-) Changes in fair value of investment properties	13	1 367	110 113
OPERATING RESULT			**96 342**	**228 793**
XX.	(+) Financial income	14	745	782
XXI.	(-) Net interest charges	14	- 19 125	- 19 117
XXII.	(-) Other financial charges	14	- 2 579	- 4 933
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	14	- 17 682	- 25 539
	(+/-) Financial result		-38 642	- 48 807
PRE-TAX RESULT			**57 700**	**179 986**
XXV.	(-) Corporation tax	15	- 1 107	- 1 228
	(+/-) Taxes		- 1 107	- 1 228
NET RESULT		16	**56 593**	**178 757**
NET RESULT (group share)			**57 709**	**178 463**
NET RESULT - NON-CONTROLLING INTERESTS			**- 1 116**	**294**
BASIC NET RESULT AND DILUTED (€/share)		16	**2.13**	**6.95**
Other comprehensive income - actuarial gains and losses - pension liabilities		35	- 1 784	- 1 585
Other comprehensive income (group share)			- 1 781	- 1 585
Other comprehensive income - Non-controlling interests			- 3	-
TOTAL COMPREHENSIVE INCOME			**54 809**	**177 172**
TOTAL COMPREHENSIVE INCOME (group share)			**55 928**	**176 878**
TOTAL COMPREHENSIVE INCOME - NON-CONTROLLING INTERESTS			**- 1 119**	**294**

Consolidated statement of financial position (in € thousand)

ASSETS		Notes	31.12.20	31.12.19
I.	**Non-current assets**		**2 790 205**	**2 861 689**
A.	Goodwill	17	18 145	23 629
B.	Intangible assets	19	3 815	1 729
C.	Investment properties	18	2 739 649	2 814 822
	Fair value of portfolio (excluding Silversquare)		2 694 479	2 790 778
	Right of use - Fair value of Silversquare leases		45 170	24 044
D.	Other property, plant and equipment	19	15 355	10 948
E.	Non-current financial assets	20	8 421	7 296
F.	Finance lease receivables	21	4 822	3 265
II.	**Current assets**		**56 284**	**50 563**
A.	Properties held for sale	18	21 581	-
B.	Current financial assets	20	795	12 763
C.	Finance lease receivables	21	145	142
D.	Trade receivables	22	28 386	31 535
E.	Tax receivables and other current assets	23	479	1 060
F.	Cash and cash equivalents	24	2 439	2 878
G.	Deferred charges and accrued income	25	2 458	2 184
TOTAL ASSETS			**2 846 488**	**2 912 251**

SHAREHOLDERS' EQUITY AND LIABILITIES		Notes	31.12.20	31.12.19
TOTAL SHAREHOLDERS' EQUITY			**1 591 404**	**1 603 872**
I.	**Equity attributable to shareholders of the parent company**		**1 591 404**	**1 603 872**
A.	Capital	26	398 356	398 320
B.	Share premium account	26	861 905	861 905
C.	Reserves	26	318 874	231 434
D.	Net result for the fiscal year[1]		12 269	112 213
II.	**Non controlling interests**	40	-	-
LIABILITIES			**1 255 084**	**1 308 379**
I.	**Non-current liabilities**		**760 104**	**696 157**
A.	Provisions	29	3 918	1 471
B.	Non-current financial debts	27	684 586	637 567
	a. Credit institution		219 677	201 446
	c. Other		464 909	436 121
C.	Other non-current financial liabilities	28	62 973	46 455
D.	Trade debts and other non-current debts	30	7 547	9 974
F.	Deferred Tax – Liabilities	15	1 081	691
II.	**Current liabilities**		**494 980**	**612 222**
A.	Provisions	29	2 526	3 155
B.	Current financial debts	27	368 697	497 167
	a. Credit institution		11 001	61 448
	c. Other		357 696	435 719
D.	Trade debts and other current debts	30	93 130	85 596
E.	Other current liabilities	31	4 276	3 872
F.	Accrued charges and deferred income	32	26 351	22 432
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			**2 846 488**	**2 912 251**

[1] The interim dividend is 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	31.12.2020	31.12.2019
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR		**2 878**	**591**
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		**2 878**	**2 150**
Operating activities (+/-)			
Net result for the period		56 593	178 757
Result on disposal of investment properties	12	- 306	- 12 961
Financial result (excl. changes in fair value of financial assets and liabilites)	14	20 959	23 268
Interest paid (incl. Financial charges IFRS 16)		- 23 530	- 24 177
Taxes	15	1 107	1 228
Taxes paid		- 1 049	- 870
Items with no effect on cash flow to be extracted from earnings			
Fair value adjustment for investment buildings (+/-)	13	-1 367	-110 113
Fair value adjustment on non-current financial assets/liabilities booked to earnings (+/-)	14	17 682	25 539
Loss of (gain in) value on trade receivables (+/-)	6	- 247	- 8
IFRS 16 adjustment		592	-
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)	19	2 447	2 294
Goodwill impairment	17	700	-
Adjustments of provisions (+/-)	29	691	- 2 727
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS		**74 272**	**80 232**
Change in assets items[1]		3 873	- 9 490
Change in liabilities items[2]		8 265	- 5 542
CHANGE IN WORKING CAPITAL REQUIREMENTS		**12 137**	**- 15 031**
CASH FLOW FROM OPERATING ACTIVITIES		**86 409**	**65 200**
Investments (-) / Disposals (+)			
Investment properties			
Investments	18	- 153 381	- 60 816
Disposals	18	252 339	100 186
Other acquisitions (redevelopment projects, stake, ...)	18	- 14 079	- 16 042
Other property, plant and equipment and intangible assets	19	- 8 881	- 7 687
CASH FLOW FROM INVESTMENT ACTIVITIES		**75 997**	**15 642**
Financing (+/-)			
Increase (+) / Decrease (-) in financial debts	34	- 31 043	- 37 693
European private bond placements	34	10 000	50 000
Reimbursement USPP May 2019 and May 2020	34	- 67 494	- 82 769
Reimbursement financial debt IFRS 16	34	- 2 321	- 1 479
Hedging instruments and other financial assets	34	- 3 247	904
Final dividend previous fiscal year (-)	26	- 23 265	- 21 998
Cost capital increase (-)	26	- 36	- 1 097
Interim dividend Befimmo fiscal year (-)	26	- 45 440	- 66 250
Capital increase as a result of optional dividend	26	0	11 255
Private placement of own shares	26	0	69 013
CASH FLOW FROM FINANCING ACTIVITIES		**- 162 846**	**- 80 114**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**- 439**	**728**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (6 MONTHS)	24	**2 439**	**2 878**

[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 (non) 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 31.12.18	**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, net of profit attributable to non-controlling interests			- 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
Net result (group share)				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**	**1 603 872**	**-**	**1 603 872**
Appropriation of the result			112 213	-112 213	-		-
Dividend distributed			- 23 265		- 23 265		- 23 265
Befimmo 2019 final dividend			*- 23 265*		*- 23 265*		*- 23 265*
Dividend distributed				-45 440	- 45 440		- 45 440
Befimmo 2020 interim dividend				*-45 440*	*- 45 440*		*- 45 440*
Profit attributable to non-controlling interests			- 1 116		- 1 116		- 1 116
Valuation of the put option held by minority shareholders			1 773		1 773		1 773
Liquidity program			- 382		- 382		- 382
Costs capital increase 2019	36				36		36
Net result (group share)				57 709	57 709		57 709
Other elements of comprehensive income			- 1 784		- 1 784		- 1 784
EQUITY AS AT 31.12.20	**398 356**	**861 905**	**318 874**	**12 269**	**1 591 404**	**-**	**1 591 404**

[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), Vitalfree SA (registered with the Banque Carrefour des Entreprises under number 0899.063.306), Zin In Noord SA (registered with the Banque Carrefour des Entreprises under number 0742.736.225), Zin In Noord 2025 SA (registered with the Banque Carrefour des Entreprises under number 0759.620.955) and Loi 52 SA (registered with the Banque Carrefour des Entreprises under number 0712.741.845). Befimmo holds directly a 75.63% stake in the Silversquare Belgium SA (registered with Banque Carrefour des Entreprises under number 0806.423.356) and indirectly in Silvesquare Luxemburg SA. All the Befimmo subsidiaries close their fiscal years at 31 December. The Company and its affiliates constitute hereinafter the Group.

The Group is presenting consolidated financial statements as at 31 December 2020. The Board of Directors of Befimmo SA adopted the financial statements for this fiscal year on 17 February 2021 and authorised their publication on 10 March 2021.

The Group's business consists of providing office buildings, meeting rooms and coworking spaces to various users and the associated services.

At 31 December 2020, 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 made available to public institutions and the remainder to multinationals, local companies and starters.

The Company is listed on Euronext Brussels.

The description of key events after the close is detailed on pages 39 and 40 of the management report.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The Group'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 2020, the Group has analysed and, where appropriate, applied the following new or amended standards and interpretations which entered into force during the fiscal year opening on 1 January 2020:

- Amendments to IAS 1 and IAS 8 Definition of the terminology "Material".
- Amendments to IFRS 3 Business Combinations: Definition of a Business. Those modifications define more precisely the concept of « business » and could have an impact on future acquisitions. Past acquisitions are not in scope of this prospective modification of IFRS3.
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1.
- Amendments to references to the Conceptual Framework in IFRS standards.

Furthermore, the Group 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 2020, namely:

- IFRS 17 *Insurance Contracts* (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU).
- Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU).
- Amendments to IAS 16 *Property, Plant and Equipment*: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU).

- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 *Business Combinations*: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendment to IFRS 4 *Insurance Contracts* – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021)
- Amendment to IFRS 16 *Leases*: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

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 Group, 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 its 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 Group obtains control. They are de-consolidated on the date on which that control ceases.

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 subsidiaries are fully eliminated. This is not the case for operations with associates and joint ventures that are eliminated in proportion of the Group'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.

Associates and Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of a joint ventures and associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations.*

Under the equity method, an investment in an associate or joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

A holding in a joint venture or associate is accounted using the equity method from the date on which the Group has joint control or significant influence, and until such time as that joint control or influence ceases.

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, except for interests in joint ventures and associates that are valued using equity method,

The balance sheet liabilities consist mainly of financial borrowings. Borrowings at floating rates have a carrying amount close to their fair value, while fixed-rate borrowings are either 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), either recognised at fair value (estimated by calculating an update of future flows). The other liabilities items are short-term, so their carrying amount is almost equivalent to their fair value. Where is available, the fair value of financial liabilities is disclosed.

2.2.3. Business combinations and goodwill

Where the Group takes control of a "business" as defined in IFRS 3 – *Business Combinations*, identifiable assets and 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, the bargain purchase is booked straight to the income statement, after confirmation of the values.

If the Group already had an interest in the acquired entity prior to the control (step acquisition), the difference between the fair value and the carrying amount of the existing interest 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 Group 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 when the fair value can be readily determined.

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.

---

[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 Group 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 the 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 measured 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;
- Leased equipment: the useful life of the leased asset.

The right-to-use assets under lease agreements such as for cars, copiers and parking spaces are recognised under the heading "Other property, plant and equipment" at cost and amortised on a straight-line basis over the contract term (or over the useful life if it is less). The right to use these assets is determined by the Group on the basis of the corresponding lease liability which is obtained by discounting future expected lease payments over the lease term. The lease liability is recognised as a financial liability at amortised cost under the heading "Financial liabilities (non-)current".

The Group uses the exemption provided by the standard IFRS 16 - *Leases* for low-value assets and short-term leases (leases expiring within 12 months from contract starting date). 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, bought 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 financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 allowance for expected credit loss 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.

2.7. Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest-rate and exchange-rate risks arising from the financing of its activities. The Group does not hold or issue derivative financial instruments for proprietary trading purposes.

The derivatives the Group 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. Assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as assets held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

2.9. Impairment of assets

The Group reviews the carrying amount of intangible and tangible assets other than investment properties 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 of the goodwill related to the CGU (group of CGUs), any remaining amount is allocated to the assets of 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

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.
Dividends are recognised as a liability when they are declared by the General Meeting of Shareholders.

