

CSR REPORT 2019

EXTRACT FROM THE ANNUAL FINANCIAL REPORT 2019



Befimmo

Introduction

As part of the strategic evolution, the information linked to Befimmo's Corporate Responsibility is completely integrated in the Annual Financial Report 2019 and is thus no longer published in a separate chapter.

Nevertheless, a CSR Report was composed to facilitate reading of the CSR aspects. This Report includes all chapters and parts from the Annual Financial Report 2019, which refer to Befimmo's Social Responsibility.

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OPEN MINDS, OPEN SPACES

BEFIMMO, A BELGIAN REAL-ESTATE INVESTMENT TRUST (SIR-GVV), IS AN INVESTOR AND REAL-ESTATE OPERATOR SPECIALISING IN QUALITY WORKSPACE.

THESE BEFIMMO ENVIRONMENTS ARE LOCATED IN BRUSSELS, IN THE MAIN BELGIAN TOWNS AND CITIES AND IN THE GRAND DUCHY OF LUXEMBOURG. WITH ITS SUBSIDIARY, SILVERSSQUARE, BEFIMMO AIMS TO DEVELOP A BELUX NETWORK OF INTERCONNECTED AND FLEXIBLE WORK ENVIRONMENTS.

AS A COMPANY THAT IS HUMAN, A CORPORATE CITIZEN, AND RESPONSIBLE, BEFIMMO OFFERS ITS USERS INSPIRING WORK ENVIRONMENTS AND RELATED SERVICES IN BUILDINGS THAT ARE SUSTAINABLE IN TERMS OF ARCHITECTURE, LOCATION AND RESPECT FOR THE ENVIRONMENT.

ITS PORTFOLIO IS WORTH SOME €2.8 BILLION AND COMPRISES AROUND A HUNDRED OFFICE BUILDINGS WITH SPACE TALLING OVER 900,000 M².

BEFIMMO IS LISTED ON EURONEXT BRUSSELS.

AT 31 DECEMBER 2019, ITS MARKET CAPITALISATION WAS €1.5 BILLION. BEFIMMO OFFERS ITS SHAREHOLDERS A SOLID DIVIDEND AND A YIELD IN LINE WITH ITS RISK PROFILE.

BY CREATING ADDED VALUE FOR ITS USERS, BEFIMMO ALSO CREATES VALUE FOR ITS SHAREHOLDERS.



2.8 BILLION €
VALUE OF PORTFOLIO

1.5 BILLION €
MARKET CAPITALISATION

>900,000 M²
OVERALL FLOOR AREA

┌ SUSTAINABLE BUILDINGS AND INSPIRING WORK ENVIRONMENTS INCORPORATING A BROAD, COHERENT RANGE OF SERVICES HELP TO MAKE BEFIMMO A KEY PLAYER IN QUALITY WORKING ENVIRONMENTS.

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

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

BASIS OF CONSOLIDATION

Any reference to the portfolio, assets, figures or activities of Befimmo should be understood on a consolidated basis, to include those of its subsidiaries, except where clear from the context or expressly stated otherwise. Since 1 January 2019 Befimmo has exclusive control of Silversquare Belgium SA and consequently Silversquare Belgium SA and its subsidiaries are included in the global consolidation at 31 December 2019.

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

REAL-ESTATE, FINANCIAL AND SOCIAL RESPONSIBILITY INDICATORS

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

Befimmo has fully committed to standardising its financial and social-responsibility reporting - with a view to improving the quality and comparability of the information - by adopting the EPRA reporting guidelines and GRI Standards¹. The CSR indicators are set out in the GRI Content Index on page 244.

ALTERNATIVE PERFORMANCE MEASURES

The Alternative Performance Measures (APM) guidelines² of the European Securities Markets Authority (ESMA) have been applicable since 3 July 2016. The APMs used in this Report are identified in a footnote the first time they occur. The full list of APMs, with their definitions, purpose and relevant reconciliation tables are set out in Appendix III to this Report and are published on Befimmo's website.

 Online sheet "Reporting & recognition"

 www.befimmo.be

1. www.globalreporting.org

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

The following explanatory icons are used in this Report:



"Market"

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



"Glossary"

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



www.befimmo.be

This icon refers to further information on the Befimmo website.



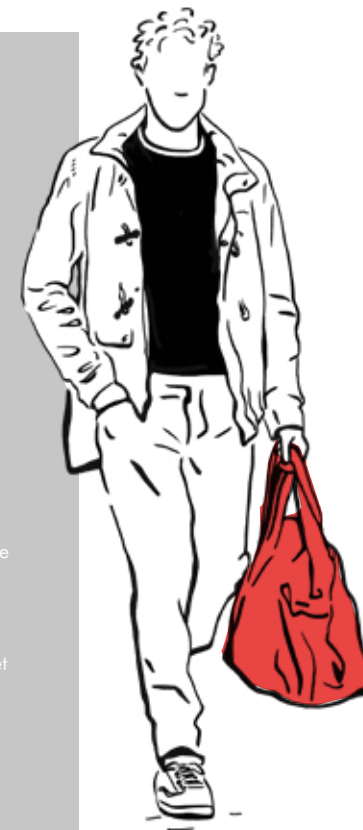
"Strategic axes"

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



"Sheet"

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





RISK FACTORS

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

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

This list of risks is based on information known (including from dialogue with all stakeholders) at the time of writing this Report. The risks in the different categories are ranked in order of importance according to the 'gross' risk (without taking into account mitigation measures or Befimmo's

positioning). The risk level mentioned (high, medium or low, illustrated by the use of coloured dots) takes into account Befimmo's positioning in relation to the risk and the mitigation measures. The list of risks in this chapter is not exhaustive: other risks, which may be unknown, improbable, nonspecific or unlikely to have an adverse effect on the Company, its business or its financial situation, may of course exist.

MAIN RISKS RELATED TO EXTERNAL ECONOMIC FACTORS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE NEW WAY OF WORKING		
<p>Office space is being used in increasingly flexible and mobile ways. New technology is facilitating a transformation within businesses: from a static and "sequential" mode of operation to more dynamic environments.</p> <p>Businesses are looking for pleasant and flexible working environments to attract talent. They are setting up for Smart Ways of Working and moving to Activity-Based Working.</p>	<p>The ratio of the number of square metres used per employee is falling and may lead to a decline in buildings' occupancy rates.</p> <p>Conventional office environments no longer meet expectations.</p> <p>The coworking business model is still being developed.</p>	<p>The Company is committed to this new world of work:</p> <ul style="list-style-type: none"> • a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users; • acquisition of a majority shareholding in the Silversquare coworking company; • plans to develop (with Silversquare) a Belux network of hybrid offices¹; • a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; • projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions.

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



DESCRIPTION OF RISK

POTENTIAL IMPACT

BEFIMMO'S POSITION

RISK ASSOCIATED WITH CHANGING INTEREST RATES

Financial charges, the Company's main expense item, are largely influenced by interest rates prevailing on the financial markets.

Increase in financial charges and drop of EPRA earnings and net result.

In the context of current interest rates, the practice of some banks to set a 0% floor on Euribor, used as reference in financing contracts, has an adverse impact on financial charges. This practice can also create distortion between the floating rates used in financing contracts and IRS type hedging contracts.

A change in interest rates could also have an impact, with a delayed effect, on valuations of the properties in the portfolio.

- Implement a policy of hedging the interest-rate risk: finance part of borrowings at fixed rates and arrange IRS financial instruments or cap and floor options on part of borrowings at floating rates.
- Total borrowings as at 31 December 2019:
 - borrowings of €1,040.0 million (95.4% of total debt) are financed at fixed rates (fixed rates specified in agreements or rates fixed by IRS);
 - the remainder of the debt, €50.3 million, is financed at floating rates, €20.0 million¹ of which is hedged against rising interest rates by means of optional instruments (caps and collars²). The remaining 2.8% of the total borrowings is therefore unhedged.
- Without any hedging, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €1.4 million (annual amount calculated based on the debt structure as at 31 December 2019).
- With the hedging arranged at 31 December 2019, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €0.7 million (annual amount calculated based on the debt structure as at 31 December 2019).
- The debt ratio is 42.7% as at 31 December 2019, the LTV ratio is 39.0%.
- The Standard & Poor's rating agency confirmed on 12 September 2019 the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.

1. The two caps whose maturity is close (€55m, July 2020) and which have become off-market following the fall in interest rates have been removed from this calculation.

2. Buying a collar (buying a cap and selling a floor) places a ceiling (cap) on the impact of a rise in interest rates, but also involves an undertaking to pay a minimum rate (floor).



DESCRIPTION OF RISK

POTENTIAL IMPACT

BEFIMMO'S POSITION

RISK RELATED TO CHANGING CREDIT MARGINS ● ● ●

The Company's financing cost also depends on the credit margins charged by the banks and the financial markets. These financing margins change in line with risk appetite in financial markets and regulations, particularly in the banking sector (the "Basel IV" requirements) and the insurance sector (known as "CRD IV"). They also evolve according to the perception of the Company's credit risk profile.

An increase in financial charges and hence an adverse effect on EPRA earnings and the net result.

- Spread the maturities of financing over time and diversify sources of financing.
- Optimise the use of financing by giving preference to financing with the lowest margins (e.g., depending on market conditions, a short-term commercial paper programme associated with long-term back-up lines or assignments of receivables from future rents).

"Financial structure and hedging policy"

RISK OF INFLATION AND DEFLATION ● ● ●

- Risk of deflation on income, as Befimmo leases contain clauses indexing rents to changes in the health index.
- Risk of the costs the Company has to bear being indexed on a basis that changes faster than the health index.

The impact of the adjustment of rents can be estimated at €1.4 million on an annual basis (not including protection) per percentage point change in the health index.

- 95.7%¹ of the leases in Befimmo's consolidated portfolio are covered, in line with general practice, against the effect of any negative indexing
 - 42.8% provide for a ceiling on the basic rent;
 - 52.9% contain a clause that sets the minimum at the level of the last rent paid.
- The remaining 4.3% of the leases do not provide for any minimum rent.
- Contractual agreements put in place in relations with contractors.

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





MAIN RISKS RELATED TO STRATEGY


DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO RENTAL VACANCY ● ● ●		
<p>Overall, the office property market is currently characterised by higher supply than demand, and changing types of demand.</p> <p>The Company is exposed to the risks of its tenants leaving, and of renegotiating their leases:</p> <ul style="list-style-type: none"> ▪ Risk of loss of and/or reduced income. ▪ Risk of negative reversion of rents. ▪ Risk of pressure on the renewal conditions and to grant rental gratuities. ▪ Risk of loss of fair value of properties, etc. 	<p>Decline in spot occupancy rates and a reduction in the operating result of the portfolio.</p> <p>On an annual basis at 31 December 2019, a 1% fluctuation in the spot occupancy rate of the Company's portfolio would have an impact of some €1.9 million on the property operating result, -€0.07 on the net asset value per share and +0.07% on the debt ratio.</p> <p>Direct costs related to rental vacancies, namely charges and taxes on unlet properties.</p> <p>They are estimated on an annual basis at €2.3 million, equivalent to around 1.7% of total rental income.</p> <p>Higher expenses in connection with the marketing of properties available for lease.</p> <p>Fall in the value of buildings.</p>	<ul style="list-style-type: none"> ▪ The Company has an investment strategy focused on: <ul style="list-style-type: none"> - quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors; - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. ▪ The Company is committed to the new world of work: <ul style="list-style-type: none"> - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users; - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company; - plans to develop (with Silversquare) a Belux hybrid office network; - extensive and personalised range of services to make life easier for its tenants; - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. ▪ The Company has a professional commercial team dedicated to finding new tenants and actively managing the relationship with its customers. ▪ Steady cash flow depends mainly on rental income being secured. The Company therefore strives to ensure that a large proportion of its portfolio is let on long-term leases and/or to multiple tenants, which helps to spread the rental risks. ▪ At 31 December 2019, the weighted average duration of Befimmo's current leases until the next break was 7.1 years. ▪ The spot occupancy rate of the properties available for lease at 31 December 2019 was 94.4% compared with 94.5% at 31 December 2018. ▪ The major projects in the North area are an opportunity for the Company to address the lack of Grade A¹ buildings in Brussels.

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





DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
<p>RISK RELATED TO THE COMPANY'S REPUTATION</p> <p>Reputational risk in relation to stakeholders (current and prospective tenants, local residents, public authorities, current and potential investors, financial and other analysts, suppliers, etc.).</p> <p>Reputation is influenced by information disseminated by the media and on social networks.</p>	<p>Reputational damage to the Company could have adverse repercussions, notably when negotiating lease agreements, seeking financing and/or the value of the share.</p>	<p style="text-align: right;">● ● ●</p> <ul style="list-style-type: none"> ▪ Corporate Governance Charter and Code of Ethics drafted by the Board of Directors. Code of Ethics requiring ethical values to be observed in relations with customers, staff, partners and shareholders. ▪ In addition to its reporting requirements as a listed company and a BE-REIT, Befimmo communicates transparently and proactively in order to best meet the expectations of its stakeholders. ▪ The Company has a communication plan (internal and external) and a crisis communication plan. It commissions reputation analyses from specialist agencies. ▪ The media are monitored daily and any necessary corrections or clarifications are issued. <p> "Environmental risks"</p> <p> "Risk related to a change in the Company's rating"</p>
<p>RISKS RELATED TO (RE)DEVELOPMENT ACTIVITIES</p> <p>Risk associated with the renovation or construction of buildings.</p> <p>In preparation for a new life cycle, the buildings in the portfolio must undergo a major renovation or be rebuilt.</p> <p>In this context Befimmo is exposed to risks related to:</p> <ul style="list-style-type: none"> ▪ the choice of service providers (architects, contractors, specialist lawyers); ▪ choice of use format; ▪ obtaining permits (difficulties, delays, changes in the law, etc.); ▪ construction (costs, delays, compliance, etc.); ▪ commercialisation. 	<p>Construction and/or operating costs overrunning the budget.</p> <p>Absence of rental income on completion of the works and costs related to the vacancy.</p> <p>Pressure on marketing conditions and for granting of rental gratuities.</p> <p>Negative impact on the occupancy rate of the portfolio.</p>	<p style="text-align: right;">● ● ●</p> <ul style="list-style-type: none"> ▪ Design innovative, sustainable and quality projects (incorporating the latest technologies) to satisfy market needs. ▪ Ongoing analysis of market needs: <ul style="list-style-type: none"> - a redesigned world of work; workspaces are organized according to the users' type of business and their profile; - wide and personalised range of services to make life easier for its tenants; - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. ▪ Proactive and repeated dialogue with the public authorities for permit applications. ▪ Choice of quality partners. ▪ Professional commercial team dedicated to finding new occupants.



DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
<p>RISKS RELATED TO MERGERS, DEMERGERS, ACQUISITIONS AND JOINT VENTURES</p> <p>Risk that the value of certain assets may have been overestimated or that hidden liabilities have been transferred to the Company during mergers, spin-offs or acquisitions, or joint ventures.</p>	<p>Realisation of the need to revalue certain assets or record certain liabilities that could entail a financial loss to the Company.</p>	<p>• 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.</p> <p>• Take similar precautions in case of joint ventures.</p>
<p>RISKS OF SEGMENTAL CONCENTRATION</p> <p>The portfolio is almost entirely composed of office buildings (with the exception of a few shops on the ground floor of some buildings).</p>	<p>Sensitivity to the evolution of the office property market.</p>	<p>• The Company has an investment strategy focused on:</p> <ul style="list-style-type: none"> - quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors; - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. <p>• The Company is committed to the new world of work:</p> <ul style="list-style-type: none"> - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users; - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company; - plans to develop (with Silversquare) a Belux hybrid office network; - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. <p> "Strategy"</p>



DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS ASSOCIATED WITH TENANTS ● ● ●		
Risks related to the insolvency of its tenants.	Loss of rental income, an increase in property charges where rental charges cannot be recovered, and the emergence of unexpected rental vacancies. Risk of pressure on the renewal conditions and to grant rental gratuities, etc.	<ul style="list-style-type: none"> ▪ Prior review of the financial health of potential customers. ▪ Private-sector tenants¹ are required to provide a rental guarantee. ▪ There is a procedure for regularly monitoring outstanding receivables.
RISKS OF GEOGRAPHICAL CONCENTRATION ● ● ●		
The portfolio is not very diversified in terms of geography. It consists of office buildings, mainly located in Brussels and its economic hinterland (68.8% of the portfolio as at 31 December 2019).  "Property Report"	Sensitivity to developments in the Brussels office property market, which is characterised in particular by a significant presence of European institutions and related activities.	<ul style="list-style-type: none"> ▪ Under its investment strategy, the Company seeks to avoid excessive concentration of the portfolio in a single area or asset. ▪ As a matter of interest, the AMCA building in Antwerp, the Paradis tower in Liège, the Gateway building at Brussels airport and WTC Tower 3 in Brussels each account for between 5 and 10% of the fair value of the portfolio as at 31 December 2019.  "Strategy"
RISKS RELATED TO THE COWORKING MARKET ● ● ●		
Risks related to the entry into a new and fast-developing market (control of the key factors of success, competition, etc.).	Profitability linked to the success of the underlying activity.	<ul style="list-style-type: none"> ▪ Taking a majority stake in a company (Silversquare) with broad experience in coworking. ▪ The impact is relatively limited on Befimmo as it is developing this business gradually.

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



MAIN RISKS IN THE PROPERTY PORTFOLIO

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE FAIR VALUE OF THE PROPERTIES		
<ul style="list-style-type: none"> ▪ Risk of a negative change in the fair value of the portfolio. ▪ Risk of the real-estate experts overvaluing or undervaluing properties in relation to their true market value. This risk is accentuated in the market segments in which the limited number of transactions gives the experts few points of comparison, which still holds true to some extent for the decentralised areas and periphery of Brussels (7.46%¹ of the portfolio), and more generally in the Belgian provincial towns. 	<p>Impact on the Company's net result, equity, debt² and LTV³ ratios.</p> <p>Impact on the Company's ability to distribute a dividend⁴ if the cumulative negative changes in fair value were to exceed the total value of distributable and non-distributable reserves and the distributable portion of the share premiums.</p> <p>On the basis of the data as at 31 December 2019, a 1% decline in the value of the property assets would have an impact of around -€27.9 million on the net result, entailing a change of around -€1.0 in the net asset value per share, around +0.4% in the debt ratio and around +0.4% in the LTV ratio.</p>	<ul style="list-style-type: none"> ▪ The Company has an investment strategy focused on: <ul style="list-style-type: none"> - quality office buildings, with a good location, good accessibility and an adequate critical size, among other factors; - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. ▪ The Company is committed to the new world of work: <ul style="list-style-type: none"> - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users; - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company; - plans to develop (with Silversquare) a Belux hybrid office network; - extensive and personalised range of services to make life easier for its tenants; - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life; - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. ▪ Statutory rotation of independent experts. They are systematically informed of changes in the situation of the buildings, and regularly visit buildings.

1. Calculated on the basis of the fair value of the investment properties as at 31 December 2019.

2. The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.

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

4. Please see the chapter "Appropriation of results (statutory accounts)" on page 83 of the Annual Financial Report.



DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO INADEQUATE INSURANCE COVER ● ● ●		
Risk of occurrence of a major loss affecting the buildings, with insufficient cover.	Costs of refurbishing the affected building. Fall in the operating result of the portfolio and in the fair value of the building following the termination of the lease through frustration, and therefore an unexpected rental vacancy.	<ul style="list-style-type: none"> Buildings are covered by a number of insurance policies (risk of fire, storm damage, water damage, etc.) covering loss of rent for a limited period (in principle for the time needed for reconstruction) and the cost of reconstruction, for a total sum (new reconstruction value, excluding the value of the land) of €2,155.5 million as at 31 December 2019. Buildings are covered by an insurance policy which covers acts of terrorism.
RISK OF DETERIORATION AND OBSOLESCENCE OF BUILDINGS ● ● ●		
Risk of wear and tear and obsolescence, relating to increasingly stringent requirements (legislative, societal or environmental).	Rental vacancies. Investments required to bring the building into compliance with regulatory requirements and tenants' expectations.	<ul style="list-style-type: none"> Property kept in a good state of repair and maintained in line with good practice in terms of energy, technical and other performance criteria, by making an inventory of preventive and corrective maintenance work to be carried out, and establishing a works programme. Most of the buildings are covered by "total guarantee" maintenance contracts. At 31 December 2019, 87% of the consolidated portfolio was covered by such a "total guarantee" contract¹. Close monitoring of developments in existing environmental legislation, anticipation of new measures, and analysis of sector studies, with a view to incorporating new technologies and management tools as soon as possible into renovation projects. Use of resources: Befimmo adopts an eco-responsible approach at every stage of a building's life, making optimal use of energy and natural resources.

1. A maintenance contract with a total guarantee facility covers all preventive and corrective maintenance activities to be carried out over the duration of the contract and sets a price cap, which protects the owner against major unforeseen expenses.



DESCRIPTION OF RISK

POTENTIAL IMPACT

BEFIMMO'S POSITION

RISKS RELATED TO THE REALISATION OF WORKS ● ● ●

- Risks of delays, budget overspending, environmental damage and organisational problems when erecting, redeveloping and carrying out major works in the buildings in the portfolio.
- Risk of insolvency and non-compliance with specifications by the contractors responsible for the works.

Adverse impact on the Company's results owing to a loss of rental income and/or an increase in charges.
Adverse impact on the Company's reputation.

- Site communication plan, dialogue with local residents, etc.
- Monitoring of technical, budgetary and planning aspects has been introduced to manage the risks associated with this work.
- Contracts with building contractors generally provide for a number of measures to mitigate such risks (price ceilings, delay penalties, etc.).
- Regarding environmental issues, specific measures are incorporated into the specifications and contracts applying to successful tenderers.
- Monitoring of compliance with these environmental measures while the works are in progress (notably by external environmental coordinators, ISO 14001 procedures, site audits, BREEAM assessors, etc.).
- Regular assessment of main suppliers and service providers, and checks that co-contractors have no unpaid social contributions or taxes.

ENVIRONMENTAL RISKS ● ● ●

- Environmental risks in terms of pollution of soil, water and air (high CO₂ emissions) and also noise pollution.
- Risk of not achieving the Company's targets for improving its environmental performance and of losing the certifications (BREEAM, ISO 14001, etc.) that it has obtained.

Adverse environmental impact.
High costs for Befimmo.
Adverse impact on Befimmo's reputation with its stakeholders.
In some cases, an adverse impact on the fair value of the portfolio.

- A responsible approach, under which, for many years, the necessary action has gradually been taken to reduce the environmental impact of the activities that the Company controls and influences directly.
- The implementation of the Environmental Management System (EMS), which is ISO 14001 compliant, helps to anticipate environmental risks at both strategic level (acquisitions, major renovations, etc.) and operational level (building maintenance, use of buildings, etc.).
- An analysis was conducted of the environmental performance and the potential for improvement of the portfolio, and compliance with the requirements associated with certifications obtained.
- Use of resources: Befimmo adopts an eco-responsible approach at every stage of a building's life, making optimal use of energy and natural resources.

"Property report"



MAIN FINANCIAL RISKS




DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
<p>FINANCIAL LIQUIDITY RISK</p> <p>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.</p>	<p>New financing arranged at a higher cost.</p> <p>Sale of certain assets under less than ideal conditions.</p>	<p>• Adoption of a financial policy which in particular diversifies the sources and maturities of its financing. At 31 December 2019, the ratio of debt provided by financing from 8 banking institutions was 66.6%. The remainder is provided by various bond issues (one private bond placement in the United States (USPP) and a number of private placements in Europe).</p> <p>• At 31 December 2019, the Company had confirmed unused lines of €333.6 million including cash. The Company aims to continually anticipate its financing needs (notably for its investments) and keep a defined amount in confirmed unused lines at all times so as to hedge this risk over a time frame of at least 12 months.</p> <p>• The debt ratio (as per the Royal Decree) amounts to 42.7% at 31 December 2019 (the statutory limit is 65%) compared to 45.8% as at 31 December 2018.</p>
<p>RISK RELATED TO A CHANGE IN THE COMPANY'S RATING</p> <p>The Company's financing cost is influenced mainly by Standard & Poor's rating.</p>	<p>Any downgrade of the rating would make it harder to obtain new financing and, if the rating were reduced by one notch from BBB to BBB-, would entail an additional financing cost estimated at €0.7 million, based on the debt structure and current contracts as at 31 December 2019.</p> <p>Adverse impact on the Company's image with investors.</p>	<p>• 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.</p> <p>• The Standard & Poor's rating agency confirmed on 12 September 2019 the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.</p>
<p>RISK RELATED TO COUNTERPARTY BANKS</p> <p>Arranging finance or a hedging instrument with a financial institution creates a counterparty risk of that institution defaulting.</p>	<p>The Company could find itself in a situation where it is unable to access the financing arranged or the cash flows to which it is entitled through hedging instruments.</p>	<p>• Diversifying its banking relationships and working with banks that have an adequate rating or an acceptable level of risk. As at 31 December 2019, the Company had a business relationship with several banks:</p> <ul style="list-style-type: none"> - at 31 December 2019, Befimmo had credit lines of €892.4 million. Banks providing this financing: Agricultural Bank of China Luxembourg, Banque Degroof Petercam, BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and Société Générale; - the counterparty banks for the hedging instruments are BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and Natwest Markets PLC (RBS Group). <p>• The financial model is based on structural borrowing: the amount of cash deposited with financial institutions is structurally very limited. It was €2.9 million as at 31 December 2019 compared with €0.6 million at 31 December 2018.</p>



DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
<p>RISK OF A CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE</p> <p>A change in the interest and exchange rates alters the value of the financial assets and liabilities carried at fair value.</p>	<p>A change in the interest and exchange rates alters the value of the financial assets and liabilities carried at fair value.</p>	<p>A change in the interest and exchange rates alters the value of the financial assets and liabilities carried at fair value.</p>
<p>RISK RELATED TO OBLIGATIONS CONTAINED IN FINANCING AGREEMENTS</p> <p>Risk of financing agreements being cancelled, renegotiated or terminated early should the Company fail to abide by the covenants it made when signing those agreements, notably regarding certain financial ratios.</p> <p>Risk of a penalty if agreements are terminated prematurely.</p> <p>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.</p>	<p>Any challenge to a financing agreement would expose the Company to have to arrange additional financing at a potentially higher cost or sell certain assets under less than ideal conditions.</p>	<p>The Company negotiates covenants with its counterparties at levels consistent with its estimated forecasts of changes in those indicators, and regularly analyses any changes in those forecasts.</p>
<p>RISK LINKED TO VOLATILITY AND SHARE PRICE</p> <p>The Company is exposed to a significant discrepancy between the share price and the Company's net asset value.</p>	<p>More difficult access to new equity may limit development capacity.</p> <p>Adverse impact on the Company's reputation.</p>	<ul style="list-style-type: none"> ▪ Devise and implement a value-creation strategy. ▪ Publish outlook and dividend forecast. ▪ Regular, transparent and proactive communication to financial analysts and current and prospective investors.



MAIN RISKS RELATED TO REGULATION

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO NON-COMPLIANCE OF THE BUILDINGS WITH THE APPLICABLE REGULATIONS 		
<p>The Company runs the risk that one or more of its properties does not immediately meet all the applicable new standards and regulations.</p>	<p>Additional investments which entail higher costs for the Company and/or delays in ongoing projects (renovations, etc.).</p> <p>Fall in the fair value of a building.</p> <p>The Company is liable for civil, administrative or criminal fines.</p> <p>Liability of the Company for non-compliance (e.g. in case of fire for failing to comply with safety standards).</p> <p>An adverse impact on the Company's reputation, business and results.</p>	<ul style="list-style-type: none"> ▪ Introduce the necessary procedures to: <ul style="list-style-type: none"> - anticipate new standards and regulations (legislative and regulatory watch); - check the compliance of buildings newly acquired (technical due diligence) and in the portfolio (product manager in charge of regulatory compliance, checks on compliance with standards and regulations, notably related to the environment); - bring the building concerned immediately into compliance by adopting these new standards and regulations (project management). ▪ Tenants are made aware of their obligations in this regard by a clause in the standard lease.
RISKS RELATED TO THE BE-REIT STATUS 		
<ul style="list-style-type: none"> ▪ Risk of non-compliance with the BE-REIT regime. ▪ Risk of future adverse changes to that regime. 	<p>Loss of approval for the BE-REIT status, and no longer qualifying for the transparent tax regime applicable to BE-REITs.</p> <p>Early repayment by acceleration of payment of loans taken out by the Company.</p> <p>Any future adverse changes in the BE-REIT regime could lead to a decline in results or net asset value, increase the debt ratio (e.g. by applying new accounting rules), reduce the maximum debt ratio, or affect the extent to which a BE-REIT must distribute dividends to shareholders.</p>	<ul style="list-style-type: none"> ▪ A legal team with the necessary skills ensures strict compliance with current regulations and, as far as possible, anticipates changes in the law (legislation watch). ▪ The Company also calls upon external consultants.
RISK RELATED TO REGULATION 		
<p>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.</p>	<p>Risk of the Company being held liable, civil, criminal or administrative convictions, and the risk of not obtaining or the non-renewal of permits. This could adversely affect the Company's business, its results, profitability, financial situation and/or outlook.</p>	<ul style="list-style-type: none"> ▪ A legal team with the necessary skills ensures strict compliance with current regulations and, as far as possible, anticipates changes in the law (legislation watch). ▪ The Company also calls upon external consultants.



DESCRIPTION OF RISK

POTENTIAL IMPACT

BEFIMMO'S POSITION

TAX REGIME

As a BE-REIT, the Company enjoys a specific tax regime. The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute as much cash flows as possible while enjoying certain advantages. In particular, BE-REITs pay a reduced rate of corporation tax as long as at least 80% of its cash flows are distributed (calculated on the basis of Article 13 of the Royal Decree of 13.07.2014). BE-REITs are exempt from corporation tax on the results (rental income and capital gains realised minus operating costs and financial charges)¹.

The exit tax is calculated as per circular Ci.RH.423/567.729 of 23.12.2004, the interpretation or practical application of which is liable to change. The real value of a property, as referred to in that circular, is calculated after deducting the registration fees or VAT. This real value differs from (and so may be less than) the fair value of the property as set out in the BE-REIT's IFRS balance sheet. Any change to this circular could potentially entail an increase in the basis on which the exit tax is calculated. Befimmo complies in all respects with the regulations in force, and the provisions of the above-mentioned circular, for the calculation of exit taxes it owes in connection with the transactions on which the tax is due.

RISK OF LEGAL PROCEEDINGS

The Company is a party to legal proceedings and may be involved in others in future.

At the time of writing, Befimmo is involved in a number of legal proceedings which, on the whole (according to the information available to the Company at the date of this registration document), are unlikely to have a major impact on Befimmo, as the potential losses are highly unlikely to materialise and/or are of insignificant amounts.

- A legal team with the necessary skills ensures strict compliance with current regulations and, as far as possible, proactively anticipates changes in the law (legislation watch).
- The Company also calls upon external consultants.

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



MAIN OPERATIONAL RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
<p>OPERATIONAL RISK</p> <p>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.).</p>	<p>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.</p>	<ul style="list-style-type: none"> ▪ Corporate Governance Charter and Code of Ethics drafted by the Board of Directors. ▪ Code of Ethics requiring ethical values to be observed in relations with customers, staff, partners and shareholders. ▪ A business continuity plan has been devised, consisting of measures which, in the event of a crisis, allow essential operations and services to continue, possibly in degraded mode, and a planned resumption of business. It covers both functional and IT aspects.
<p>RISK RELATED TO THE INTEGRITY OF INFORMATION SYSTEMS AND DATA</p> <p>Failure of information systems and cybercrime that could jeopardise business continuity.</p>	<p>The Company is exposed to the risk of disruption of its business in the event of a failure of information systems or cybercrime.</p>	<ul style="list-style-type: none"> ▪ A business continuity plan has been devised, consisting of measures which, in the event of a crisis, allow essential operations and services to continue, possibly in degraded mode, and a planned resumption of business. It covers both functional and IT aspects. ▪ Depending on the type of data, back-ups are organised using a variety of techniques (redundant infrastructure, daily back-ups online and on cassette). Measures taken to secure access to the Company's data. Outsourced IT support provided by two partners under a service level agreement (SLA). ▪ Awareness actions for the team to the risks of cybercriminality and fraud.
<p>RISK RELATED TO TEAM MEMBERS</p> <p>Risk of departure of certain key members of staff.</p>	<p>A loss of key skills in the Company could lead to a delay in achieving some of its objectives.</p>	<ul style="list-style-type: none"> ▪ Special attention is paid to staff wellbeing and motivation. Pay is in line with market rates (benchmarking). ▪ Importance of managing the skills of the team members. ▪ Importance of dialogue with the team. ▪ New procedure for the induction of new employees (mentoring system, etc.). ▪ As far as possible, Befimmo prepares for departures and ensures that know-how is passed on.
<p>RISK OF FRAUD</p> <p>Misappropriation of Company assets for own account or for third parties.</p>	<p>The Company is exposed to the risk of loss or theft of sensitive data, and financial loss as a result of fraud.</p>	<ul style="list-style-type: none"> ▪ Corporate Governance Charter and Code of Ethics drafted by the Board of Directors. ▪ Code of Ethics requiring ethical values to be observed in relations with customers, staff, partners and shareholders. ▪ Procedures for controlling sensitive data. ▪ Awareness actions for the team to the risks of cybercriminality and fraud.