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.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

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, when the Group issue loans denominated in foreign currencies, these 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 Group uses the exemption provided by the standard for low-value assets and short-term leases (leases expiring within 12 months from contract starting date). 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 Group operates two types of supplementary pension schemes 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

This pension plan funded by contributions paid by the Group to the insurance company and by payment to the same insurance company of defined contributions into a group insurance has been closed for the future.

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 this pension scheme, the fixed group insurance contributions were paid by the Group and by employees (above a certain remuneration level) to an insurance company. Contributions were recognised as expenses as they fall due, and as such were 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 Group 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 Group 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 a straight line 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".

Rent reductions exceptionally granted during an economic crisis, such as the COVID-19 pandemic outbreak and the related lockdown, are accounted for as a deduction of the income, according to IFRS 9 (impairment loss).

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 the related tax impact is recorded in equity as well.

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 be applied 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 Group's accounting policies

For buildings on a long-term lease, with limited exceptions, the Group 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 operating lease agreements according to IFRS 16 – *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 Group 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 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 (68.1%), the remaining 31.9% being in Flanders (15.9%), Wallonia (10.6%) and Luxembourg city (5.5%).

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.

[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 / intercompagny eliminations		Total	
	Brussels CBD and similar		Brussels decentralised		Brussels periphery		Wallonia		Flanders		Luxembourg city							
(in € thousand)	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19
INCOME STATEMENT																		
A. Rental income	66 931	73 605	6 769	6 164	8 797	9 106	11 118	10 796	32 231	30 358	4 908	5 174	8 006	7 406	- 1 107	- 171	**137 652**	**142 437**
B. Property operating result	57 340	68 668	5 882	3 852	8 890	7 136	9 408	8 956	29 779	27 304	4 275	4 524	- 363	2 834	- 14	- 22	**115 197**	**123 251**
C. Change in fair value of investment properties	17 690	75 526	- 3 736	2 987	- 2 588	- 2 801	7 900	16 080	- 27 009	2 045	8 502	16 047	608	231	-	-	**1 367**	**110 113**
D. Gains and losses on disposal of buildings	3 049	10 024	-	-	- 2 743	2 402	-	-	-	534	-	-	-	-	-	-	**306**	**12 961**
E. SEGMENT RESULT (= B+C+D)	**78 078**	**154 217**	**2 146**	**6 838**	**3 559**	**6 737**	**17 308**	**25 036**	**2 770**	**29 883**	**12 777**	**20 571**	**245**	**3 065**	**- 14**	**- 22**	**116 870**	**246 325**
Percentage by segment	66.8%	62.6%	1.8%	2.8%	3.0%	2.7%	14.8%	10.2%	2.4%	12.1%	10.9%	8.4%	0.2%	1.2%	0.0%	0.0%	**100%**	**100%**
F. Corporate overheads															- 18 596	- 16 504	**- 18 596**	**- 16 504**
G. Other operating income and charges															- 1 932	- 1 028	**- 1 932**	**- 1 028**
H. Financial result															- 38 642	- 48 807	**- 38 642**	**- 48 807**
I. Income tax															- 1 107	- 1 228	**- 1 107**	**- 1 228**
NET RESULT (= E+F+G+H+I)																	**56 593**	**178 757**
Net result (group share)																	**57 709**	**178 463**
Non controlling interests																	**- 1 116**	**294**

	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19
BALANCE SHEET																		
Assets																		
Goodwill	2 607	7 391	-	-	-	-	1 329	1 329	5 308	5 308	-	-	8 900	9 600	-	-	**18 145**	**23 629**
Investment properties and assets held for sale	1 659 766	1 716 835	82 234	83 180	92 537	121 093	284 973	256 193	449 467	474 911	147 083	138 566	45 170	24 044	-	-	**2 761 229**	**2 814 822**
of which investments and acquisitions during the year	*182 037*	*91 648*	*2 790*	*- 1 474*	*1 230*	*7 348*	*- 16 403*	*11 128*	*1 565*	*3 087*	*15*	*- 37*	-	-	-	-	**171 234**	**111 699**
Other assets	3 343	2 178	-	-	-	-	1 624	1 229	-	-	-	-	-	-	62 147	70 393	**67 114**	**73 801**
TOTAL ASSETS	**1 665 716**	**1 726 404**	**82 234**	**83 180**	**92 537**	**121 093**	**287 926**	**258 751**	**454 775**	**480 219**	**147 083**	**138 566**	**54 070**	**33 645**	**62 147**	**70 393**	**2 846 488**	**2 912 251**
Percentage by segment	58.5%	59.3%	2.9%	2.9%	3.3%	4.2%	10.1%	8.9%	16.0%	16.5%	5.2%	4.8%	1.9%	1.2%	2.2%	2.4%	**100%**	**100%**
TOTAL LIABILITIES															**1 255 084**	**1 308 379**	**1 255 084**	**1 308 379**
TOTAL SHAREHOLDERS' EQUITY															**1 591 404**	**1 603 872**	**1 591 404**	**1 603 872**
Equity attribuable to shareholders of the parent company															1 591 404	1 603 872	**1 591 404**	**1 603 872**
Non controlling interests															-	-	**-**	**-**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY															**2 846 488**	**2 912 251**	**2 846 488**	**2 912 251**

5. RENTAL INCOME

I. Rental income (in € thousand)	31.12.20	31.12.19
Rents	**134 045**	**141 342**
Cost of rent free periods	- 2 660	- 2 510
Concessions granted to tenants (incentives)	- 161	- 252
Indemnities for early termination of rental contracts	6 428	3 857
Rental income	**137 652**	**142 437**

This table sets out the various components of rental income. Besides rent and revenue from leases with members of coworking spaces (€8.0 million in 2020 and €7.4 million in 2019), rental income also includes:

- various items relating to the spread of rental gratuities granted and concessions to tenants, booked in accordance with IFRS standards, the effect of which is neutralised in heading XV of the consolidated statement of the total comprehensive income;
- compensations received, related to early termination of leases.

(in € thousand)	31.12.20	31.12.19
Less than one year	114 184	129 599
One to five years	363 735	378 666
More than five years	377 126	425 738
Rental income	**855 045**	**934 003**

This table gives details of future rents that the Group 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 €1.3 million and €3.0 million for fiscal years 2020 and 2019 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 each year on the anniversary date of the coming into force of the lease, 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 an expert. 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 expert draws up a closing inventory. Tenants have to pay compensation covering the amount of any damage to and eventually 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 (for an amount equivalent to six months' rent) 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)	**31.12.20**	**31.12.19**
Rents payable on rented premises	- 261	- 521
Write-downs on trade receivables	- 748	- 561
Write-back of write-downs on trade receivables	995	569
Charges linked to letting	**- 14**	**- 514**

This tables includes the following amounts:

- rent paid for leased premises which were subsequently re-let to customers of the Group;
- 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)	**31.12.20**	**31.12.19**
At less than one year	233	275
One to five years	571	815
At more than five years	257	329
Rent paid	**1 061**	**1 419**

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 paid for indexing over the past two years are valued at less than €15,000 each year.

7. REAL-ESTATE CHARGES AND RECOVERY OF REAL-ESTATE CHARGES

31.12.20 (in € thousand)

AT CHARGE		NET		RECOVERY
IX. Technical costs	**- 18 520**		**16 081**	**IV. Recovery of property charges**
Recurrent	- 5 885	- 2 088	3 797	Recurrent
Repairs	- 4 428	- 1 189	3 239	Repairs
Total-guarantee charge	- 989	- 675	314	Total-guarantee charge
Insurance premiums	- 469	- 225	244	Insurance premiums
Non recurrent	- 12 635	- 1 475	11 159	Non recurrent
Major repairs (building companies, architects, engineering offices,…)	- 12 508	- 1 440	11 069	Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 126	- 36	27	Recovery of damage expenses
			63	Compensation of damage by insureers
XII. Property management costs	**- 2 830**	- 1 705	1 125	Property management costs
Fees paid to (external) managers	-	1 125	1 125	Management fees received
(Internal) management fees of properties	- 2 830	- 2 830		
X. Commercial costs	**- 1 736**	**- 1 736**		
Letting fees paid to real-estate brokers	- 1 490	- 1 490		
Advertising	- 24	- 24		
Fees paid to lawyers and other experts	- 223	- 223		
XI. Charges and taxes on unlet properties	**- 1 867**	**- 1 867**		
XIII. Other property charges	**- 7 928**	**- 7 928**		
Property charges	**- 32 880**	**- 16 799**	**16 081**	**IV. Recovery of property 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 insureers
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**

These tables set out, for fiscal years 2019 and 2020, the origins of the net real-estate charges borne by the Group.

The main change is in “Other property charges” which are up by €2.6 million, mainly following a reversal in 2019 of provisions related to the sale of the Brederode building (in 2017), following the extincsion of any residual risk.
The increase of €1.8 million in major repairs (from -€10.7 million as at 31 December 2019 to -€12.5 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 €0.4 million thanks to the increase in the occupancy rate of the Media and Triomphe buildings.

8. RENTAL CHARGES AND TAXES NORMALLY PAID BY TENANTS ON LET PROPERTIES

(in € thousand)	31.12.20	31.12.19
V. Recovery of rental charges and taxes normally paid by tenants on let properties	**24 947**	**24 300**
Rebilling of rental charges invoiced to the landlord	4 188	4 377
Rebilling of withholding taxes and other taxes on let properties	20 759	19 923
VII. Rental charges and taxes normally paid by tenants on let properties	**- 32 760**	**- 29 752**
Rental charges invoiced to the landlord	- 10 475	- 8 762
Withholding taxes and other taxes on let properties	- 22 285	- 20 990
Total	**- 7 813**	**- 5 451**

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.

These headings also include since 1 January 2019, the impact of the integration of Silversquare into the accounts at 31 December 2019. The charge includes operational charges and withholding taxes and taxes for coworking spaces. Main operational costs of Silversquare are recorded on this level, which will therefore increase consequently with the expansion of the coworking network. At 31 December 2020, the impact of Silversquare on the rental charges and taxes equals to €6.7 million. In 2019 the rental charges and taxes of Silversquare amount to €4.1 million.

9. OTHER REVENUE AND EXPENDITURE LINKED TO RENTAL INCOME

This heading is mainly impacted, in 2020, by non-recurring items (reimbursement of the co-ownership reserve fund, following dissolving of the co-ownership WTC).

10. CORPORATE OVERHEADS

XIV. Corporate overheads (in € thousand)	31.12.20	31.12.19
Staff costs	- 9 617	- 8 091
Staff costs	*- 6 465*	*- 5 172*
Remuneration of Directors and members of the Executive Committee of Befimmo SA	*- 3 152*	*- 2 918*
Operating and communication costs	- 3 126	- 3 139
IT costs	- 2 615	- 2 355
Fees (project research, real-estate experts, legal advice, etc.)	- 2 779	- 2 273
FSMA and Euronext costs	- 139	- 127
Taxes and non-recoverable VAT	- 320	- 519
Corporate overheads	**- 18 596**	**- 16 504**

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 Group’s support teams (remuneration, social contributions, etc. of persons working in a business support function)[1], remuneration of the members of the Executive 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.

At 31 December 2020, the “Operating and communication costs” are stable compared to 31 December 2019. These costs mainly include the facility and office management costs, the communications costs and the insurance costs.

The “IT costs” increased compared to 2019. This is mainly linked to the accelerated process of digitalisation of Befimmo.

The sub-heading "Fees" mainly includes the costs of experts for the valuation of the portfolio, consultants, lawyers and the fees of the auditor EY detailed below. This sub-heading therefore contains the fees related to current and non-current corporate projects.

The Statutory Auditor’s fees for fiscal year 2020 amounted to €77,880.00 excluding VAT. In fiscal year 2020 it also provided additional services as part of its statutory duties for a fee of €32,455.00 excluding VAT. Outside its statutory role, during fiscal year 2020, Ernst & Young and affiliated companies provided services related to other non-auditing duties for a fee of €27,000.00 excluding VAT.

[1] The personnel costs of the Company's real-estate teams and the coworking teams are recorded under Property charges.

EY, 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 2020 of Fedimmo, Zin in Noord, Zin in Noord 2025, Loi 52, Befimmo Property Services, Meirfree, Vitalfree and Silversquare Belgium and its subsidiaries totaled €67,080 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 for fiscal year 2020 amount to €10,500.00 excluding VAT.
Outside its statutory role, during fiscal year 2020, Ernst & Young (Luxembourg) has not provided services related to other non-auditing duties.