MESSAGE OF THE CHAIRMAN AND THE CEO

Dear Shareholders,

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

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

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

We have come a long way since then!

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

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

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

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

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

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



"OUR PORTFOLIO, OF QUALITY BUILDINGS IN GOOD LOCATIONS, SELECTED ON THE BASIS OF DEMANDING REAL-ESTATE CRITERIA, IS A SOLID FOUNDATION FOR MEETING THE EXPECTATIONS AND NEW NEEDS OF OUR USERS."



“MORE THAN 77% OF THE OFFICE SPACE UNDER REDEVELOPMENT AND TO BE HANDED OVER BETWEEN 2021 AND 2023 IS ALREADY LET, THUS CONFIRMING THE QUALITY OF YOUR COMPANY’S PORTFOLIO AND THE SKILLS OF THE TEAM THAT IS DEVOTING ALL OF ITS ENERGY TO IT.”

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

Brussels, 6 March 2020.

Benoît De Blicq
Managing Director
CEO

Alain Devos
Chairman of the Board
of Directors





Our values



PROFESSIONALISM

WE GIVE EVERY PROJECT, REGARDLESS OF ITS SIZE, ALL THE ATTENTION, THOROUGHNESS AND PROFESSIONAL DEDICATION REQUIRED TO BRING IT TO FRUITION IN LINE WITH BEST PRACTICE.



COMMITMENT

THE TEAM'S DEDICATION TO BEFIMMO MEANS THAT EVERYONE HAS A HIGH LEVEL OF INVOLVEMENT IN THEIR WORK, TEAM AND PROJECTS.



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.



HUMANITY

WE WORK WITH AN ENTHUSIASTIC APPROACH THAT IS RESOLUTELY HUMAN, CARING, OPEN AND RESPECTFUL OF INDIVIDUALS.





Our strategy

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

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

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

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

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

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

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

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





DYNAMIC BUSINESS MODEL

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

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




TRENDS

Changing ways of working and living

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

BEFIMMO'S BUSINESS MODEL

Providing places to work, meet, share and live

REAL-ESTATE OPERATOR	COWORKING	
<p>ASSET MANAGEMENT & ROTATION</p> <p>Proactive management of quality workspaces with city centre focus in a Belux network</p> 	<p>ASSET DEVELOPMENT</p> <p>Future proof developments to create value in a low yielding environment</p> 	<p>WORKSPACE AS A SERVICE</p> <p>Offering flexibility, community & services</p> 

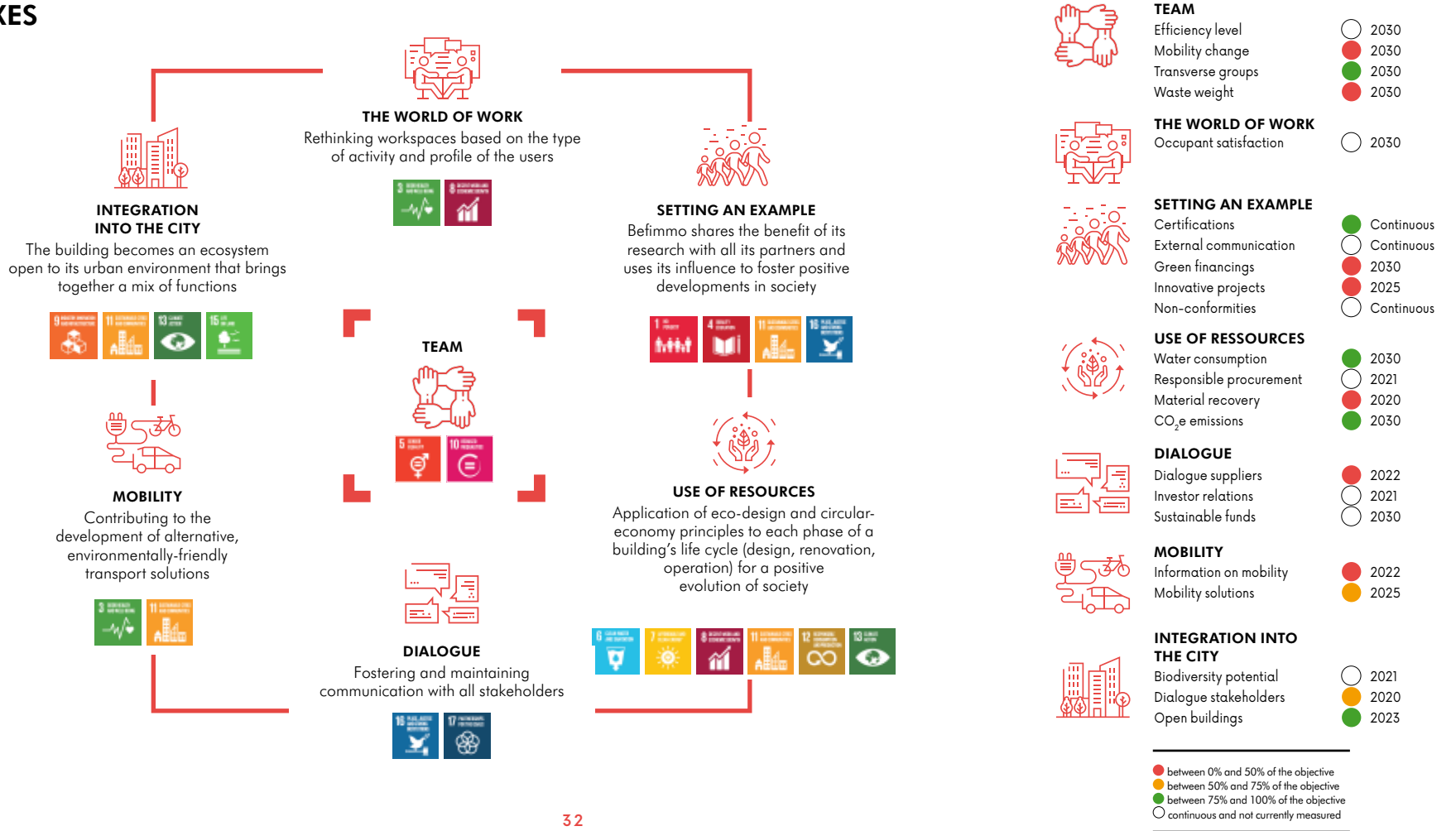
Sustainable, innovative approach and tenant's empowerment are at the center of our strategy



OUR 6 STRATEGIC AXES

In 2017 Befimmo, together with its internal and external stakeholders, devised a new roadmap, in which social responsibility is fully integrated into the Company's strategy. The Company drew up a materiality matrix which enabled it to identify its relevant issues, aligned with 15 of the 17 Sustainable Development Goals¹. These have been grouped into six areas that reflect the way Befimmo views its business today and tomorrow. In the action plan for 2030, the priorities are grouped together and progress is measured on the basis of key performance indicators.

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



1. United Nations Sustainable Development Goals.



WELL-LOCATED QUALITY PORTFOLIO WITH A STRONG AMBITION

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

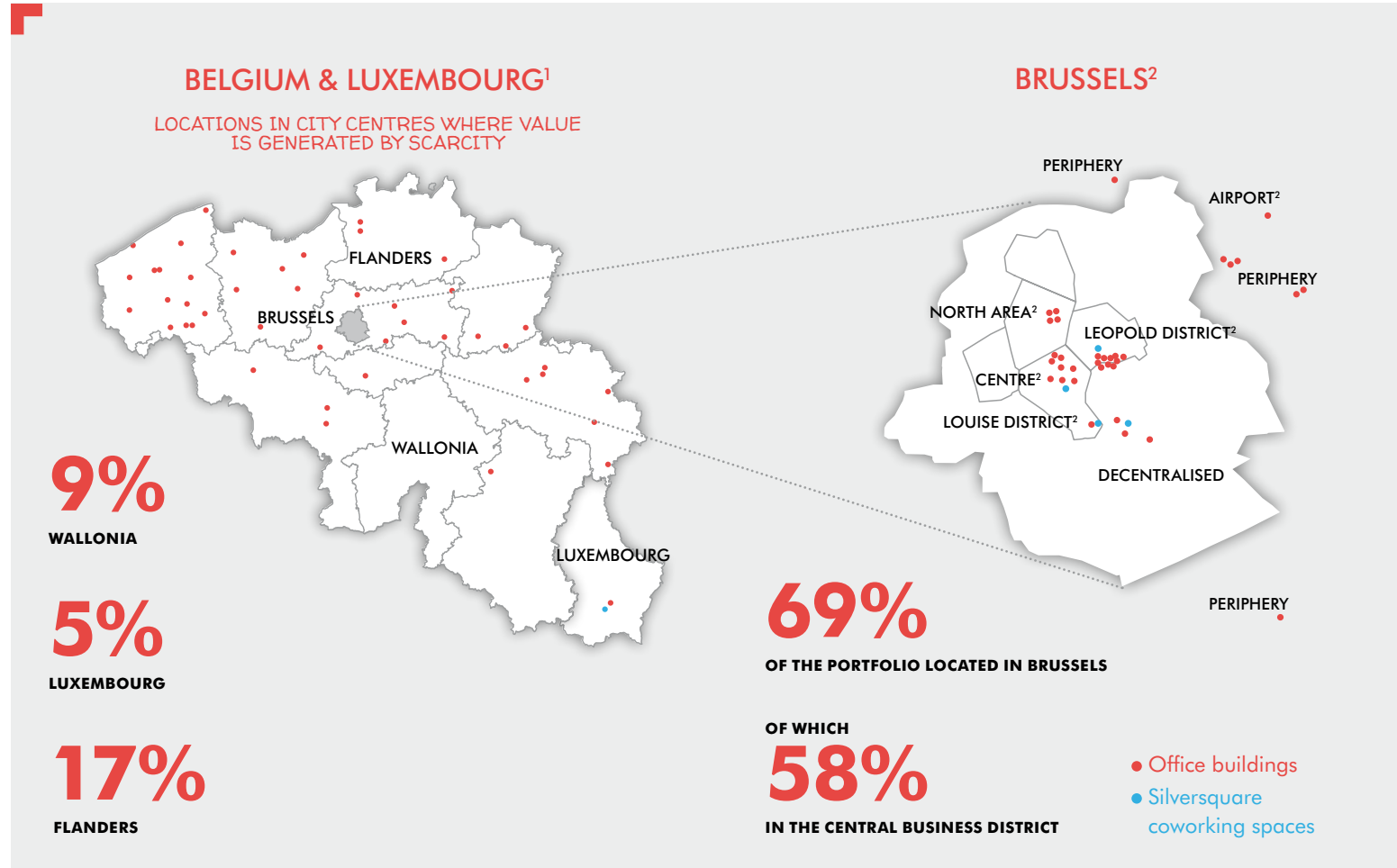
Its ambition is to develop the Belux network of interconnected workspaces. Befimmo's portfolio will become a high-density network, aligned with the local economy, offering flexible solutions to all users. This new model allows Befimmo to expand its offering to meet the evolution of the needs of the market.

WHO IS SILVERSSQUARE?

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

 www.silversquare.eu

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



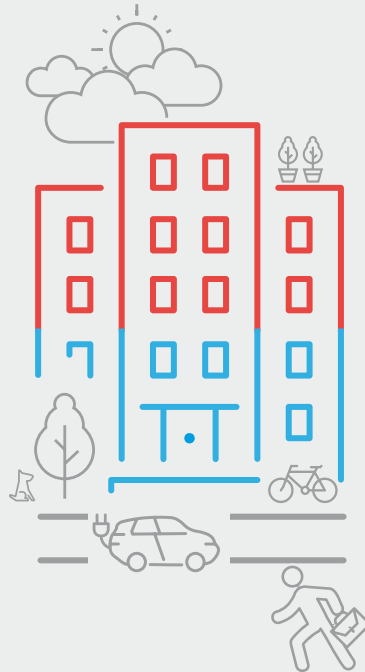


BEFIMMO ENVIRONMENTS IN A NEW WORLD OF WORK

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

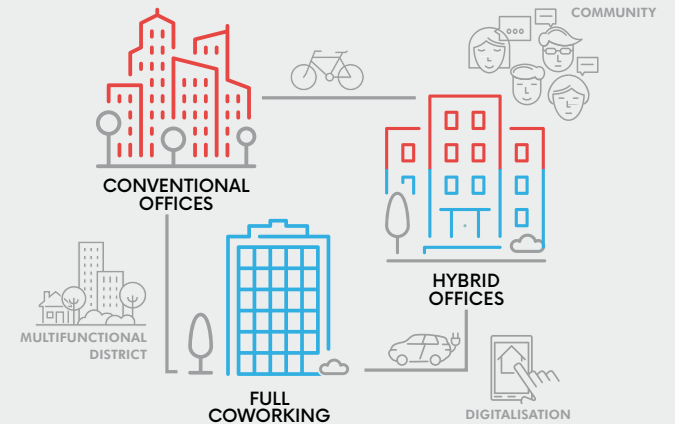


MIXED-USE BUILDINGS



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

NETWORK OF WORK ENVIRONMENTS





LYNX PROGRAMME, CREATING LINKS

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

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

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

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

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

The projects are grouped according to their orientation:

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



Ikaros - Brussels periphery



SERVING OUR TENANTS

Building facilities

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

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

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

Mobility

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

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

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

Property management


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


Space planning & project management


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

Environmental support

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

 Online sheet "The world of work"

 Online sheet "Mobility"

 Online sheet "Dialogue"

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



DAGMAR DECRAMER – PROJECT CONSULTANT (ADVISERS)



 "Strategic axes"

 www.befimmo.be

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



Digitalisation

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

Health and safety

The health and safety of occupants remain a priority. Befimmo makes every effort to ensure that its buildings are healthy and perfectly safe. To that end, defibrillators are installed in most multi-tenant buildings, together with a rest room and/or infirmary. Befimmo constantly checks that the proper mandatory statutory controls are in place and that any observations and/or infringements arising from reports made by qualified staff in its portfolio are addressed. As at 31 December 2019, and based on reports received by that date, 92%¹ of the portfolio of properties with multiple tenants² had been checked in four relevant areas, including inspections on fire, lifts, electricity and heating.

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

Community

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

To calculate the indicator, Befimmo takes account of the projects (m²) that it is supporting and setting up in the North area: its activities in the Up4North association, the dialogue with local residents as part of the Quatuor project, and public announcements, surveys or consultations that it organises when making applications for environmental and urban planning permits. It also takes account of buildings in which a coworking space is present.

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

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



1. This percentage was calculated using the EPRA sBPR methodology, see page 95 of this Report.

2. Note that for buildings let to a single tenant, the tenants themselves are responsible, and they deal with the statutory controls in their buildings.

3. The value of the indicator is notably directly related to and/or influenced by the number of permit applications that depend on ongoing and/or development projects.



Key figures 2019

REAL ESTATE

2,788.6 € MILLION

FAIR VALUE OF PORTFOLIO

94.4%

OCCUPANCY RATE

7.1 YEARS

WEIGHTED AVERAGE
DURATION OF CURRENT
LEASES UP TO NEXT BREAK



76%

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



FINANCIAL RESULTS

3.29 €/SHARE

CONSOLIDATED EPRA EARNINGS

59.29 €/SHARE

NET ASSET VALUE

3.45 €/SHARE

GROSS DIVIDEND

FINANCIAL STRUCTURE

2.0%

AVERAGE COST OF FINANCING

BBB

STANDARD & POOR'S
RATING



39.0%

LTV

TEAM

86

EMPLOYEES



53%

MEN



47%

WOMEN



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

STOCK MARKET

1.5 € BILLION

MARKET CAPITALISATION



6.4%

GROSS DIVIDEND YIELD
OF THE SHARE

COWORKING

6

SILVER SQUARE
COWORKING SPACES

93%

OCCUPANCY RATE
OF MATURE SPACES





PROPERTY KEY FIGURES	31.12.2019	31.12.2018	31.12.2017
Fair value of portfolio (in € million)	2 788.6	2 655.3	2 494.4
Spot occupancy rate of properties available for lease (in %) ¹	94.4	94.5	94.4
Weighted average duration of current leases up to next break (in years) ¹	7.1 years ²	7.0 years ²	7.3 years
Weighted average duration of current leases up to final expiry (in years) ¹	7.8 years	7.8 years	7.8 years
Gross initial yield on properties available for lease (in %) ¹	5.4	6.0	6.2
Gross potential yield on properties available for lease (in %) ¹	5.6	6.3	6.5
Gross initial yield of the investment properties (in %) ¹	4.6	5.5	5.9
FINANCIAL KEY FIGURES	31.12.2019	31.12.2018	31.12.2017
Net asset value (in € per share)	59.29	56.42	56.63
Consolidated net result (in € per share)	6.95	3.24	5.32
Net result real-estate operator (in € per share)	7.03	3.24	5.32
Shareholders' equity (in € million)	1 603.90	1 443.21	1 448.50
Return on shareholders' equity ³ (in € per share)	6.47	3.24	5.33
Return on shareholders' equity ³ (in %)	11.6	5.8	9.9
Debt ratio ⁴ (in %)	42.7	45.8	41.6
Loan-to-value ⁵ (in %)	39.0	43.6	39.6
Average financing cost ⁶ (in %)	2.0	2.0	2.1
Weighted average duration of debts (in years)	4.4	4.8	4.7

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

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

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

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

Online sheet "Reporting & recognition"

- This is a real-estate indicator. For more information, please refer to Appendix II of this Report.
- 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.
- 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.
- The debt ratio is calculated in accordance with article 13 of the Royal Decree of 13 July 2014.
- 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.
- This is an Alternative Performance Measure. For more information, please refer to Appendix III of this Report.
- This is an Alternative Performance Measure. For more information, please consult the chapter "EPRA Best practices" on page 86.
- Trend of the net rental income at constant perimeter, calculated on the basis of the "EPRA Best Practices Recommendations". This is an Alternative Performance Measure. For more information, please consult the chapter "EPRA Best practices" on page 86.
- Subject to a withholding tax of 30%.
- Gross dividend divided by the closing share price.
- 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.
- For more information, please refer to the Methodology in Appendix VI of this Report.
- Voluntary participation of Befimmo. For CDP, the score decrease between 2018-2019 is in no way related to the deterioration of the quality of Befimmo's portfolio or to a change in strategy, but is the result of an incomprehension at the level of the online CDP questionnaire. Befimmo maintains its ambitions to reduce the CO₂e emissions. The 2019 values are in line with these ambitious objectives.
- New rating system (from A to D-) since 2016.



2019 in a nutshell

Q1

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



Q2

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



Q3

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



Q4

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





Subsequent key events after closing

COVID-19

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



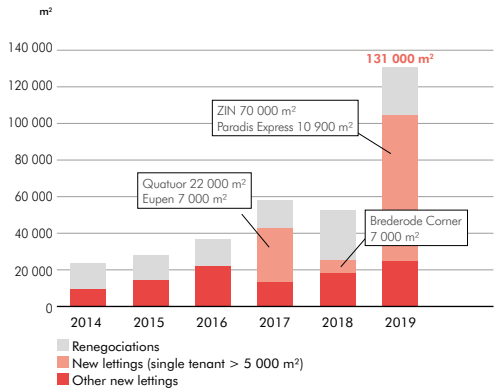
ZIN - Brussel North area



REAL-ESTATE BUSINESS | REAL-ESTATE OPERATOR

Letting activity

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



EPRA “like-for-like net rental growth”

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

Main transactions

OPERATING PORTFOLIO

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

ONGOING PROJECTS

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

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

OCCUPANCY RATE AND “EPRA VACANCY RATE”

	31.12.2019	31.12.2018
“Spot” occupancy rate of properties available for lease	94.4%	94.5%
EPRA Vacancy Rate ²	4.1%	4.3%

WEIGHTED AVERAGE DURATION OF LEASES³

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

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

1. Based on the number of square meters let.

2. This is an EPRA indicator. For more information, please consult the chapter “EPRA Best Practices”.

3. The weighted average duration of ongoing leases is calculated solely on the basis of the buildings available for lease ; the leases of buildings under construction that will only take effect on completion of the work, as is the case for the Quatuor project with the Beobank lease (15-year term), the Eupen project with the Régie des Bâtiments lease (25-year term) and the Brederode Corner project with the 6/9 lease from McKinsey & Company, are therefore not included in the calculation of this ratio.

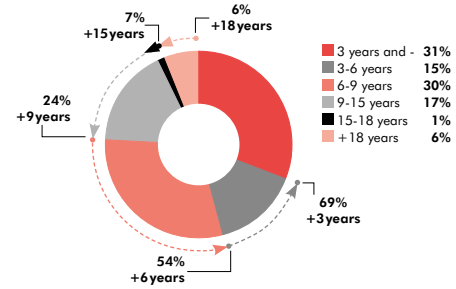
4. Excluding the WTC 2, where the lease expired at the end of 2018, the weighted average duration of leases up to next break would be 7.8 years as at 31 December 2018.



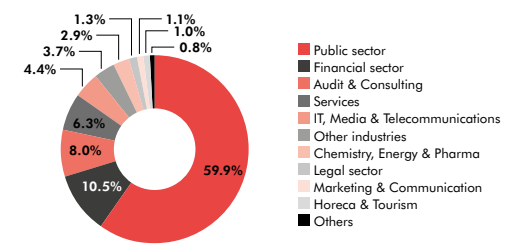
TENANTS

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

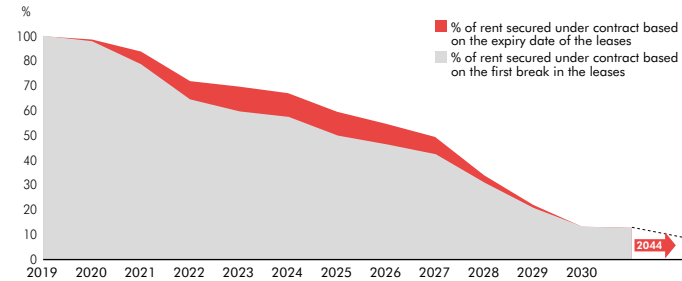
DURATION OF LEASES¹



TENANTS



PERCENTAGE OF RENT SECURED UNDER CONTRACT IN RELATION TO THE RESIDUAL DURATION OF LEASES IN THE CONSOLIDATED PORTFOLIO² (IN %)



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

2. Rents for future years calculated on the basis of the present situation, assuming that each tenant leaves at the first break and that no further lease is agreed in relation to the current rent as at 31 December 2019.



FAIR VALUE¹ PER GEOGRAPHICAL ZONE

	CHANGE IN 2019 ²	PROPORTION OF PORTFOLIO ³ 31.12.2019	FAIR VALUE 31.12.2019 IN € MILLION	FAIR VALUE 31.12.2018 IN € MILLION
Brussels CBD and similar ⁴	1.0%	48.3%	1 346.1	1 440.6
Brussels decentralised	3.7%	3.0%	83.2	81.7
Brussels periphery	-2.2%	4.3%	121.1	116.5
Flanders	0.4%	17.0%	474.9	474.3
Wallonia	3.3%	8.3%	230.6	220.2
Luxembourg city	13.1%	5.0%	138.6	122.6
Properties available for lease	1.6%	85.9%	2 394.5	2 455.8
Properties that are being constructed or developed for own account in order to be leased	22.1%	14.1%	394.1	199.5
Investment properties	4.1%	100.0%	2 788.6	2 655.3
Total	4.1%	100.0%	2 788.6⁵	2 655.3

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

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

This change in value incorporates:

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

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

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

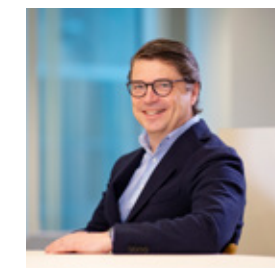
In general, increases in value for city-centre buildings (82% of the portfolio) on long-term leases are slightly offset by decreases in value on buildings with a lease approaching expiry and/or which have less good locations (a smaller proportion of the portfolio, i.e. 18%).

“ZIN INSPIRES EVERYONE WHO GETS TO KNOW IT! THE FLEMISH AUTHORITIES HAVE CHOSEN ZIN AS THE FUTURE WORK ENVIRONMENT FOR MORE THAN 3,500 OF ITS OFFICIALS. THE CITY OF BRUSSELS, THE REGION, BRUSSELS ENVIRONMENT, ... PRAISED THE QUALITY AND AMBITION OF THE PROJECT WHEN DELIVERING THE PERMITS.

THE REDEVELOPMENT OF THE OLD WTC TOWERS ASPIRES TO MORE THAN JUST DEVELOPING A BUILDING. ZIN WANTS TO GIVE A QUALITATIVE IMAGE TO THE NEIGHBOURHOOD, TO BE A CATALYST THAT MUST CONTRIBUTE TO THE TRANSFORMATION INTO A NEIGHBOURHOOD THAT ALSO LIVES OUTSIDE OFFICE HOURS.

ZIN IS THE FRUIT OF AN INTENSE COLLABORATION OF A TEAM OF MORE THAN 80 CREATIVE SPECIALISTS IN VARIOUS FIELDS. MOSTLY YOUNG PEOPLE, PEOPLE WHO HAVE A WARM HEART FOR BRUSSELS AND THE NORTH AREA, PEOPLE WHO HAVE BEEN ABLE TO THINK FREELY ABOUT THE FUTURE OF THE WTC TOWERS.

THE RESULT IS FANTASTIC! WHAT A PLEASURE TO BE ABLE TO CONTRIBUTE TO THIS.”



WERNER JORIS – CHIEF BUSINESS DEVELOPMENT



1. These values are established in application of the IAS 40 standard which requires investment properties to be booked at “fair value”. The fair value of a building is its investment value, including registration fees and other transaction costs (also known as “deed-in-hands value”) as calculated by an independent expert, minus a standard allowance of 10% (Flanders) or 12.5% (Wallonia and Brussels) for buildings with an investment value of less than €2.5 million, and 2.5% for buildings with an investment value of more than €2.5 million. This 2.5% allowance represents the average transaction costs actually paid in these transactions and is derived from an analysis by independent experts of a large number of transactions observed on the market. This accounting treatment is detailed in the press release issued by BeAMA on 8 February 2006 and confirmed in the press release of the BE-REIT Association of 10 November 2016. This rule is also applied for determining the fair value of property located in the Grand Duchy of Luxembourg.

2. The change over the year is the change in fair value between 1 January 2019 and 31 December 2019 (excluding the amount of acquisitions, investments and divestments).

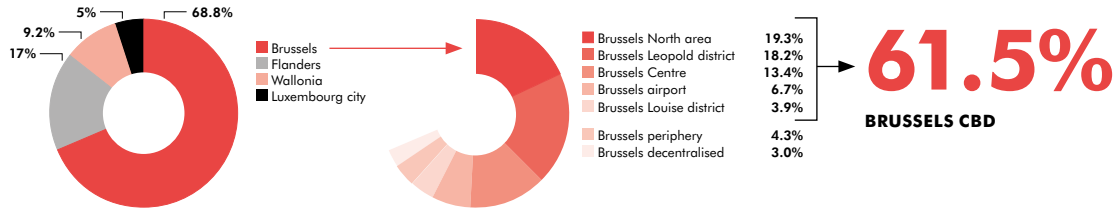
3. The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 December 2019.

4. Including the Brussels airport zone, in which the Gateway building is situated.

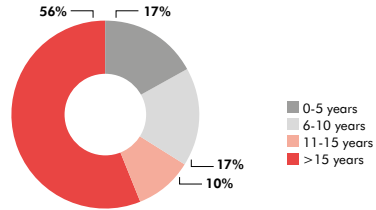
5. Except Gateway land.



GEOGRAPHICAL BREAKDOWN¹

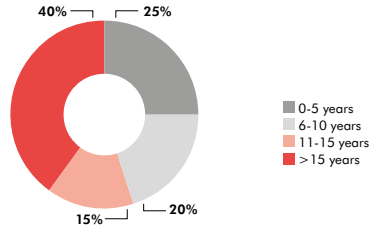


BREAKDOWN OF PORTFOLIO BY AGE CLASS^{1,2}



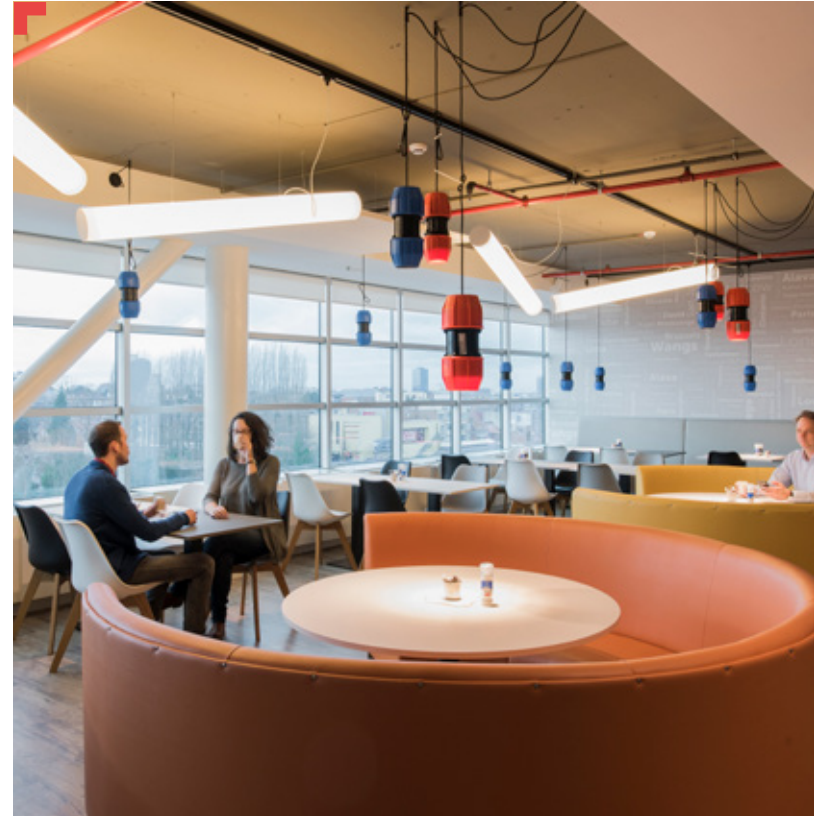
This graph shows the breakdown of the Befimmo portfolio (investment properties excluding land) by age group. The buildings are divided according to their year of construction or, where applicable, to the year in which they last underwent a major renovation, defined as substantial investment work on the 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 PORTFOLIO³



This graph shows the breakdown of the Befimmo portfolio in accordance with the estimated building renovation programme. This planning is presented based on the estimated period, taking account of the age of the buildings and their rental situation, after which a major renovation will have to be carried out. After the renovation, the building is considered to begin a new life cycle. The EPRA earnings outlook published hereafter takes account of the renovation programme.

"Outlook and dividend forecast"



Triomphe - Brussels decentralised

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



Risk factors		Message of the Chairman and the CEO		Management report		Financial statements		General information		Appendices	
Our strategy	Key figures 2019	2019 in a nutshell	Events after closing	Property report	Financial report	EPRA Best Practices	Outlook & forecast	Stock market	The team	Governance	

OVERALL RENTAL YIELD

OFFICES	GROSS INITIAL YIELD	GROSS INITIAL YIELD	GROSS POTENTIAL YIELD	GROSS POTENTIAL YIELD
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Brussels CBD and similar	4.9%	6.0%	5.3%	6.2%
Brussels decentralised	8.1%	7.7%	8.7%	8.7%
Brussels periphery	7.7%	7.9%	9.1%	10.3%
Wallonia	4.6%	4.8%	4.6%	4.8%
Flanders	6.3%	6.3%	6.3%	6.3%
Luxembourg city	4.0%	4.4%	4.0%	4.5%
Properties available for lease	5.4%	6.0%	5.6%	6.3%
Total investment properties¹	4.6%	5.5%		

EPRA NIY AND TOPPED-UP NIY

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

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

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

OFFICES	ACQUISITION PRICE	INSURED VALUE ³	FAIR VALUE	ESTIMATED RENTAL VALUE (ERV)	GROSS INITIAL YIELD ⁷
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
	IN € MILLION	IN € MILLION	IN € MILLION	IN € THOUSAND	
Brussels CBD and similar	972.8	825.2	1 346.1	63 270	4.9%
Brussels decentralised	78.3	120.6	83.2	7 072	8.1%
Brussels periphery	124.4	215.2	121.1	11 803	7.7%
Flanders	445.7	578.9	474.9	27 231	6.3%
Wallonia	159.2	179.2	230.6	9 955	4.6%
Luxembourg city	- ⁴	47.9	138.6	5 516	4.0%
Properties available for lease	1 780.3 ⁵	1 966.9 ⁶	2 394.5	124 846	5.4%
Properties that are being constructed or developed for own account in order to be leased	350.0	188.6	394.1	-	-
Investment properties	2 130.3	2 155.5	2 788.6	-	4.6%
Properties held for sale	-	-	-	-	-
Total	2 130.3⁵	2 155.5	2 788.6	-	-

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

2. Since 31 March 2019 Befimmo no longer takes into account the "Future rent relating to signed contracts" in the calculation of the EPRA Topped-up NIY. The percentage at 31 December 2018 has therefore been restated on the basis of this change.

3. The insured value is the reconstruction value (excluding the land).

4. Pursuant to the Royal Decree of 13 July 2014, a public BE-REIT is entitled not to disclose the purchase price for a segment containing a single property.

5. Excluding Luxembourg city.

6. This amount includes the All-Risk Fire insurance. Befimmo is also covered by the kind of All-Risk Construction Site insurance.

7. The ratio between the gross current rent from lease agreement and the "deed-in-hands" value of properties available for lease.



Rotation in portfolio

Acquisitions

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

Disposals

- In line with its dynamic portfolio management strategy, in the second quarter of the year, Befimmo sold the **Pavilion** building (18,000 m²), located in the Brussels CBD, generating a capital gain of €10.0 million (€0.39 per share) in relation to the fair value as the fiscal year opened;
- In line with its strategy of focusing on its city-centre portfolio, Befimmo also sold the **Eagle building** (7,400 m²), located in the Brussels periphery and mostly vacant, earning a capital gain of €2.7 million (€0.11 per share) compared with the fair value as the fiscal year opened;
- As foreseen in the outlook and in accordance with the strategy of selling small Fedimmo properties located in the provinces, Fedimmo sold **three buildings¹ during the period that were nearing the end of their leases**, earning a capital gain of €0.5 million (€0.02 per share) in relation to the fair value as the fiscal year opened.
- In the **Paradis Express** eco-neighbourhood (under construction), in late 2018 Befimmo sold off a residential building, in state of future completion, to specialist operator Gands, developing the Young Urban Style co-living concept. In 2019, it sold the rights in rem to Matexi (residential developer), allowing it to build the other four residential buildings on the site, together with retail and hospitality spaces. Befimmo will develop the office part on the Paradis Express site (52% of which is already pre-let). Marketing is progressing very well and all of the offices should therefore be pre-let by the end of 2020.



Paradis Express - Liège

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



(Re)development projects

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

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

Brederode Corner (Brussels CBD, Centre)

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

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

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

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

Courthouse Eupen (Wallonia)

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

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

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

Paradis Express (Liège, Wallonia)

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

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

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

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

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

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



Quatuor (Brussels CBD, North area)

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

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

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

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



Quatuor - Brussels North area

ZIN (Brussels CBD, North area)

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

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

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

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

IN JANUARY 2020, THE ZIN PROJECT WON THE "BE. EXEMPLARY 2019" AWARD, ORGANISED BY THE BRUSSELS AUTHORITY ("URBAN.BRUSSELS") IN THE CATEGORY "LARGE PRIVATE PROJECTS". THE AMBITION OF THIS PRIZE IS TO REWARD BRUSSELS REAL ESTATE PROJECTS THAT ARE EXEMPLARY AND INNOVATIVE.

PLXL (Brussels decentralised)

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



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



ENVIRONMENTAL AND ENERGY PERFORMANCE

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

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

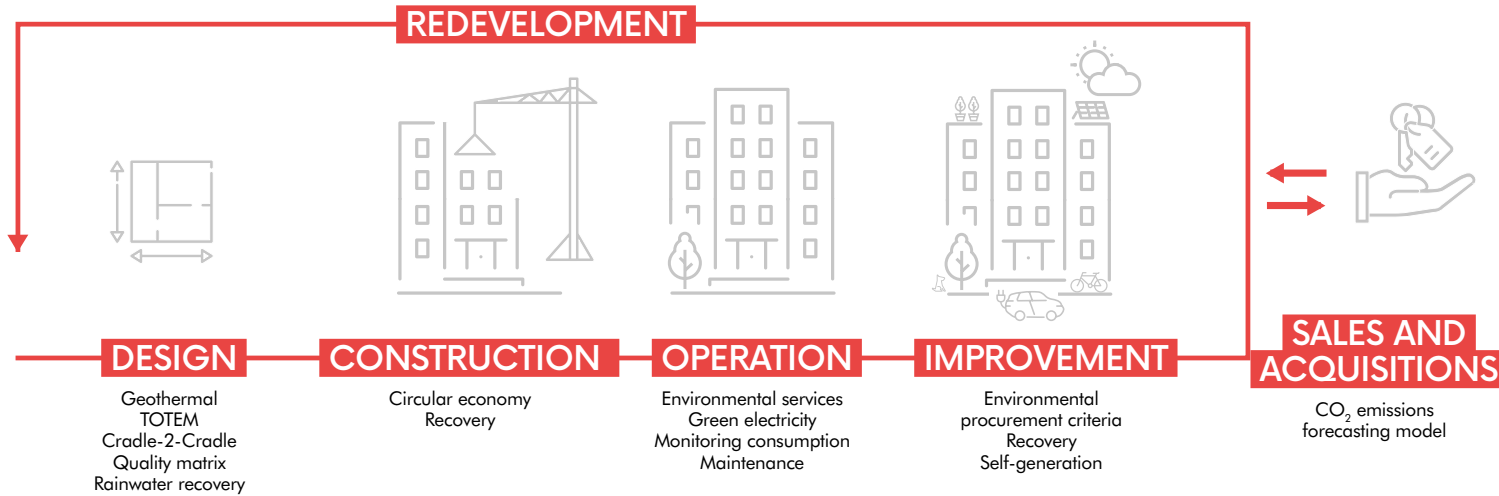
The feasibility, profitability and follow-up of the environmental projects related to the operational portfolio are assessed by the Environmental Technical Team composed of four specialists in the field.


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

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

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

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



 Online sheet "Use of resources"

 "Risk factors"



CO₂e emissions¹

In 2017, Befimmo revised its energy-related environmental objectives, starting from the transposition of energy consumption into CO₂ equivalent for its entire portfolio.

Based on the methodology proposed by the Science Based Targets Initiative (SBTI)², designed to limit the increase in global average temperature to below 2°C, long-term objectives were defined, taking into account potential for renovations, improvements and/or sales of assets in the portfolio. Firstly, the specific emission reduction targets (CO₂e per m²) allow Befimmo to set an energy performance standard for the buildings in the portfolio. Secondly, with the target for an absolute quantity of “avoided CO₂e emissions” Befimmo can evaluate the improvements in energy efficiency of buildings acquired and renovated over time.

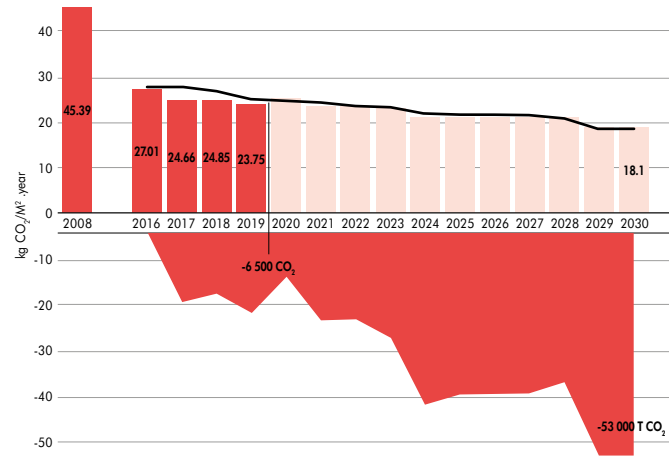
The forecasting model implemented in 2017 and reviewed during each strategic decision taken enabled Befimmo to set the following objectives: by 2030, Befimmo undertakes to achieve an average level of CO₂e emissions per m² of its entire portfolio equal to 18.1 kgCO₂e/m², a reduction of 33% compared with 2016. This corresponds to avoiding cumulative emissions of 53,000 tCO₂e, equivalent to 2.3 years of CO₂e emissions related to the portfolio’s energy consumption (reference year 2016).

These targets are divided into three sub-targets:

1. 50% reduction in “controlled”³ CO₂e emissions from heating for the entire portfolio;
2. 17% reduction in “controlled” CO₂e emissions related to electricity consumption⁴ by common installations;
3. 17% reduction in CO₂e emissions related to the “uncontrolled”⁵ electricity consumption of private installations (under the control of tenants).

In 2019, these efforts enabled Befimmo to cut specific energy-related CO₂e emissions by 12% in relation to 2016. This reduction is equivalent to an avoided cumulative volume of 6,500 tCO₂e (since 2016). These results are fully in line with the values returned by the forecasting model.

OUTLOOK FOR 2030



2019 RESULTS AND OUTLOOK FOR 2030⁶

YEAR	2016 VALUE OF REFERENCE	2019	OBJECTIVE 2030
Avoided CO ₂ e cumulated since 2016 (in tCO ₂ e)	-	6 500	53 000
Average specific CO ₂ e emissions (in kgCO ₂ e/m ²)	27.01	23.75	-33%
a. linked to heating	14.44	12.83	-50%
b. linked to electricity consumption of controlled installations	5.47	4.58	-17%
Of which offset	5.42	4.55	
c. linked to electricity consumption of uncontrolled installations	7.11	6.60	-17%
Of which offset	6.64	6.36	



Online sheet “Use of resources: water/energy/CO₂e emissions”

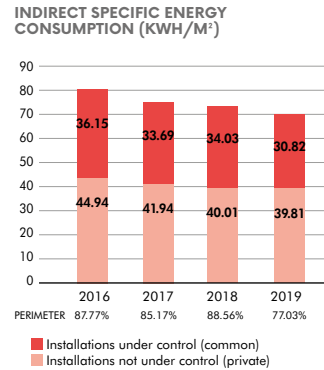
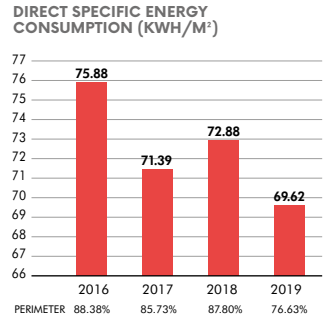
1. See methodology in Appendix VI to the Report and the detailed tables on the Befimmo website.
 2. <http://sciencebasedtargets.org/>
 3. Befimmo has control and/or a direct influence over the emissions related to the operation of the installations concerned (lifts, lighting of common areas, ventilation, etc.).
 4. The model considers “location-based” emission factors that do not take account of any supply contracts for green energy, with no CO₂e emissions.
 5. Befimmo does not have control and/or a direct influence over the emissions related to the operation of the installations concerned (private installations).
 6. The specific emissions between 2016 and 2019 are calculated on the basis of real data, not normalised according to the climate. The specific emissions projected for 2020 to 2030 are calculated on the basis of emissions that are normalised in relation to the reference year.



Energy consumption - self-generation¹ - renewable energy

The energy performance of buildings plays a very important role in achieving Befimmo's ambitious targets for reducing CO₂e emissions by 2030.

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



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

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

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

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

The use of this type of technology is expected to reduce energy consumption and CO₂e emissions by 20 to 30% compared with a "traditional" solution in which all heating and cooling needs would be met by conventional installations (condensing boilers and chillers).

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

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

Befimmo also aims to limit its CO₂e emissions, in particular by continuing to invest in renewable energy generation.

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

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

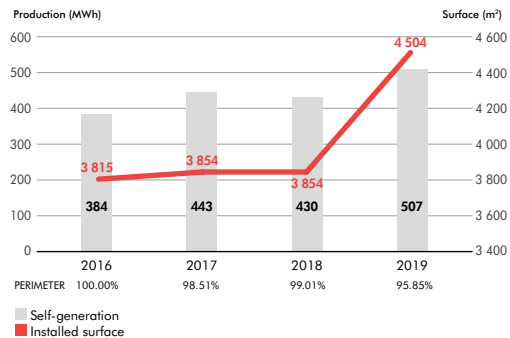
Furthermore, by the end of 2019, self-generation by all these installations covered electricity needs equivalent to the annual consumption of 150 households¹.

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

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



PHOTOVOLTAIC PANELS



Since Befimmo also aims to reduce its electricity consumption, the CO₂e reduction targets for 2030 do not take account of the positive impact of green electricity consumption.

However, until it reaches its target for reducing CO₂e emissions by 2030, Befimmo is limiting its environmental impact by subscribing to a green electricity supply contract to cover the consumption of the installations in its buildings that are under its control. In 2019, 98% of the portfolio's floor area was covered by such a supply contract.

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

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

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

Water consumption

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

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

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

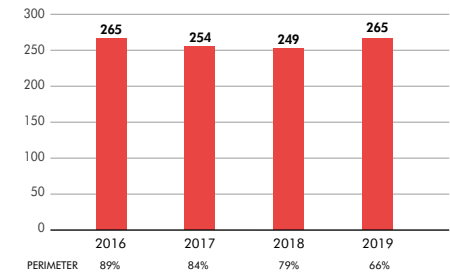
However, Befimmo aims to reduce the specific water consumption of its portfolio by 15% in relation to 2016 by 2030. It will keep monitoring consumption, replacing obsolete equipment high-performance equipment and raising awareness among users and maintenance companies about the rational use of water.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

worthwhile implementing segmentation to separate office space from other water-consuming activities in its portfolio.

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

Full tables of the portfolio's absolute and specific water consumption are published on Befimmo's website¹.

WATER CONSUMPTION (LITERS/M²)²



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



Sustainability and the circular economy

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

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

In practice, these principles have been integrated into a responsible procurement charter and quality matrix. This matrix is the result of ongoing collaboration between the various real-estate departments of Befimmo (Commercial Management, Environmental Management, Property Management, Services & Facilities and Project Development) and incorporates Befimmo's minimum technical requirements applicable to all renovation or construction projects, as well as to operational assets. For the most part, these requirements exceed existing standards and regulations; they include, among other things, the obligation to carry out an inventory for re-use, to consider disassembly and future dismantling from the design stage, to consider the use of materials that have been recovered and/or have environmental certification, and to use the TOTEM tool¹.

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

Building waste

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

While in recent years significant efforts have been made in terms of recycling² Befimmo now intends to strive to limit flows of waste, in particular:

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

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

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

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

BUILDING WASTE (IN TONNES)

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

1. www.totem-building.be

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



The ZIN building: the circular economy at work

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

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

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

As examples:

- 120 metres of cable trays, 60 fluorescent light fittings, 120 partitions (insulated wooden panels) and 10 fire doors have been taken by a Brussels school for a construction project;
- 46 tonnes of wood panels will be re-used by a company specialising in making furniture from recovered materials;

- 209 tonnes of raised floor tiles were taken for re-use in another building;
- 32 tonnes of flint floor tiles were recovered by a building contractor for one of its projects;
- 600 light fittings were taken by a manufacturer to be reconditioned and placed back on the market.

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

Waste management in operational buildings

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

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

OPERATIONAL WASTE (IN TONNES)

	2019		2018		2017		2016	
Total	1 642	100%	2 188	100%	2 347	100%	1 644	100%
Of which recycled	1 004	61.1%	1 045	47.8%	1 358	58.1%	873	53.1%
Of which reused	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Of which composted	1	0.1%	-	0.0%	-	0.0%	5	0.3%
Of which incinerated	636	38.7%	1 143	52.2%	989	42.1%	767	46.6%
Of which buried or landfilled	-	0.0%	-	0.0%	-	0.0%	-	0.0%



ZIN - Brussels North area

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



Certification and compliance

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

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

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

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

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

BREEAM certification level of the portfolio¹

BUILDINGS IN CONSTRUCTION

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

BUILDINGS IN OPERATION

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

“WHAT MAKES THE ZIN PROJECT UNIQUE AND INNOVATIVE IS THE HORIZONTAL MIX OF FUNCTIONS AND THE AMBITION TO MAINTAIN A CONTINUOUS LIFE AND ANIMATION TO REVITALIZE A MONOFUNCTIONAL NEIGHBOURHOOD. TAKING THIS BOLD GAMBLE AND TO BE ONE OF THE FIRST TO PARTICIPATE IN CHANGING THE IMAGE OF A NEIGHBOURHOOD IS EXTREMELY REWARDING AND MOTIVATING.”



FRÉDÉRIC TOURNÉ – HEAD OF ENVIRONMENTAL MANAGEMENT

Online sheet “Environmental certification & compliance”

Glossary

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



TABLE 10 - SUMMARY TABLE OF EPRA SUSTAINABLE PERFORMANCE INDICATORS

EXTERNAL ASSESSMENT	EPRA SUSTAINABILITY PERFORMANCE MEASURES	GRI STANDARD & CRESID INDICATOR CODE	DATA 2019	DATA 2018	PAGE(S) AFR 2019 ¹
Environmental sustainability performance measures					
V	Elec-Abs not normalised	302-1	54.70 GWh	62.74 GWh	67, 68
V	Elec-LfL not normalised	302-1	49.5 GWh	50.72 GWh	67, 68
V	DH&C-Abs normalised	302-1	2.21 GWh	2.55 GWh	67, 68
V	DH&C-LfL normalised	302-1	2.55 GWh	2.55 GWh	67, 68
V	Fuels-Abs normalised	302-1	57.81 GWh	66.10 GWh	67, 68
V	Fuels-LfL normalised	302-1	51.8 GWh	52.6 GWh	67, 68
V	Energy-Int not normalised	CRE1	143 kWh/m ²	142.6 kWh/m ²	67, 68
V	GHG-Dir-Abs	305-1	10 422 t CO ₂ e	11 957 t CO ₂ e	66, 118, 119
V	GHG-Indir-Abs	305-2	471 t CO ₂ e	584 t CO ₂ e	66
V	GHG-Dir-LfL	305-1	9 357 t CO ₂ e	9 566 t CO ₂ e	66, 118, 119
V	GHG-Indir-LfL	305-2	454 t CO ₂ e	576 t CO ₂ e	66
V	GHG-Int	CRE3	13.8 kg CO ₂ e/m ²	14.6 kg CO ₂ e/m ²	66
V	Water-Abs	303-1	181 179 m ³	223 277 m ³	68
V	Water-LfL	303-1	152 548 m ³	154 745 m ³	68
V	Water-Int	CRE2	265.48 l/m ²	249.07 l/m ²	68
V	Waste-Abs ²	306-2	Recycled: 75 552 tonnes	Recycled: 53 121 tonnes	69, 70
V			Reused: 925 tonnes	Reused: 41 tonnes	69, 70
V			Composted: 2 tonnes	Composted: 0 tonnes	69, 70
V			Incinerated: 1 308 tonnes	Incinerated: 1 563 tonnes	69, 70
V			Buried or landfilled: 15 791 tonnes	Buried or landfilled: 38 tonnes	69, 70
V	Waste-LfL ²	306-2	Recycled: 12 864 tonnes	Recycled: 52 937 tonnes	69, 70
V			Reused: 11 tonnes	Reused: 41 tonnes	69, 70
V			Composted: 1 ton	Composted: 0 tonnes	69, 70
V			Incinerated: 914 tonnes	Incinerated: 1 111 tonnes	69, 70
V			Buried or landfilled: 1 ton	Buried or landfilled: 38 tonnes	69, 70
V	Cert-Tot	CRE8	BREEAM Design Outstanding 2 buildings	BREEAM Design Outstanding 1 building	71
V			BREEAM Design Excellent 6 buildings	BREEAM Design Excellent 5 buildings	71
V			BREEAM Design Very Good 4 buildings	BREEAM Design Very Good 4 buildings	71
V			BREEAM Design Good 3 buildings	BREEAM Design Good 1 building	71
V			BREEAM In-Use (Asset) Very Good 6 buildings	BREEAM In-Use (Asset) Very Good 5 buildings	71

1. Full tables of environmental indicators of the portfolio are published on Befimmo's website (www.befimmo.be).

2. Waste from buildings undergoing renovation and in operation.

3. Category of the managers.

4. The value of the indicator is notable directly related to and/or influenced by the number of permit applications that depend on ongoing and/or development projects.

EXTERNAL ASSESSMENT	EPRA SUSTAINABILITY PERFORMANCE MEASURES	GRI STANDARD & CRESID INDICATOR CODE	DATA 2019	DATA 2018	PAGE(S) AFR 2019 ¹
V			BREEAM In-Use (Asset) Good 56 buildings	BREEAM In-Use (Asset) Good 56 buildings	71
V			BREEAM In-Use (Asset) Pass 1 building	BREEAM In-Use (Asset) Pass 2 buildings	71
V			BREEAM In-Use (Asset) Non-certified 49 buildings	BREEAM In-Use (Asset) Non-certified 50 buildings	71
V			BREEAM In-Use (Management) Very Good 3 buildings	BREEAM In-Use (Management) Very Good 3 buildings	71
V			BREEAM In-Use (Management) Good 3 buildings	BREEAM In-Use (Management) Good 2 buildings	71
V			BREEAM In-Use (Management) Pass 48 buildings	BREEAM In-Use (Management) Pass 49 buildings	71
V			BREEAM In-Use (Management) Acceptable 6 buildings	BREEAM In-Use (Management) Acceptable 6 buildings	71
V			BREEAM In-Use (Management) Non-certified 52 buildings	BREEAM In-Use (Management) Non-certified 53 buildings	71
Social Performance Measures					
V	Diversity-Emp M/F	405-1	53% (M) - 47% (F)	50% (M) - 50% (F)	112
V	Diversity-Pay ³ [M/F]	405-2	-5.35%	-1.03%	112
V	Emp-Training	404-1	33 hours/year	43 hours/year	112
V	Emp-Dev	404-3	100%	100%	112
V	Emp-Turnover - new arrivals (total number)	401-1	9	8	112, 114
V	Emp-Turnover - new arrivals (rate)	401-1	10.5%	9.3%	112
V	Emp-Turnover - Turnover (total number)	401-1	9	3	112, 114
V	Emp-Turnover - Turnover (rate)	401-1	10.5%	3.5%	112
V	H&S Emp - Lost day rate	403-2	0.0%	0.1%	115
V	H&S Emp - Injury rate	403-2	0.0%	0.0%	115
V	H&S Emp - Absentee rate	403-2	4.1%	3.6%	115
V	H&S Emp - Absentee rate (short term)	403-2	2.3%	2.6%	115
V	H&S Emp - number of work related fatalities	403-2	0	0	115
V	H&S-Asset	416-1	92%	86%	37
V	H&S-Comp	416-2	1	4	37
V	Comty-Eng	413-1	25% ⁴	27% ⁴	37, 117
Governance Performance Measures					
V	Gov-Board	102-22	10	10	122
N/A	Gov-Select	102-24	Narrative on process	Narrative on process	127
N/A	Gov-Col	102-25	Narrative on process	Narrative on process	145, 146, 147



The team

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THE 3 PILLARS OF OUR HR PHILOSOPHY

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

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



TALENT

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



3 HR PILLARS

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. Psychosocial well-being, with a level of flexibility that allows everyone to achieve their own balance. If Befimmo aims to go beyond these basic principles and create pleasant and inspiring environments in its buildings, does it not make sense to do so first and foremost for its own team?



COMMUNITY

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



Befimmo team building



TALENT

Developing the team individually and collectively

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

Identifying, attracting and retaining the right people

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

Encouraging diversity and inclusion

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

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

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



Online sheet "Ethics"



"Code of ethics"

86 TEAM MEMBERS¹
WITH AN EMPLOYEE STATUS AND A PERMANENT CONTRACT

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

100 %
OF STAFF APPRAISED EVERY YEAR

53 % MEN
47 % WOMEN
GENDER DIVERSITY

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

-5.4 %
WAGE GAP FOR MANAGERS²

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

6.3 YEARS
AVERAGE SENIORITY

2 CASES
OF INTERNAL MOBILITY IN 2019

Focus on 2019

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

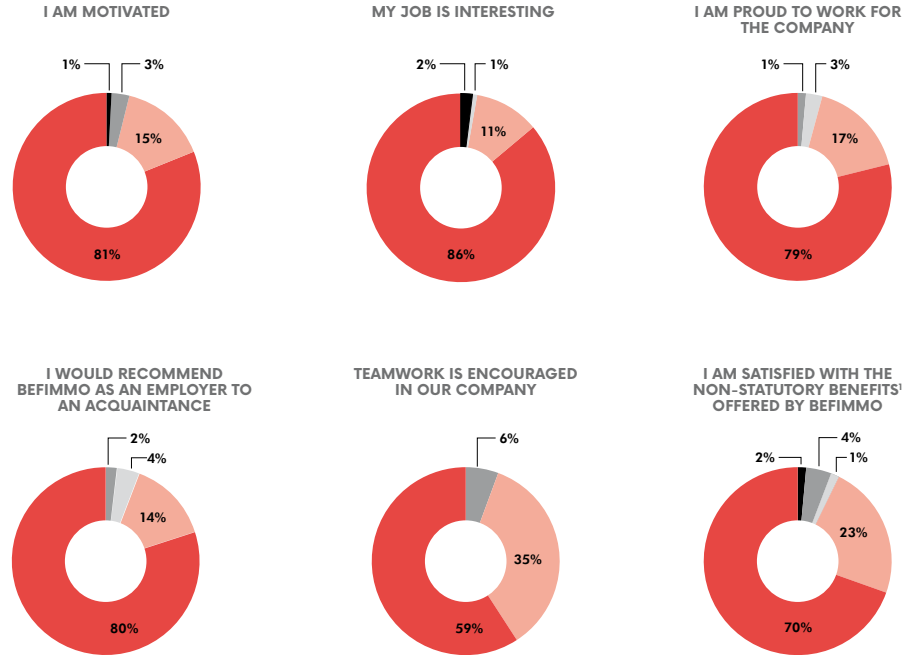
41 YEARS
AVERAGE AGE

1. Excluding the Executive Committee and consultants.

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



Excerpt from the 2019 Team Satisfaction Survey



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



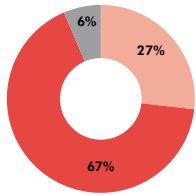
Befimmo team building

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

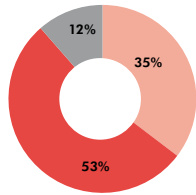


BREAKDOWN OF TRAINING HOURS, EXCLUDING LANGUAGE AND IT TRAINING

MANAGER



EMPLOYEE

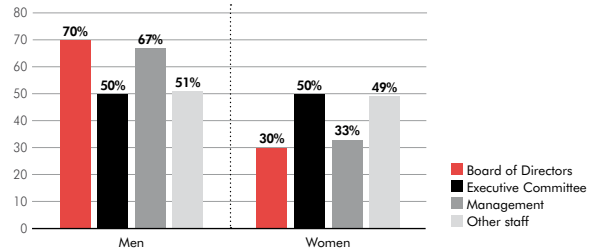


■ People
■ Profit
■ Planet

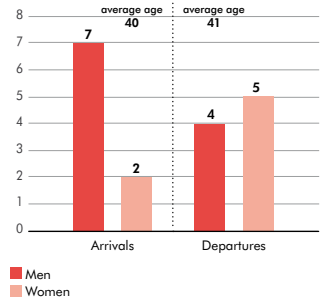
AVERAGE SENIORITY (YEARS)



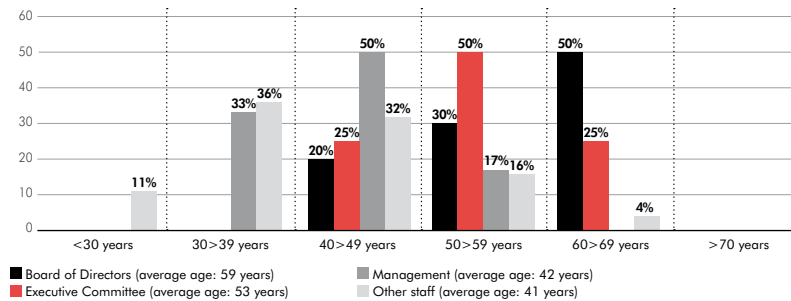
BREAKDOWN MEN/WOMEN (%)



ARRIVALS/DEPARTURES (UNITS)



BREAKDOWN (%)



Befimmo team building



WELL-BEING

Creating a pleasant environment

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

Ensuring the health and safety of the team

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



Befimmo team building

0 COMPLAINTS ABOUT EMPLOYMENT

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

2 OCCUPATIONAL ACCIDENTS

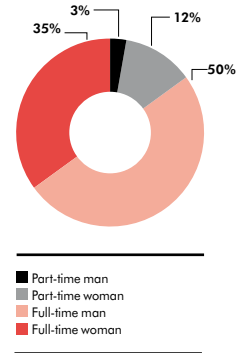
2.3 % “SHORT-TERM” ABSENTEEISM RATE (COMPARED WITH THE AVERAGE RATE OF 2.8% FOR BELGIUM) (EPRA ABSENTEEISM RATE: 4.1%)

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

0.0 % INJURY RATE (EPRA)

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

0.0 % LOST DAY RATE (EPRA)

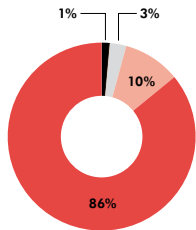


60 HOURS OF SAFETY-RELATED TRAINING IN 2019 (E.G. TRAINING OF FIRST-RESPONDERS, SAFETY ON SITE, BA4, FIRST AID, ETC.)

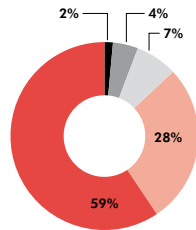


Excerpt from the 2019 Team Satisfaction Survey

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

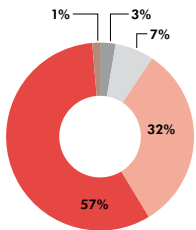


BEFIMMO IS CONCERNED WITH
THE WELL-BEING OF THE TEAM

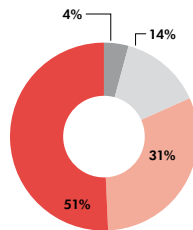


■ Don't agree at all
 ■ Don't fully agree
 ■ Unsure
 ■ Agree somewhat
 ■ Fully agree
 ■ I don't know the Company well enough to be able to answer this question

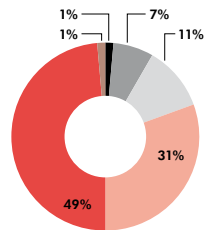
DO YOU THINK BEFIMMO IS A
RESPONSIBLE¹ COMPANY



MY PHYSICAL WORKING
CONDITIONS ARE ADEQUATE



I HAVE THE OPPORTUNITY
TO MAKE SUGGESTIONS AT
BEFIMMO



Befimmo team building

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



COMMUNITY

Sustaining an ongoing dialogue

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

Strengthening bonds and experiencing great things together

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

Innovating and involving the team in innovation projects - stimulating creativity

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

Social action

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

What our staff members say¹...

- | | | |
|--|--|---|
| CORPORATE CULTURE | | • CARING / GENEROUS
• EVOLUTIVE / INNOVATIVE |
| MANAGEMENT | | • PRESENT
• INVOLVED |
| WORKING ENVIRONMENT | | • POSITIVE
• CONSTRUCTIVE |
| YOUR JOB | | • INTENSE
• EXCITING |
| OPPORTUNITIES FOR CONTRIBUTING TO SOCIETY | | • MANY
• ACCESSIBLE |



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

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



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

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

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



ENVIRONMENTAL IMPACT OF THE TEAM

CO₂e EMISSIONS LINKED TO BEFIMMO'S OWN ACTIVITIES (TONNES CO₂e, KG CO₂e/M² AND TONNES CO₂e/PP³)

	UNITS	2019	2018	2017	
Befimmo Corporate space	m ²	1 668	1 668	1 668	V
# people (PP)	#	82.78	77.52	74.26	V
Total emissions related to direct energy	† CO₂e	254.37	258.62	239.41	V
Of which total emissions for heating (Befimmo)	† CO ₂ e	18.63	18.10	16.99	V
Emissions PP (heating)	† CO ₂ e /PP	0.23	0.23	0.23	V
Emissions per m ² (heating)	kg CO ₂ e/m ²	11.17	10.85	10.19	V
Of which emissions from diesel cars	† CO ₂ e	195.93	220.71	211.87	V
Of which emissions from petrol cars	† CO ₂ e	39.81	19.81	10.56	V
Total emissions related to indirect energy	† CO₂e	18.83	18.02	17.01	V
Of which total emissions electricity (Befimmo Goemaere)	† CO ₂ e	18.83	18.02	17.01	V
Emissions PP	† CO ₂ e/PP	0.23	0.23	0.23	V
Emissions per m ²	kg/m ²	11.29	10.80	10.20	V
Total emissions related to travel, paper consumption and garbage²	† CO₂e	63.74	35.03	46.13	V
Short-haul flights	† CO ₂ e	4.38	1.69	1.52	V
Long-haul flights	† CO ₂ e	54.73	25.18	41.09	V
High-speed train	† CO ₂ e	0.66	0.79	0.75	V
Vehicles other than Befimmo	† CO ₂ e	0.95	0.64	0.49	V
Paper consumption	† CO ₂ e	2.00	2.23	2.27	V
Production of garbage	† CO ₂ e	1.02	4.50		V

V = verified by the auditor

1. This table showing emission factors can be found in the Methodology, in Appendix VI of this Report.

2. Since 2018, the total emissions include the emissions linked to the garbage of Befimmo corporate, which was not calculated in the past.