This heading also includes costs related to the listing of the Group 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.

Group staff		**31.12.20**	**31.12.19**
Number of persons under a contract of employment		126	119
Of which:			
Real-estate team	Number of persons under a contract of employment	59	55
Support team	Number of persons under a contract of employment	35	31
Team coworking	Number of persons under a contract of employment	32	33
Average full-time equivalent during the year		122.42	109.79
Of which:			
Real-estate team	Average full-time equivalent during the year	58.40	52.68
Support team	Average full-time equivalent during the year	33.90	30.11
Team coworking	Average full-time equivalent during the year	30.12	27.00

11. OTHER OPERATING INCOME AND CHARGES

XV. Other operating income and charges (in € thousand)	**31.12.20**	**31.12.19**
Spread of rent free periods	- 1 232	- 1 033
Others	- 700	4
Other operating income and charges	**- 1 932**	**- 1 028**

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 Group's net result. The other items under this heading are non-recurring. For the year 2020, it relates to a goodwill impairment on the participation in Silversquare.

12. GAINS OR LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES

XVI. Gains and losses on disposals of investment properties (in € thousand)	**31.12.20**	**31.12.19**
Net sale of properties (selling price - transaction costs)	252 339	100 182
Book value of properties sold	- 252 033	- 87 221
Gains and losses on disposals of investment properties	**306**	**12 961**

In fiscal year 2020, Befimmo granted a 99-year leasehold on the Blue Tower, Schuman 3, Schuman 11 and Guimard buildings in the Brussels CBD and sold the Media building in the Brussels periphery. Fedimmo sold the Froissart building in the Brussels CBD.

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.

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)	31.12.20	31.12.19
Positive changes in fair value of investment properties	89 506	172 173
Negative changes in fair value of investment properties	- 88 139	- 62 060
Changes in fair value of investment properties	**1 367**	**110 113**

The changes in fair value of investment properties include the changes in fair value of the buildings in the portfolio of the Group as well as the fair value of Silversquare leases (right of use).

In 2020, the change in fair value of investment properties excluding Silversquare leases amounted to +€759 thousand and the change in the fair value of Silversquare leases amounted to +€608 thousand.
In 2019, these amounts were respectively of +€109,882 thousand for the buildings and of +€232 thousand for the leases.

14. FINANCIAL RESULT

	(in € thousand)	31.12.20	31.12.19
(+)	**XX. Financial income**	**745**	**782**
(+)	Interests and dividends received	570	686
(+)	Fees for finance leases and similar	175	96
(+/-)	**XXI. Net interest charges**	**- 19 125**	**- 19 117**
(-)	Nominal interest on loans	- 9 614	- 13 974
(-)	Reconstitution of the face value of financial debts	- 272	- 215
(-)	Other interest charges	- 1 497	- 495
(+)	Proceeds of authorised hedging instruments	4 008	8 223
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*4 008*	*8 223*
(-)	Charges of authorised hedging instruments	- 11 751	- 12 657
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*- 11 751*	*- 12 657*
(-)	**XXII. Other financial charges**	**- 2 579**	**- 4 933**
(-)	Bank charges and other commissions	- 2 579	- 2 489
(-)	Net losses realised on sale of financial assets	- 1	0
(-)	Net losses realised on sale of finance lease receivables and similar	-	- 2 443
(+/-)	**XXIII. Changes in fair value of financial assets and liabilities**	**- 17 682**	**- 25 539**
(+/-)	Authorised hedging instruments	- 31 059	- 29 660
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*- 31 059*	*- 29 660*
(+/-)	Others	13 377	4 120
(+/-)	**Financial result**	**- 38 642**	**- 48 807**

The financial result (excluding changes in the fair value of financial assets and liabilities) was -€21.0 million as at 31 December 2020, compared with -€23.3 million as at 31 December 2019.

The "Financial income" is stable and mainly includes interest earned on issues of commercial paper (in the context of negative interest rates).

“Net interest charges” were stable compared with 2019 thanks to a stable average financial debt (slightly up by 0.5% in 2020) and good management of the average (annualised) cost of financing which was 2.0% (stable compared with fiscal year 2019).

The impact of financial interest charges related to IFRS 16 debts under the sub-heading “Other interest charges” (mainly linked to the external leases of Silversquare) amounted to €1.4 million in 2020, compared to €0.4 million in the accounts at 31 December 2019.

The change in fair value of the financial assets and liabilities was -€17.7 million for fiscal year 2020. The item "Authorised hedging instruments" includes losses recorded on the forward products (-€18.5 million, including CVAs and DVAs) and gains recorded on option products (€0.1 million, including CVAs and DVAs), acquired under the Group's hedging policy. The changes in the value of the cross-currency swaps, arranged to hedge the interest and currency risk associated with the conclusion of the USPP, amounted to -€12.7 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 €12.6 million was recorded for fiscal year 2020. The USPP debt was fully reimbursed in May 2020. Therefore, the related Cross-Currency Swap terminated at the same date.

The change in fair value of the financial assets and liabilities was -€25.5 million for fiscal year 2019. The item "Authorised 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, 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).

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 throught profit or loss		Financial assets valued at amortised cost		Financial liabilities valued at amortised cost	
	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19
Financial income	**745**	**782**	-	-	180	96	565	686
Net interest charges	**- 19 125**	**- 19 117**	- 7 916	- 8 818	- 72	- 58	- 11 137	- 10 241
Other financial charges	**- 2 579**	**- 4 933**	- 1	0	-	-	- 2 579 [1]	- 4 933 [2]
Changes in fair value of financial assets and liabilities	**- 17 682**	**- 25 539**	- 18 335	- 24 986	-	-	653	- 553 902
Total result on financial assets/liabilities	**- 38 642**	**- 48 807**	**- 26 252**	**- 33 804**	**108**	**38**	**- 12 497**	**- 15 042**

15. INCOME TAXES

The income tax burden is broken down as follows:

XXV. Corporation tax (in € thousand)	31.12.20	31.12.19
Current taxes for fiscal year	- 1 121	- 1 256
Adjustment of current taxes from previous periods	404	499
Deferred tax	- 390	- 472
Corporation tax	**- 1 107**	**- 1 228**

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 25.00% during 2020 and 29.58% during 2019) on a reduced tax base, i.e. mainly on its non-allowable expenses.

The subsidiaries Fedimmo SA, Zin in Noord SA, Zin in Noord 2025 SA and Loi 52 SA which have institutional REIT status, are 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 (25.00% in 2020 and 29.58% in fiscal year 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 taxburden on the results of 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 2020, a "Deferred tax" was recorded for Axento for a total amount of -€390 thousand, resulting from the recognition at fair value of properties located abroad as per IAS 40. The “Deferred tax” amounted to -€472 thousand in 2019.
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)	31.12.20	31.12.19
NUMERATOR		
Net result for the fiscal period (group share)	57 709	178 463
DENOMINATOR		
Shares not held by the group at the end of the period (in units)	27 040 351	27 052 443
Weighted average of shares in circulation during the period (in units)	27 048 907	25 676 219
Net result per share (basic and diluted) (in €) (group share)	**2.13**	**6.95**
Dividend for the fiscal year		
Interim dividend (gross)	45 440	66 250
Final dividend (gross)	15413 [1]	23 265
Gross dividend for the fiscal year	**60 853**	**89 515**
Total gross dividend per share not held by the group	2.25	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 €4,784 thousand was recorded following the sale of the property Froissart and the contribution in kind of the buildings WTC 3 and WTC 4 to the entity Zin in Noord 2025 SA. 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)	31.12.20	31.12.19
COST		
Opening balance	**14 515**	**14 704**
Reductions linked to assets sold during the period	- 4 784	- 189
Closing balance	**9 731**	**14 515**
DECREASE IN VALUE		
Opening balance	**- 487**	**- 487**
Write-downs posted during the period	-	-
Closing balance	**- 487**	**- 487**
CARRYING AMOUNT		
Opening balance	**14 028**	**14 217**
Closing balance	**9 244**	**14 028**

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	32 428	32 626	-
Brussels Leopold district	2 010	126 985	128 100	-
Wallonia	1 329	44 049	44 180	-
Flanders	5 308	201 157	201 580	-
Total portfolio	**9 244**	**404 618**	**406 486**	**-**

[1] Subject to the approval by the Ordinary General Meeting of shareholders of 27 April 2021. The final dividend (gross) may be adjusted if the company does not hold anymore treasury shares related to its liquidity program (12,092). The maximum final dividend (gross) may therefore amount to a maximum to €15,420 thousand.

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 2020 (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 124% 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 €3,509 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. This goodwill is recorded in the consolidated financial statements as at 1 January 2020.

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 lower than the acquisition value, so an impairment of the value of goodwill of €0.7 million was required, registered in the accounts at 31 December 2020.

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 further impaired in the event of either a change in the forecast turnover or an increase in the discount rate. An impairment of €5,3 million would be required if the forecasted turnover decrease by 1%, and of €7,6 million if the discount rate increase by 1% .

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)	31.12.20	31.12.19
Properties available for lease	2 222 360	2 420 692
Fair value of portfolio (excluding Silversquare)	2 177 190	2 396 648
Right of use - Fair value of Silversquare leases	45 170	24 044
Other - Properties that are being constructed or developed for own account in order to be leased	517 289	394 130
Investment properties	**2 739 649**	**2 814 822**

As at 31 December 2020, 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 Loi 52 and the Quatuor, ZIN, Paradis Express, and WTC 4 projects.

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.

A. Assets held for sale (in € thousand)	31.12.20	31.12.19
Investment properties	21 581	-
Assets held for sale	**21 581**	**-**

The heading “Assets held for sale” includes ten buildings in the Fedimmo portfolio, of which nine are located in Flanders and one in Wallonia.

(in € thousand)	
Carrying value as at 31.12.2018	**2 655 324**
of which: - Investment properties	2 655 324
of which: - 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 right of use as from 1 January 2019	*17 265*
New leases contracted since 1 January 2019	*6 548*
Changes in fair value	*231*
IFRS 16 - rights of use of lands	2 187
Recognition right of use as from 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 the portfolio excluding Silversquare	*2 790 778*
Fair value of the Silversquare leases (right of use)	*24 044*
dont : - Actifs détenus en vue de la vente	-
Acquisitions	13 228
Other investments	158 006
Reduction of goodwill WTC 3 and WTC 4 following contribution in kind	4 685
Disposals	- 251 396
Changes in fair value	860
IFRS 16 - Silversquare leases (right of use)	21 125
New leases contracted since 1 January 2020	*20 518*
Changes in fair value	*608*
IFRS 16 - rights of use of lands	- 101
Changes in fair value	*- 101*
Carrying value as at 31.12.2020	**2 761 229**
of which: - Investment properties	2 739 649
Fair value of the portfolio excluding Silversquare[1]	*2 694 479*
Fair value of the Silversquare leases (right of use)	*45 170*
of which: - Assets held for sale	21 581

[1] €2,086 thousand of which correspond to a right to use land.

During the fiscal year 2020, the main acquisition of Befimmo was the Loi 52 building, located in the Léopold district of the CBD.

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 2020, €158.0 million were invested in works in the portfolio from which € 138.2 million in properties constructed or developed for own account in order to be leased. The main investments were in the Quatuor project (€68.5 million), the ZIN project (€39.4 million), the Paradis Express project (€15.8 million in the office part), the renovation of the Central Gate building (€11.1 million) and the renovation of the Brederode Corner building completed in 2020 (€5.1 million).

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 fiscal year 2020, Befimmo granted a 99-year leasehold on the Blue Tower, Schuman 3, Schuman 11 and Guimard buildings in the Brussels CBD and sold the Media building in the Brussels periphery. Fedimmo sold the Froissart building in the Brussels CBD.

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.

The properties that left the portfolio in 2020 contributed €7.27 million to the property operating result in 2020.

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.

19. INTANGIBLE ASSETS AND OTHER TANGIBLE ASSETS

B. Intangible assets (in € thousand)	31.12.20	31.12.19
Intangible assets	3 815	1 729
Intangible assets	**3 815**	**1 729**

D. Other property, plant and equipment (in € thousand)	31.12.20	31.12.19
Property, plant and equipment for own use	13 390	9 042
Other	1 965	1 905
Other property, plant and equipment	**15 355**	**10 948**

At 31 December 2020, the Intangible Assets mainly include the costs related to the development of several softwares as part of the Digitalization of the firm (€2.3 million). It also include softwares that are already in used and for which the depreciation has begun (€1.5 million).