3. PP: Per person, i.e. all full-time equivalents (FTEs) and members of the Executive Committee.

4. Methodology developed by ADEME (the French environment and energy management agency).

5. The conversion factor used to calculate CO₂e emissions related to paper consumption is 0.919 kg CO₂e/kg of paper (source Bilan Carbone V7.6).

Electricity consumption (MWH and KWH/PP³)

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

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

Gas consumption (MWH and KWH/PP³)

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

CO₂e emissions

CO₂e emissions linked to Befimmo's corporate business, i.e. the IT activities of its staff, were evaluated according to the carbon balance method⁴. The operational scope covers travel in company cars, business travel by air and rail, the use of paper, production of waste and the use of the Company's headquarters building (heating and electricity).

For some years now, Befimmo has been raising awareness in its team of good (corporate) waste management through various specific measures including cutting paper consumption per employee. Average paper consumption was 54 kg/employee in 2013 and fell to 26 kg in 2019⁵.



GEOFFROY KNIPPING – ENVIRONMENTAL OFFICER



“BECAUSE OF ITS SCOPE AND THE CIRCULARITY OBJECTIVES THAT ARE TARGETED, THE ZIN PROJECT IS A PROJECT THAT CAN REALLY IMPACT THE WAY A REDEVELOPMENT PROJECT IS CONCEIVED. WE ARE ALREADY NOTICING ITS INFLUENCE ON OUR OTHER PROJECTS AND EVEN FURTHER.”



Mobility - CO₂e emissions related to transport (tonnes CO₂e)

Befimmo reduced the overall rate of average emissions per vehicle (CO₂e/km) of its fleet by 7% in 2019 in relation to 2016. This decrease is the result of applying an updated car policy to vehicles purchased new or replaced.

Vehicle-related CO₂e emissions are stable, rising from 231 tonnes in 2016 to 236 tonnes in 2019 for the same number of vehicles.

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


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

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

Several projects have emerged:

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

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

 Online sheet “Mobility”



Befimmo team building



Corporate governance statement

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

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PRINCIPLES

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

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

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

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

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

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

MANAGEMENT STRUCTURE

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

Board of Directors

Composition of the Board of Directors

PRINCIPLES

In accordance with the Befimmo articles of association, the Company is administered by a Board of Directors composed of at least three Directors, appointed for no more than four years by the General Meeting, and must include at least three independent Directors who meet the criteria of Article 7:87(1) of the Code of Companies and Associations and Article 3(5) of the 2020 Code. Directors may be re-elected.

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

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

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

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

All Directors should also have personal qualities that enable them to carry out their duties in a flexible and collective manner, but with a fully independent mind. They must have an impeccable reputation for integrity (notably in terms of confidentiality, and prevention of conflicts of interest and insider trading) and have a critical mind, a business sense and the ability to develop a strategic vision. They must also have the time to prepare and attend meetings of the Board and the meetings of any specialist committees of which they are a member.

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



Composition of the Board of Directors as at 31 december 2019

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

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

The reader is reminded that, until 20 December 2012, the Company had the form of a partnership limited by shares and was managed by its Managing Agent, which was a legal person.

The Directors who were appointed for the first time by the Company's Extraordinary General Meeting of 20 December 2012, after its was transformed into a limited-liability company, therefore began a directorship in a separate legal entity. However, the Company considered it appropriate to take account of the mandates of the Directors who previously sat on the Board of Directors of the former Managing Agent of the BE-REIT (whether as individuals or as representatives of a legal person), before it was transformed into a limited-liability company.

Accordingly, the Directors of the first Board of the Company, after the transformation, were appointed for a term up to the end of the mandate they were serving with the former Managing Agent of the Company, at the time the Company was transformed into a limited-liability company.

Similarly, when considering the criterion of a maximum of three consecutive terms lasting no more than 12 years, in the same Board of Directors (Article 3.5.2 of the 2020 Code), the Company takes account of the number of years elapsed as an independent non-executive Director of the former Managing Agent.

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

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

- Mr Benoît De Blicq
- Mr Hugues Delpire
- Mr Benoît Godts

The same Ordinary General Meeting renewed the mandates of:

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

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

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

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

Proposals for reappointments at the 2020 Ordinary General Meeting

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

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

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



COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2019

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



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

1. Mr Alain Devos was first appointed Director of the former Managing Agent of Befimmo in October 2002.
2. Mr Benoît De Blicq was first appointed Director of the former Managing Agent of Befimmo in August 1999.
3. Mr Etienne Dewulf SPRL, represented by its permanent representative Mr Etienne Dewulf, was first appointed an Independent Director of the former Managing Agent of Befimmo in March 2011.
4. Mr Benoît Godts was first appointed Director of the former Managing Agent of Befimmo in November 1995.

**Mr ALAIN DEVOS (1953)**

Mr Alain Devos (Camille Lemonnierlaan 17, 8300 Knokke) is Chairman of the Befimmo Board of Directors and a member of the Appointment and Remuneration Committee. After studying as a Solvay sales engineer at ULB (1975), Mr Devos began his business career as a budget analyst at Sperry New Holland-Clayson. From 1978 to 1989, he held the post of director of the Real-Estate Development Department of CFE and went on to join Générale de Banque as head of real-estate finance within the corporate & investment banking department. From 1990 to 2003, he held a number of posts in AG Insurance (formerly Fortis AG), his last post as a member of the executive committee. He went on to become CEO of AG Real Estate SA (formerly Fortis Real Estate) from 2003 to April 2012, and held various directorships in companies affiliated to AG Real Estate SA.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

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

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

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

Mr BENOÎT DE BLIECK (1957)

Mr Benoît De Blicck (chaussée de Wavre 1945, 1160 Auderghem) is Managing Director of Befimmo. He also chairs the Executive Committee. Mr De Blicck is a civil engineer (ULB, École Polytechnique, 1980), and a postgraduate (Cepac) of the Solvay Business School (ULB, 1986). He began his career in 1980 at Entreprises Ed. François & Fils, later to become CFE, in charge of a number of building sites in Saudi Arabia (1980-1985) and project studies in China, Zaire and Egypt (1985-1988). He was then responsible for real-estate project development, first at Codic (1988-1990) and later at Galliford (1990-1992). From 1992 to 1999 he was a member of the management committee of Bernheim-Comofi SA (then a subsidiary of Groupe Bruxelles Lambert), responsible for international development. He was then appointed Managing Director of Befimmo in August 1999 and of its subsidiary Fedimmo in December 2006.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr Benoît De Blicck is Manager of BDB Management SPRL; Director of the Professional Union of the Real-Estate Sector (UPS); Fellow member of the Royal Institution of Chartered Surveyors (FRICS).

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

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

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

MRS ANNE-MARIE BAEYAERT (1961)

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

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

OTHER POSITIONS HELD AT 31 DECEMBER 2019

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

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

Director of several companies in the Katoen Natie group.

Mrs SOPHIE GOBLET (1964)

Mrs Sophie Goblet (avenue Franklin Roosevelt 108, 1050 Brussels) has been an independent Director of Befimmo since 30 April 2013 and a member of the Audit Committee since April 2015; she has chaired this Committee since 30 April 2019. Mrs Goblet has a degree in economics from IAG (University of Louvain-La-Neuve). She began her career in 1988 with ABN AMRO Bank in Amsterdam and London, where she held various positions in corporate finance. In 1993, she joined Income International (a Deficom Group company) as a Senior Consultant in financial and corporate communication. Mrs Goblet was appointed group treasurer of GIB Group in 1993, and went on to become Financial Director of GIB IMMO SA in 1997. In 1999, she moved into the real-estate sector, joining the executive committee of Codic International, where she served as CFO and corporate secretary until 2012.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Director of Sohonet asbl.

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

Director of not-for-profit association Réseau Entreprendre.



Risk factors		Message of the Chairman and the CEO		Management report		Financial statements		General information		Appendices	
Our strategy	Key figures 2019	2019 in a nutshell	Events after closing	Property report	Financial report	EPRA Best Practices	Outlook & forecast	Stock market	The team	Governance	

Mrs SOPHIE MALARME-LECLOUX (1970)

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

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

OTHER POSITIONS HELD AT 31 DECEMBER 2019

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

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

Director of Orpea SA (France).

Mr WIM AUROUSSEAU (1971)

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

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

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Director of Home Invest Belgium.

Mr KURT DE SCHEPPER (1956)

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

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr. De Schepper is the manager of Kadees BVBA.

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

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

Mr ETIENNE DEWULF (1955)

Mr Etienne Dewulf (rue du Ruisseau, 1970 Wezembeek-Oppem) has been an independent Director of Befimmo and a member of its Appointment and Remuneration Committee since March 2011; he has been chairing that committee since 13 May 2014. Mr Dewulf is a graduate in commercial and financial science (ICHEC). He began his career in sales functions at GB-INNO-BM (1981-1983) and Materne Confloux (1983-1985), before moving into corporate banking at Crédit Général (1985-1987). He then moved permanently into the construction industry, in which he held a number of posts from 1987 to 2010: executive assistant at Maurice Delens SA (later Valens SA) in 1987, then managing director of Soficom Development (1989) and, from 1995 to 2010, managing director of Eiffage Benelux SA. Acting on behalf of Etienne Dewulf SPRL, Mr Dewulf currently works in consulting and routine management, mainly in real estate and building.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

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

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

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



Mr BENOÎT GODTS (1956)

Mr Benoît Godts (avenue des Arts 58, 1000 Brussels) has been a Director of Befimmo since November 1995 and is a member of its Audit Committee. He was also a Director of Fedimmo until January 2013. A master of law (UCL 1983), he holds several directorships in companies affiliated with AG Real Estate SA. He is chairman of the board of directors of Immo Nation SPPICAV;

OTHER POSITIONS HELD AT 31 DECEMBER 2019

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

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

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

Mr VINCENT QUERTON (1961)

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

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Managing Director of Ascencio SA

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

None.



Triomphe - Brussels decentralised



Procedure for the appointment and re-appointment of Directors

Directors are appointed and their directorships renewed by the General Meeting of Shareholders of Befimmo, on a proposal of the Board of Directors. Before putting its proposals for appointing a Director or renewing his or her directorship to the General Meeting, the Board of Directors considers the opinions and recommendations of the Appointment and Remuneration Committee, notably regarding:

- the number of Directors that it deems appropriate, subject to the legal minimum;
- the suitability to the needs of the Board of the profile of the Director whose directorship is being considered for renewal;
- the determination of the profile sought, on the basis of general criteria for the selection of Directors and on the basis of the latest assessment of operation of the Board (stating in particular the skills, knowledge and experience available and needed within the Board) and any specific criteria for the selection of one or more new Directors;
- the candidates already identified or interviewed by the Appointment and Remuneration Committee.

Before taking a decision, the Board may opt to interview the candidates itself, examine their curriculum vitae and references, find out about other directorships they hold, and assess them.

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

Where one or more directorships fall vacant, the remaining directors may fill them temporarily, subject to the opinion of the Appointment and Remuneration Committee, until the next General Meeting, which will confirm or revoke the mandate.

Election and role of the Chairman of the Board of Directors

ELECTION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

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

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

DUTIES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

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

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

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

Duties of the Board of Directors

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

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

It closes the annual accounts and prepares the quarterly and half-yearly accounts of the BE-REIT; it draws up the management report, which includes in particular the corporate governance statement; it rules on the use of the authorised capital and convenes Ordinary and Extraordinary General Meetings of the shareholders.

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

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

Functioning of the Board of Directors

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

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

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

- Every decision of the Board is taken by absolute majority of the Directors present or represented and, where one or more of them abstain, by a majority of the other Directors. In the event of a tie, the chairman of the meeting has the casting vote;
- The decisions of the Board of Directors may be taken by unanimous decision of all the Directors, expressed in writing.

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

Activities of the Board of Directors during fiscal year 2019

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

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



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

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

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

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

Self-assessment

In accordance with the 2020 Code and its terms of reference, every three years at least, the Board assesses its own composition, size, effectiveness and operation, and its interaction with the Managing Director, the Executive Committee and its specialist committees. The Board's self-assessment exercise is carried out under the leadership of its Chairman and, where appropriate, with the support of the Appointment and Remuneration Committee. This self-assessment has five main objectives:

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

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

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

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

Advisory and specialist committees

Principles

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

In accordance with the articles of association, it must establish at least an Audit Committee, an Appointment Committee and a Remuneration Committee (the Appointment Committee and the Remuneration Committee may be combined) and set out their tasks, powers and composition in accordance with the provisions of the law and recommendations of the 2020 Code on the composition and functioning of such committees.

The Board sets out the terms of reference of these committees, and designates the members and chairmen of the committees from among the Board members, on a proposal of the Appointment and Remuneration Committee. When making these appointments, the Board ensures that the overall composition of each committee embodies the skills required for carrying out its duties.

Specific duties may also be assigned to one or more members designated by the Board; they report to the Board on the conduct of their duties.

In accordance with the above, the Board has set up two specialist standing committees: the Audit Committee and the Appointment and Remuneration Committee. The composition, duties and operating methods of these committees are described in their respective terms of reference, available on the Befimmo website and summarised below.

Audit Committee

COMPOSITION

The Committee is composed of three members, appointed by the Board of Directors, on a proposal of the Appointment and Remuneration Committee, from among the non-executive Directors of Befimmo, at least two of whom are independent and satisfy the criteria of Article 7:87(1) of the Code of Companies and Associations and Article 3(5) of the 2020 Code.

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

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

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

At 31 December 2019, the composition of the Audit Committee was as follows:

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



DUTIES

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

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

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

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

OPERATION AND ACTIVITIES DURING FISCAL YEAR 2019

The Committee met 12 times in fiscal year 2019.

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

- quarterly, half-yearly and annual accounts, and financial reporting;
- accounting treatment for specific operations and application of IFRS;
- financing policy;
- interest-rate and currency risk hedging policy;
- review of internal audit mission reports and recommendations, and multi-annual audit plan, in the presence of the Internal Auditor;
- impact of investment projects on financing and key ratios;
- review of budgets and outlook for future years (including tests of sensitivity to certain assumptions and stress tests);
- risk management: monitoring developments in the main legal proceedings, monitoring of internal control, follow-up of the implementation of recommendations made in the context of external audits and review of the executive management's report on internal control for the FSMA, review of risk analysis, etc.;
- distribution of an interim dividend for 2019 with stock option;

- relations with the Statutory Auditor, check of the independence, assessment and appointment/re-appointment of the Statutory Auditor for Befimmo and its subsidiaries;
- financial analyses and monitoring of accounting and organisational issues related to the strategic acquisition of the shareholding in Silversquare Belgium SA;
- monitoring of the main regulatory developments and analysis of their potential impact on Befimmo, its activities or its reporting (changes in IFRS standards, reform of VAT on rents, FSMA circulars, etc.).

SELF-ASSESSMENT

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

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



Appointment and Remuneration Committee

COMPOSITION

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

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

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

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

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

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

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

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

 www.befimmo.be

DUTIES

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

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

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

- remuneration policy;
- the remuneration policy for non-executive Directors, members of the Board's committees, the CEO and the other members of the Executive Committee, and on any periodic reviews of that policy;
- the individual remuneration of the non-executive Directors, members of the Board's specialist committees, the CEO and the other members of the Executive Committee, including variable remuneration, the various benefits and length-of-service bonuses, related to shares or otherwise, severance grants and on any resulting proposals which the Board has to submit to the General Meeting of Shareholders;
- the setting of performance targets for the Managing Director and other members of the Executive Committee, and the assessment of performance in relation to those targets;
- the proposals made each year by the Executive Committee on the overall budget for increasing (apart from indexing) the remuneration laid down for the Company's staff, and on the overall budget for the variable remuneration of the staff.

The Committee also prepares the remuneration report, which is included in Befimmo's Corporate Governance Statement, and is presented to the General Meeting of Shareholders.

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

- prior to the approval of the agenda for any General Meeting of Befimmo which has draft decisions that concern directorships on the agenda;
- to draft the annual remuneration report.

After each meeting of the Committee, the Chairman (or, in his absence, a Committee member designated to that end) reports to the Board of Directors on the exercise of its duties and, in particular, submits the Committee's opinions and recommendations to the Board for decision. The minutes of the Committee's meetings are also available to the Board of Directors.

OPERATION AND ACTIVITIES DURING FISCAL YEAR 2019

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

- continuous monitoring of changes to the regulatory framework and recommendations relating to governance and remuneration, in particular the new Code of Companies and Associations, the 2020 Code, the second Directive on shareholders' rights and the expectations of stakeholders (especially shareholders and investors);
- assessment of and proposal to update the remuneration policy with regard to the changes in the aforementioned regulatory framework and best governance practices;
- proposals for the composition of the Board of Directors, taking account of the need to ensure that Directors' profiles are complementary in terms of knowledge, experience, age and gender balance and provide for the expiry dates of the various directorships to be staggered over time;

- proposals for reappointments to the Board of Directors for submission to the General Meeting;
- establishment of a succession plan;
- assessment and determination of the performance targets and criteria for the Managing Director and other members of the Executive Committee;
- establishment of a Performance Stock Units plan for the members of the Executive Committee;
- changes in the Company payroll from 1 January 2020 and budget with a view to the award of variable remuneration (bonuses) for fiscal year 2019;
- drafting of the remuneration report published in the Annual Financial Report 2019.

SELF-ASSESSMENT

In accordance with the 2020 Code and its own terms of reference, every three years at least, the Committee assesses its own effectiveness, operation and interaction with the Board of Directors, reviews its terms of reference and recommends any necessary amendments to the Board of Directors.

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



Executive Committee

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

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

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

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

Composition

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

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

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



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



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AMINATA KAKE

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

OTHER POSITIONS HELD AT 31 DECEMBER 2019

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

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

Director of Hu-Man asbl

MARTINE RORIF

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

OTHER POSITIONS HELD AT 31 DECEMBER 2019

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

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

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

BENOÎT DE BLIECK

Mr Benoît De Blicck (chaussée de Wavre 1945, 1160 Auderghem) is Managing Director of Befimmo. He also chairs the Executive Committee. Mr De Blicck is a civil engineer (ULB, École Polytechnique, 1980), and a postgraduate (Cepac) of the Solvay Business School (ULB, 1986). He began his career in 1980 at Entreprises Ed. François & Fils, later to become CFE, in charge of a number of building sites in Saudi Arabia (1980-1985) and project studies in China, Zaire and Egypt (1985-1988). He was then responsible for real-estate project development, first at Codic (1988-1990) and later at Galliford (1990-1992). From 1992 to 1999 he was a member of the management committee of Bernheim-Comofi SA (then a subsidiary of Groupe Bruxelles Lambert), responsible for international development. He was then appointed Managing Director of Befimmo in August 1999 and of its subsidiary Fedimmo in December 2006.

OTHER POSITIONS HELD AT 31 DECEMBER 2019

Mr Benoît De Blicck is Manager of BDB Management SPRLu; Director of the Professional Union of the Real-Estate Sector (UPSII); Fellow member of the Royal Institution of Chartered Surveyors (FRICS).

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

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

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

LAURENT CARLIER

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

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

OTHER POSITIONS HELD AT 31 DECEMBER 2019

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

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

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



Duties

The Executive Committee's main responsibilities area as follows:

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

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

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

1. SPRL.
2. BVBA.

Report of activities to the Board of Directors

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

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

Operation

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

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

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

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

The heads of the departments are Mr Cédric Mali¹ (Chief Commercial Officer), Mr Nicolas Nelis (Chief Project Officer), Mr Edouard Scarcez (Head of Investments), Mr Eric Jambor (Head of Property Management), Mr Arnaud Opsommer (Head of Building, Administration & Operations Budget), Mr Frédéric Tourné (Head of Environmental Management), Mrs Caroline Kerremans (Head of Investor Relations & Communication), Mrs Emilie Delacroix (Head of CSR & Innovation), Mrs Petra Sobry (Head of Legal), Mr Vincent Meulders (Head of Controlling), Mr Stéphane dos Santos (Chief Accountant), Mr Ludovic Wendel (Head of Information Technology) and Mrs Sarah Sougné (Recruitment & Talent Manager). The Business Development activity is managed by Mr Werner Joris².

DIVERSITY POLICY

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

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

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

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



REMUNERATION POLICY

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

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

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

- setting qualitative and quantitative performance criteria for the members of the Executive Committee, that are in line with Befimmo’s long-term objectives and including, in addition to financial performance criteria, additional measurable criteria related to its sustainable development policy and its commitments regarding corporate social responsibility;
- staggering the payment of their variable remuneration over time;

- implementing a long-term incentive plan (Performance Stock Units plan) spread over several years and rewarding the members of the Executive Committee with shares, subject to an obligation to hold them until the end of a waiting period, coupled with the obligation to hold a minimum number of shares for the duration of their mandate.

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

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

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

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

1. Non-executive Directors of Befimmo SA

The remuneration of the non-executive Directors of Befimmo SA is set by the General Meeting of Befimmo SA, on a proposal of its Board of Directors, which in turn receives proposals from the Appointment and Remuneration Committee.

Remuneration is composed of:

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

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

The non-executive Directors do not receive any performance-related pay, such as bonuses or stock options, nor do they receive any benefits in kind or benefits associated with pension schemes. The Company does not award shares to non-executive Directors. It considers that its general policy and mode of operation already meet the objective of recommendation 7.6 of the 2020 Code, which aims to promote long-term value creation. Befimmo has effectively integrated the principles of social responsibility into its strategy and

day-to-day operations, by anticipating economic, societal and environmental developments, and by supervising the Company’s long-term performance. To do so, the Board of Directors develops an inclusive approach, that balances the legitimate interests and expectations of the shareholders and all stakeholders. These principles are enshrined in particular in the Corporate Governance Charter and in the Terms of Reference of the Befimmo Board of Directors, to which each Befimmo director has subscribed.

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

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



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2. The Chief Executive Officer of Befimmo SA

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

2.1 Remuneration

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

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

His remuneration consists of a fixed portion and a variable portion.

■ **Fixed portion:** the amount of the fixed annual remuneration is determined on the basis of comparisons with the fixed remunerations on the market for a comparable post in a comparable company. The fixed remuneration may not be determined on the basis of operations and transactions carried out by the Company. The fixed annual remuneration is paid monthly, in twelfths, at the end of the month.

On a proposal of the Appointment and Remuneration Committee, the Board of Directors reviews the amount of the fixed remuneration at regular intervals, at the end of each calendar year, in order to decide whether this amount should be changed and, if so, to what extent. Any new fixed remuneration is paid from 1 January of the following year.

■ **Variable portion in cash:** the target amount of the annual variable remuneration, corresponding to a quality service that meets expectations in terms of results, professionalism and motivation, is predetermined by the Board of Directors when setting the targets. It is a combination of personal qualitative targets and financial and qualitative targets for Befimmo SA, to which a weighting is applied. Variable remuneration may be granted only if (a) the results-dependent portion of variable remuneration relates only to the Company's consolidated net result, excluding any change in the fair value of the assets and hedging instruments and (b) no remuneration is awarded on the basis of a specific operation or transaction by the Company.

The Board avoids setting performance criteria that could encourage the CEO to give preference to short-term goals that influence his variable remuneration and would have an adverse impact on the Company in the medium and long term. The Board also determines the maximum amount of variable remuneration, which may be awarded only if the performance targets are exceeded.

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

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

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

In determining how much variable remuneration, if any, to award, at the end of each calendar year the Board of Directors - on a proposal of the Appointment and Remuneration Committee - assesses the CEO's performance during the fiscal year in question against the targets set for him for that year.

The payment of the CEO's variable remuneration is staggered over time, and the final grant of the variable portion of the remuneration, which is a deferred payment, is subject to predetermined and objectively measurable medium- and long-term performance criteria. Payment of the variable remuneration is staggered over three years. The variable portion of the remuneration earned during year "N" (fiscal year of the appraisal) to be paid the first year (N+1) may not exceed 50% of the total amount of variable remuneration awarded. Payment of 25% of the variable remuneration is deferred for one year and will be payable in year N+2 provided that the performance indicators for the Company's results are sustained throughout years N and N+1. The remaining 25% of the variable remuneration will be deferred for two years and will be payable in year N+3, again provided that performance is sustained over years N to N+2 (included).

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



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

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

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

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

- Evolution of the Total Shareholder Return (TSR) in relation to Befimmo's "peers" (panel of companies of comparable business and size) (50%);
- Consolidated EPRA earnings (€m) in line with the budget for the period 2020-2022 (25%);
- Coworking: turnover/m² of coworking space in line with the budget for the period 2020-2022 (15%);
- CO₂e emissions linked to the energy consumption of buildings for the common and private installations: 23.49 kg CO₂e/m² at the end of 2022, in line with the target for 2030 (SBT method) (5%).

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

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

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

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

■ **Miscellaneous expenses:** Befimmo reimburses expenses incurred by the CEO in the course of his routine management, on presentation of supporting documents to the Chairman of the Board of Directors or any other person he designates for that purpose.

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

2.2 Positions held in subsidiaries

The CEO may exercise an executive or non-executive directorship in the subsidiaries of Befimmo SA. Any remuneration received for holding such positions is set out in the Befimmo SA Remuneration Report. Unless otherwise agreed by the parties, the termination of the agreement between Befimmo SA and the CEO¹ will lead to the termination of any positions he holds in subsidiaries of Befimmo SA.

2.3 Duration of the contract and severance pay

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

Should Befimmo SA terminate the contract between the CEO and Befimmo SA before it expires, but not in any of the cases provided for in the contract where no compensation is due, the CEO is entitled to a severance grant under that contract. The management agreements between Befimmo SA and Mr De Blicq and between Befimmo Property Services and BDB Management SPRLu set a consolidated contractual severance grant of €750,000 (consolidated total), broken down as follows: €486,408.08 in the agreement between Mr Benoît De Blicq and Befimmo SA and €263,591.92 in the agreement between BDB Management SPRLu and Befimmo Property Services SA. The grant may not exceed 12 months' total target remuneration (fixed and variable).

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

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

3.1 Remuneration

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

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

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



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

The Board avoids setting criteria that could encourage the members of the Executive Committee to give preference to short-term goals that influence their variable remuneration and would have an adverse impact on the Company in the medium and long term. The Board also determines the maximum amount of variable remuneration, which may be awarded only if the performance targets are exceeded.

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

- first component, corresponding to 60% of the target variable remuneration: criteria related to the performance of the Company:
 - current net result per share (30%); this criterion, corresponding to Epura earnings plus gains and losses actually realised, but not any that are as yet unrealised, also reflects the ratio of overheads/rental income;
 - operating margin (15%);

- occupancy rate of properties (15%); the goal is a high rate, but it may not be achieved at the expense of unusual rental concessions;
- Befimmo's financing cost compared with the market level (20%);
- human-resource management (20%).

■ 2nd component representing 40% of target variable remuneration: additional individual objectives, in line with their operational responsibilities, have been set for the members of the Executive Committee.

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

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

The payment of the variable remuneration of the other members of the Executive Committee is staggered over time, and the final grant of the variable portion of the remuneration, which is a deferred payment, is subject to predetermined and objectively measurable medium- and long-term performance criteria. Payment of variable remuneration is staggered over three years. The variable portion of the remuneration earned during year "N" (fiscal year of the appraisal) to be paid the first year (N+1) may not exceed 50% of the total amount of variable remuneration awarded. Payment of 25% of the variable remuneration is deferred for one year and will be payable in year N+2 provided that the performance indicators for the Company's results are

sustained throughout years N and N+1. The remaining 25% of the variable remuneration will be deferred for two years and will be payable in year N+3, again provided that performance is sustained over years N to N+2 (included).

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

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

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

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

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

- Evolution of the Total Shareholder Return (TSR) in relation to Befimmo's "peers" (panel of companies of comparable business and size) (50%)
- Consolidated EPRA earnings (€m) in line with the budget for the period 2020-2022 (25%)

- Coworking: turnover/m² of coworking space in line with the budget for the period 2020-2022 (15%)
- CO₂e emissions linked to the energy consumption of buildings for the common and private installations: 23.49 kg CO₂e/m² at end of 2022, in line with the target for 2030 (SBT method) (5%).

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

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

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

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

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



Risk factors		Message of the Chairman and the CEO		Management report		Financial statements		General information		Appendices	
Our strategy	Key figures 2019	2019 in a nutshell	Events after closing	Property report	Financial report	EPRA Best Practices	Outlook & forecast	Stock market	The team	Governance	

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

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

3.2 Positions held in subsidiaries

The other members of the Executive Committee may exercise an executive or non-executive directorship in subsidiaries of Befimmo SA. Any remuneration received for holding such positions is set out in the Befimmo SA Remuneration Report. Unless otherwise agreed between the parties, the termination of the agreement between Befimmo SA and another member of the Executive Committee will lead to the termination of any positions held by that member¹ in the subsidiaries of Befimmo SA.

3.3 Duration of the contract and severance pay

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

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

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

4. Minimum shareholding threshold

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

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

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

5. Right of recovery

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

6. Pension

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

The life assurance provides for a life benefit to be created in the form of capital, payable to the beneficiary on the scheduled retirement date or, where applicable, on the deferred retirement date. The life benefit is equal to the result of the investment, in the fund provided, on the basis of the apportionment chosen by the beneficiary, of the life premiums and any profit sharing granted by the insurer. The amount of the life premiums is based on the calculation of the 80% rule which determines the maximum pension capital that can be accumulated within the framework of a personal pension scheme.

The death benefit provides for the payment of the reserve constituted to the beneficiary in the event of the death of the member before the scheduled retirement date. Where the reserve constituted is less than the minimum death benefit, the minimum benefit is guaranteed.

7. All staff

For all Befimmo staff, the Board of Directors of Befimmo SA has tasked the Appointment and Remuneration Committee with considering the annual proposals by the Executive Committee regarding the overall budget for increasing (over and above the index) the fixed remuneration of Befimmo staff (excluding the members of the Executive Committee), and the overall budget for the variable remuneration of these employees. The Committee liaises with the CEO on the subject, keeping the Board of Directors informed of the main decisions taken at a general rather than an individual level.

The Board of Directors has also tasked the Committee with delivering an opinion on the proposals made by the CEO for the recruitment and initial remuneration, and on any review of the remuneration (in the broad sense) of certain other persons occupying key posts in the Company and in charge of a team.

8. Special bonuses, share options or benefits

Subject to the agreement of the Board of Directors, on a proposal of the Appointment and Remuneration Committee, a special bonus may be paid out during the fiscal year to one or more members of the Executive Committee (including the CEO) or to the other persons referred to in point 7 above, in the event of exceptional performance, without such a bonus affecting the payment of any variable remuneration for the same period. Where applicable, the award criteria shall be specified in the remuneration report; they shall comply with the guiding principles set out in the introduction to this policy.

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



9. Changes to and disclosure of the remuneration policy

This remuneration policy is an integral part of the Befimmo SA Corporate Governance Charter and can be consulted on the corporate website.

The remuneration policy is approved by the General Meeting. It is subject to the approval of the General Meeting whenever significant changes are made and, in any event, at least every four years. If the remuneration policy is revised, the remuneration policy shall include a description and explanation of all significant changes and a statement of how the votes and the opinions of the shareholders on the remuneration policy since the most recent vote on the remuneration policy by the General Meeting have been taken into account.

The remuneration report, which is included every year in the governance statement of the Annual Financial Report, describes how the remuneration policy was applied over the fiscal year. The Company's General Meeting shall take a separate vote on the Remuneration Report each year.

REMUNERATION REPORT

The Remuneration Report provides an overview of the remuneration, including all benefits granted or due during the 2019 fiscal year to the Directors, the CEO and the other members of the Executive Committee (formerly the Management Committee).

The remuneration and benefits mentioned below must comply with the provisions of Article 3:6(3) of the Code of Companies and Associations, with the BE-REIT Law, the Belgian Code of Corporate Governance ("2020 Code") and the Company's remuneration policy applicable in 2019 (exposed in the annual report 2019).

Remuneration of non-executive Directors for fiscal year 2019

The Company's Annual General Meeting of 30 April 2013 set the following remuneration for the non-executive Directors:

- each non-executive Director, apart from the Chairman of the Board of Directors, receives a fixed annual remuneration of €20,000 and attendance tokens worth €2,500 per Board meeting attended;
- the Chairman of the Board of Directors receives a fixed annual remuneration of €50,000 and attendance tokens worth €3,750 per Board meeting attended;
- the members of the Audit Committee receive an attendance token worth €2,000 per meeting, apart from the Chairman of the Committee who receives an attendance token worth €2,500 per meeting;

- the members of the Appointment and Remuneration Committee receive an attendance token worth €1,500 per meeting, apart from the Chairman of the Committee who receives attendance tokens worth €2,000 per meeting.

These amounts, applicable since fiscal year 2013, are based on a benchmark analysis of comparable companies and two external studies on the remuneration of directors of listed Belgian companies. In particular, they reflect the increased workload and technical complexity of the matters that the Board and its specialist committees have had to handle in recent years, and the role of the Chairman in preparing and coordinating the work of the Board of Directors.

Directors do not receive performance-related remuneration (such as bonuses, shares or stock options), no benefits in kind, or benefits related to pension plans.

NON-EXECUTIVE DIRECTORS - REMUNERATION FOR THE 2019 FISCAL YEAR

IN €	FIXED ANNUAL REMUNERATION	ATTENDANCE TOKENS			TOTAL
		BOARD OF DIRECTORS	AUDIT COMMITTEE	APPOINTMENT AND REMUNERATION COMMITTEE	
Alain Devos	50 000	60 000		10 500	120 500
Anne-Marie Baeyaert	20 000	40 000			60 000
Sophie Goblet	20 000	37 500	26 000		83 500
Sophie Malarme-Lecloux	20 000	37 500	20 000	4 500	82 000
Wim Aourousseau	20 000	30 000			50 000
Etienne Dewulf	20 000	40 000		14 000	74 000
Hugues Delpire ¹	6 667	5 000	10 000		21 667
Kurt De Schepper	20 000	37 500			57 500
Benoît Godts	20 000	40 000	24 000		84 000
Vincent Querton ²	13 333	35 000		6 000	54 333
Total for Directors	210 000	362 500	80 000	35 000	687 500

1. Directorship ended on 30 April 2019.

2. Directorship started on 30 April 2019.



Remuneration for the CEO and members of the Executive Committee for fiscal year 2019

The Board of Directors of Befimmo SA decides on the fixed and variable remuneration of each of the other members of the Executive Committee of Befimmo SA, on a proposal of the Appointment and Remuneration Committee, after first consulting the CEO on the remuneration of the other members of the Executive Committee.

The Managing Director of Befimmo SA is the only Executive Director of Befimmo SA and is not remunerated in that capacity. He occupies the post of Chief Executive Office (CEO) and is a member of the Executive Committee: he is remunerated in that capacity, under a management agreement as a self-employed person, like the other three members of the Executive Committee.

Their remuneration consists of a fixed portion and a variable portion.

■ **Fixed portion:** the amount of the “all-in” fixed remuneration of the members of the Executive Committee is determined on the basis of information on levels of pay offered for comparable posts in comparable businesses. This information is gathered by the Appointment and Remuneration Committee. The fixed annual remuneration is payable monthly, in twelfths, in arrears, after deducting the cost of insurance such as the pension plan and hospitalisation insurance, and entertainment expenses. Any change in the fixed remuneration of the members of the Executive Committee is decided by the Board of Directors on a reasoned recommendation of the Appointment and Remuneration Committee, after it has consulted the CEO regarding the other members of the Executive Committee.

For fiscal year 2019, the fixed remuneration awarded respectively to the CEO and the three other members of the Executive Committee is set out in the table hereafter.

■ **Variable portion:** the target amount of the annual variable remuneration, corresponding to a quality service that meets expectations in terms of results, professionalism and motivation, is predetermined by the Board of Directors when setting the targets. They are a combination of personal qualitative targets and financial and qualitative targets for Befimmo SA, and a weighting is applied. The Board avoids setting criteria that might encourage the members of the Executive Committee to give preference to short-term goals that influence their variable remuneration and would have an adverse impact on the Company in the medium and long term. The Board also determines the maximum amount of variable remuneration, which may be awarded only if the performance targets are exceeded. In determining how much variable remuneration to award, at the end of each calendar year the Board of Directors, on a proposal of the Appointment and Remuneration Committee, assesses the performance of the CEO and other members of the Executive Committee during the fiscal year in question against the targets for that year. The payment of any variable remuneration awarded is staggered over time, and the portion of the time-deferred remuneration is subject to the achievement of predetermined and objectively measurable performance criteria over 3 years, as follows:

For fiscal year 2019, the performance of the CEO and the other members of the Executive Committee (formerly the Management Committee) was appraised on the basis of the following criteria:

- current net result per share (30%); this criterion, corresponding to EPRA earnings plus gains and losses actually realised, but not any that are as yet unrealised, also reflects the ratio of overheads/rental income;
- operating margin (15%);

- occupancy rate of properties (15%); the goal is a high rate, but it may not be achieved at the expense of unusual rental concessions;
- financing costs of Befimmo compared with the market (20%);
- human-resource management (20%).

Supplementary individual objectives were also set in keeping with the specific operational responsibilities of the CEO and each of the other members of the Executive Committee.

The target maximum amounts of the variable annual remuneration for fiscal year 2019 were set as follows:

- for the CEO: a target variable remuneration of €200,000 with a ceiling of €250,000; this amount includes any variable remuneration awarded to him by Befimmo SA and/or any of its subsidiaries;
- for the other three members of the Executive Committee: a target variable remuneration of €320,000 with a maximum of €400,000 (total amount for the three members of the Executive Committee).

The payment of variable remuneration for fiscal year 2019 is staggered over time, and the portion of the time-deferred remuneration is subject to the achievement of predetermined and objectively measurable performance criteria over 3 years, as follows:

- 50% of the variable remuneration earned in 2019 is paid in 2020;
- 25% of the variable remuneration is deferred for one year and will be payable in 2021 provided that the performance indicators for the Company's results are sustained throughout 2019 and 2020;
- the remaining 25% of the variable remuneration will be payable in 2022, again provided that performance is sustained throughout 2019 to 2021.

On the above basis, at its meeting of 6 March 2020, the Board of Directors, on a proposal of the Appointment and Remuneration Committee, decided to award the CEO and the other members of the Executive Committee variable remuneration for fiscal year 2019 of the amounts set out in the table below.

EXECUTIVE COMMITTEE - REMUNERATION FOR THE 2019 FISCAL YEAR

IN €	FIXED REMUNERATION	VARIABLE REMUNERATION ¹	POST-EMPLOYMENT BENEFITS	TOTAL	CONTRACTUAL SEVERANCE GRANT
Managing Director					
SPRLu BDB Management ²	230 000	100 000		330 000	263 592
Benoît De Blicq ³	251 633	150 000	74 285	475 918	486 408
Other members of the Executive Committee	854 781	375 000	182 253	1 412 035	1 220 000
Total Executive Committee	1 336 415	625 000	256 538	2 217 953	

1. The payment of the variable remuneration is staggered over a period of 3 years, pursuant to the rules set up in the remuneration policy.

2. These sums include the remuneration gained by BDB Management SPRLu for the directorships it exercises, as Managing Director of Befimmo Property Services SA and Chairman of the Board of Directors of Axento SA, both subsidiaries of Befimmo SA.

3. These sums include the remuneration gained by M. Benoît De Blicq as Managing Director of Befimmo SA.



■ Miscellaneous expenses and disbursements

Befimmo reimburses the expenses incurred by:

- the CEO in the course of his routine management, on presentation of supporting documents to the Chairman of the Board of Directors or any other person the Chairman designates for that purpose;
- the other members of the Executive Committee in the course of their duties, upon presentation of supporting documents to the CEO or any other person that he or she may designate for that purpose.

Apart from the provision of a portable computer and mobile telephone that meet the standards of Befimmo SA (notably in terms of security), the CEO and other members of the Executive Committee do not receive any benefits in kind. They bear the cost of their telephone traffic.

■ Pensions

The members of the Executive Committee may choose to allocate part of their fixed remuneration to a supplementary pension plan through a 'personal pension scheme' insurance policy taken out with an approved insurer via a pension agreement. This agreement offers benefits in the event of retirement or of death before retirement. The main features of these benefits are set out in the remuneration policy.

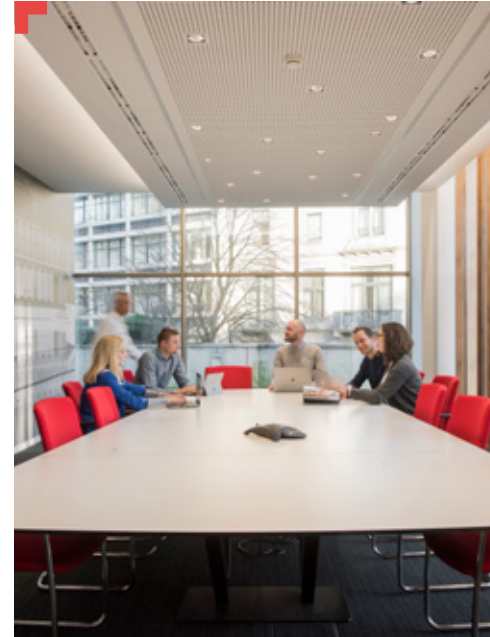
■ Stock Units Performance Plan

As of fiscal year 2020, the members of the Befimmo Executive Committee may also be awarded Performance Stock Units (PSUs). At the end of a vesting period of three years from the award of the PSUs, these entitle the Executive to receive Company stock, as well as an amount in cash corresponding to the dividends paid out during the vesting period. The shares underlying the PSUs will be issued only after an assessment of the achievement of the above criteria (Performance Test). Shares issued following vesting must be kept for at least two years by the Executive, without prejudice to compliance with the minimum share threshold applicable to the Executives. This new plan is more fully described in the remuneration policy.

Severance allowances

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

No severance pay was paid to any member of the Executive Committee during fiscal year 2019.



Blue Tower - Brussels Louise district

CORPORATE SOCIAL RESPONSIBILITY


Befimmo's social responsibility is fully integrated into its strategy.

The Directors of Befimmo set and approve the budgets and major decisions on social responsibility, notably at strategy meetings and at the meetings scheduled every quarter when the results are published.

Befimmo's social responsibility is also fully integrated into its day-to-day management.

At the strategic level, the Social Responsibility Unit (CRS) is made up of five people, including three members of the Executive Committee: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), The Head of Environmental Management (HEM) and the Head of CSR & Innovation (HCSR&I).

This unit is responsible for developing and monitoring the Social Responsibility Action Plan, releasing sufficient human resources, and organising the annual management review.

 [Online sheet "CSR governance"](#)



REPORT ON INTERNAL CONTROL AND RISK-MANAGEMENT SYSTEMS

Befimmo has organised the management of internal control and corporate risks by defining its control environment (general framework, inspired in particular by the “Enterprise Risk Management” model developed by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission), identifying and classifying the main risks to which it is exposed, analysing how far it controls those risks and organising “control of control”. The Company also pays particular attention to the reliability of the financial reporting and communication processes.

Control environment

Company organisation

The Board of Directors has set up two internal committees (the Audit Committee and the Appointment and Remuneration Committee) and has established an Executive Committee.

The Company is organised into a number of departments as set out in an establishment plan.

The operational functions are carried out in the technical departments (project management, property management and environmental management), and the commercial, rental management and investment departments. The support functions are provided by the accounts department, controlling team, treasury/financing and legal real-estate departments, general secretariat & legal corporate, IR & communication, corporate social responsibility & innovation, human resources and IT department.

Each member of the team has a job description.

There is a power of attorney procedure for both internal matters (decision-making powers) and external matters (powers of signature and representation). The Board of Directors has delegated a number of powers of decision-making and representation to the Executive Committee. In this context, it has a power to sub-delegate, which it has exercised, setting limits in terms of the acts and amounts concerned, defined by department and in line with the hierarchical position of the authorised employees. These sub-delegations include an internal procedure for approving orders and invoices. The principle of dual signatures is applied. There is also a specific procedure for authorising payments.

All these powers are formalised in internal procedures.

Among the control functions, the compliance function is exercised by the General Counsel & Secretary General (Aminata Kaké). The CFO (Laurent Carlier) is responsible for the risk-management function. Management control is the responsibility of the controlling team.

The Internal Auditor (Pierre-Olivier Schmitz) is in charge of the internal audit with the external support of BDO Risk Advisory.

For the annual closure, the Company’s directors and members of the Executive Committee fill in an individual questionnaire so that any transactions they have carried out with the Company as “related parties” can be identified.

The Human Resources Department ensures that the skills required for each post are defined and that the procedures are observed, notably for annual performance appraisal and pay review.

External players

Some external stakeholders also play a role in the control environment. The main ones are the FSMA, the Statutory Auditor and the real-estate experts.


Organisation of internal control

The Audit Committee, composed of a majority of independent directors, has a specific duty in terms of monitoring the Company’s internal control and risk management.

In carrying out this duty, the Audit Committee makes use in particular of the work of the Internal Auditor and the outsourced internal auditors (consultants), who report directly to him. The role, composition and activities of the Audit Committee are described in this chapter and in the terms of reference of the Audit Committee, which can be accessed on the Company website.

Ethics

The Board of Directors has drafted a Corporate Governance Charter and a Code of Ethics. These documents can also be consulted on the Company’s website.

 [Online sheet “Ethics”](#)



Risk analysis and control activities

The risk analysis carried out in early 2019, with the help of an external consultant and which led to a full review of the Befimmo SA risk matrix, was reviewed at the end of 2019 to take account of changes in prospectus regulations and ESMA recommendations.

The risks assessed on the basis of their potential impact, their level of control, their specific nature and the appetite of the Company were then classified in order of decreasing potential impact and assessed, taking into account Befimmo's positioning and mitigation measures taken, at "high, medium or low" levels.

This risk matrix provides a framework for the work of the internal audit service, reviewed annually as part of a three-year plan by the Audit Committee. The corporate risk rules provide for a formal update of the risk factors, twice a year, when the half-yearly and annual financial reports are drafted. This is an in-depth risk analysis periodically carried out by the Risk Manager, in cooperation with the Internal Auditor and the Compliance Officer. This update is then presented to and discussed in the Executive Committee. Finally, the document is transmitted to the Audit Committee for review and to the Board of Directors for formal approval.



"Risk factors"

Financial information and disclosure

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

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

- consistency tests by comparison with historical or budget figures;
- sample checks of transactions according to their materiality.

Financial reporting is prepared on a quarterly basis by the Controlling Team and discussed with the CFO. This reporting, together with notes on the operational activities, is then analysed by the Executive Committee.

A timetable of periodic publications for the year is proposed by the Executive Committee and approved by the Board of Directors. The quarterly, half-yearly and annual reports and the relevant press releases/financial reports are submitted to and analysed by the Executive Committee, Audit Committee and Board of Directors, which adopts them before publication. The Statutory Auditor conducts a limited review of the consolidated half-yearly financial statements, as at 30 June. At annual close, on 31 December of each year, it audits the statutory and consolidated accounts.

Data are protected, depending on their type, by redundant architecture (disk mirroring), daily backups on-line (external service provider) and weekly backups onto tape.

Players involved in the supervision and assessment of internal control

The quality of internal control is assessed throughout the fiscal year by:

- internal audit, on the basis of cooperation between an internal auditor and an outsourced team of internal auditors: during fiscal year 2019, two internal audits were carried out, relating to "Services to tenants" and "Acquisition and disposal procedures";
- the Audit Committee: over fiscal year 2019, the Audit Committee reviewed the quarterly closures and the specific accounting methods, notably those linked to IFRS 16 and the acquisition of Silversquare. It reviewed the ongoing litigation and the main risks to Befimmo and examined the recommendations of the internal audit and analysed the acquisition of Silversquare (in particular the valuation and the impact on reporting);
- the Statutory Auditor in the context of its review of the half-yearly and annual accounts.

The Board of Directors supervises the performance of the duties of the Audit Committee in that connection, notably through that Committee's reporting.



Risk factors		Message of the Chairman and the CEO		Management report		Financial statements		General information		Appendices	
Our strategy	Key figures 2019	2019 in a nutshell	Events after closing	Property report	Financial report	EPRA Best Practices	Outlook & forecast	Stock market	The team	Governance	

OTHER STAKEHOLDERS

Statutory Auditor

The Statutory Auditor is appointed with the prior approval of the FSMA. It exercises two kinds of control. Firstly, in accordance with the Code of Companies and Associations, it checks and certifies the financial information in the annual accounts. Secondly, in accordance with the law, it cooperates with FSMA's controls. The FSMA may also ask it to confirm the accuracy of other information sent to the FSMA.

The Befimmo General Meeting of 25 April 2017 appointed Ernst and Young Réviseurs d'Entreprises CVBA as the Company's Statutory Auditor, with registered office at De Kleetlaan 2, 1831 Diegem, entered in the trade register under number 0466.334.711, RPM Brussels, represented by Mrs Christel Weymeersch, Partner, Business Auditor, for three fiscal years.

The Statutory Auditor's fees for fiscal year 2019 amounted to €67,938.93 excluding VAT. In fiscal year 2019 it also provided additional services as part of its statutory duties for a fee of €26,938.73 excluding VAT. Outside its statutory role, during fiscal year 2019, Ernst & Young and affiliated companies provided services related to other non-auditing duties for a fee of €37,030 excluding VAT.

Ernst & Young, represented by the same auditor, is also the Statutory Auditor of the Befimmo subsidiaries. The fees of the Statutory Auditor for auditing the financial statements for fiscal year 2019 of Fedimmo, Befimmo Property Services, Meifree, Vitalfree and Silversquare Belgium and its subsidiaries totalled €60,718.14 excluding VAT.

Auditing for the Luxembourg subsidiary, Axento SA and Silversquare Luxembourg SA, is performed by Ernst & Young SA, with its registered office at Avenue John F. Kennedy 35E, 1855 Luxembourg, entered in the Luxembourg register of commerce and companies under number B 47.771 and with establishment licence No 00117514, represented by Mr René Ensch, Partner. The fees for auditing the accounts of Axento SA and Silversquare Luxembourg SA for fiscal year 2019 amount to €13,500 excluding VAT.

Outside its statutory role, during fiscal year 2019, Ernst & Young (Luxembourg) provided services related to other non-auditing duties for a fee of €10,500 excluding VAT.

The method of calculating the remuneration of the Statutory Auditor depends on the type of work performed:

- for auditing the accounts of companies in the group, a lump sum is established;
- for other work, the fees are determined on the basis of the number of hours worked multiplied by an hourly rate depending on the seniority of the employee involved in the work.

The rule on the "Statutory Auditor's non-audit services ratio" was observed in respect of the Statutory Auditor's services.

Real-estate experts

For fiscal year 2019, Befimmo used two real-estate experts: Mr Rod P. Scrivener (JLL - avenue Marnix 23, 1000 Brussels) and Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield, company under Dutch Law, acting through its Belgian branch Wissinger & Associés SA – rue Royale 97, 1000 Brussels). Mr Rod P. Scrivener also has the task of coordinating the valuations.

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

These are companies of real-estate experts with an excellent knowledge of the market and which enjoy an international reputation.

For fiscal year 2019, the fees paid to these experts for their quarterly valuations amounted to:

- JLL - Rod P. Scrivener: €79,250 excluding VAT;
- C&W - Christophe Ackermans: €182,128 excluding VAT.

Additional fees paid to these experts in 2018 for occasional valuations amounted to:

- JLL: n.a.;
- C&W - Christophe Ackermans: €7,500 excluding VAT (valuation of acquisition projects).

Financial service

The Company's financial service is provided by ING Belgium, which received remuneration of €84,808.79 (including VAT) on that account in 2019. This remuneration is variable, depending on the amount of the dividend paid out and the realisation of a dividend in optional form.



RESEARCH AND DEVELOPMENT

Over the fiscal year, Befimmo carried out R&D activities related to the potential of various markets, the changing working environment and new services to be offered to its tenants. In 2019, Befimmo also devoted part of its R&D activities to supporting its digital transformation. It aims to adapt to a new digital reality that provides the tools and solutions needed to reinforce the long-term objectives that it has set for itself both in its overall strategy and in its internal organisation, by creating links. It is with this goal that Befimmo has brought together a set of digital transformation projects under the banner of the "LynX Programme".

Finally, Befimmo launched an innovation campaign a few years ago which is still ongoing to this day. It is a participative approach to involve the team in the strategic axes at the heart of Befimmo's business. The team is invited to join a working group which aims to develop the strategic priorities or a project related to the LynX digitisation programme that they care about so that, in a collective intelligence approach, they can propose and implement innovation projects.

Total resources devoted to research and development amount to €594,293.

RULES FOR PREVENTING CONFLICTS OF INTEREST

Principles

For the prevention of conflicts of interest, Befimmo is governed simultaneously by:

- the applicable legal provisions, common to listed companies, as per Articles 7:96 and 7:97 of the Code of Companies and Associations;
- a specific regime provided for by Article 37 of the Law of 12 May 2014 on BE-REITs, which provides in particular for the obligation to notify the FSMA prior to certain transactions planned with persons covered by that provision, to carry out such operations at normal market conditions and to disclose such operations to the public;
- and also by the additional rules specified in its Charter of Corporate Governance. These rules and their application in fiscal year 2019 are described below.

Article 7:96 of the Code of Companies and Associations

Pursuant to Article 7:96 of the Code of Companies and Associations, if a director has a direct or indirect interest that conflicts with a decision or transaction that falls to the Board of Directors, he must notify the other members before it is discussed by the Board. His statement, and the reasons for the conflicting interest affecting him, must be included in the minutes of the meeting of the Board of Directors at which the decision is to be taken. The minutes of the meeting must be supplied to the Company's Statutory Auditor, who shall assess in his report on the annual accounts the financial consequences for the Company of the decisions of the Board of Directors, for which there is an opposing interest.

The Director concerned may not take part in the discussions of the Board of Directors relating to the transactions or decisions concerned, nor take part in the vote. The relevant minutes shall then be reproduced in the management report.

Article 7:96 of the Code of Companies and Associations provide for some exceptions to its application, in particular with regard to routine transactions concluded subject to normal market conditions and guarantees for transactions of the same type.

Article 7:97 of the Code of Companies and Associations

If a listed company is contemplating a transaction with an affiliated company (subject to certain exceptions), Article 7:97 of the Code of Companies and Associations requires the establishment of an ad hoc Committee consisting of three independent directors; this Committee, assisted by an independent expert, must provide a detailed reasoned opinion on the proposed transaction to the Board of Directors, which may take its decision only after reading the report.

The Statutory Auditor must deliver an opinion as to the accuracy of the information contained in the opinion of the Committee and the minutes of the Board of Directors. The Board of Directors then states in the minutes whether the procedure has been followed and, if appropriate, the reasons why the Committee's opinion was overruled. The Committee's decision, the excerpt from the minutes of the Board meeting and the Statutory Auditor's opinion are to be included in the management report.

Article 37 of the Law of 12 May 2014 on BE-REITs and Article 8 of the Royal Decree of 13 July 2014 concerning BE-REITs

This Article requires in particular, subject to certain exceptions, public BE-REITs to inform the FSMA in advance of any transaction that they propose to carry out with an affiliated company, a company in which the BE-REIT has a shareholding¹, other shareholders of a company within the perimeter² of the BE-REIT, or the directors, managers or members of the Executive Committee of the public BE-REIT. The Company must establish that the proposed transaction is in its interest and is in line with its strategy, and the transaction must be carried out under normal market conditions. If the transaction involves a property, the independent real-estate expert must determine its fair value, which is the minimum price at which the asset may be sold or the maximum at which it may be bought. The BE-REIT must inform the public at the time the transaction is entered into and comment on this information in its annual financial report.

1. Note that, under the Code of Companies and Associations, such a link is presumed to exist, unless proven to the contrary, in particular when a shareholding represents at least one tenth of the Company's capital.

2. "Company within the perimeter" means a company more than 25% of whose share capital is held directly or indirectly by a regulated real-estate investment trust, including its subsidiaries, pursuant to Article 2(18) of the Law of 12 May 2014 on BE-REITs.



Additional confidentiality rules provided in Befimmo's Corporate Governance Charter

Confidentiality rules

Wherever it would be contrary to the interests of the shareholders of Befimmo for the director concerned to be informed of the terms on which Befimmo plans to complete a transaction, he will not be sent the preparatory notes and the item will be covered by an appendix to the minutes of the Board meeting, which will not be sent to him; these rules cease to apply when they are no longer relevant (i.e. generally after Befimmo has completed the transaction or decided not to pursue it).

Policy concerning transactions with Directors not covered by Article 7:96 of the Code of Companies and Associations

If Befimmo intends to carry out a transaction that is not covered by Article 7:96 of the Code of Companies and Associations with a Director or a company controlled by that Director or in which he has a shareholding other than a minority one (for example, because it is a routine transaction subject to normal market conditions and guarantees), Befimmo nevertheless considers it necessary:

- for that Director to declare his interest to the other Directors before the discussion by the Board of Directors;
- for his declaration and the reasons why Article 7:96 of the Code of Companies and Associations does not apply to be set down in the minutes of the Board meeting at which the decision is to be taken;
- for the Director concerned to refrain from being present at the Board's debate on the transaction and from taking part in the relevant vote;
- whenever it would be contrary to the interests of Befimmo shareholders for the Director concerned to be informed of the conditions under which Befimmo would be prepared to carry out the transaction concerned, he must not be sent the preparatory notes and the item must be reported in an appendix to the minutes not sent to him.

The transaction must in any case be carried out at arm's length. However, the minutes reporting the transaction concerned need not be reproduced in the Annual Financial Report.

This policy also applies mutatis mutandis to transactions between a Director of Befimmo and one of its subsidiaries.

Policy on transactions with a member of the Executive Committee

Under the Befimmo Governance Charter, this policy also applies mutatis mutandis to transactions between the Company and its subsidiaries and the members of the Executive Committee: the member concerned must declare the conflict of interests to the Board of Directors, his declaration must be set down in the minutes of the Board meeting at which the decision is to be taken, and the transaction must be concluded at normal market conditions.

Directors and corporate opportunities

Since Befimmo's Directors are appointed in particular for their skill and experience in real estate, it often happens that they hold directorships in other real-estate companies or companies controlling real-estate companies. Therefore, it may happen that a transaction proposed to the Board of Directors (such as the purchase of a property at auction) could interest another company in which a Befimmo Director holds a position. In that case, which may in certain circumstances give rise to a conflict of interests, Befimmo has decided to apply a procedure modelled closely on Article 7:96 of the Code of Companies and Associations relating to conflicts of interest. In particular, the Director concerned must immediately notify the Chairman of the Board of Directors and the Managing Director of any such situation.

Once the risk has been identified, the Director concerned and the Managing Director shall consider together whether the "Chinese walls" procedures adopted within the organisation that the Director belongs to are sufficient to allow him to attend, unchallenged and at his sole responsibility, the meetings of the Board of Directors. Where no such procedures have been put in place or where the Director concerned or the Board of Directors takes the view that it would be wiser for that director not to attend, then he must withdraw from the discussion and decision-making process: the preparatory notes will not be sent to him, he must withdraw from the Board meeting when the topic is discussed and the topic will be recorded in an appendix to the minutes, which will not be sent to him.

The minutes of the Board of Directors must record that this procedure has been complied with or state the reason why it has not.

This procedure ceases to apply as soon as the risk no longer exists (for example, because either the Company or the competing company has decided not to make an offer).

If necessary, this procedure should be combined with Article 7:96 of the Code of Companies and Associations where applicable (for example, because the Director has a financial interest conflicting with that of the Company for the transaction to be entered into by a company other than Befimmo). In the latter case, all of the relevant excerpts from the minutes of the Board of Directors must also be reproduced in the management report.

Befimmo has not detected any other potential conflict of interest.

Mandatory disclosures pursuant to the Code of Companies and Associations (Articles 7:96 and 7:97)

Over fiscal year 2019, one decision or transaction gave rise to the application of Article 7:96 of the Code of Companies and Associations (former Article 523 of the Code of Company Law).

At its meeting of 8 March 2019, the Board of Directors discussed (i) the determination of variable remuneration of the Managing Director of the Company, Mr Benoît De Blicq, and of the other members of the Management Committee for fiscal year 2018, and (ii) the determination of the fixed remuneration and performance criteria for the award of the remuneration of the Managing Director and other members of the Management Committee for fiscal year 2019. In accordance with Article 523 of the Code of Company Law, Mr De Blicq did not take part in the discussions or decision of the Board of Directors on his remuneration and the determination of his performance criteria. The relevant excerpt from the minutes is reproduced below.

Excerpt from the minutes of the meeting of the Board of Directors of Befimmo SA of 8 March 2019.

1.1. Disclosure of a conflict of interests and application of Article 523 of the Code of Company Law

Before discussion on this agenda item opened, Mr Benoît De Blicq, Managing Director, announced that there was a potential conflict of interests of a financial nature within the meaning of Article 523 of the Code of Company Law. He said that the conflict of interests arose from the fact that the decision related to the setting of his variable remuneration as CEO and Chairman of the Management Committee of Befimmo SA for fiscal years 2018 and 2019. The Board of Directors took note of this declaration and noted that the Managing Director left the meeting during the discussions and decisions relating to the above-mentioned items.

(The Managing Director left the meeting)



1.2. Determination of the variable remuneration of the CEO for fiscal year 2019 - Performance criteria and target variable remuneration for fiscal year 2019

The Chairman of the Appointment and Remuneration Committee presented the proposals of the Appointment and Remuneration Committee for the fixed remuneration of the Managing Director for fiscal year 2019, his variable remuneration for fiscal year 2018 and the performance criteria and amounts of his variable remuneration for fiscal year 2019. These proposals take into account the results of the BE-REIT and the achievement of both quantitative and qualitative targets.

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

- approved the proposal of the Appointment and Remuneration Committee to award Mr Benoît de Blicq, for his work as Managing Director of Befimmo SA in 2018, variable remuneration of €150,000; furthermore, based on the assessment of the performance criteria specific to Befimmo Property Services SA, a proposal will be made to the Board of Directors of Befimmo Property Services to grant a variable remuneration of €100,000 to its Managing Director, BDB Management SPRLU, represented by its manager and permanent representative, Mr Benoît De Blicq; this brings the total variable remuneration to €250,000 for fiscal year 2018;
- set the key objectives and performance criteria for the award of the Managing Director's variable remuneration for fiscal year 2019: current net earnings per share (30%), operating margin (15%), property occupancy rate (15%), cost of financing (20%) and human resources management (20%); additional personal targets, in relation to the above-mentioned targets, in keeping with the specific operational responsibilities of the Managing Director;

■ set the target amount of the Managing Director's variable annual remuneration for fiscal year 2019 as follows: a target variable remuneration of €200,000 with a maximum of €250,000 if the targets are exceeded; this amount includes any variable remuneration awarded to him by Befimmo SA and/or one of its subsidiaries.

In accordance with the remuneration policy, the portion of variable remuneration allocated to the Managing Director in year "N" (year concerned by the valuation) to be paid in the first year (N+1) may not exceed 50% of the total amount of variable remuneration granted. Payment of 25% of the variable remuneration is deferred for one year and will be made in year N+2 provided that the performance indicators for the Company's results are sustained throughout years N and N+1. The remaining 25% of the variable remuneration is deferred for two years and will be payable in year N+3, again provided that performance is sustained over years N to N+2 (inclusive);

■ on 1 January 2019 redefined the overall annual fixed remuneration (cumulative cost of the Befimmo, Befimmo Property Services and Axento companies) for the Managing Director as an amount of €585,000, an increase of €35,000. This increase follows the benchmark carried out in 2018 at the request of the CNR. It is broken down as follows:

Befimmo / Natural person	355 000 EUR
BPS / BDB Management	205 000 EUR
Axento / BDB Management	25 000 EUR
Total	585 000 EUR

Over fiscal year 2019, no decision or transaction gave rise to the application of Article 7:97 of the Code of Companies and Associations (former Article 524 of the Code of Company Law).

Application of Article 37 of the law of 12 May 2014 on BE-REITs

Over the fiscal year, that Article was not applied in respect of any dossier.

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

During the past financial year, no dossier gave rise to the application of the rules for the prevention of conflicts of interest covered by the Befimmo Corporate Governance Charter above and beyond the applicable statutory provisions.