The sub-heading “Property, plant and equipment for own use” includes mainly 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.

20. NON-CURRENT AND CURRENT FINANCIAL ASSETS

E. Non-current financial assets (in € thousand)	31.12.20	31.12.19
Financial assets at fair value through profit and loss	8 083	7 273
Investments in associates or companies linked through a shareholding	450	-
Authorised hedging instruments - level 2	7 633	7 273
Forward – IRS	*7 633*	*7 273*
Others	338	24
Non-current financial assets	**8 421**	**7 296**

B. Current financial assets (in € thousand)	31.12.20	31.12.19
Financial assets at fair value through profit and loss	291	12 717
Authorised hedging instruments - level 2	291	12 717
Forward – IRS	*291*	*2*
Forward – CCS	-	*12 715*
Loans and receivables	504	46
Current financial assets	**795**	**12 763**

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 2020 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 Group.

21. FINANCE LEASE RECEIVABLES

This heading relates to finance lease agreements (as per standard IFRS 16) and the subsoil of buildings (€3,880 million as of 31 December 2020). As at 31 December 2020, the finance lease is on the asset embodied in the building in Wandre. The fair value of this asset is €1,191 thousand, compared with its value at amortised cost of €1,087 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 Group’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)	31.12.20	31.12.19
Taxes	450	1 060
Others	29	-
Tax receivables and other current assets	**479**	**1 060**

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)	31.12.20	31.12.19
Cash equivalents	1 626	-
Available values	813	2 878
Total	2 439	2 878

As the Group is structurally indebted, available funds are limited, consisting mainly of positive balances in the Group's various bank accounts.

25. DEFERRED CHARGES AND ACCRUED INCOME - ASSETS

G. Deferred charges and accrued income (in € thousand)	31.12.20	31.12.19
Prepaid property charges	1 085	448
Others	1 374	1 736
Deferred charges and accrued income	**2 458**	**2 184**

This heading covers:

- prepaid property charges;
- under the sub-heading "Other": mainly the financial receivables related to IRS receivers (€0.8 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)			31.12.20	31.12.19
A. Capital			**398 356**	**398 320**
(+)		Subscribed capital	413 277	413 277
(-)		Costs of capital increase	- 14 920	- 14 957
B. Share premium account			**861 905**	**861 905**
C. Reserves			**318 874**	**231 434**
(+/-)	(b)	Reserve for the balance of changes in fair value of investment properties	180 967	146 327
(+/-)	(b2)	Reserve for the balance of the share in the profit or loss and other comprehensive income of investments booked using the equity method	470	-
(-)	(c)	Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-	- 44 172
(+/-)	(e)	Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS	- 40 643	- 16 094
(-)	(h)	Reserve for own shares	- 69 419	- 68 980
(+/-)	(j)	Reserve for actuarial gains and losses for the pension plans	- 3 166	- 1 382
(+/-)	(m)	Other reserves	14 731	13 954
(+/-)	(n)	Result brought forward from previous years	235 933	201 781

Reserves are presented before the appropriation of the result for the fiscal year.

In addition to the appropriation of the previous year's result (€112.2 million) and the payment of the final dividend for 2019 (-€23.3 million), the reserves were also impacted in 2020 by the result directly recognised in equity as per IAS 19 R, representing the actuarial gains and losses of the defined-benefit and defined-contribution pension scheme (impact of €1.8 million), by the liquidity program of treasury shares (-€0.4 million), by the valuation of the put option held by the minority shareholders of Silversquare (€0.7 million) and by the application of the recommendations published in May 2020 by The Financial Services and Markets Authority.

These recommendations have as objective to give some recommendations related to the distribution of result's obligation, the appropriation of the results and the distribution of result's limitation. Consequently, the accounting method for the valuation of subsidiaries and the use of the reserve "Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties" have been reviewed. Moreover, due to the recommendations, the appropriation of the statutory reserves related to the buildings that have been sold during the year has to be performed for closing the annual account on 31 December 2020,
Extra explanations on the impact generated by the implementation of these recommendations have been described under the section ''Note on statutory shareholders' equity''.

The number of shares not held by the group decreased from 27,052,443 at 31 December 2019 to 27,040,351 shares at 31 December 2020, following the net purchase of treasury shares in the context of a liquidity contract put in place end 2020.

27. CURRENT AND NON-CURRENT FINANCIAL DEBTS

B. Non-current financial debts (in € thousand)	**31.12.20**	**31.12.19**
Credit institutions	219 677	201 446
Other	464 909	436 121
EUPP	*416 872*	*406 891*
Guarantees received	*3 382*	*3 410*
Financial debts IFRS 16	*44 656*	*25 820*
Non-current financial debts	**684 586**	**637 567**

B. Current financial debts (in € thousand)	**31.12.20**	**31.12.19**
Credit institutions	11 001	61 448
Other	357 696	435 719
Commercial papers	*353 000*	*352 000*
Other	-	*3*
USPP	-	*80 108*
Guarantees received	*1 540*	*1 408*
Financial debts IFRS 16	*3 156*	*2 201*
Current financial debts	**368 697**	**497 167**

At constant perimeter, the Group has covered its financing needs until 30 September 2022. Commercial paper must be booked to current liabilities as per IAS 1. The Group 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 Group. Therefore, these headings also include the three financing deals involving the assignment of future receivables or usufruct fees. At 31 December 2020, the Group had confirmed bank lines totalling €1,043.0 million, €230.9 million of which were in use. The remaining €812.1 million consisted of back-up lines for the commercial paper programme (€353.0 million) and a financing reserve of €459.1 million.

The heading "Other - EUPP" includes debt related to European private placements of €416.9 million, of which €371.9 million are at fixed rates and €45.0 million at floating rates. The European private placements made in 2020 amount to €10 million.
Under IFRS, the costs related to the bond issues and the private placements are smoothed over the term of the financing.

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 was 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 Group at the balance sheet date.

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 2020 of €44.0 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 and the total fixed-rate debt measured at fair value at the end of fiscal year 2020.

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 2020, plus a margin to take account of the Group’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	394 876	371 910
Bank line	2	15 626	14 850
Assignment of receivables from future rents/ future usufruct fees	2	47 085	43 978

28. OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

C. Other non-current financial liabilities (in € thousand)	31.12.20	31.12.19
Authorised hedging instruments	62 973	46 455
Financial hedging instruments at fair value through profit and loss - level 2	62 973	46 455
Option - COLLAR	*224*	*359*
Forward - IRS	*62 749*	*46 096*
Other non-current financial liabilities	**62 973**	**46 455**

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 2020 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 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 Group 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)	31.12.20	31.12.19
Pensions	3 388	1 471
Others	530	-
Non-current provisions	**3 918**	**1 471**

A. Current provisions (in € thousand)	31.12.20	31.12.19
Others	2 526	3 155
Current provisions	**2 526**	**3 155**

The sub-heading "Pensions" represents the difference between the up-to-date values of the pension obligations and the fair value of the assets.

The sub-headings "Other" (current and non-current) relate to ongoing litigation, compliance work and provisions linked to a guaranteed income, arranged in the context of the granting of a leasehold on the buildings Guimard and Schuman 11.

30. TRADE AND OTHER PAYABLES

D. Trade debts and other current debts (in € thousand)	31.12.20	31.12.19
Other	93 130	85 596
Suppliers	*59 346*	*46 726*
Tenants	*12 046*	*11 510*
Tax, salaries and social charges	*21 737*	*27 360*
Trade debts and other current debts	**93 130**	**85 596**

D. Trade debts and other non-current debts (in € thousand)	31.12.20	31.12.19
Others	7 547	9 974
Trade debts and other non-current debts	**7 547**	**9 974**

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 Group. As at 31 December 2020, an amount of €12.6 million alone accounted for the withholding tax payable on the interim dividend paid out in late December 2020 (€18.9 million at 31 December 2019).

The heading “Other” of trade debts and other non-current 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)	31.12.20	31.12.19
Property income received in advance	18 828	14 558
Interest and other financial charges accrued and not yet due	6 910	7 500
Others	613	374
Accrued charges and deferred income	**26 351**	**22 432**

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 (€4.2 million) and on financial hedging instruments (€1.9 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" of this Report.

A. Credit risk

Please see page 51 of the management Report for a breakdown of Befimmo’s portfolio of tenants.

The following tables show the maximum amounts of the Group’s exposure to credit risk, at the balance sheet date, by category of counterparty:

31.12.20 (in € thousand)	TOTAL	Bank	Corporate	State	Other
Non-current financial assets					
E. Non-current financial assets	**8 421**	7 633	787	-	1
F. Finance lease receivables	**4 822**	-	-	941	3 880
Current financial assets					
B. Current financial assets	**795**	292	492	-	11
C. Finance lease receivables	**145**	-	-	145	-
D. Trade receivables	**28 386**	1 587	18 889	7 910	-
E. Other current assets	**29**	-	29	-	-
F. Cash and cash equivalents	**2 439**	2 433	-	-	5
Total financial assets	**45 037**	**11 946**	**20 197**	**8 997**	**3 898**

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	-	-
C. Finance lease receivables	**142**	-	-	142	-
D. Trade receivables	**31 535**	4 643	17 939	8 953	-
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**

All the financial assets in the above table are in the "Loans and receivables" category, as per IFRS 9, except for the heading “Financial hedging instruments” (regarded as trading instruments under IFRS), 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.

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 Group has received the following guarantees:

(in € thousand)		31.12.20	31.12.19
Rental guarantees for leases	Blocked accounts/bank guarantees	12 482	18 086
Rental guarantees for leases	Guarantees received in cash	4 921	4 818
Guarantees for investment works	Blocked accounts	19 918	39 233
Guarantees received at the close of the fiscal year		**37 322**	**62 137**

The Group regularly monitors the recovery of its debts. The details of due dates for trade debts at the balance sheet date are as follows:

Aging balance of trade receivables (in € thousand)	**> 3 months**	**1 to 3 months**	**< 1 months**	**Unexpired**	**Total**
Receivables	1 886	1 304	2 862	23 479	**29 531**
Total write-off	- 927	- 162	-	- 49	**-1 144**
Reserve following "Expected credit loss model IFRS 9"	*- 4*	*- 3*	*- 6*	*- 49*	***- 62***
Write-off	*- 923*	*- 159*	*0*	*0*	***-1 082***
As at 31.12.20	**959**	**1 142**	**2 856**	**23 430**	**28 386**

Aging 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** [1]	**333**	**754**	**29 867**	**31 535**

The Group checks, on an annual basis, that the total impairment loss recorded (€1,144 thousand) remains higher than that returned by the expected loss model defined by IFRS 9 (€62 thousand).

The Group bears the final risk of trade debts.

A debt repayment plan can be arranged for certain tenants in arrears. At the end of 2020, there were no significant repayment plans.

Furthermore, write-downs of €560,868 were recorded during fiscal year 2020 (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 refer to 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)	31.12.20	31.12.19
Variable-rate borrowings	214 373	201 883
Bilateral credit lines	*169 412*	*156 951*
EUPP	*44 961*	*44 932*
Fixed-rate borrowings	466 831	432 274
Bilateral credit lines	*15 200*	*517*
Assignment of receivables from future rents/ future usufruct fees	*35 065*	*43 978*
EUPP	*371 910*	*361 959*
Financial debts IFRS 16	*44 656*	*25 820*
Guarantees received	3 382	3 410
B. Non-current financial debts	**684 586**	**637 567**
Variable-rate borrowings	354 403	403 150
Bilateral credit lines	*1 403*	*51 150*
Commercial papers	*353 000*	*352 000*
Fixed-rate borrowings	12 754	92 609
Assignment of receivables from future rents/ future usufruct fees	*8 913*	*9 399*
USPP	*-*	*80 108*
Bilateral credit lines	*685*	*899*
Other	*-*	*3*
Financial debts IFRS 16	*3 156*	*2 201*
Guarantees received	1 540	1 408
B. Current financial debts	**368 697**	**497 167**
Total borrowings	**1 053 283**	**1 134 734**

In the course of 2020, Befimmo carried out several operations:

- A six year extension of a €75 million bilateral facility;
- A renewal of a €100 million bilateral facility with a maximum maturity of five years, two years at start with three options to extend one year, of which one was already exercised;
- A new €100 million bilateral facility with a maturity of four years;
- A six year extension of a €35 million bilateral facility;
- A nominal increase from €50 million to €80 million of a bilateral facility;
- An extension of €60 million tranche of a bilateral facility, of which €30 million extended till August 2025 and the remainder until August 2027.