Rules to prevent market abuse

Principles

The Corporate Governance Charter embodies rules designed to prevent market abuses, applicable to the Directors, members of the Executive Committee and staff of Befimmo, and anyone else who may have access to privileged information through their involvement in the preparation of a particular transaction. These rules have been supplemented by a Code of Conduct (the Dealing Code) designed to raise the awareness of the persons concerned of their principal obligations and to lay down internal procedures to be followed in that regard. The Dealing Code is laid down by the Board of Directors and all employees receive and sign a copy when taking up their post, as part of training provided by the Compliance Officer. The Dealing Code is regularly updated to take account of relevant regulatory developments. It is published on the Befimmo website.

The Compliance Officer is responsible for ensuring that these rules are complied with in order to reduce the risk of market abuses by insider trading. To that end, she makes and keeps up-to-date lists of persons having access to privileged information, particularly in the context of specific transactions (in which case they may not disclose the information or carry out transactions on the financial instruments issued by

Befimmo) and anyone likely to have such access on a regular basis. Where such persons plan to carry out transactions on financial instruments issued by Befimmo, they must first notify the Compliance Officer in writing of their intention to carry out the transaction. Within 48 hours of receiving such notice, the Compliance Officer has to inform the person concerned if there is any reason to believe that the planned transaction would amount to insider trading. If so, he or she will be advised not to carry out the transaction. These rules are applicable to all directors, members of the Executive Committee, employees and certain consultants working on a regular basis with Befimmo. Furthermore, the directors and members of the Executive Committee must notify the FSMA of transactions conducted on their own account relating to the Company shares within three business days of the transaction concerned being carried out¹.

During so-called "prohibited" periods (a certain period preceding the publication of Befimmo's annual, half-yearly and quarterly results), Directors, members of the Executive Committee and employees may not trade in Befimmo financial instruments.

Application

Mrs Aminata Kaké holds the position of Compliance Officer of Befimmo.

The Befimmo Dealing Code was updated on 7 February 2018, to introduce an internal whistle-blowing procedure and to bring it into line with the other amendments made by the law of 31 July 2017 amending the law of 2 August 2002 on the supervision of the financial sector and financial services.

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



STOCK OWNERSHIP OR STOCK OPTIONS PLAN

- As of fiscal year 2020, the members of the Befimmo Executive Committee may also be awarded Performance Stock Units (PSUs). At the end of a vesting period of three years from the award of the PSUs, these entitle the Executive to receive Company stock, as well as an amount in cash corresponding to the dividends paid out during the vesting period. The shares underlying the PSUs will be issued only after an assessment of the achievement of the above criteria (Performance Test). Shares issued following vesting must be kept for at least two years by the Executive, without prejudice to compliance with the minimum share threshold applicable to the Executives. This new plan is more fully described in the remuneration policy.
- Befimmo has not implemented a stock option plan or granted such options to members of its bodies or its employees.

SHARES HELD BY THE DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

At 31 December 2019, the following non-executive Directors (or their permanent representatives) and members of the Executive Committee of Befimmo held Befimmo shares:

- Mr Laurent Carlier (330 shares) and
- Mr Benoît Godts (1,109 shares).

FACTORS LIABLE TO HAVE AN INFLUENCE IN THE EVENT OF A TAKEOVER BID

Article 34 of the Royal Decree of 14 November 2007 on the obligations of writers of financial options admitted to trading on a regulated market (hereinafter the "Royal Decree"), requires them to disclose and, if appropriate, explain in the management report how the factors listed by that provision might have an influence in the event of a takeover bid. Most of the powers of Befimmo's administrative body in that respect are restricted to a large extent by the Company's status as a BE-REIT.

- Capital structure, indicating any different categories of shares and, for each category of shares, the rights and obligations associated with it and the percentage of total share capital that it represents (Royal Decree, Article 34(1)); Holders of any securities involving special control rights and a description of those rights (Royal Decree, Article 34(3)); Rules applicable to the appointment and replacement of members of the administrative body (Royal Decree, Article 34(7)); Powers of the administrative body (Royal Decree Article 34(8))

The Board of Directors of Befimmo has certain powers concerning the right to issue or purchase shares (authorised capital clause and authorisation for the purchase and disposal of treasury shares).

The authorised capital clause basically allows opportunities to be taken rapidly without the time constraints associated with convening two general meetings (experience shows that the first general meeting convened is consistently inquorate), while the authorisation to buy its own shares provides for a mechanism that could be used to stabilise the share price in the event of abnormal movements.

More specifically, these clauses provide as follows:

- Pursuant to Article 7 of the articles of association of Befimmo, the Board of Directors is authorised to increase the company capital, in one or more stages, on such dates, terms and conditions as it may decide, by a maximum amount of:

1°) €205,135,237.71, if the capital increase to be carried out is a capital increase by contribution in cash (i) with preferential rights for the shareholders of the Company, as provided for in Articles 7:188 et seq. of the Code of Companies and Associations, or (ii) with an irreducible right of allocation to Company shareholders, as provided for in Article 26(1)(1) and (2) of the law on BE-BREITs;

2°) €41,027,047.54, if the capital increase to be carried out is a capital increase within the framework of the distribution of an optional dividend;

3°) €41,027,047.54 for all other forms of capital increase not covered by points 1) and 2) above;

on the understanding that the share capital may not in any case be increased within the framework of the authorised capital by more than €287,189,332.79.

This authorisation was granted for a period of five years, starting on 27 December 2019. It may be renewed by a decision of the General Meeting. The use of this clause may lead to a significant increase in shareholders' equity, higher than the above-mentioned amount, since the issue price of the new shares set by the Board of Directors includes an issue premium.

This authorisation replaced the authorisation of the General Meeting of 26 April 2016.

- Pursuant to the same provision and subject to the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights (this authorisation was also granted for a period of five years from 27 December 2019).

- In accordance with Articles 7:215 et seq. of the Code of Companies and Associations and Article 11 of the articles of association of Befimmo, the Board of Directors is authorised to acquire fully paid-up shares in Befimmo (within the statutory limits set by the General Meeting). This authorisation is valid for five years from 26 April 2016 and may also be renewed;

- The Board of Directors may dispose of the Company's own shares (i) provided that equal treatment between shareholders is complied with in accordance with the conditions set out in Article 7:218(1)(1) and (2) of the Code of Companies and Associations, (ii) to its staff, in accordance with Article 7:218(1)(5) of the Code of Companies and Associations or (iii) to one or more specific persons, other than staff members, in accordance with Article 7:218(1)(4) of the Code of Companies and Associations and Article 11 of the articles of association.

The powers and authorisations referred to in the last two points above apply to acquisitions and disposals of Company shares by one or more subsidiaries directly under its control.

- Restriction of voting rights by law or the articles of association (Royal Decree, Article 34(5)).

No provision of the articles of association restricts the voting rights of Befimmo shareholders.

Moreover, we would recall that, in accordance with the Code of Company Law and Article 28(1) of the articles of association, "Any shareholder may participate in a General Meeting and exercise his right to vote: (i) if his shares are registered in his name by the fourteenth day prior to the General Meeting at midnight (Belgian time): either by registration of the shares in the company's registered shares register, or by registering them in the account of an authorised holder or settlement institution. The aforementioned day and time shall be the record date, (ii) and if the Company has



been informed, no later than the sixth day prior to the date of the Meeting, of the shareholder's wish to participate in the shareholders' meeting, as the case may be, directly by the shareholder for holders of registered shares or by a financial intermediary, authorised account holder or settlement institution for holders of dematerialised shares."

These are general provisions of the articles of association and were not conceived with takeover bids in mind but, by laying down formalities for admission to the General Meeting, they may have an indirect influence to that effect.

- Rules applicable to changes in the option writer's articles of association (Royal Decree, Article 34(7))

In accordance with Article 12 of the Law of 12 May 2014 on BE-REITs, any proposed amendment to the articles of association must first be approved by the FSMA.

This rule may have an influence in the event of a takeover bid, as the bidder may not amend the Company's articles of association at its discretion but would have to have any draft amendment approved by the FSMA.

- Important agreements to which the Company is a party and which can take effect, be amended or lapse in the event of a change in the control of the Company as a result of a takeover bid (Royal Decree, Article 34(9))

It is standard practice to include a "change-of-control" clause in financing agreements, entitling the bank to ask for the loan to be repaid if a change in the control of the Company were to have a material adverse effect on the Company.

The following banks have such a change-of-control clause: Banque Degroof Petercam, BECM, Belfius, BNP Paribas Fortis, ING, KBC, Agricultural Bank of China (Luxembourg) and Société Générale SA (Belgian branch).

Moreover, the agreement on the private bond placement made in the United States in May 2012, and the various private placements, include a similar clause entitling each investor to request early redemption of their notes at par in the event of a change of control.

SHARE OWNERSHIP, STRUCTURE AND ORGANISATION

Share ownership

SHAREHOLDERS ¹	IN %
AXA Belgium SA	9.6
Ageas and affiliated companies	9.3
Norges Bank	3.0
BlackRock Inc.	3.0
Befimmo SA	4.9
Other shareholders below the statutory threshold	70.2

Shareholders do not have different voting rights.

Structure and organisation

At 31 December 2019, the Company had the following subsidiaries:

- Fedimmo SA, a Belgian Regulated Real-Estate Investment Trust, which is 100% owned by Befimmo;
- Vitalfree SA, a Belgian limited-liability company which is 100% owned by Befimmo;
- Meirfree SA, a Belgian limited-liability company which is 100% owned by Befimmo;
- Axento SA, a Luxembourg limited-liability company which is 100% owned by Befimmo; and
- Befimmo Property Services SA, a Belgian limited-liability company which is 100% owned by Befimmo.

Befimmo also has joint control of:

- Silversquare Belgium SA, a limited-liability company under Belgian law, 68% owned by Befimmo. Silversquare Belgium SA is the parent company of Silversquare Luxembourg SA.

Since 30 January 2020, Befimmo has also been the controlling shareholder of Zin in Noord, a Belgian Regulated Real-Estate Investment Trust, which is 64.1% owned by Befimmo and 35.9% by Fedimmo.

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

1. As at 31 January 2019, on the basis of transparency declarations or of information received by the shareholder.



GENERAL INFORMATION

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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 Hissette. For further information, please see the Annual Financial Report 2012.

The articles of association have been amended several times, most recently on 19 December 2019, in order to apply the new Belgian Code of Companies and Associations in advance. The coordinated articles of association are available on the Befimmo SA website: www.befimmo.be/en/who-we-are/about-befimmo/group-structure.

DURATION

Befimmo SA has been established for an unlimited duration.

REGISTER OF CORPORATE BODIES

Befimmo SA is entered in the Register of Corporate Bodies under number 0 455 835 167.

RECORDING PLACE

Brussels.

PURPOSE (ARTICLE 4 OF THE ARTICLES OF ASSOCIATION)

The company has as exclusive purpose:

- (a) making real estate available to users directly or through a company in which it holds a participation in accordance with the provisions of the BE-REIT regulation, and;
- (b) within the limits set out by the BE-REIT regulation, hold real estate assets listed in article 2, 5°, i) to xi) of the BE-REIT law.

By real estate is meant:

- i. real estate as defined in articles 517 and following of the Civil Code and the rights in rem over real estate, excluding real estate of a forestry, agricultural or mining nature;
- ii. shares with voting rights issued by real estate companies whose more than 25% of the capital is held directly or indirectly by the company;
- iii. option rights on real estate;
- iv. shares of public regulated real estate companies or institutional regulated real estate companies, provided in the latter case that more than 25% of the capital is held directly or indirectly by the company;



- v. the rights arising from contracts giving one or more goods in finance-lease to the company or providing other similar rights of use;
- vi. shares in public and institutional real estate investment companies;
- vii. shares in foreign real estate funds included in the list referred to in article 260 of the act of 19 April 2014 on alternative investment funds and their managers;
- viii. shares in real estate funds established in another member state of the European Economic Area not included in the list referred to in article 260 of the act of 19 April 2014 on alternative investment funds and their managers, to the extent that they are subject to supervision equivalent to the supervision that is applicable to public real estate investment companies;
- ix. shares issued by companies (i) with legal personality; (ii) under the law of another member state of the European Economic Area; (iii) which shares are admitted, or not, to trading on a regulated market and are subject, or not, to prudential supervision; (iv) whose main activity consists in acquiring or building real estate in order to make it available to users, or the direct or indirect holding of participations in certain types of entities with a similar purpose; and (v) that are exempt of income tax on profits in respect of the activity referred to in (iv) above subject to compliance with certain requirements, at least pertaining to the legal obligation to distribute part of their income to their shareholders (the Real Estate Investment Trusts, or "REITs");
- x. real estate certificates referred to in article 4, 7° of the Act of 11 July 2018 ;
- xi. shares of FIIS/GVBF.

Real estate assets referred to in article 4.1., (b), subparagraph 2, (vi), (vii), (viii), (ix) and (xi) above that constitute shares in alternative investment funds within the meaning of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on management of alternative investment funds and amending Directives 2003/41/EC and 2009/65/EC and the Regulation (EC) n° 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and (EU) N° 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European supervisory authority (European Securities and Markets Authority) amending decision n° 716/2009/EC and repealing Commission Decision 2009/77/EC cannot be qualified as voting shares issued by real estate companies regardless of the amount of the shareholding held directly or indirectly by the company.

- (c) enter into, in the long term, where appropriate in collaboration with third parties, directly or through a company in which it holds a shareholding in accordance with the regulation, with a public contracting authority or adhere to one or many:
 - (i) DBF contracts ("Design, Build, Finance"),
 - (ii) DB (F) M contracts ("Design, Build, (Finance) and Maintain");
 - (iii) DBF(M)O contracts ("Design, Build, Finance, (Maintain) and Operate"); and / or
 - (iv) contracts for public works concessions relating to buildings and / or other real estate infrastructures and to services relating thereto, and on the basis of which:
 - the company is responsible for the provision, maintenance and / or operation for a public entity and / or citizens as end-users, in order to satisfy a social need and / or to allow the offer of a public service; and
 - the company, without necessarily having rights in rem, can assume, in whole or in part, the financing risks, the availability risks, the demand risks and / or the operational risks, as well as the risk of building;
- (d) ensure in the long-term, as the case may be in collaboration with third parties, directly or through a company in which it has a shareholding in accordance with the BE-REIT regulation, the development, establishment, management, and operation, with the possibility of outsourcing these activities:
 - (i) storage installations and facilities for the transport, distribution or storage of electricity, gas, fossil or non-fossil fuels, and energy in general, including assets related to such infrastructures;
 - (ii) installations for the transport, distribution, storage or purification of water, including assets related to such infrastructures;
 - (iii) facilities for the generation, storage and transport of renewable energy or not, including assets related to such infrastructures; or
 - (iv) incinerators and landfills, including assets related to these infrastructures.
- (e) initially hold less than 25% in the capital of a company in which the activities referred to in this article 4.1, (c) are carried out, provided that such shareholding is converted by transfer of shares, within a period of two years, or any other longer period required by the public entity with which the contract is entered into, and after the end of the phase of constitution of the PPP project (within the meaning of the BE-REIT regulation), in a participation which is in accordance with the BE-REIT regulation.

In the context of the making available of real estate, the company can, in particular, exercise all activities related to the construction, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate.

- 4.2 On an ancillary or temporary basis, the company may make investments in securities which are not real estate within the meaning of the BE-REIT regulations. These investments will be made in compliance with the risk management policy adopted by the company and will be diversified in a way to ensure an adequate risk diversification. The company can also hold unallocated liquidities, in any currency, in the form of cash or term deposit or in any instrument of the monetary market that can be easily mobilised.



The company may also trade in hedging instruments, with the exclusive aim to hedge the interest rate and exchange risk in the context of the financing and management of the activities of the company referred to in article 4 of the BE-REIT law and with the exclusion of any transaction of a speculative nature.

- 4.3 The company may take or give one or more real estate assets in finance-lease. The activity of giving real estate assets in finance-lease with a purchase option can only be carried out in ancillary order, save where these real estate assets are intended for the public interest including social housing and education (in which case the activity can be carried out as a primary activity).
- 4.4 The company may by way of a merger or otherwise, take an interest in all businesses, undertakings or companies having a similar or related purpose and which are of a nature that favours the development of its business, and, in general, to do all transactions that are directly or indirectly linked to its purpose as well as all acts that are useful or necessary for the realisation of its purpose.

FISCAL YEAR

The financial year begins on 1 January and ends on 31 December of each year.

PLACES WHERE PUBLICLY ACCESSIBLE DOCUMENTS CAN BE CONSULTED

- The articles of association of Befimmo SA can be consulted at the Clerk's Office of the Brussels Company Court, at the office and on the website: www.befimmo.be/en/who-we-are/about-befimmo/group-structure.
- The annual accounts will be deposited at the Banque Nationale de Belgique and may be consulted at the Clerk's Office of the Brussels Company Court.
- The annual accounts as well as the relative reports of Befimmo SA are sent every year to registered shareholders as well as to any other person requesting a copy.
- They are also available on the Befimmo website: www.befimmo.be/en/investors/publications.
- Decisions concerning the appointment and termination of the mandates of the members of the Board of Directors of Befimmo SA are published in the Annexes to the Belgian Official Gazette.
- Invitations to General Meetings are published in the Annexes to the Belgian Official Gazette and in two daily financial newspapers with nationwide distribution. These notices and all documents relating to General Meetings may be consulted on the Befimmo website: <http://www.befimmo.be/en/investors/general-meetings>.
- Financial notices concerning Befimmo SA are published in the financial press and are sent to Euronext. They may also be consulted on the Befimmo website at www.befimmo.be/en/investors/publications.

www.befimmo.be

The other documents accessible to the public and referred to in the Annual Financial Report can be consulted at the registered office of Befimmo SA.

Capital

ISSUED CAPITAL

As at 31 December 2019, the capital totalled €413,276,840.12.

It is represented by 28,445,971 fully paid no-par-value shares.

AUTHORISED CAPITAL

The Board of Directors is authorised to increase the capital, in one or several stages, on the dates and pursuant to the terms and conditions resolved by him, by an amount of maximum:

- 1°) €205,135,237.71 if the capital increase to carry out is a capital increase by contribution in cash, which (i) includes a preferential subscription right for the shareholders of the company, as foreseen in articles 7:188 and following of the Code of Company and Association Law, or (ii) which includes an irreducible allocation right for the shareholders of the company, as foreseen in article 26, §1, al. 1 and 2 of the law of 12 May 2014 related to BE-REITs;
- 2°) €41,027,047.54, if the capital increase to carry out is a capital increase by distribution of an optional dividend;
- 3°) €41,027,047.54 for all other forms of capital increases which are not referred to in sections 1°) and 2°) above;

with the understanding that, in all cases, the share capital may never be increased, within the framework of the authorised capital, by more than €287,189,332.79.



Subject to the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights.

This authorisation is granted for five years from 27 December 2019 and may be renewed.

Capital increases may be performed as a cash contribution, a contribution in kind or by the incorporation of reserves.

As at 31 December 2019, the authorised capital amounts €287,189,332.79.

CHANGES TO THE CAPITAL SINCE 31.12.2015

The following table shows the changes in capital since 31 December 2015.

The complete history of changes to capital is set out in article 48 of the articles of association.

	Amount (in €)	Number of shares
As at 31 December 2015	334 464 491.53	23 021 293
As at 27 September 2016	371 627 206.35	25 579 214
As at 31 December 2016	371 627 206.35	25 579 214
As at 31 December 2017	371 627 206.35	25 579 214
As at 31 December 2018	371 627 206.35	25 579 214
As at 19 December 2019	413 276 840.12	28 445 971
As at 31 December 2019	413 276 840.12	28 445 971

SHAREHOLDER STRUCTURE

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

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

	Number of shares (declared)	Date of the statement	(in %)
Declarants			
AXA Belgium SA	2 741 438	30.04.2019	9.6%
Ageas and affiliated companies	2 641 047	30.04.2019	9.3%
Norges Bank	855 804	10.12.2019	3.0%
BlackRock Inc.	848 297	20.11.2019	3.0%
Own shares			
Befimmo SA	1 393 528	04.12.2019	4.9%
Other shareholders under the statutory threshold	19 965 857	20.12.2019	70.2%
Total	28 445 971		100%

This data is based on the transparency declarations or based on the information received from the shareholder. Befimmo SA is not aware of the existence of shareholder agreements.

The shareholders do not dispose of different voting rights.



Identity of the founder of Befimmo SA

Befimmo SA was founded at the initiative of Bernheim-Comofi SA (now known as AG Real Estate SA) with office at avenue des Arts 58, 1000 Brussels.

Articles of association of Befimmo SA

The complete coordinated articles of association of Befimmo SA can be consulted at the Clerk's Office of the Brussels Company Court, at Befimmo's office and on the website: www.befimmo.be/en/befimmo/group-structure.

Société Anonyme (Limited-Liability Company)

The Extraordinary General Meeting of 20 December 2012 approved the conversion of Befimmo SCA into a Société Anonyme (Limited-Liability Company).

Subsidiaries

As at 31 December 2019, Befimmo SA owns directly or indirectly 100% of the shares of Fedimmo SA, 100% of the shares of Meirfree SA, 100% of the shares of Vitalfree SA, 100% of the shares of Axento SA, 100% of the shares of Befimmo Property Services SA and 68% of the shares of Silversquare Belgium SA (the parent company of Silversquare Luxembourg SA). In addition, since 30 January 2020, Befimmo is also the controlling shareholder of Zin in Noord, a regulated institutional real estate company under Belgian law, which is owned 64.1% by Befimmo and 35.9% by Fedimmo.

Name and qualifications of the real-estate experts¹

For fiscal year 2019, Befimmo used two real-estate experts: Mr Rod P. Scrivener (JLL - avenue Marnix 23, 1000 Brussels) and Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield, company under Dutch Law, acting through its Belgian branch Wissinger & Associés SA – rue Royale 97, 1000 Brussels). Mr Rod P. Scrivener also has the task of coordinating the valuations.

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

These are companies of real-estate experts with an excellent knowledge of the market and which enjoy an international reputation.

1. For more information, please consult page 144 of this Report.



Group structure

As at 31 December 2019, the group structure is as following:



Befimmo's subsidiaries are Belgian companies, except for Axento SA, which is a Luxembourg company.

Since 30 January 2020, Befimmo is also the controlling shareholder of Zin in Noord, a regulated institutional real estate company under Belgian law, which is owned 64.1% by Befimmo and 35.9% by Fedimmo

Public BE-REIT

Since 2014, Befimmo is a BE-REIT (SIR/GVV). The BE-REIT pursues the same goals as a Real Estate Investment Trusts (REIT) put in place in several countries (REIT (USA), SIIC (France) and FBI (Netherlands)).

The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute a large part of its cash flow as possible while enjoying certain advantages.

The BE-REIT is monitored by the Financial Services and Markets Authority (FSMA) and subject to specific regulations. The main rules are as follows:

- it must have the status of "Société Anonyme" or "Société en Commandite par Actions";
- it must be listed on the stock exchange;
- borrowings may not exceed 65% of total assets at market value;
- there are strict rules relating to conflicts of interest;
- it must keep accounting according to IFRS standards, with notably the assignment at market value of the property portfolio;
- the real-estate assets must be valued every quarter by independent expert real-estate;
- the risk must be diversified: no more than 20% of the assets may be invested in only one property complex;
- a reduced base for corporation tax provided that at least 80% of "cash flows" are distributed (calculated on the basis of article 13 of the Royal Decree of 13 July 2014);
- a withholding tax¹ of 30% is deducted when paying out dividends.

This set of rules is designed to minimise the risk incurred.

Institutional BE-REIT

Fedimmo SA and Zin in Noord SA (100% subsidiaries of Befimmo SA (directly or indirectly)) are institutional BE-REITs.

The main features of the institutional BE-REIT are:

- a company controlled by a public BE-REIT;
- registered shares held by institutional investors;
- no requirement for diversification or debt ratio (consolidated at the level of the public BE-REIT);
- compulsory distribution of a dividend at a minimum of 80% of the "cash flows" (calculated on the basis of article 13 of the Royal Decree of 13 July 2014);
- holdings of at least 25% by a public BE-REIT;
- no obligation to appoint a real-estate expert, the real-estate assets being valued by the expert of the public BE-REIT;
- statutory accounts prepared in accordance with IFRS standards (same accounting scheme as the public BE-REIT);
- strict rules regarding conflicts of interest;
- subject to FSMA control.

¹ 2. Withholding tax rate applicable from 1 January 2017.



Typical investor profile

The profile of a typical Befimmo investor is a private or institutional investor wishing to make an investment in office property, mainly in Belgium.

The share ownership structure is set out before.

Statements

PERSONS RESPONSIBLE FOR THE CONTENT

Mr Benoît De Blicq, 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 Blicq and Mr Carlier declare that, to the best of their knowledge, there is no omission likely to affect the import of information in this Report.

STATEMENT REGARDING THE DIRECTORS AND THE MEMBERS OF EXECUTIVE COMMITTEE

The Board of Directors of Befimmo SA hereby declares that:

- none of the Directors or members of the Executive Committee has been convicted in relation to fraudulent offences for the previous five years;
- none of the Directors or members of the Executive Committee, in these capacities or as the founder of a company, has been associated with a bankruptcy, receivership or liquidation in the last five years;
- there has been no official public incrimination and/or sanctions of a Director or a member of the Executive Committee by statutory or regulatory authorities;
- no Director or member of the Executive Committee has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years;
- no family relationship exists between such persons;
- no contract of employment or management agreement has been concluded with the Directors or the members of the Executive Committee providing for benefits upon termination of employment, save as mentioned in the section "Corporate Governance Statement" on page 140 of this Report;
- the Directors and members of the Executive Committee do not hold shares in Befimmo SA, except for Mr Laurent Carlier (330 shares) and Mr Benoît Godts (1,109 shares);
- so far no options over Befimmo SA shares have been granted.

INFORMATION FROM THIRD PARTIES¹

The real-estate experts Rod P. Scrivener (JLL) and Christophe Ackermans (Cushman & Wakefield) have agreed that their assessment methods and the conclusions of the real-estate expert reports may be included in this Annual Financial Report.

The Statutory Auditor has agreed to the inclusion of its report of 27 March 2020 in this Annual Financial Report on the consolidated accounts closed as at 31 December 2019, of its report on forecasts of 27 March 2020.

Deloitte has agreed to the inclusion of its limited review on selected environmental performance indicators of 16 March 2020.

The Company confirms that the information taken from the reports of the independent real-estate experts, and of the Statutory Auditor have been faithfully reproduced and that, to the best of the Company's knowledge and as far as it can ascertain in the light of the data published by these third parties, nothing has been omitted that would make the information reproduced inaccurate or misleading.

All of the information in the "Office property market" chapter comes from Cushman & Wakefield's databases, analyses and market reports.

1. Please consult the chapter "Corporate governance statement – Other stakeholders" on page 144 of the Report for the identity of the Statutory Auditor and the real-estate experts.



HISTORICAL FINANCIAL INFORMATION REFERRED TO BY REFERENCE

The Annual Financial Reports of the past five years, which includes the annual statutory and consolidated accounts and the Statutory Auditor's reports, as well as the Half-Yearly Financial Reports can be consulted on the website of the Company: www.befimmo.be.

The Annual Financial Reports related to the two previous fiscal years are incorporated by reference.

INFORMATION REFERRED TO BY REFERENCE	DOCUMENTS	SECTIONS
Financial information	Annual Financial Report 2018	<ul style="list-style-type: none"> ▪ Key figures (pp. 28-29) ▪ Financial report (pp. 68-77) ▪ Property report (pp. 42-67) ▪ Financial statements (pp. 153-206)
	Annual Financial Report 2017	<ul style="list-style-type: none"> ▪ Key figures (pp. 9-11) ▪ Financial report (pp. 56-65) ▪ Property report (pp. 26-55) ▪ Financial statements (pp. 128-179)
Dividend	Annual Financial Report 2018	<ul style="list-style-type: none"> ▪ Key figures (p. 28)
	Annual Financial Report 2017	<ul style="list-style-type: none"> ▪ Key figures (p. 9)
Investments	Annual Financial Report 2018	<ul style="list-style-type: none"> ▪ Key events of the 2018 fiscal year (pp. 32-35) ▪ Ongoing projects (pp. 36-37) ▪ Property report (pp. 42-67)
	Annual Financial Report 2017	<ul style="list-style-type: none"> ▪ Key events of the 2017 fiscal year (pp. 22-23) ▪ Ongoing projects (p. 25) ▪ Property report (pp. 26-55)
Main markets	Annual Financial Report 2018	<ul style="list-style-type: none"> ▪ Office property markets (pp. 48-53) ▪ Segment information (pp. 166-167)
	Annual Financial Report 2017	<ul style="list-style-type: none"> ▪ Office property markets (pp. 35-41) ▪ Segment information (pp. 142-143)
Operations with related parties	Annual Financial Report 2018	<ul style="list-style-type: none"> ▪ Corporate governance statement (pp. 118-152, in particular the remuneration report, pp. 133-137) ▪ Related-party transactions (p. 197)
	Annual Financial Report 2017	<ul style="list-style-type: none"> ▪ Corporate governance statement (pp. 89-117, in particular the remuneration report, pp. 102-107) ▪ Related-party transactions (p. 171)



Social and environmental responsibility

GENERAL INFORMATION

Contact person & further information

Emilie Delacroix – Head of CSR & Innovation
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Reference to external standards

Since several years, Befimmo has followed the trend towards standardisation of financial reporting and also reporting on Social Responsibility by adopting the indicators published by EPRA, the GRI Standards guidelines ("Compliance" – Essential criteria) and those for the real-estate sector, GRI-CRESS.

The summary table of all the EPRA indicators can be found on page 95 of this Report, whilst the index of GRI content can be found in Appendix VII of this Report.

Reporting period

This Report covers activities over the 2018 fiscal year. The perimeter is as at 31 December 2019.

Reporting perimeter and changes since 1 January 2019

The scope of the company changed during fiscal year 2019 owing mainly to the Pavilion building leaving the portfolio.

The reporting perimeter for sustainable development activities covers the activities of Befimmo SA and its subsidiaries, Fedimmo SA, Meirfree SA, Vitalfree SA, Axento SA and Silversquare Belgium SA. Befimmo's commitments to sustainable development apply to its whole portfolio. We would point out, however, that the policy implemented by Befimmo at operational level cannot be applied in the same way to the Fedimmo portfolio.

The Environmental Management System (EMS) covers the activities under Befimmo's direct control. Initially, the operational aspects of the EMS are being deployed for the common areas of the buildings. This does not preclude the implementation of activities for aspects over which Befimmo has less direct influence, notably tenants management of private areas.

External assurance

Befimmo commissioned Deloitte to carry out a limited assurance review. Data marked with the V symbol have been audited by Deloitte as part of this limited assurance review. The Deloitte report can be found in Appendix VI of this Report.

Methodology

The reporting methodology is described in Appendix VI of this Report.

FURTHER INFORMATION

Befimmo's website www.befimmo.be provides additional information that may be a helpful supplement to the Social Responsibility parts of this Annual Financial Report. This includes:

- explanatory sheets of the strategic axes;
- the CSR policy (March 2018);
- the "Social Responsibility" chapter from previous Annual Financial Reports;
- previous Annual Financial Reports;
- the ISO 14001 certificate;
- the BREEAM certificates;
- external stakeholders' answers to questionnaires.



Appendix VI: Methodology

DIRECT ENERGY (GAS AND OIL), INDIRECT ENERGY (ELECTRICITY AND DISTRICT HEATING), WATER, GREENHOUSE GAS EMISSIONS

For its 2019 non-financial reporting (and since 2017), Befimmo has opted to report the data for the Befimmo and Fedimmo portfolios in consolidated form.

Even though it has limited control and influence on the buildings in its portfolio let to the Buildings Agency, as most of the recurring work and operational management of the buildings is the Agency's responsibility, Befimmo believes that it should align its sustainable development commitments across its entire portfolio.

GENERAL REMARKS

Some additional historical data, complete or partial, obtained after the publication of the last Annual Financial Report were verified and then integrated with previously published data. This could explain any differences with previous publications.

Other minor adjustments were also made to the data with a view to improving the quality and accuracy of the consolidated non-financial reporting data, notably:

- the conversion factors needed to calculate the CO_{2e} emissions were verified and updated and the conversion factors used in reporting associated with waste were adjusted;
- the accuracy and updating of tariff data were verified for energy supply contracts used to calculate the financial savings from energy saving;
- the alteration or adaptation of certain spaces following work and/or resurveying;
- the correction of missing or incorrect historical data, in particular following the receipt of credit notes or adjustment invoices for electricity and water;
- the adaptation of the ratio between allocation to common/private areas on the basis of any data on under-estimates.

INTERPRETATION OF DATA IN THE ENVIRONMENTAL REPORTING TABLES

Befimmo intends to keep segmenting its reporting by the size of the buildings, by classing the buildings as [1-5,000 m²], [5,001-10,000 m²], [>10,000 m²]. This approach allows an analysis from a different angle and the exploitation of certain specific data. Full detailed tables, including four years of reporting (2008 and 2017 to 2019) are published on the Company's website.

	TOTAL ABOVE-GROUND AREAS			
	2016	2017	2018	2019
Buildings 1 – 5 000 m ²	178 053	176 777	169 891	168 205
Buildings 5 001 – 10 000 m ²	138 600	131 947	132 267	138 557
Buildings > 10 000 m ²	571 575	624 402	598 390	598 390
Total (m²)	888 228	933 125¹	900 547	905 151

MANAGEMENT OF CONSUMPTION DATA

All available energy-consumption data and information are obtained via (i) utility companies and energy suppliers, (ii) maintenance companies, (iii) telemonitoring of consumption and (iv) the in-house manager.

Telemonitoring now covers 75% by floor area of the portfolio. The data collected generally cover all consumption and production (water, gas and electricity). This centralisation of data and online real-time access to them allows us to remotely identify any malfunctioning technical installations, immediately take the necessary corrective action, assess the energy performance of each building and identify priority future investments to be considered.

With regard to the management of electricity consumption data, Befimmo is continuing to work on separating consumption for private and common areas of the buildings in which it has control over the energy supply contract. Regarding the buildings in which the supply contracts are not in Befimmo's name, the Environmental Technical Team directly asks tenants for consumption data and/or the renewal of the mandates needed for obtaining data via the network managers. This situation becomes marginal as Befimmo decided to manage the energy meters for new lease agreements, in order to ensure the guarantee of the origin of the consumed energy.

Since 2015, Befimmo has been systematically using statistical models to refine the detection of abnormal electricity, water and gas consumption. These models for predicting future consumption are based on the energy signature of the building and working hours.

¹ The surfaces of the buildings sold during the year are included in the total surface of the portfolio used within the framework of environmental reporting.



More relevant than generic alarms triggered when a maximum threshold is exceeded, these models can detect very slight overconsumption in relation to total consumption.

For its 2019 reporting Befimmo has chosen to disclose all the data available to it, even though for some buildings its level of control is limited, and consumption and/or generation data are not always accessible or available.

DETERMINING THE UNCERTAINTY LEVEL OF THE DATA

Befimmo is aware that the accuracy and reliability of the data it uses for monitoring the environmental performance of its portfolio are directly related to the quality of the information received, inaccuracies in the metering systems, transfer of partial or incorrect information, spurious data, inaccuracy of conversion factors, reading errors, missing data and in particular the degree of uncertainty of the metering instruments in its buildings.

In addition, Befimmo continues to strengthen and develop its requirements for the selection, installation, maintenance and preventive replacement of metering equipment in its buildings to minimise the risk of loss and distortion of information.

REPORTING PERIMETER

The reporting perimeter is expressed as a percentage and is determined on the basis of the ratio between the area covered by the data obtained and the total floor area of the portfolio for the period. It is directly affected by any sales and/or acquisitions.

The areas mentioned above or below each table correspond to the areas of the buildings in use during the reporting year.

CALCULATION AT CONSTANT PERIMETER

The calculation at constant perimeter (like-for-like [Lfl]), expressed as a year-on-year percentage difference, helps to assess how an indicator changes over time. Indeed, by excluding variations due to changes in floor area (as a result of major renovations, acquisitions or sales), it is possible to analyse, compare and explain the results achieved in relation to the stated objectives. Note, however, that the calculation at constant floor area does not take account of changes in the occupancy of the buildings.

CALCULATION OF SPECIFIC CONSUMPTION (KWH/M² AND LITRES/M²)

To ensure consistency in specific consumption and to ensure that it is properly representative, some buildings are excluded from the scope solely for the calculation of specific consumption. These are:

- buildings under construction and/or renovation;
- buildings not used as offices (for 2019, part of a building that houses an indoor pool/fitness centre, a building housing only showers and a service building were excluded);
- buildings with incomplete consumption data;
- buildings with an average annual occupancy rate below 50%¹ (calculated on the basis of the quarterly occupancy history and the floor area occupied).

Regarding the calculation of the greenhouse gas emissions intensity (GRI-305-4), the following are excluded from the reporting scope:

- all buildings with ongoing works or that were bought or sold during the year;
- buildings with an occupancy rate of less than 50%;
- buildings with incomplete and/or missing consumption data.

The resulting emission values form the numerator which is divided by the total area of buildings within the perimeter.

REPORTING CO₂e EMISSIONS AND EMISSION FACTORS

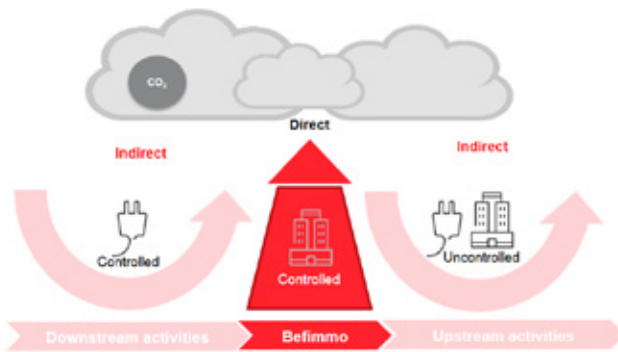
When reporting CO₂e emissions related to its activities, Befimmo follows the recommendations and methodology of the Greenhouse Gas Protocol² (GHG Protocol). This international accounting method is the one most used by government leaders and business to understand, quantify and manage greenhouse gas emissions.

In practice, Befimmo distinguishes emissions in accordance with the diagram below, namely emissions:

- controlled directly relating to the heating of buildings (gas, oil);
- indirectly controlled and relating to the use of electricity in controlled installations (common areas of buildings);
- indirectly uncontrolled and relating to the use of electricity in installations not under Company control (private areas of buildings).

¹ On the basis of the long-term lease agreements with the Buildings Agency, the occupancy rate of Befimmo's buildings is considered to be 100%. It may nevertheless happen that, in certain special circumstances, that rate does not reflect the actual occupancy of the building and that the figures reported in these few cases are not representative.

² www.ghgprotocol.org



Furthermore, calculations of CO₂e emissions are reviewed and adjusted, including for historical data, on the basis of any new information provided by the tenants regarding their contracts for supplying energy for private areas.

For the calculation of uncontrolled indirect CO₂e emissions, i.e. related to the use in its tenants' private areas of non-renewable electricity or from unidentified/confirmed sources, Befimmo uses the emission factor provided and updated by the International Energy Agency (IEA).

CO₂e EMISSION FACTORS (G CO₂e/KWH)

TYPE	2016	2017	2018	2019
Gas ¹	188	188	188	188
Non-renewable electricity, Belgium ²	172	172	172	172
Green electricity	0	0	0	0
District heating Luxembourg ³	281	281	281	281
District heating	43	0	0	0

CO₂e EMISSION FACTORS (KG CO₂e/LITRE) (KG CO₂e/KM)

TYPE	2016	2017	2018	2019	UNITS
Diesel	2.511	2.511	2.511	2.515	kg CO ₂ e/litre
Petrol	2.264	2.264	2.264	2.258	kg CO ₂ e/litre
Aircraft (short haul) economy	0.233	0.233	0.233	0.233	kg CO ₂ e/km
Aircraft (long haul) economy	0.202	0.202	0.202	0.202	kg CO ₂ e/km
Aircraft (short haul) business	0.468	0.468	0.468	0.468	kg CO ₂ e/km
Aircraft (long haul) business	0.477	0.477	0.477	0.477	kg CO ₂ e/km
Train	0.048	0.048	0.048	0.048	kg CO ₂ e/km

NOT APPLICABLE

The expression "N/A" used several times in the data analysis tables means "not applicable".

This applies:

- where a building was not in the portfolio at the reporting date;
- where data are not available;
- for the scope relating to renewable energy production, which is not measured.

Generally speaking,

- in the few cases where consumption of common and private areas could not be obtained separately, a distribution of 40/60 between common areas and private areas assumed in 2012 is confirmed and retained for 2016 to 2019;
- the electricity consumption data for private areas obtained directly from information received from tenants with a utility-company meter and unspecified own supply contracts are counted as non-renewable energy.

Where the type of supply contract is known, only contracts specified as "100% green" are considered renewable, and a zero CO₂e emission rate is applied.

1 Source : Engie Electrabel.

2 Source : IEA (International Energy Agency).

3 Source : Luxembourg city.



Appendix VII: GRI Content Index¹

GRI STANDARD	DISCLOSURE	PAGE, URL OR COMMENT	EXTERNAL ASSURANCE ²	SDG	
GRI 101: Foundation 2016	1. Organizational profile				
	102-1 Name of the organization	210			
	102-2 Activities, brands, products, and services	4,30			
	102-3 Location of headquarters	210			
	102-4 Location of operations	30,33,51,54,60			
	102-5 Ownership and legal form	210			
	102-6 Markets served	4,30,33,51,54,60			
	102-7 Scale of the organization	52,53,60,112,153		✓ ³	
	102-8 Information on employees and other workers	112,113,114			8
	102-9 Supply Chain	32,65 Dialogue			
	102-10 Significant changes to the organization and its supply chain	40,56,57,58,218			
	102-11 Precautionary principle or approach	65 CSR policy			
	102-12 External initiatives	39 Dialogue			
	102-13 Membership of associations	Dialogue			
	2. Strategy				
	102-14 Statement from senior decision maker	23			
	102-15 Key impacts, risks, and opportunities	7,30,31,32			
	3. Ethics and integrity				
	102-16 Values, principles, standards, and norms of behavior	29,111,141			16
	102-17 Mechanisms for advice and concerns about ethics	21,141,142,145,147			16
	4. Governance				
	102-18 Governance structure	121,141			
	102-19 Delegating authority	32,128,141 Strategic axes			
	GRI 102: General Disclosures 2016	102-20 Executive level responsibility for economic, environmental, and social topics	141		
		102-21 Consulting stakeholders on economic, environmental, and social topics	30,31,32		16
		102-22 Composition of the highest governance body and its committees	95,120		5,16
		102-23 Chair of the highest governance body	120,127		16
		102-24 Nominating and selecting the highest governance body	127		5,16
		102-25 Conflicts of interest	145		16
		102-26 Role of highest governance body in setting purpose, values, and strategy	127,141		
		102-27 Collective knowledge of highest governance body	114,141		4
		102-28 Evaluating the highest governance body's performance	127,128,141		
		102-29 Identifying and managing economic, environmental, and social impacts	31,32,65,129,141		16
102-30 Effectiveness of risk management processes		129,142			
102-31 Review of economic, environmental, and social topics		141			
102-32 Highest governance body's role in sustainability reporting		141			
102-33 Communicating critical concerns		112,115,117,141,147			
102-35 Remuneration policies		130,134			
102-36 Process for determining remuneration		130,134			
102-37 Stakeholders' involvement in remunerations		130		16	
5. Stakeholder engagement					
102-40 List of stakeholder groups		Stakeholders Dialogue			
102-41 Collective bargaining agreements		112			8
102-42 Identifying and selecting stakeholders		Stakeholders Dialogue			
102-43 Approach to stakeholder engagement		Stakeholders Dialogue			
102-44 Key topics and concerns raised	117 Stakeholders Dialogue				

1 For more information concerning the GRI Standards, please visit the official GRI website: <https://www.globalreporting.org>.

2 External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 248 of the Annual Financial Report 2019.

3 External assurance only for the "Consolidated statement of financial position" (Annual Financial Report 2019 - Statutory Auditor's report on page 201).



GRI STANDARD	DISCLOSURE	PAGE, URL OR COMMENT	EXTERNAL ASSURANCE ¹	SDG
GRI 102: General Disclosures 2016	6. Reporting practice			
	102-45	Entities included in the consolidated financial statements	149 All entities are included. 30,31,32	
	102-46	Defining report content and topic boundaries	Stakeholders and CSR policy	
	102-47	List of material topics	30,31,32	
	102-48	Restatements of information	218,241	
	102-49	Changes in reporting	31,32,218 Stakeholders and CSR policy	
	102-50	Reporting period	218	
	102-51	Date of most recent report	218	
	102-52	Reporting cycle	218	
	102-53	Contact point for questions regarding the report	218,cover	
	102-54	Claims of reporting in accordance with the GRI Standards	5,218 This report has been prepared in accordance with the GRI Standards, Core option. GRI Reporting	
	102-55	GRI content index	244 GRI Reporting	
	102-56	External assurance	218	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30,31,32 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources	
	103-2	The management approach and its components	30,31,32 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources	1,5,8,16
	103-3	Evaluation of the management approach	30,31,32 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources	

¹ External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 248 of the Annual Financial Report 2019.



GRI STANDARD	DISCLOSURE	PAGE, URL OR COMMENT	EXTERNAL ASSURANCE ¹	SDG	
TOPIC-SPECIFIC STANDARDS (MATERIAL TOPICS)					
GRI 200: ECONOMIC STANDARD SERIES					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	76,152	✓ ²	5,7,8,9
	201-2	Financial implications and other risks and opportunities due to climate change	188	✓ ²	13
	201-3	Defined benefit plan obligations and other retirement plans	189,190	✓ ²	
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	100%		16
	205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption over the past fiscal year.		16
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions for anti-competitive behaviour, anti-trust or monopoly practices during the fiscal year.		16
GRI 300: ENVIRONMENTAL STANDARD SERIES					
GRI 302: Energy 2016	302-1	Energy consumption within the organization	67,95,118 Use of resources	✓	7,8,12,13
	302-2	Energy consumption outside the organization	67,95 Use of resources	✓	7,8,12,13
	302-3	Energy intensity	67,95,118 Use of resources	✓	7,8,12,13
	302-4	Reduction of energy consumption	67,95 Use of resources	✓	7,8,12,13
	302-5	Reduction in energy requirements of products and services	67,95 Use of resources	✓	7,8,12,13
GRI 303: Water 2016	303-1	Water withdrawal by source	68,95 Use of resources	✓	6
	303-3	Water recycled and reused	68,95 Use of resources	✓	6,8,12
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	66,95,118,119 Use of resources	✓	3,12,13,15
	305-2	Energy indirect (Scope 2) GHG emissions	66,95 Use of resources	✓	3,12,13,15
	305-3	Other indirect (Scope 3) GHG emissions	66,95,118 Use of resources	✓	3,12,13,15
	305-4	GHG emissions intensity	66,95,241 Use of resources	✓	13,15
	305-5	Reduction of GHG emissions	66,95 Use of resources	✓	13,15
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	69,70,95 Use of resources	✓	3,6,12
	306-5	Water bodies affected by water discharges and/or runoff	Waste water is discharged into public sewers.	✓	6,15
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	There were no fines for non-compliance over the past fiscal year.		16
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	6% Use of resources		
	308-2	Negative environmental impacts in the supply chain and actions taken	65 Use of resources		

¹ External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 248 of the Annual Financial Report 2019.

² This data was audited by the Statutory Auditor (Annual Financial Report 2019, Statutory Auditor's report on page 201).



GRI STANDARD	DISCLOSURE	PAGE, URL OR COMMENT	EXTERNAL ASSURANCE ¹	SDG
GRI 400: SOCIAL STANDARD SERIES				
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	95,112	5,8
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	95,112,113,114	8
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	95,115	3,8
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	95,112	4,5,8
	404-2	Programs for upgrading employee skills and transition assistance programs	112,115	8
	404-3	Percentage of employees receiving regular performance and career development reviews	100% 95	5,8
GRI 405: Diversity and Inclusion 2016	405-1	Diversity of governance bodies and employees	95,114	5,8
	405-2	Ratio of basic salary and remuneration of women to men	95,112	5,8,9
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There were no cases of discrimination over the past fiscal year.	5,8,16
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	37,117 Integration into the city	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	6% Dialogue	5,8,16
	414-2	Negative social impacts in the supply chain and actions taken	Dialogue	5,8,16
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	37	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	37	16
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	71	12
	417-3	Incidents of non-compliance concerning marketing communications	0 Setting an example	16
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	There were no sanctions over the past fiscal year.	16
Environment				
CRE1: Building Energy Intensity 2016			67,95 Use of resources	✓ 7,8,12,13
CRE2: Building Water Intensity 2016			68,95 Use of resources	✓ 6,8,12
CRE3: Greenhouse gas emissions intensity from buildings 2016			66,95 Use of resources	✓ 13,15
Product Responsibility				
CRE8: Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment 2016			71,95 Use of resources	✓ 4,6,7,8,10, 11,12,13

¹ External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 246 of the Annual Financial Report 2018.



Appendix VIII: Limited assurance report

Independent auditor's report on the limited review performed on selected environmental, social and governance indicators published in the Annual Financial Report of Befimmo SA of 31 December 2019

To the board of directors

As independent auditor we have been engaged to perform limited review procedures to express a limited assurance on selected environmental indicators ("the Data") published in the Annual Financial Report of Befimmo SA for the year ended 31 December 2019 ("the Annual Financial Report"). The environmental, social, and governance indicators have been defined following the guidelines of the "Global Reporting Initiative" GRI Standards, EPRA Sustainability Best Practice Recommendations (sBPR) (3rd version September 2017) and GHG protocol guidelines scope I, II, III. The Data have been selected by Befimmo SA and are identified with the symbol ✓ in the tables¹ as mentioned on pages 5, and 118 of the Annual Financial Report.

The scope of our work has been limited to the Data covering the year ended 31 December 2019 and including the selected environmental, social and governance indicators of Befimmo SA and its subsidiaries Fedimmo SA, Axento SA and Beway SA. The limited review was performed on the Data gathered by Befimmo SA and retained in the reporting scope of the Annual Financial Report. Our conclusion as formulated below covers therefore only these Data and not all indicators presented or any other information included in the part "Social and environmental responsibility" of the Annual Financial Report.

Responsibility of the board of directors

The board of directors of Befimmo SA is responsible for the Data and the references made to it presented in the Annual Financial Report as well as for the declaration that its reporting meets the requirements of the « Global Reporting Initiative» (GRI Standards), the EPRA Sustainability Best Practice Recommendations (sBPR) (3rd version, September 2017) and GHG protocol guidelines scope I, II, III, as described in the part "Social and environmental responsibility" of the Annual Financial Report.

This responsibility includes the selection and application of appropriate methods for the preparation of the Data, for ensuring the reliability of the underlying information and for the use of assumptions and reasonable estimations. Furthermore, the board of directors is also responsible for the design, implementation and maintenance of systems and procedures relevant for the preparation of the Data.

The choices made by the board of directors, the scope of the part "Social and environmental responsibility" of the Annual Financial Report and the reporting policies, including any inherent limitations that could affect the reliability of the information are set out on pages 241 to 243 of the Annual Financial Report.

Nature and scope of works

Our responsibility is to express an independent conclusion on the Data based on our limited review. Our assurance report has been made in accordance with the terms of our engagement letter.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information".

We planned and performed the procedures deemed necessary for expressing a limited assurance on the fact that the Data are not materially misstated. A limited assurance engagement provides less assurance than an audit.

The scope of our work included, amongst others the following procedures:

- Assessing and testing the design and operating effectiveness of the systems and procedures used for data-gathering, classification, consolidation and validation, and that for the methods used for calculating and estimating the 2019 environmental, social and governance indicators identified with the symbol ✓ in the tables as mentioned on pages 95 and 118 of the Annual Financial Report;
- Conducting interviews with responsible officers;
- Examining, on a sample basis, internal and external supporting evidence and performing consistency checks on the consolidation of these data.

¹ The complete and detailed tables are published on the website of Befimmo (www.befimmo.be)



Conclusion

Based on our limited review, as described in this report, we have not identified any significant misstatement that causes us to believe that the Data related to Befimmo SA identified with the symbol ✓ in the tables¹ as mentioned on pages 95 and 118 of the Annual Financial Report have not been prepared in accordance with GRI Standards guidelines, the EPRA sBPR (3rd version, September 2017) and the GHG protocol.

Observation

Without qualifying the conclusion above, we draw your attention to the following points:

- For the BREEAM In-Use certificates, the expiration date has in most cases passed. These expired certificates were reported as active certification. Furthermore, no recertification process of these buildings was initiated.

Zaventem, 16 March 2020

The independent auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL

Represented by Rik Neckebroeck

¹ The complete and detailed tables are published on the website of Befimmo (www.befimmo.be)

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TRANSLATIONS

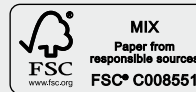
This English version of the Annual Financial Report is a translation of the French version of the Annual Financial Report.

In case of inconsistencies between the French and the English versions, the French version will prevail.

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Befimmo



INTEGRATION INTO THE CITY

- The building, a key player in an ecosystem -



USE OF RESOURCES



MOBILITY



THE WORLD OF WORK



DIALOGUE



SETTING AN EXAMPLE



INTEGRATION INTO THE CITY

DESCRIPTION

Every building is part of a community, an environment. Befimmo aims to ensure that every building in its portfolio integrates harmoniously into the neighbourhood where it is located, in terms of its architecture, the pooled services it offers and the activities taking place inside.

In this context, Befimmo reaffirms its commitment to meet the expectations, firstly, of its occupants, offering them an environment that is open to multifunctionality, evolving work spaces and business networks and, secondly, of the outside community by designing buildings that are open to the city and thus contribute to security, by exploiting less-used spaces such as roofs, large entrance halls, etc.

The Company is also looking for an efficient and sustainable user of the urban space. The challenges for Befimmo are also to upgrade underused spaces, dedicate them to new functions, leave more space for green and recreational areas, transform classic spaces into inspiring spaces.

Aware that its approach is sometimes limited by urban planning regulations, the location of certain existing buildings or a property's specific constraints, etc., Befimmo advocates responsible urban development.

OBJECTIVE

Befimmo's objective is to devise a new vision for its renovation and/or construction projects.

It believes that they must be integrated as part of a sustainable and human ecosystem.

This is why it will ensure that it is listening to stakeholders active in the environments in which these projects are located.



APPROACH

Befimmo integrates its buildings in cities in terms of (i) architecture during renovation and/or reconstruction, (ii) services and facilities offered to tenants and other stakeholders, (iii) mixed use by offering shared spaces, coworking spaces, restaurants, housing, etc., (iv) participation in the digital transformation of different districts in which it is implemented.

Any new project is considered in this light, in cooperation with both administrations and architects. It is above all a collaborative effort between the various departments of Befimmo, which are coached and trained to that end through training courses, lectures, trips and visits to other sites and inspiring examples.

There are many examples of ongoing and future iconic projects supporting this approach.

Moreover, within the framework of its numerical transformation reflection, Befimmo decided to join, early 2019, other private partners (Joyn International, Thanksys, Belfius) for the Smart Cities Chair organised by the *Vrije Universiteit Brussel*, its faculty of Economic and Social Sciences, the Solvay Business School, and its research centre Imec-SMIT.

ACHIEVEMENTS

Up4North



The Up4North association, which brings together the main institutional owners of the North area, has continued its work, under Befimmo's leadership.

The ecosystem created in WTC Tower 1, and now re-installed in the CCN building for a temporary duration that several owners have made available to multiple organisations (a university, architects, start-ups, a library, artists, a conference centre, etc.), bringing added value to the neighbourhood, helps to raise awareness among stakeholders, including the

regional and city public authorities, that the North area is a tremendous asset, so close to the historic centre of the city, and with the largest public-transport hub in the country.

Once the temporary occupation in the CCN building is over, the Up4North ecosystem will find a new space in the North area to continue its revitalisation mission.

The district is gradually evolving from a mere transit point for commuters travelling to work to a true destination in the city for the people of Brussels.



Quatuor

With its new architecture, the Quatuor project (60,000 m²), located in the North district of Brussels, has been designed to fit harmoniously into its urban environment.

Construction work on the Quatuor project is in progress. The project, open to mixed use, is fully in line with rapidly changing current and future needs of occupants.

Note that about a third of the space (22,000 m²) in the Quatuor building is pre-let to Beobank.

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



ZIN: a new multifunctional space

In 2018, Befimmo applied for a permit for its new ZIN project, located in the North area of Brussels. This project concerns the redevelopment of the site of the present WTC Towers 1 and 2.

ZIN is a multifunctional project of about 110,000 m² above ground, 75,000 m² of which is office space (including a space devoted to coworking), 14,000 m² of housing, 16,000 m² of hotel accommodation, and leisure areas, hospitality and shops. Thanks to its various functions, integrated with one other, the project will make a fundamental contribution to bringing back a true new dynamic to the North area; the Up4North association is already providing the impetus for it to evolve towards a real lively city district, all week long.



ZIN will be fully integrated into its urban ecosystem and will be open to the city. It is a highly innovative project as much for its architecture as for its design and respect for the environment, notably in terms of energy nearneutrality and circularity.

The well-being of the occupants is central to the project. The office part is fully in line with the principles of the new world of work and will be very flexible in use and in terms of its potential future reallocation.

The work will commence in the first quarter of 2019 and will continue until mid-2023.

As Befimmo has already stated, the office part of the ZIN project is participating in the public tender for works procedure launched by the "Vlaamse Overheid" in 2017. An innovative hotel concept is planned for the hotel part in cooperation with a specialist operator. Meanwhile, the residential part will be rented out.

In January 2020, the ZIN project won the "be.exemplary 2019" prize, organised by the Brussels government ("urban.brussels"), in the "big private projects" category.



Mobility

Facing the congestion of Belgian cities, Befimmo continues to prioritise connectivity of its buildings with public transport.

Moreover, following a change in attitude regarding vehicle ownership, alternative mobility solutions recently emerged in Brussels. Befimmo is aware of the benefit of these solutions for urban development and contributes to their arrival by facilitating the access towards the buildings of its portfolio. Specifically, this means initiatives like the extension of sharing areas, more shared vehicles or even parking mutualisation. In addition to the benefits for the occupants, these initiatives are also directly beneficial for communities around the building.

In 2019, Befimmo continued testing such initiatives by applying them effectively to the building of its head office. Based on feedback, it intends to extend these initiatives to its entire portfolio ad from 2020.

→ Sheet on "Mobility"

Services and facilities

Befimmo provides a wide range of shared services to its occupants to facilitate their day-to-day life: food trucks, secured lockers to receive or return parcels, nurseries, fitness centres, restaurants, showers, electric terminals for cars and bikes, etc.

Since late 2019, a transversal team Services and Facilities has been created at Befimmo (including members of the teams Facilities, Commercial and CSR). The goal of this team is to create a database of the tenant needs through physical encounters. The goal of this "user centricity" approach is to be closer to the client or user. Afterwards, the necessary services will be analysed and implemented in the different buildings.

→ Sheet on "World of work"

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

*The in-depth analysis of the Sustainable Development Goals (SDGs)¹, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic priority **Integration into the city** impacts the targets of the following SDGs:*



- 9.1: Develop quality, reliable, sustainable and resilient infrastructure
- 11.3: Enhance sustainable urbanisation
- 11.4: Strengthen efforts to protect and safeguard heritage
- 11.6: Reduce the adverse per capita environmental impact of cities
- 11.7: Provide universal access to safe green and public spaces
- 13.3: Awareness-raising on climate change mitigation, adaptation and impact reduction
- 15.5: Halt the loss of biodiversity

¹ <http://www.un.org/sustainabledevelopment/>



KEY INDICATORS

Sustainable integration into the city is a recent topic, so no target has yet been set. However, the “Community Engagement” indicator, published by EPRA, was calculated for two consecutive years. To calculate it, Befimmo takes account of the projects that it is supporting and setting up in the North area, and public announcements, surveys or consultations that it organises when making applications for environmental and urban planning permits.

In the 2019 fiscal year, this approach covered 25%² of the consolidated portfolio and the goal is to improve this result each year. The teams work together on implementing urban evolution,

establishing indicators to measure progress in terms of the number of buildings following this evolution.

Furthermore, Befimmo also follows and is inspired by other benchmarks and certifications, such as *Well³ or Be Exemplary⁴* certifications, etc. that take account in particular of the building’s integration into the city.

This is an extract from Befimmo’s global action plan, linked to the strategic axe “Integration into the city”. to consult the full action plan, please go to the following page of the Befimmo website: <https://www.befimmo.be/en/investors/publications?type=76>.

INDICATOR	DESCRIPTION	RESULT 2019	OBJECTIVE	TIMEFRAME	REFERENCES GRI STANDARDS & EPRA sBPR
Part of the projects carried out in dialogue with the stakeholders	A project is considered to be in dialogue with the stakeholders when: <ul style="list-style-type: none"> ▪ It has been analysed by the communication team; ▪ Communication initiatives in line with the characteristics and context of the project are implemented. 	53%	100%	2020	EPRA Compty-Eng GRI 203-1 GRI 413-1
Part of the buildings of the portfolio that will be open to the city	A building is considered to be open to the city when it includes functions that are accessible to the public (inside and/or outside).	55%	70%	2023 (80% by 2030)	EPRA Compty-Eng GRI 203-1 GRI 413-1

² 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.

³ <https://www.wellcertified.com/>

⁴ Exemplary Brussels buildings (<https://urbanisme.irisnet.be/be-exemplary>)



THE WORLD OF WORK

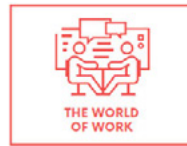
- Repenser les espaces de travail en fonction du type d'activité et du profil d'utilisateur -



USE OF RESOURCES



MOBILITY



THE WORLD OF WORK



DIALOGUE



SETTING AN EXAMPLE



INTEGRATION INTO THE CITY

DESCRIPTION

The world is changing, professions are evolving: new technologies are emerging fast, new generations have alternative lifestyles, environmental and health concerns are coming to the fore.

Nowadays, tenants are looking for a landlord who offers them much more than a "premium" building. They want to work in bright and pleasant spaces, that are open to the outside, with access to services that facilitate their daily lives, and move around easily without parking or other constraints.

Today, companies face the challenge of retaining their employees, and attracting new talent and new generations. Despite the complex configuration of some buildings, some more difficult locations, and resistance to change among some occupants, Befimmo intends to embrace this evolution.

In response to this, Befimmo is broadening its vision of tomorrow's workspaces, and of how to design and use them. Befimmo rides this trend and adapts its property portfolio to keep it highly attractive.

OBJECTIVE

To connect together the various buildings in Befimmo's portfolio, give tenants more flexibility by offering them different working environments across interconnected buildings, extend the range of services throughout the portfolio to improve the user experience and create connections.



It supports digitisation and offers environments that are human, flexible, innovative and open to multifunctionality, to accommodate new ways of working and connect these spaces together. Premises occupied by a mix of occupants (scale, profession, structure, etc.) forming a community, create new links in a changing world of work.

Befimmo's buildings, offices, and coworking and meeting spaces are all designed and developed with one idea in mind: to make working a productive and enjoyable experience.

The well-being, health and safety of the occupants are still paramount in the design of these spaces.

Depending on the characteristics of the buildings (rental situation, location, type of lease, etc.), tenants are provided with a restaurant, a catering service, a nursery, a fitness centre, showers, secure lockers and bicycle and car parks equipped with electrical charging stations.

APPROACH

Eventually, all of Befimmo's multi-tenant buildings, as well as new projects, will be eligible to be equipped with a variety of inspiring facilities that encourage exchanges between organisations and businesses. Befimmo will gain added value by offering its tenants a concept of networks and exchanges, by designing:

- office space featuring various "activity-based" layouts tailored to the user's activity. These are shared offices designed for working together, concentration spaces, inspiring meeting rooms, etc. ;
- spaces where the occupant's well-being is a priority from the design stage: the main focus is on acoustics, air quality, thermal comfort, etc.;
- coworking spaces, inhabited by a genuine community of different organisations;
- "meeting centres" for organising meetings, seminars, brainstorming sessions, etc.;

- a wide range of pooled services to facilitate occupants' everyday lives: *food trucks, secure lockers for receiving and returning parcels, nurseries, fitness centres, restaurants, showers, charging points for electric cars and bicycles, etc.*

To conceive and design these working environments, Befimmo (i) draws inspiration from and surrounds itself with experts, (ii) encourages its various teams to work together (Property, Project, CSR, Environment, Commercial, etc.) and (iii) builds partnerships to share know-how and expertise.

The evolution of the world of work is now a fact, as is the increased digitisation of our society.

In this context of digitisation, and with the desire to offer the best workspaces possible, not only in terms of quality, comfort, and energy efficiency, but also in terms of user experience, Befimmo wanted to undertake a real consideration of its buildings, genuine living spaces for thousands of workers.

ACHIEVEMENTS 2019

Coworking centres

In 2017, Befimmo and Silversquare have joined forces to develop a Belux network of interconnected workspaces to better meet the increasing needs of flexibility of the users of working environments. By the end of 2018, one year after the creation of the Silversquare @Befimmo joint venture, Befimmo acquires a controlling stake of 61% in Silversquare. With the acquisition, Befimmo will offer different workspace solutions in a Hybrid Offices model, going from the traditional office, over the mixed office with coworking and traditional space, to the full coworking building.