In 2020 Befimmo also arranged one fixed-rate European private placement of debt of €10 million over 15 years.

On this basis, and all other things being equal, the Group has covered its financing needs until 30 September 2022.

As at 31 December 2020, the funding available to the Group consisted primarily[1] of:

- various bilateral credit lines totalling €998.0 million, with maturities in January 2021 (0.7 million), October/November/December 2022 (€245 million), February/June/October 2023 (€120 million), February/May/June 2024 (€255 million), July/August/December 2025 (€206.4 million) €75 million in 2026 and €65 million in 2027. Three bank lines are subject to annual depreciation of respectively €3.4 million in 2021, €12.4 million in 2022, €9.8 million in 2023 and €5.3 million in 2024;
- fixed-rate European private bond placements in euros totalling €372.8 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, €120 million matures in 2027 and €10 million in 2035;
- a floating-rate European private placement in euros totalling €45 million, maturing in April 2022;
- various fixed-rate loans, with a residual total amount of €44.0 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 €1.0 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 2020, €353 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, €111.3 million of which is in use in this context (documentary support for part of the €372.8 million of European private euro bond placements at fixed rates).

1 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 76 of the management report, has led the Group to acquire the following financial hedging instruments (as at 31 December 2020) from financial institutions:

	Level in IFRS	Class in IFRS	Notional amount (millions)	Interest rate	Period of hedge		Reference interest rate
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	25	1.57%	Dec. 2017	Sep. 2022	Euribor 3 months
Payer's IRS	2	Forward	15	1.40%	Jul. 2014	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward	25	0.72%	Jan. 2016	Jan. 20224	Euribor 3 months
Payer's IRS	2	Forward	15	1.08%	Sep. 2015	Sep. 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%	Jun. 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%	Feb. 2025	Aug. 2026	Euribor 3 months
Payer's IRS	2	Forward	20	0.93%	Aug. 2018	Feb. 2025	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	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	Jun. 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%	Jul. 2022	Jul. 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	Jul. 2039	Euribor 3 months
Payer's IRS	2	Forward	25	0.66%	Jan . 2022	Jan. 2040	Euribor 3 months
Payer's IRS	2	Forward	25	-0.05%	Jan . 2022	Jan. 2040	Euribor 3 months
Payer's IRS	2	Forward	30	0.54%	Oct. 2020	Jan. 2040	Euribor 3 months
Payer's IRS	2	Forward	25	1.25%	Feb. 2025	Feb. 2028	Euribor 3 months
Payer's IRS	2	Forward	25	0.61%	Feb. 2025	Feb. 2032	Euribor 3 months
Payer's IRS	2	Forward	25	0.74%	Jan. 2025	Jan. 2031	Euribor 3 months
Receiver's IRS	2	Forward	25	1.51%	Mar. 2017	Jul. 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	Jul. 2024	Euribor 3 months
Receiver's IRS	2	Forward	25	0.42%	Oct. 2017	Jul. 2024	Euribor 3 months
Receiver's IRS	2	Forward	65	0.81%	Mar. 2018	Mar. 2026	Euribor 12 months

The hedging policy is implemented by recurring purchases of option or IRS type hedging instruments.

As at 31 December 2020, the hedging ratio was 98.6%.

[1] The sale of a FLOOR implies a commitment to pay a minimum interest rate. A FLOOR is sold only at the same time as a CAP is purchased, for the same notional amount and equivalent maturity. The combined purchase of a CAP and sale of a FLOOR is a COLLAR.

The situation of the hedging instruments as at 31 December 2019 is set out below. 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.

			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			30	0.50%	Jul. 2015	Jul. 2020	Euribor 3 months
CAP bought	2	Option			25	0.85%	Jul. 2015	Jul. 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	Jul. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.41%	Dec. 2017	Sep. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.57%	Dec. 2017	Sep. 2022	Euribor 3 months
Payer's IRS	2	Forward			15	1.40%	Jul. 2014	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.72%	Jan. 2016	Jan. 20224	Euribor 3 months
Payer's IRS	2	Forward			15	1.08%	Sept. 2015	Sep. 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%	Jun. 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%	Jul. 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	Jul. 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%	Jul. 2019	Jul. 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	Jul. 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%	Jul. 2012	Jul. 2021	Euribor 1 month
Receiver's IRS	2	Forward			25	1.51%	Mar. 2017	Jul. 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	Jul. 2024	Euribor 3 months
Receiver's IRS	2	Forward			25	0.42%	Oct. 2017	Jul. 2024	Euribor 3 months
Receiver's IRS	2	Forward			65	0.81%	Mar. 2018	Mar. 2026	Euribor 12 months
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.

[1] The sale of a FLOOR implies a commitment to pay a minimum interest rate. A FLOOR is sold only at the same time as a CAP is purchased, for the same notional amount and equivalent maturity. The combined purchase of a CAP and sale of a FLOOR is a COLLAR.
[2] The interest rates in € are margin inclusive for the CCS. The rates are appliable as from 1 June 2015.

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*.
The fair value of these contracts is determined at the balance sheet date. The derivatives were valued as at 31 December 2020 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 31.12.2020**	
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	-	- 224
Forward	2	7 924	- 62 749
CCS	2	-	-
		7 924	**- 62 973**

(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**

The Group 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**	
	31.12.20	**31.12.19**	**31.12.20**	**31.12.19**
Total financial hedging instruments recognised in balance sheet	8 130 [1]	20 030	65 628 [1]	47 486
Enforceable netting	- 8 130	- 20 030	- 8 130	- 20 030
Net amount	**-**	**-**	**57 498**	**27 456**

In accordance with the Significant Accounting Policies, changes in the value of the derivatives held by the Group 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**
31.12.20 fiscal year	- 26 465	2 475	- 31 058	- 1	- 55 050
31.12.19 fiscal year	3 252	- 58	- 29 660	-	- 26 465

[1] The amounts €8,130 thousand and €65,628 thousand are excluding CVA/DVA.

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

- arrangement of two new payer IRS for €25 million each, with a maturities of 18 years;
- arrangement of two new payer IRS with a total notional amount of €50 million and a maturities of 18 years, with start dates in 2022
- Restructuring of a €25 million payer IRS to extend the maturity from 8 years to 12 years
- Restructuring of a payer IRS of €25 million with a forward start date in 2025 to extend the maturity from 2028 to 2031
- Restructuring of a payer IRS of €30 million to extend the maturity from 2028 to 2040
- Following the asset rotation realised end of 2020 four IRS were restructured for a total of €125 million covering 2021 and part of 2022.

On the basis of total borrowings as at 31 December 2020, a debt of €967.8 million (96.6% of total debt) is financed at fixed rates (conventional fixed rates or rates fixed by IRS). The remainder of the debt, €32.8 million, is financed at floating rates, but is partially hedged against rising interest rates by means of a collar.

Without any hedging, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €1.3 million (annual basis).
With the hedging arranged at 31 December 2020, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €0.1 million (annual basis).

C. Financial liquidity risk

Please see page 13 of this Report for a description of the financial liquidity risk.

The weighted average duration of borrowings is 4.9[1] years. The tables below illustrate the maturities of the financial liabilities held by the Group.

LIABILITIES (31.12.20)	Total	< 1 year	Between 1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**684 586**	-	318 828	365 758
Of which Financial debts IFRS 16	**44 656**	-	*15 709*	*28 947*
D. Trade debts and other non current debts	**7 547**	-	7 547	0
Current financial liabilities				
B. Current financial debts	**368 697**	368 697	-	-
Of which Financial debts IFRS 16	**3 156**	*3 156*	-	-
D. Trade debts and other current debts	**72 597**	72 597	-	-
E. Other current liabilities	**4 276**	4 276	-	-
Total financial liabilities	**1 137 702**	**445 570**	**326 375**	**365 758**

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 Financial debts IFRS 16	**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 Financial debts IFRS 16	**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**

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 in 2019, 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] 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
On 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**
On 1 January 2019	**28 247**	**- 24 021**	**- 1 203 440**	**- 1 199 214**
Changes due to cass 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**
Derease in financial debts			37 693	**37 693**
Hedging instruments and other financial assets	- 904	- 58		**- 962**
Reimbursement financial debts IFRS 16			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**
On 31 December 2019	**20 059**	**- 46 455**	**- 1 134 734**	**- 1 161 129**
Changes due to cass flow from financing activities	**1 222**	**2 475**	**90 941**	**94 638**
European private bond placements			- 10 000	**- 10 000**
Reimbursement USPP May 2020			67 494	**67 494**
Derease in financial debts			31 126	**31 126**
Hedging instruments and other financial assets	1 222	2 475		**3 697**
Reimbursement financial debts IFRS 16			2 321	**2 321**
Changes due to items with no effect on cash flow	**- 12 065**	**- 18 993**	**- 9 490**	**- 40 549**
Fair value adjustment on financial assets/liabilities booked to earnings (+/-)	- 12 065	- 18 993	12 614	**- 18 444**
Variation on activated debt-costs			7	**7**
Variation on financial debts IFRS 16 since 1 January 2020			- 22 111	**- 22 111**
On 31 December 2020	**9 216**	**- 62 973**	**- 1 053 283**	**- 1 107 040**

35. EMPLOYEE BENEFITS

Changes were made to the Group’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 Group'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)	Present Value of the Obligation	Fair Value of Plan assets	Total (Asset)/Deficit	Effect of asset ceiling[1]	Net (Asset)/ Liability
As 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	0	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	0	1 867		1 867
Experience adjustments	- 250	0	- 250		- 250
Return on plan assets (excluding amounts in net interest)	0	- 384	- 384		- 384
Change in effect of the asset ceiling (excluding amounts in net interest)				- 180	- 180
Remeasurements 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	0	- 21	- 21		- 21
Benefit payments from plan assets	- 239	239	0		0
Direct benefit payments by employer	0	0	0		0
Cash Flows	**- 234**	**213**	**- 21**		**- 21**
As at 31 December 2019	**10 672**	**- 9 519**	**1 153**		**1 153**
Service cost in profit and loss					
Current service cost (net of employee contributions)	112	0	112		112
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	97	- 86	11		11
Components of Defined Benefit Cost recognised in profit and loss	**209**	**- 86**	**123**		**123**
Actuarial (gain)/loss arising from					
Changes in demographic assumptions					
Changes in financial assumptions	559	0	559		559
Experience adjustments	696	0	696		696
Return on plan assets (excluding amounts in net interest)	0	182	182		182
Change in effect of the asset ceiling (excluding amounts in net interest)					
Remeasurements of the net liability/(asset) in 'Other comprehensive income	**1 256**	**182**	**1 438**		**1 438**
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**1 465**	**97**	**1 562**		**1 562**
Employee contributions	5	- 5	0		0
Employer contributions	0	- 20	- 20		- 20
Benefit payments from plan assets	- 3	3	0		0
Direct benefit payments by employer					
Cash Flows	**3**	**- 23**	**- 20**		**- 20**
As at 31 December 2020	**12 140**	**- 9 446**	**2 694**		**2 694**

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 2020 is -1.02%, 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) : €2,387 thousand (present value of funded insurance benefits);
- Group insurance (class 23): €7,059 thousand, invested in funds with assets broken down as follows: 43% equities, 54% bonds, 3% cash and other investments.

The duration of the pension obligations for plan members is 22 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 2020 was negative at -€97 thousand. For fiscal year 2019, it was positive at €566 thousand.

The main actuarial assumptions are summarised below:

	31.12.20	31.12.19
Discount rate	0.60%	0.90%
Expected rate of salary increase	3.00%	3.00%
Expected yield rate of plan assets	0.90%	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 €21 thousand for fiscal year 2021.

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%	- 10.70%
Discount rate	- 0.50%	12.75%
Inflation rate	0.50%	12.08%
Inflation rate	- 0.50%	- 10.76%
Growth rate of wages	0.50%	9.99%
Growth rate of wages	- 0.50%	- 9.95%
Life expectancy	+1 year	4.01%

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 2020, the amount concerned was €694 thousand, the present value of the obligation being valued at €3,990 thousand and the plan assets at €3,296 thousand.
The current value of the obligation and assets has evolved as follows:

(in € thousand)	Present Value of the Obligation	Fair Value of Plan assets	Total (Asset)/Deficit	Effect of asset ceiling[1]	Net (Asset)/ Liability
As at 31 December 2018	**1 763**	**- 1 763**	**0**	**0**	**0**
Service cost in profit and loss	0	0	0	0	0
Current service cost (net of employee contributions)	739	0	739	0	739
Past service cost (including effect of curtailments)	0	0	0	0	0
Settlement (gain)/loss	0	0	0	0	0
Net interest on the net liability/(asset) in profit and loss	0	0	0	0	0
Interest cost on Defined Benefit Obligation/income on plan assets/ interest on asset ceiling	48	- 41	7	0	7
Components of Defined Benefit Cost recognised in profit and loss	**787**	**- 41**	**745**	**0**	**745**
Actuarial (gain)/loss arising from	0	0	0	0	0
Changes in demographic assumptions	0	0	0	0	0
Changes in financial assumptions	281	0	281	0	281
Experience adjustments	116	0	116	0	116
Return on plan assets (excluding amounts in net interest)	0	- 3	- 3	0	- 3
Change in effect of the asset ceiling (excluding amounts in net interest)	0	0	0	0	0
Remeasurements 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	0	0	0	0	0
Employer contributions	0	- 821	- 821	0	- 821
Benefit payments from plan assets	- 208	208	0	0	0
Direct benefit payments by employer	0	0	0	0	0
Cash Flows	**- 208**	**- 613**	**- 821**	**0**	**- 821**
As at 31 December 2019	**2 740**	**- 2 421**	**319**	**0**	**319**
Integration of the Defined-Contribution Plan of Silversquare	**37**	**- 27**	**10**	**0**	**10**
Service cost in profit and loss	0	0	0	0	0
Current service cost (net of employee contributions)	934	0	934	0	934
Past service cost (including effect of curtailments)	0	0	0	0	0
Settlement (gain)/loss	0	0	0	0	0
Net interest on the net liability/(asset) in profit and loss	0	0	0	0	0
Interest cost on Defined Benefit Obligation/income on plan assets/ interest on asset ceiling	32	- 25	7	0	7
Components of Defined Benefit Cost recognised in profit and loss	**967**	**- 25**	**941**	**0**	**941**
Actuarial (gain)/loss arising from	0	0	0	0	0
Changes in demographic assumptions	0	0	0	0	0
Changes in financial assumptions	223	0	223	0	223
Experience adjustments	171	0	171	0	171
Return on plan assets (excluding amounts in net interest)	0	- 58	- 58	0	- 58
Change in effect of the asset ceiling (excluding amounts in net interest)	0	0	0	0	0
Remeasurements of the net liability/(asset) in 'Other comprehensive income'	**394**	**- 58**	**336**	**0**	**336**
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**1 361**	**- 83**	**1 277**	**0**	**1 277**
Employee contributions	0	0	0	0	0
Employer contributions	0	- 912	- 912	0	- 912
Benefit payments from plan assets	- 147	147	0	0	0
Direct benefit payments by employer	0	0	0	0	0
Cash Flows	**- 147**	**- 765**	**- 912**	**0**	**- 912**
As at 31 December 2020	**3 990**	**- 3 296**	**694**	**0**	**694**

The expected contributions for fiscal year 2021 are estimated at €917 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 2020

Investment properties (in € thousand)	Total	Level 3
Properties available for lease	**2 175 104**	**2 175 104**
Brussels CBD and similar	1 191 864	1 191 864
Brussels decentralised	82 234	82 234
Brussels periphery	92 537	92 537
Flanders	428 340	428 340
Wallonia	233 046	233 046
Luxembourg city	147 083	147 083
Properties that are being constructed or developed for own account in order to be leased	**517 289**	**517 289**
Properties held for sale	**21 581**	**21 581**
TOTAL INVESTMENT PROPERTIES	**2 713 974**	**2 713 974**

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 2020 for his projections is 1.50%.
  - 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).

[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 66 and 67.

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 50 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 56 and 59 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 pages 95 and 96 of this Report.

C. Changes in value of the portfolio over the fiscal year (level 3)

(in € thousand)	
Opening balance as of 31 december 2019	**2 788 591**
Changes in fair value	860
Investments	162 691
Acquisitions	13 228
Disposals	- 251 396
Opening balance as of 31 december 2020	**2 713 974**

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 31.12.20 (in € thousand)	Surfaces (en m^2)	Valuation techniques	Unobservable data	Periods	(weighted average)
Brussels CBD and similar	1 191 864	298 277	Cashflow discount	Annual rent	159 €/m^2 - 351 €/m^2	(208 €/m^2)
				Discount rate	1.06% - 5.00%	(2.19%)
				Capitalisation rate of the residual value	4.10% - 6.75%	(4.12%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Brussels decentralised	82 234	43 575	Cashflow discount	Annual rent	136 €/m^2 - 187 €/m^2	(166 €/m^2)
				Discount rate	6.00% - 7.00%	(6.18%)
				Capitalisation rate of the residual value	6.00% - 7.50%	(6.47%)
			Capitalization method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Brussels periphery	92 537	81 250	Cashflow discount	Annual rent	85 €/m^2 - 116 €/m^2	(106 €/m^2)
				Discount rate	6.75% - 9.00%	(8.57%)
				Capitalisation rate of the residual value	6.75% - 9.00%	(8.61%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Flanders	428 340	204 051	Cashflow discount	Annual rent	60 €/m^2 - 176 €/m^2	(124 €/m^2)
				Discount rate	1.14% - 2.19%	(1.48%)
		0		Capitalisation rate of the residual value	5.00% - 10.00%	(6.63%)
			Capitalization method[1]	Annual rent/ rental value		(
				Capitalisation rate		(
Wallonia	233 046	78 364	Cashflow discount	Annual rent	113 €/m^2 - 159 €/m^2	(143 €/m^2)
				Discount rate	1.64% - 2.82%	(2.63%)
				Capitalisation rate of the residual value	6.50% - 9.25%	(6.90%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Luxembourg city[1]	147 083	13 453	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	517 289	274 173	Capitalised net revenue less cost of the remaining work	Capitalised net incom	3 660 €/m^2 - 6 111 €/m^2	(4 451 €/m^2)
				Annual rent	160 €/m^2 - 275 €/m^2	(190 €/m^2)
				Capitalisation rate	3.86% - 5.00%	(4.27%)
TOTAL	**2 692 393**	**993 144**				

[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 +€104.1 million and -€98.9 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 -€225.7 million and +€269.9 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 Group's quarterly financial statements, the property portfolio is also valued on a quarterly basis as follows:

- At the end of the quarter, the Group 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 Group 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 Group 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 2020

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, some 70,000 m² of office space in the ZIN project.

Befimmo has undertaken in the Paradis Express project in Liège, under a 18-year lease agreement, to make available to the Wallonia Public Service, some 11,500 m² of office space under construction. Befimmo has undertaken, under a 15-year lease agreement, to make available to ONEM, some 3,000 m² of office space. Befimmo has undertaken, under a 9-year lease agreement, to make available to Deloitte some 2,500 m² of office space.

Befimmo undertakes in the Quatuor building under construction, under the lease it has signed, to make available to Beobank , an area of some 22,000 m² of office space. In the same building Befimmo undertakes to make available to Touring some 3,700 m² of office space.

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 additional 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.

Befimmo and Fedimmo are commited under usual suspensory conditions to sell various provincial buildings (Fedimmo portfolio) and a building in the CBD of Brussels.

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.

In February 2021, Befimmo commited under usual suspensory conditions to acquire a long lease on the office building of the 'Esprit Courbevoie' project in Louvain-La-Neuve.

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 €414.2 million including VAT. These commitments relate mainly to theZin project, 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 €3.8 million including VAT annually. These services are mostly billed to tenants under the heading of common charges.

37.1.5. Letting mandates

Befimmo and its subsidiaries 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. Silversquare 's comitments to third parties

Silversquare is commited to rent spaces from third parties in various buildings (Louise, Europe, Stéphanie, Bailli) for initial firm durations up to 12 years.

37.1.8. Other commitments

Befimmo and its subsidiaries 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)		31.12.20	31.12.19
Guarantees for investment work	Bank guarantee	11 373	5 152
Pledges on goodwill and other assets	Real guarantee	1 300	1 315
Rental guarantees	Bank guarantee	1 700	1 748
Guarantees issued at the close of the fiscal year		**14 373**	**8 215**

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.

In 2020, Befimmo issued a guarantee for € 8.4 million in favour of the Flemish Authorities to cover the proper execution of the design, building and leasing of some 70,000 m² of office space in the ZIN project.

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 Executive 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 2019 or 2020.

FISCAL YEAR 31.12.20 (in €) Name	Short-term benefits (salaries, bonuses)[1]	Post-employment benefits (pension, etc.)
Alain Devos	144 500	
Anne-Marie Baeyaert	67 500	
Sophie Goblet	100 000	
Sophie Malarme-Lecloux	91 500	
Wim Aurousseau	60 000	
Etienne Dewulf	96 000	
Amand Benoît D'Hondt (as from 1 September 2020)	16 667	
Kurt De Schepper	80 000	
Benoît Godts (until 1 September 2020)	59 833	
Vincent Querton	89 500	
Benoît De Blieck / SPRLu BDB Management	767 963	117 037
variable portion	*300 000*	
Other members of the Executive Committee	1368 960	
variable portion	*460 000*	
Total	**2 942 423**	**313 077**

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 (as from 30 April 2019)	54 333	
Benoît De Blieck / SPRLu BDB Management	731 633	74 285
variable portion	250 000	
Other members of the Management Committee	1229 781	182 253
variable portion	375 000	
Total	**2 648 915**	

39. IFRS 16 LEASES

Befimmo applies IFRS 16 *Leases* in the consolidated financial statements as from 1 January 2019.

The impact in the income statement at 31 December 2020 amounts to:

- €507 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);
- €498.0 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);
- €1,424 thousand of interest paid booked to the financial result (see note 14 to these financial statements).

The Group did not sign any lease agreements in 2020 which commence after 31 December 2020 subject to IFRS 16.

[1] Short-term benefits are fixed and variable remuneration, and any other miscellaneous components and benefits (including social charges).

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).
As of today, following two capital increases, Befimmo hold a 75.63% stake in Silversquare Belgium.

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”.

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEETING OF BEFIMMO SA FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020, 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 2020 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 28 April 2020, 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 2022. We performed the audit of the Consolidated Financial Statements of the Group for the fourth 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 2020, 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 2020 and he notes to the consolidated financial statements, which show a consolidated balance sheet total of € 2,846,488 thousand and of which the consolidated income statement shows a profit for the year of € 56,593 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 2020, 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 (95,4%) 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, …) as well as the impact of Covid-19 on these assumptions and parameters.

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) and options to hedge its interest rate 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 this.

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 Code of Companies and Associations.

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 2020
- Financial report
- EPRA best practices
- 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, 26 March 2021

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by
Christel Weymeersch*
Partner
*Acting on behalf of a SRL

21CW0158

Statutory statement of comprehensive income (in € thousand)

		31.12.20	31.12.19
I.	(+) Rental income	73 481	81 357
III.	(+/-) Charges linked to letting	192	- 406
NET RENTAL INCOME		**73 673**	**80 952**
IV.	(+) Recovery of property charges	15 685	14 595
V.	(+) Recovery of rental charges and taxes normally payable by tenants on let properties	16 679	15 509
VII.	(-) Charges and taxes normally paid by tenants on let properties	- 17 305	- 16 612
VIII.	(+/-) Other revenue and charges for letting	460	504
PROPERTY RESULT		**89 191**	**94 947**
IX.	(-) Technical costs	- 16 859	- 15 025
X.	(-) Commercial costs	- 1 462	- 744
XI.	(-) Charges and taxes on unlet properties	- 1 671	- 2 444
XII.	(-) Property management costs	- 3 122	- 3 665
XIII.	(-) Other property charges	- 3 739	- 2 337
	(+/-) Property charges	**- 26 855**	**- 24 215**
PROPERTY OPERATING RESULT		**62 337**	**70 732**
XIV.	(-) Corporate management costs	- 11 100	- 9 844
XV.	(+/-) Other operating income and charges	- 1 692	- 926
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**49 545**	**59 962**
XVI.	(+/-) Gains or losses on disposals of investment properties	- 296	12 427
XVIII.	(+/-) Changes in fair value of investment properties	32 083	62 105
OPERATING RESULT		**81 332**	**134 494**
XX.	(+) Financial income	4 033	45 833
XXI.	(-) Interest charges	- 17 736	- 17 723
XXII.	(-) Other financial charges	- 2 532	- 4 892
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	- 17 682	40 295
	(+/-) Financial result	**- 33 917**	**63 513**
	Share in the profit or loss of investments booked using the equity method	10 814	-
PRE-TAX RESULT		**58 229**	**198 007**
XXIV.	(-) Corporation tax	- 449	- 248
	(+/-) Taxes	**- 449**	**- 248**
NET RESULT		**57 779**	**197 759**
TOTAL BASIC NET RESULT AND DILUTED PER SHARE		**2.14**	**7.42**
Other comprehensive income - actuarial gains and losses - non-recyclable		- 1 506	- 1 444
TOTAL COMPREHENSIVE INCOME		**56 274**	**196 315**

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		31.12.20	01.01.20 (restated)	31.12.19
I.	**Non-current assets**	**2 677 358**	**2 774 722**	**2 776 870**
B.	Intangible assets	3 636	1 650	1 650
C.	Investment properties	1 462 465	1 703 479	1 703 479
D.	Other property, plant and equipment	1 997	2 318	2 318
E.	Non-current financial assets	1 205 444	1 065 158	1 067 305
F.	Finance lease receivables	3 815	2 117	2 117
II.	**Current assets**	**71 373**	**81 777**	**81 777**
B.	Current financial assets	42 102	39 609	39 609
D.	Trade receivables	24 912	27 167	27 167
E.	Tax receivables and other current assets	789	12 603	12 603
F.	Cash and cash equivalents	1 781	451	451
G.	Deferred charges and accrued income	1 790	1 947	1 947
TOTAL ASSETS		**2 748 731**	**2 856 499**	**2 858 647**

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.20	01.01.20 (change in accounting principle)	31.12.19
SHAREHOLDERS' EQUITY		**1 598 131**	**1 610 908**	**1 613 056**
A.	Capital	398 356	398 320	398 320
B.	Share premium account	861 905	861 905	861 905
C.	Reserves	325 530	219 174	221 322
D.	Net result for the fiscal year	12 340	131 509	131 509
LIABILITIES		**1 150 600**	**1 245 591**	**1 245 591**
I.	**Non-current liabilities**	**684 888**	**635 498**	**635 498**
A.	Provisions	3 435	1 293	1 293
B.	Non-current financial debts	616 450	585 066	585 066
	a. Credit institution	194 613	172 565	172 565
	c. Other	421 836	412 502	412 502
C.	Other non-current financial liabilities	62 973	46 455	46 455
D.	Trade debts and other non-current debts	2 031	2 684	2 684
II.	**Current liabilities**	**465 712**	**610 094**	**610 094**
A.	Provisions	1 975	2 634	2 634
B.	Current financial debts	375 037	501 497	501 497
	a. Credit institution	6 765	57 257	57 257
	c. Other	368 272	444 239	444 239
D.	Trade debts and other current debts	69 235	83 586	83 586
	b. Other	69 235	83 586	83 586
E.	Other current liabilities	3 650	3 233	3 233
F.	Accrued charges and deferred income	15 816	19 144	19 144
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2 748 731**	**2 856 499**	**2 858 647**

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 77 of the management report.

The Financial Services and Markets Authority published in July 2020 recommendations related to the distribution result's obligation, the appropriation of the result and the distribution result's limitation. Consequently, the accounting method for the valuation of subsidiaries and the use of the reserve "Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties" have been reviewed. Moreover, due to the recommendation, the appropriation of the statutory reserves related to the buildings that have been sold during the year has to be performed for closing the annual account on 31 December 2020. The objective of these recommendations is to standardize the treatment of these topics in the sector.
Accordingly Befimmo SA has change his valuation method to assess the participation in his subsidiaries and apply the equity method with the full look through option (see page 158 of the accounting policies).

Considering the change of valuation method, the equity on 31 December 2019 has been restated on 1 January 2020 as presented in the table below.

The look through option is a method by which the parent company (Befimmo SA) considers the results of its subsidiaries as if it was its own direct results within the same fiscal year, including the appropriation to its statutory reserves, for the calculation of its statutory reserves and its distribution result's obligation.

In line with the recommendations, the look through option is only applied for entities who are directly or indirectly held at 100% by Befimmo (all the subsidiaries, except Silversquare Belgium SA).
Consequently, the reserve related to Silversquare's investment are accounted for in a new reserve (b2. Reserve for the balance of the share in the profit or loss and other comprehensive income of investments booked using the equity method).

The application of the full look through option implies:

- For subsidiaries where the statutory accounting is done using BEGAAP or LUXGAAP, the appropriation of the result and the distribution result's limitation, requires to convert the statutory accounting into an IFRS accounting;
- For the distribution result's obligation, only the results of the entities hold for 100% and which are able, conform to the local policies, to distribute a dividend, are considered for the calculation. The results of the following entities are concerned in 2020: Befimmo SA (Statutory), Fedimmo SA, Loi 52 SA and Befimmo Property Services SA (converted in IFRS).
- That Befimmo may distribute a dividend based on results from subsidiaries, even if these results from subsidiaries remain undistributed.

The changes in equity before and after the proposed appropriation of the result for fiscal year 2020 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 (+/-)	b2. Reserve for the balance of the share in the profit or loss and other comprehensive income of investments booked using the equity method	c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties (-)	e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS (+/-)	h. Reserve for own shares (-)	j. Reserve for actuarial gains and losses for the defined benefit pension plan (+/-)	m. Other reserves (+/-)	n. Result brought forward from previous years (+/-)	D. Result for the fiscal year	TOTAL SHAREHOLDERS' EQUITY
31.12.2019 SHAREHOLDERS' EQUITY (Before appropriation of result)	398 320	413 277	- 14 957	861 905	221 322	146 327		- 36 181	- 16 094	- 78 038	- 1 242	21 113	185 436	131 509	1 613 056
Appropriation of result 2019 in the reserves					131 509	124 828		- 6 351	- 24 549				37 581	- 131 509	
Payment of the final dividend of the 2019 fiscal year					- 23 265								- 23 265		
31.12.2019 SHAREHOLDERS' EQUITY (After appropriation of result)	398 320	413 277	- 14 957	861 905	329 565	271 155		- 42 532	- 40 643	- 78 038	- 1 242	21 113	199 752	-	1 589 791
Restatement on 01.01.2020 due to the booking of investments using the equity method and look through					- 2 148		470				- 141		- 2 477		
01.01.2020 SHAREHOLDERS' EQUITY (After appropriation of result and restatement)	398 320	413 277	- 14 957	861 905	327 417	271 155	470	- 42 532	- 40 643	- 78 038	- 1 382	21 113	197 275	-	1 587 643
Cost capital increasel 2019			36												
Liquidity programm					- 382					- 439			57		
Other comprehensive income					- 1 506						- 1 506				
Interim dividend fiscal year 2020														- 45 440	
Appropriation of the statutory reserves related to the buildings that have been sold during the year (FSMA recommendations)					-	- 90 188							90 188		
Write-off of reserve c) (FSMA recommendations)					-			42 532					- 42 532		
31.12.2020 SHAREHOLDERS' EQUITY (Before appropriation of result)	398 356	413 277	- 14 920	861 905	325 530	180 967	470	-	- 40 643	- 78 477	- 2 888	21 113	244 987	12 340	1 598 131
Appropriation of result 2020 in the reserves [1]					12 340	15 893	- 2 373		- 14 405		- 268		13 493	- 12 340	
Payment of the final dividend of the 2020 fiscal year [1]					- 15 413								- 15 420		
31.12.2020 SHAREHOLDERS' EQUITY (After appropriation of result)	398 356	413 277	- 14 920	861 905	322 457	196 861	- 1 903	-	- 55 049	- 78 477	- 3 156	21 113	243 060	-	1 582 711

[1] Subject to the approval of the Ordinary General Meeting of 27 April 2021.

The table below is presented after appropriation of the result to reserves.

Shareholders' equity that can not be distributed according to article 7:212 of the Company Code (in € thousand)		31.12.20	
Net assets		**1 598 131**	
(+)	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	196 861	[2]
(+)	Reserve of the positive balance of the share in the profit or loss and other comprehensive income of investments booked using the equity method	-	
(-)	Reserves for estimated transaction costs resulting from hypothetical disposal of investment properties	-	
(+/-)	Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	- 55 049	
(+/-)	Reserve for actuarial gains and losses of the defined benefit pension plan	- 3 156	
(-)	Reserve for treasury shares	- 78 477	
TOTAL NON-DISTRIBUTABLE SHAREHOLDERS' EQUITY		**1 276 603**	
BALANCE		**321 528**	

Obligation to distribute dividends according to the Royal Decree of 13.07.2014 concerning BE-REITs (in € thousand)		31.12.20
NET RESULT		**66 969**
(+)	Depreciation	1 459
(+)	Writedowns	608
(-)	Writeback of writedowns	- 952
(+/-)	Other non-cash elements	8 626
(+/-)	Result on the disposal of property assets	- 405
(+/-)	Changes in fair value of investment properties	- 595
CORRECTED RESULT (A)		**75 709**
(+/-)	Realised gains and losses[3] on property assets during the year	17 826
(-)	Realised gains and losses[3] on property assets during the year, exonerated from the obligation to distribute if reinvested within 4 years	-
(+)	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)		**17 826**
TOTAL (A+B) X 80%		**74 828**
DECREASE IN BORROWINGS (-)		**-91 921**
OBLIGATION TO DISTRIBUTE		**-**

The pay-out ratio (in relation to consolidated EPRA earnings) for 2020 is 80.0%, compared with 106.1% in 2019.

[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 the changes in fair value of the investment properties of the subsidiaries.
[3] In relation to the acquisition value, increased by the capitalised renovation costs.

Goemare - Brussels decentralised

GENERAL INFORMATION

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 2020, 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 2020, 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**
As at 31 December 2020	**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	9.7%
Ageas and affiliated companies	2 641 047	30.04.2019	9.3%
Blackrock Inc.	848 291	20.11.2019	3.0%
Own shares			
Befimmo SA	1 421 575	02.03.2021	4.997%
Other shareholders under the statutory threshold	20 793 614	02.03.2021	73.1%
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 2020, Befimmo SA directly or indirectly held 100% of the shares of Fedimmo SA (itself the parent company of Zin in Noord 2025), 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, 100% of the shares of Loi 52 SA and 75.6% of the shares of Silversquare Belgium SA (itself the parent company of Silversquare Luxembourg SA). Befimmo is also the controlling shareholder of Zin in Noord SA, which is 64.1% owned by Befimmo SA and 35.9% by Fedimmo SA.

Name and qualifications of the real-estate experts

For fiscal year 2020, 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 – avenue des Arts 56, 1000 Brussels). Mr Rod P. Scrivener also has the task of coordinating the valuations.

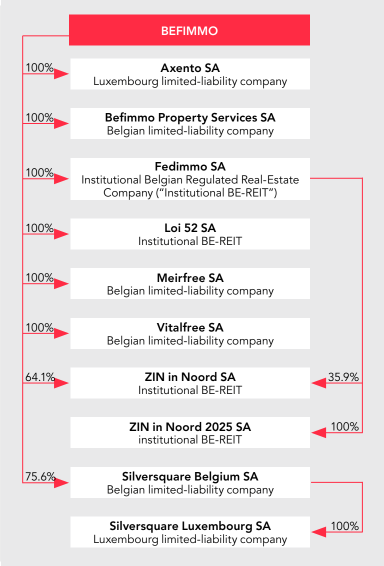
These mandates were granted in accordance with the provisions of the Royal Decree of 13 July 2014. The three-year mission ran from 1 January 2018 to 31 December 2020.

In accordance with the obligation to rotate the mandates of the real-estate experts, pursuant to the Royal Decree on BE-REITs of 13 July 2014, Befimmo has mandated, as from 2021 (first appraisal at 31 March 2021) and for a period of three years, Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield), M. Rod P. Scrivener (Jones Lang LaSalle Sprl, National Director) and M. Pieter Paepen (CBRE Valuation Services SPRL, Senior Director, Head of Valuation Services).

These are companies of real-estate experts with an excellent knowledge of the market and which enjoy an international reputation.

Group structure

As at 31 December 2020, the group structure is as following:



Befimmo's subsidiaries are Belgian companies, except for Axento SA, which is a Luxembourg company.

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:

2. Withholding tax rate applicable from 1 January 2017.

- 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.

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" of this Report;
- the Directors and members of the Executive Committee do not hold shares in Befimmo SA, except for Mr Benoît De Blieck (1,000 shares) and Mr Laurent Carlier (330 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.

1. Please consult the chapter "Corporate governance statement – Other stakeholders" on page 142 of the Report for the identity of the Statutory Auditor and the real-estate experts.

The Statutory Auditor has agreed to the inclusion of its report of 26 March 2021 in this Annual Financial Report on the consolidated accounts closed as at 31 December and of its report on forecasts of 26 March 2021.

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.

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 2019	▪ Key figures (pp. 38) ▪ Financial report (pp. 76-84) ▪ Property report (pp. 44-75) ▪ Financial statements (pp. 150-208)
	Annual Financial Report 2018	▪ Key figures (pp. 28-29) ▪ Financial report (pp. 68-77) ▪ Property report (pp. 42-67) ▪ Financial statements (pp. 153-206)
Dividend	Annual Financial Report 2019	▪ Key figures (p. 38)
	Annual Financial Report 2018	▪ Key figures (p. 28)
Investments	Annual Financial Report 2019	▪ Property report (pp. 44-75)
	Annual Financial Report 2018	▪ Key events of the 2018 fiscal year (pp. 32-35) ▪ Ongoing projects (pp. 36-37) ▪ Property report (pp. 42-67)
Main markets	Annual Financial Report 2019	▪ Office property markets (pp. 45) ▪ Segment information (pp. 164-165)
	Annual Financial Report 2018	▪ Office property markets (pp. 48-53) ▪ Segment information (pp. 166-167)
Operations with related parties	Annual Financial Report 2018	▪ Corporate governance statement (pp. 120-149, in particular the remuneration report, pp. 139-141) ▪ Related-party transactions (p. 198)
	Annual Financial Report 2018	▪ Corporate governance statement (pp. 118-152, in particular the remuneration report, pp. 133-137) ▪ Related-party transactions (p. 197)

UNIVERSAL REGISTRATION DOCUMENT

This universal registration document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the FSMA together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129.

Social and environmental responsibility

GENERAL INFORMATION

Contact person & further information

Emilie Delacroix – Head of Transformation & Impact
e.delacroix@befimmo.be - +32 2 679 38 63

Reference to external standards

For 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 ("Core" – Essential criteria) and those for the real-estate sector, GRI-CRESS.

The summary table of all the EPRA indicators can be found in this Report, whilst the index of GRI content can be found in the Sustainability Report, which will be on the website as of 9 April 2021.

Reporting period

This Report covers activities over the 2020 fiscal year. The perimeter is as at 31 December 2020.

Reporting perimeter and changes since 1 January 2020

The scope of the company changed during fiscal year 2020 owing to the granting of a 99 year leasehold on the Blue Tower and five office buildings in Brussels leaving the portfolio.

The reporting perimeter for sustainable development activities covers the activities of Befimmo SA and its subsidiaries. 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. The Deloitte report can be found in the Sustainabilty Report which will be on the website as off 9 April 2021.

Methodology

The reporting methodology is described in the Sustainability Report, which will be on the website as off 9 April 2021.

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:

- the CSR policy (March 2021);
- the Sustainability Report 2020;
- 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.

Triomphe - Brussels decentralised

APPENDICES

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.

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.

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.

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.

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.

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 ACTIVITY

Glossary of Alternative Performance Measures

Alternative Performance Measure	Definition	Use
Net property charges	The sum of various property charges, net of amounts recoverable from tenants (corresponds to the sum of headings IV to XIII of the consolidated statement of total comprehensive income).	Gives an overview of all net property charges.
Other operating income and charges (excluding goodwill impairment)	Heading XV 'Other operating income and charges' minus any goodwill impairment.	Used to compare forecasts and actual figures in heading XV 'Other operating income and charges'. Any goodwill impairment is not budgeted.
Operating margin	'Operating result before result on portfolio' divided by 'net rental result'.	Used to assess the Company's operating performance.
Net property result	'Operating result before result on portfolio' plus heading XVI 'Gains and losses on disposals of investment properties'.	Used to identify the operating profit before changes in the fair value of investment property.
Financial result (excluding changes in fair value of financial assets and liabilities)	'Financial result' minus heading XXIII 'Changes in fair value of financial assets and liabilities'.	Used to compare forecasts and actual figures in the financial results.
Net result before changes in fair value of investment properties and financial assets and liabilities and share in the profit or loss of investments	'Net result' minus heading XVIII 'Changes in fair value of investment property' and heading XXIII 'Changes in fair value of financial assets and liabilities' and heading 'Changes in the share in the profit or loss of investments accounted for using the equity method'.	Used to identify the net result before changes in the fair value of investment property and of the financial assets and liabilities.
"Like-for-Like" net rental result	Net rental result of properties available for lease at constant perimeter for two consecutive periods. The 'Like-for-Like' scope is calculated on the basis of the EPRA definition.	Used to measure the change in rental income of properties available for lease at constant floor area for two consecutive periods.

Reconciliation tables for Alternative Performance Measures

Net rental result in "Like-for-Like"

(in thousand €)	31.12.2020	31.12.2019
Net rental result (A)	130 782	134 786
Net rental result linked to changes in perimeter (B)	14 382	16 061
Net rental result on properties not available for lease (C)	- 318	3 092
Non-recurring element to extract from the "Like-for-Like" (D)	3 737	669
Net rental result in "Like-for-Like" (A-B-C-D)	112 982	114 963

Net result before changes in fair value of investment properties and financial assets and liabilities and share in the profit or loss of investments

(in thousand €)	31.12.2020	31.12.2019
Net result (A)	58 446	180 611
XVIII. Changes in fair value of investment properties (B)	759	109 882
XXIII. Changes in fair value of financial assets and liabilities (C)	-17 682	-22 921
Share in the profit or loss of investments booked using the equity method (D)	-2 373	-
Net result before changes in fair value of investment properties and financial assets and liabilities and share in the profit or loss of investments (A-B-C-D)	77 742	93 650

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

(in thousand €)	31.12.2020	31.12.2019
Financial result (A)	-37 154	-45 722
XXIII. Changes in fair value of financial assets and liabilities (B)	-17 682	-22 921
Financial result (excl. the changes in fair value of the financial assets and liabilities) (A-B)	-19 472	-22 801

Net property result

(in thousand €)	31.12.2020	31.12.2019
Operating result before result on portfolio	97 987	104 703
XVI. Gains or losses on disposals of investment properties	306	12 961
Net property result	98 293	117 664

Operating margin

(in thousand €)	31.12.2020	31.12.2019
Operating result before result on portfolio (A)	97 987	104 703
Net rental result (B)	130 782	134 786
Operating margin (A/B)	74.9%	77.7%

Other operating income and charges (excluding goodwill impairment)

(in thousand €)	31.12.2020	31.12.2019
XV. Other operating income and charges (A)	-1 841	-1 177
Goodwill impairment (B)	-	-
Other operating income and charges (excluding goodwill impairment) (A-B)	-1 841	-1 177

Net property charges

(in thousand €)	31.12.2020	31.12.2019
IV. Recovery of property charges	16 083	14 992
V. Recovery of rental charges and taxes normally paid by tenants on let properties	25 469	24 321
VII. Rental charges and taxes normally paid by tenants on let properties	-26 051	-25 633
VIII. Other revenue and charges for letting	2 171	536
IX. Technical costs	-18 520	-17 055
X. Commercial costs	-1 736	-1 473
XI. Charges and taxes on unlet properties	-1 867	-2 268
XII. Property management costs	-2 830	-2 642
XIII. Other property charges	-7 928	-5 125
Net property charges	**-15 208**	**-14 347**

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)	The return obtained by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and participation in operations to strengthen the Company's capital. The calculation is based on the average number of shares not held by the group over a 12-month period.	Used to measure the profitability over 12 months (in €/share) of a shareholder's investment on the basis of the value of shareholders' equity.
Return on shareholders' equity (in %)	The internal rate of return earned by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and 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 « Alternatives Performance Measures »

Loan-to-value

(in thousand €)	31.12.2020	31.12.2019
Nominal financial debts (A)	1 001 620	1 090 344
II. F. Cash and cash equivalents (B)	-2 439	-2 878
I. C. Investment properties (D) [1]	2 692 393	2 788 591
II. A. Assets held for sale (E)	21 581	-
Fair value of portfolio at the closing date (C = D+E)	2 713 974	2 788 591
Loan-to-value (A-B)/C	36.82%	39.00%

[1] Excluding rights of use lease agreements for office space and rights to use land (IFRS 16).

Average (annualised) financing cost

(in thousand €)	31.12.2020	31.12.2019
Interest paid	22 643	22 134
Annualised interest paid (A)	22 643	22 134
Annualised nominal financial debts (B)	1 126 483	1 120 728
Average (annualised) financing cost (A/B)	2.0%	2.0%

Return on shareholders’ equity (in € per share and in %)

	31.12.2020	31.12.2019
Return on shareholders' equity (in € per share)	2.11	6.47
Return on shareholders' equity (in %)	3.6%	11.6%

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	Montesquieu
Central Gate	Poelaert
Empereur	Rue au Choux

Brussels Leopold District

Arts 56	Wiertz
View Building	

Brussels North Area

Quatuor	

Brussels Decentralised

Goemaere	Triomphe
La Plaine	

Brussels Periphery

Fountain Plaza	Ocean House
Ikaros Park	Planet II
Waterloo Office Park	

Flanders

AMCA	Leuven - Vital Decosterstraat (leasehold)
Antwerpen - Meir (leasehold)	

1 Excluding properties held for sale. For more information, please consult the buildings of the consolidated portfolio on pages 62 to 65 of this Report.

FEDIMMO

Brussels Centre

Gouvernement Provisoire	Pachéco
Lambermont	

Brussels Leopold District

Arts 28	Science-Montoyer

Wallonia

Ath	Malmedy
Binche	Marche-en-Famenne
Braine l'Alleud	Paradis Express (project)
Eupen (Vervierstrasse, Rathausplatz)	Saint-Vith
La Louvière	Seraing
Liège Paradis tower - Rue Fragnée	

Flanders

Brugge	Kortrijk - Bloemistenstraat
Deinze	Oudenaarde
Dendermonde	Roeselare
Diest	Sint-Niklaas
Diksmuide	Tervuren
Eekloo	Tielt
Halle	Tongeren
Herentals	Torhout - Elisabethlaan
Ieper	Vilvoorde
Knokke-Heist	

LOI 52

Brussels Leopold District

Loi 44	Joseph 2
Loi 52	

MEIRFREE

Flanders

Antwerpen – Meir

VITALFREE

Flanders

Leuven – Vital Decosterstraat

ZIN IN NOORD[1]

Brussels North Area

ZIN

ZIN IN NOORD 2025

Brussels North Area

WTC 3	WTC 4 (permit implemented)

[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.

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

Concept photos

WeAreOskar

Photos

Jean-Michel Byl, Jules Césure, Filip Dujardin,
Jean-Luc Deru, Catherine De Saegher,
Save As Studio / Amaël Hazza

Creation, concept, design & production

ChrisCom - www.chriscom.be
Befimmo's team

Translations

Dit Jaarlijks Financieel Verslag is ook verkrijgbaar in het Nederlands.
Ce Rapport Financier Annuel est également disponible en français.

Printing

FSC www.fsc.org MIX Paper from responsible sources FSC® C008551

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