In May 2018, the first 4,000 m² of coworking space were set up in the Triomphe building, chosen for its excellent location. In October 2019, the Zaventem coworking space (2,800 m²) opened in Ikaros Park.



In 2020, this network should consist of 8 spaces (36,000 m²) in Brussels, its periphery, other Belgian towns and cities and the Grand Duchy of Luxembourg. In Befimmo's portfolio, several new coworking spaces are under development, notably in the Central Gate building in Brussels city centre (opening in September 2020), and in the Paradis Express project in Liège and the Quatuor project in the North area of Brussels (both opening in 2021).

Smart building (hyperconnectivity)

After an initial internal discussion process, Befimmo wishes to open up the discussion to its partners and contacts in order to answer the following question: how can the Smart Building improve the world of work, and the user experience in particular?

Befimmo first of all brought several external stakeholders, such as experts and existing/future partners, together around the table in the form of workshops to better understand the advantages that a connected office building could have for the tenants and service providers as well as for the owner itself.

The next step? Meeting with the tenants to better determine their real needs and expectations as well as their concerns. This discussion, which is intended to be comprehensive and innovative, should lead to the establishment of an action plan for future years.

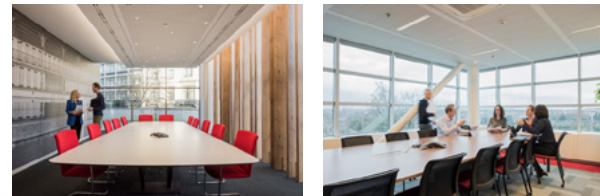
Creating links, means proposing an inspiring experience within an ecosystem that creates opportunities through a network of digital spaces and an efficient internal organisation. With this goal in mind, Befimmo grouped a series of digital transformation projects under the name "LynX programme". This programme gave the opportunity to coordinate current projects (like BIM, virtual visits, optimisation of accountancy systems, client relations, "Smart Building" or Business Intelligence solutions) and to initiate new strategic projects.

Services and facilities

Befimmo has already carried out various projects at its **Ikaros Business Park** site, located in the Brussels periphery, which is equipped with the most advanced tools in terms of efficiency and working convenience. All tenants have access to a nursery, a restaurant, a fitness centre, shared meeting rooms, flexible office spaces, etc.



Another example is the fitting-out of flexible meeting rooms on the ground floor of the **Blue Tower** and **Triomphe** buildings. At an ideal location, these meeting rooms are equipped with the latest audio-visual technologies and are offered to tenants of the portfolio at attractive rates, and also to any other companies wishing to rent a room for one or more meetings.



By launching the "On-Site Ahooga Bike Store & Services" concept, Befimmo aims to reduce barriers to the use of bicycles (electric or non-electric) in companies by offering an on-site service together with Ahooga.



The first Befimmo buildings to offer the new on-site service are **Central Gate**, located in the centre of Brussels, close to the central train station and the **Triomphe** building, located in Ixelles, which has also been hosting a Silversquare coworking centre since May 2018.

➔ Sheet on "Mobility"

Since late 2019, a transversal team Services and Facilities has been created at Befimmo (including members of the teams Facilities, Commercial and CSR). The goal of this team is to create a database of the tenant's needs through physical encounters. The goal of this "user centricity" approach is to be closer to the client or user. Afterwards, the necessary services will be analysed and implemented in the different buildings.

Smart Ways of Working (SWOW) – the Befimmo environment as a laboratory

Befimmo attaches great importance to taking a coherent approach. In the buildings it occupies it has tested the transformation of offices into meeting spaces and exchanges between the various team members. It has devised a project for implementing "Smart Ways of Working" (SWOW) for its employees, which came to fruition in late 2016. Today, Befimmo offers an open, bright, flexible working environment equipped with modern technology, that stimulates exchange and creativity.

The focus has been placed on opening up workspaces, collaboration, ergonomics, acoustics, computing and ease of movement and connection. Apart from the physical transformation of the working environment, Smart Ways of Working also involve a change of mindset in the organisation of work.

Since 2017, Befimmo continues its ongoing reflection on the New World of Work in order to keep listening to its team, ensure its well-being, and to experiment with innovative forms of layouts and organisation that can potentially be transferred to the operational property portfolio.

In 2019 notably, some departments chose to reorganise their furniture to create a more collaborative working environment. Furthermore, many staff members are now also testing the coworking spaces within the framework of flexibility at work.

Health and safety

One Property Manager works half-time as Risk Coordinator. He is responsible, among others, for regular monitoring of quality and risks related to the operational, technical and administrative management of the buildings and renovation and upgrade projects. In 2019, they managed one incident involving people.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

*The in-depth analysis of the Sustainable Development Goals (SDGs)¹, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic priority **World of work** impacts the targets of the following SDGs:*



3.9: Substantially reduce the number of illnesses from hazardous chemicals and air, water and soil pollution and contamination in the workplace



8.2: Achieve higher levels of economic productivity through technological upgrading and innovation: offer pleasant and innovative workspaces

8.8: Promote safe and secure working environments

¹ <http://www.un.org/sustainabledevelopment/>



KEY INDICATORS

The best way to measure this evolution of the world of work, and Befimmo's ability to adapt to it, is to observe the occupancy rate of its buildings, the development of a community in coworking spaces and hence indirectly the satisfaction of the tenants.

Befimmo applies the global method for assessing the environmental performance and sustainability of buildings developed by BREEAM (BRE Environmental Assessment Method) to the whole of its portfolio, whether in operation or under construction/renovation.

It pays special attention during the design phase of its projects to the future satisfaction of the occupants and users of its buildings and aims to secure their loyalty by providing quality spaces in

good locations and that are flexible, efficient in terms of environmental management, use of space, etc. The high level of BREEAM certification and quality criteria that it strives for in its developments take full account of the considerations and requirements regarding people's health and well-being.

Furthermore, Befimmo also follows and is inspired by other benchmarks and certifications, such as *Well*² or *Be Exemplary*³ certifications, etc. that take account of the well-being of the occupant.

This is an extract from Befimmo's global action plan, linked to the strategic axe "World of Work". to consult the full action plan, please go to the following page of the Befimmo website:

<https://www.befimmo.be/en/investors/publications?type=76>.

INDICATOR	DESCRIPTION	RESULT 2019	OBJECTIVE	TIMEFRAME	REFERENCES GRI STANDARDS & EPRA sBPR
Occupant satisfaction rate	Satisfaction measuring in terms of services, HVAC comfort, security, connectivity, communication with Property, access for people with reduced mobility (rolling list)	Not calculated	100%	2030	EPRA H&S-Asset GRI 416-1

² <https://www.wellcertified.com/>

³ Exemplary Brussels buildings (<https://urbanisme.irisnet.be/be-exemplary>)



DIALOGUE

- Understand the expectations of our stakeholders in order to act and/or improve our offer -



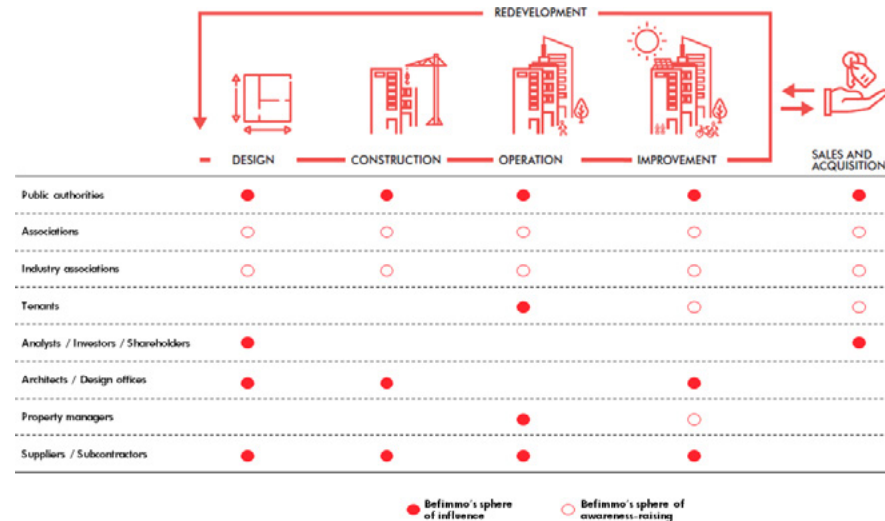
DESCRIPTION

Befimmo brings together many players at the different stages of a building's life cycle (see illustration on the right).

Conducting a constant and proactive dialogue with them ensures that the Company keeps in step with the expectations of its stakeholders and a constantly changing society. Alongside electronic channels, we give preference to direct face-to-face contacts because they strengthen human bonds and allow qualitative exchanges that transcend figures and surveys.

Dialogue and listening are the best ways for Befimmo to move forward in a positive societal direction. This approach is used in a cross-cutting way to innovate on the various strategic areas, namely integration in the city, the changing world of work, mobility and setting an example.

Befimmo's whole Social Responsibility approach is underpinned by dialogue to ensure that it is accurate and relevant.



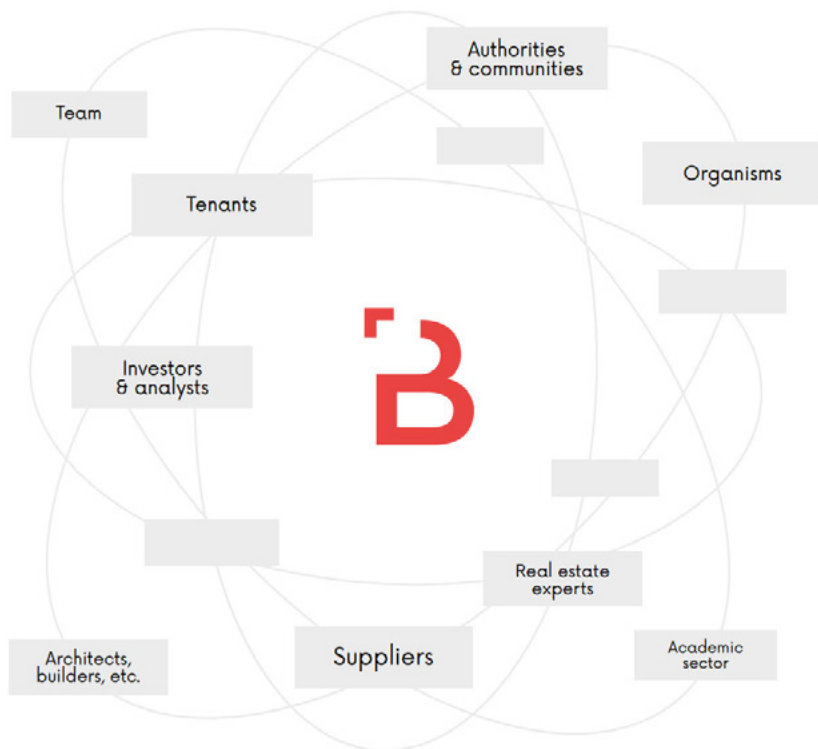
OBJECTIVE

Befimmo's objective is to continually improve the regular dialogue with all its stakeholders, enhancing the communication tools by adapting them to each stakeholder and giving preference to human contacts. It is a matter of opening the dialogue in order to innovate.



Main stakeholders

Befimmo is continuing with its regular dialogue with all of its internal and external stakeholders, seeking to balance their various expectations against the issues it regularly faces.



STAKEHOLDERS	STAKEHOLDER EXPECTATIONS	COMMUNICATION MODE
Financial community (investors, analysts and shareholders)	<ul style="list-style-type: none"> Financial and strategic transparency In line with the corporate governance principles Ethics Business longevity Financial performance 	<ul style="list-style-type: none"> Letter to the shareholders General meetings Press releases and financial reports Roadshows, fairs and investor days Information on the website and on social media (LinkedIn)
Public authorities	<ul style="list-style-type: none"> Monitoring legislation Good relationship and open dialogue with the bodies (IBGE, etc.) 	<ul style="list-style-type: none"> Transparent and regular contact during projects
Associations multi-stakeholder forums	<ul style="list-style-type: none"> Awareness of challenges Information sharing, collaboration 	<ul style="list-style-type: none"> Implication in various projects Meetings, workshops and seminars
Tenants and occupants	<ul style="list-style-type: none"> Comfort, well-being Innovative solutions Good relationship with the Property Manager Alternative mobility offer 	<ul style="list-style-type: none"> Complaint platform, contact service Punctual satisfaction surveys Dedicated extranet per tenant Newsletters
Suppliers and subcontractors	<ul style="list-style-type: none"> Fair working practices Security and well-being Good relationship with the handler Compliance 	<ul style="list-style-type: none"> Charter of responsible procurement Encounters Regular communication Construction site visits
Local communities and residents	<ul style="list-style-type: none"> Transparent communication relative to construction and renovation projects 	<ul style="list-style-type: none"> Events and information sessions for and to involve residents Regular communication Opening of new projects on the city
Players involved in construction: architects, design offices, contractors, trades	<ul style="list-style-type: none"> Clear and recurring communication relative to building sites Security on-site 	<ul style="list-style-type: none"> Construction site meetings Regular communication Specification
Academic sector	<ul style="list-style-type: none"> Partnership for some projects to develop 	<ul style="list-style-type: none"> Partnership Participation in researches
Team members	<ul style="list-style-type: none"> Good working conditions Professional development Global and personal performance Trainings Comfort and well-being Motivating compensation 	<ul style="list-style-type: none"> Permanent communication (through the Intranet, innovation walls, screens, etc.) Team events, Comité B+, transversal groups Annual assessments and satisfaction surveys, Vox Collector LynX programme (agile method, collective intelligence, etc.) Employee Assistance Program Trainings (language courses, mindfulness, etc.)



APPROACH AND ACHIEVEMENTS 2019

1. Dialogue with external stakeholders

▪ Financial community (investors, analysts, shareholders)

- » The Communication department is responsible for communicating transparently about the Company's activities and their follow-up. The information is published in the form of (annual and half-yearly) reports and press releases. Furthermore, various events are organised for this stakeholder group, like roadshows and investors days for investors, conference calls and presentations for analysts and general meetings for shareholders. Befimmo also participates in multiple financial fairs.

▪ Public authorities

- » **European Union:** monitoring developments in new legislation.
- » **Brussels: Leefmilieu Brussel | Bruxelles Environnement:** Befimmo endeavours to maintain good relations and synergies with Bruxelles Environnement. This ensures follow-up of regional legislation and facilitates interactions during the design phase of major renovations.
- » Since 2017, Befimmo participated among others in the **TOTEM project**¹. By recommending the use of this tool for its real-estate projects, Befimmo contributes to its diffusion. This also opens dialogue on the social impact of material choice and constructive techniques with architects and design offices.


 Sheet on "Use of resources - Circular economy"

▪ Associations and multi-stakeholder forums

- » **Professional Union of the Real-Estate Sector (UPSİ):** Befimmo remains committed to its relationship with UPSİ. UPSİ and Befimmo actively cooperated again in 2019 via working groups to incorporate federal and regional real-estate requirements. During the 2019 fiscal year, the following main topics were dealt with: P.L.A.G.E., the reform of property taxation, prevention of fire and explosion in car parks, ventilation of workplaces, public car parks, VAT on rental of professional buildings, urban planning charges (Wallonia), etc. The CEO is a member of the UPSİ board of directors. The CFO also participates in the UPSİ Taxation Committee. The COO and the CFO co-chair the UPSİ Investors Committee, which discusses dossiers of specific interest for investor members.
- » **RICS | Royal Institution of Chartered Surveyors:** RICS is a British professional body whose mission is to regulate and promote the real-estate profession, maintain a level of excellence and professionalism among its members through continuous training, and protect customers and consumers through a strict code of ethics. It is an independent not-for-profit body with more than 125,000 qualified members in some 150 countries. RICS assists its members in fine-tuning their sustainable development strategy. The CEO of Befimmo is a fellow member of RICS.
- » Befimmo is an active member of the Belgian network **The Shift** which brings together more than 300 organisations committed to sustainable development. In 2017, the CSR team took an active part in the debate on integrating the Sustainable Development Goals into the GRI guidelines. In 2018, the Company also participated in multiple events organised by The Shift, notably on the SDGs. Through The Shift, Befimmo also became leader for the « [Sign for my Future](#) » campaign early 2019. This campaign aimed to encourage governments to take measures to save our climat.

¹ The TOTEM project, set up by the three Regions, consists of developing a method and tools for assessing the impact of materials adapted to the Belgian construction context. This method has been developed in line with European standards for assessing the environmental impacts of buildings (<https://www.totem-building.be/>).



- » Moreover, since 2018, the CSR Officer is a member of **Generation T**, the sustainable development network from The Shift and the youth organisation Act4Change. Generation T brings together youngsters to give them more visibility, to reinforce their projects and to challenge sustainability policies from companies and other organisations.
- » Befimmo participates actively in certain meetings organised by the **Scientific and Technical Construction Centre (CSTC)** on more technical questions, notably on the BIM, circularity and environmental subjects. More specifically, in 2019, Befimmo joined the [research project "Smart Building in Use"](#), which is a cluster that supports companies in the computerisation of maintenance and management of buildings.
- » **European Public Real Estate Association (EPRA)**: EPRA is a professional organisation that defends the real-estate sector's interests across Europe. In 2018, the General Counsel & Secretary General ("GC") and the CFO again sat on the Tax & Regulatory Committee, a working group on European regulatory issues.
- » The CFO participates in the Reporting & Accounting Committee, a working party handling the standardisation of financial performance indicators and accountancy topics. The Head of IR & Communication takes part in the IR Committee, on communication towards investors.
- » At the end of 2019, Befimmo won the "EPRA Gold Award - Financial Reporting" and "EPRA Gold Award - Sustainability Reporting" prizes for the Annual Financial Report 2018.
 Sheet on "Reporting & recognitions"
- » The members of the Management Committee belong to professional associations in their fields of expertise. For example, the General Counsel & Secretary General is a director of the **Federation of Enterprises in Belgium (FEB)**, member of the Advisory Council of the **European Issuers** association (analysis and exchange on topics of common interest for listed companies, monitoring of financial regulations, governance issues, etc.) and member of the **Institut Des Juristes d'Entreprise** (institute of company lawyers).

- » The CFO and the General Counsel & Secretary-General are members of the "**BE-REIT Association**", founded in December 2015 (discussion of various aspects of accounting and tax regulations impacting the sector). The CFO is the chairman and the General Counsel & Secretary-General is the head of the Legal & Regulatory Committee.

▪ Tenants and occupants

» Targeted communication

Befimmo's Communication team supports the Property Managers to guarantee the occupants a clear and cohesive communication. Different communication channels are used: newsletters, screens in the entrance halls, surveys, events and information sessions.

» Welcome Pack

To guarantee the best welcome for a building's occupant, Befimmo initiated a welcome pack in 2018 to present their contact person at Befimmo, the infrastructures, services and facilities of the building.

» Provision of a Building User Guide

The Building User Guide is a guide for the tenants of the building to the proper operation of the installations and for limiting its environmental footprint. The Property Manager sends this document to new and existing tenants.

The objective is to finalise the Building User Guides and make them available on an electronic platform for all Befimmo buildings managed by the Property Management, based on the priorities.

» Helpsite

The helpsite is a powerful system that ensures the Property Manager to plan, implement and monitor incidents and requests for intervention. This online collaborative application offers notably secure external access for tenants (and suppliers).



The helpsite enables to optimise incident management by the Property Management and to propose tenants an effective follow-up of their submitted requests.

» [Extranet](#)

In 2017, Befimmo set up an extranet for tenants. It is a website with secure access specific to each tenant. On the site, Befimmo provides occupants with information about their buildings: a photo gallery, news and documents specific to their building(s), news and general documents, and documents specific to their lease(s).

Following the successful first phase in 2017, Befimmo expanded the access to the tenant extranet to occupants of all portfolio buildings in 2018.

▪ **Suppliers and subcontractors**

- » In an effort to integrate the CSR approach even more in its supply chain, Befimmo developed a [responsible procurement charter](#) to communicate its expectations in terms of the supplier engagement in a clear way.

The orders placed by a member of the Befimmo team are confirmed through the means of an order form, which is sent to the supplier. By signing the order form, the supplier indicates that he has read and approved the responsible procurement charter (annexed to the order form). Since the creation of this charter early 2018, every placed order included a link to the general conditions and the responsible procurement charter. Given the importance of CSR at Befimmo, suppliers who do not respect the charter are likely to be replaced.

▪ **Local communities and residents**

- » Every building is part of a community, an environment. Befimmo aims to ensure that every building in its portfolio integrates harmoniously into the neighbourhood where it is located, in terms of its architecture, the pooled services it offers and the activities taking place inside.

In this context, Befimmo reaffirms its commitment to meet the expectations of the external community by designing buildings that are open on the city. A practical example is the construction of the Quatuor. On top of the information sessions organised for the residents regarding this construction project, other, more playful initiatives are also put into place to contribute to the revolution of the Brussels North district. Painters and illustrators have carried out a monumental work on the hoardings installed all around the building site of the project. Workshops on urban gardening and painting activities for kids around the construction site animate and involve the community even more.

▪ **Players involved in construction: architects, design offices, contractors, trades**

- » The **Project** department coordinates the various players in the planning and design stages for building and renovation work. One of the key projects of last year is ZIN. In 2018, Befimmo applied for a permit for this project, located in the North area of Brussels. It concerns the redevelopment of the site of the present WTC Towers 1 and 2. ZIN is a multifunctional project of about 110,000 m² above ground. Thanks to its various functions, integrated with one other, the project will make a fundamental contribution to bringing back a true new dynamic to the North area; the Up4North association is already providing the impetus for it to evolve towards a real lively city district, all week long. ZIN will be fully integrated into its urban ecosystem and will be open to the city.

 [Sheet on "Integration in the city"](#)

- » The **Property** department coordinates the players involved in improvement works in the buildings.
- » The **Building Information Management (BIM)** system is a set of processes designed to guide the implementation of certain construction processes and to facilitate the communication, exchange and management of data for real-estate projects. The BIM involves all players involved in construction and several Befimmo departments. It is not restricted to the building process, but concerns a property's entire life cycle. It was introduced in early 2017. Since then, four projects are managed in BIM.



Befimmo organises round tables on an annual basis with its operating partners and property managers of Belgian buildings to share respective experiences and to identify collaboration opportunities.

- » The BRE Environmental Assessment Method ("**BREEAM**") is a global standard and rating system for buildings. Befimmo has been following up and applying BREEAM certification since 2010 for all of its portfolio, both operational buildings and those under construction or renovation.

➔ Sheet on "Environmental certification & compliance"

- » The Up4North association, which brings together the main institutional owners of the North area, has continued its work, under Befimmo's leadership. The ecosystem created in WTC Tower 1, which is now re-installed in the CCN building that several owners have made available to multiple organisations (a university, architects, start-ups, a library, artists, a conference centre, etc.), bringing added value to the neighbourhood, has helped to raise awareness among stakeholders, including the regional and city public authorities, that the North area is a tremendous asset, so close to the historic centre of the city, and with the largest public-transport hub in the country. After the temporary occupation in the CCN building, the Up4North ecosystem will find a new space in the North area to continue its revitalisation mission.

➔ Sheet on "Integration in the city"

▪ Academic sector

- » Befimmo is collaborating with the VUB and other parties to organise a "Chair on Smart Cities".

2. Dialogue with internal stakeholders:

▪ The team

- » In addition to the day-to-day support work of the Talent Management Department, Befimmo has set up a number of internal communication channels:
 - The **intranet** is the main communication channel for formal and informal information in a user-friendly way;
 - Team members or departments give "**breakfast & lunch presentations**" on a variety of topics, to highlight particular aspects of the Company's business;
 - In late 2019, all Befimmo staff were invited to express their degree of **satisfaction** with the Company's internal workings. This **survey** is conducted every other year, and gives the HR department feedback on office layout, working conditions, etc. The results of this survey were published early 2020. On top of this survey, Befimmo installed a Vox Collector in its entrance hall. This machine asks a new question to the staff members every single day. The staff can answer by pressing "I agree" or "I disagree". This survey method is quick and gives the opportunity to gather more information throughout the whole year.


➔ Annual Financial Report 2019, chapter "The team"

- In 2017, Befimmo launched an **innovation campaign**, which persists to this day. It's a genuine participative approach to involve the team in strategic axes at the heart of Befimmo's business. Team members are invited to share their thoughts on the "innovation wall" and to join one or other working group that inspires them, in a process of collective intelligence, to devise innovation projects and bring them to fruition.

➔ Sheet on "Setting an example"

- To improve communication between departments and to facilitate transversal projects, **collaborative IT tools** were introduced (Teams, Sharepoint, other programs under consideration and/or in development).



- Creating links, means proposing an inspiring experience within an ecosystem that creates opportunities through a network of digital spaces and an efficient internal organisation. With this goal in mind, Befimmo grouped a series of digital transformation projects under the name “**LynX programme**”. The management method of the programme is agile. The project leaders work in short iterations, which pushes them to test the relevance of their solutions rapidly. All these projects also follow a user-oriented approach.
- Befimmo also proposed various **team events, training** and an **EAP**.
 Annual Financial Report 2019, chapter "The team"

▪ The Board of Directors

The Directors of Befimmo take part in defining and approving budgets and taking major decisions on Social Responsibility, especially at strategy meetings and at the quarterly meetings when the results are published.

▪ The Executive Committee

Within the framework of the strategy and the general policy defined by the Board of Directors, the Executive Committee ensures the effective leadership and management of the operational activities of the Company.

▪ The Social Responsibility Team (SRT)

At strategic level, the Social Responsibility Team consists of five people including three members of the Executive Committee: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Head of Environmental Management (HEM) and the Head of CSR & Innovation (HCSR&I). This Team meets every quarter and is responsible for developing and monitoring the CSR Action Plan, and releasing adequate

resources, and takes an active part in the annual management review of the ISO 14001 Environmental Management System.

 Sheet on "CSR governance"

ASSESSMENT

Assessments of its responses to CDP, EPRA, GRESB, MSCI, Oekom and Vigeo allow Befimmo to see how it is evolving over time and to compare itself with its peers. The results of these assessments also help to determine the relevance of the aspects of its Social Responsibility.

 Sheet on "Reporting & recognitions"

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

*The in-depth analysis of the Sustainable Development Goals (SDGs)², conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the **Dialogue** strategic axis impacts the targets of the following SDGs:*



16.7 Include stakeholder expectations in decision-making



17.16 Share experience and expertise with stakeholders

² <http://www.un.org/sustainabledevelopment/>



KEY INDICATORS

This is an extract from Befimmo's global action plan, linked to the strategic axe "Dialogue". to consult the full action plan, please go to the following page of the Befimmo website:

<https://www.befimmo.be/en/investors/publications?type=76>.

INDICATOR	DESCRIPTION	RESULT 2019	OBJECTIVE	TIMEFRAME	REFERENCES GRI STANDARDS & EPRA SBPR
Part of the suppliers with whom we maintain a dialogue	A supplier is assessed (quality and CSR aspects) when he was analysed by the CSR team and when an encounter occurred at least once a year.	6%	100%	2022 (2025: also include the corporate suppliers)	GRI 308-1 GRI 414-1
Investor targeting / Investor relations	Implementation of targeting criteria, identify new roadshow cities (if the need is identified based on the targeting criteria), identify new potential investors (following the targeting criteria), maintain a recurring relation with (potential) (identified) private and institutional investors through recurring encounters, carry out a perception study and a targeting study every 2 years.	Not calculated	100%	2021	GRI 102-21 GRI 102-40 GRI 102-42 GRI 102-43
Aim for the integration of Befimmo in sustainable indexes and funds	In order to measure the recognition of investors regarding Befimmo's durability, the level of integration of the Befimmo share into sustainable funds and indexes is measured.	Not calculated	100%	2030	GRI 102-21 GRI 102-40 GRI 102-42 GRI 102-43



MOBILITY

- Accessible buildings and optimised commuting -



DESCRIPTION

Brussels is one of the most congested cities in the world. According to the "Traffic Index", Brussels is the 16th most congested European city¹. Constant car traffic has an impact on air quality and the quality of life in the city. Two thirds of this congestion is due to the use of cars for commuting².

Since almost all of Befimmo's property is located in a city, stakeholders have emphasised the importance of Befimmo contributing to solutions for more fluid and environmentally friendly mobility in relation to its buildings. Within the limits of existing infrastructures and available public transport, Befimmo intends to mitigate the societal impact of the occupants of the building and its employees commuting by car.

OBJECTIVE

Befimmo maintains its policy of raising awareness in the team, testing and gradually incorporating mobility solutions into its services for occupants of buildings in the portfolio.

¹ The "Traffic Index" is based on user GPS data (https://www.tomtom.com/en_gb/trafficindex/).

² 36.2% in Brussels according to a study by the Federal Public Mobility Service in 2017 (https://mobilit.belgium.be/fr/mobiliite/domicile_travail/rapport_derniere_edition).



APPROACH

These issues are managed at various levels within the organisation:

- A Mobility Team initiates cross-cutting measures under the innovation programme (alternatives to the company car, awareness raising, etc.);
- The property managers initiate specific measures for the occupants of their buildings (provision of car-pooling, bicycle or scooter sharing services, awareness-raising activities, etc.);
- The Project and Investment teams integrate mobility criteria into their investment choices and renovation plans (proximity of public transport, alternative modes of transport, etc.);
- The HR department devises mobility benefits for employees (mobility packs, homeworking, cafeteria plan, provision of electric folding bikes, etc.).

ACHIEVEMENTS 2019

Actions towards staff members

- **Flexibility in terms of mobility:** in 2019, the HR department has set up mobility packs ("mobility@BEFIMMO"), enabling the team members to choose the mobility solutions that best suit their needs. Therefore, they have the possibility to give up their company car in exchange for public transport passes, an electric folding bike and other advantages including the access to a range of alternative mobility solutions that can be obtained through the means of a cafeteria plan ("mychoice@BEFIMMO").
- Since 2014, Befimmo has incorporated a **pooled electric vehicle and three electric bikes** in its fleet of vehicles for intra-urban travel. The latter is in growing use by the team.

- **B-Switch:** Befimmo has acquired a fleet of ultralight electric folding bicycles. In exchange for a commitment to share a parking space with a colleague, team members taking part in the programme are provided with a bicycle.

A win-win solution in every respect: grateful commuters, a clear reduction in car use and the associated pollution, and a saving in car park rental.

Since 2017, 40 staff members are participating in this project (29 members in 2017 and 11 additional members in 2018). In view of the project's success, Befimmo is offering shared electric bikes for daytime business trips to all tenants in its headquarters building.

- **B-Move:** Befimmo challenged its staff members during one month by making them move for a noble cause. The Company undertook to sponsor each travelled kilometre walking, running or cycling by using an application. Hence, the team was able to raise €5,000 for an association.



Actions towards building occupants

- Installation of **electric vehicle charging points** for building occupants and their visitors;
- Installation of **showers and cycling infrastructure** in all buildings, in accordance with BREEAM recommendations;
- Promotion of **shared mobility** solutions to occupants of buildings;



- **"On-Site Ahooga Bike Store & Services"**: An Ahooga team runs a service point on site to help tenants learn how to use an electric (or non-electric) bike, folding or flexible. The first Befimmo buildings to offer the new on-site service are Central Gate, located in the centre of Brussels, close to the central train station and the Triomphe building, located in Ixelles, which has also been hosting a Silversquare coworking centre since June 2018. The goal is to give workers the opportunity to easily discover and test the use of a greener means of transport for short trips. If the experiment proves successful, Befimmo plans to extend this service to other buildings in its portfolio;
- Testing of digital solutions enabling the improvement of the **dynamic parking use and management** within the portfolio;
- **Fietsevent 2019**: Together with VOKA³, an information session on bike solutions for companies was organised in the Ikaros Park in Zaventem. The participating companies were informed on development practices of a mobility policy adapted to bikes for their team members.



Market actors presented different mobility solutions, giving the opportunity to participants to test innovative solutions.



ASSESSMENT

In 2019, Befimmo established a scorecard, which gives the opportunity to assess the part of the portfolio that is easily accessible by public transports and that offers mobility solutions.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

*The in-depth analysis of the Sustainable Development Goals⁴, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the **Mobility** strategic axis impacts the targets of the following SDGs:*



3.6: Promote the use of public transport
Reduce commuting distances



11.2: Provide access to sustainable transport systems

11.6: Pollution generated by motor vehicles

³ Network of entrepreneurs - <https://www.voka.be/>

⁴ <http://www.un.org/sustainabledevelopment/>



KEY INDICATORS

INDICATOR	DESCRIPTION	RESULT 2019	OBJECTIVE	TIMEFRAME	REFERENCES GRI STANDARDS & EPRA sBPR
Part of the portfolio that offers real mobility solutions	A building is considered to be offering real mobility solutions when the public transport frequency, the diversity and the access to mobility solutions is satisfactory.	41%	80% 100%	2025 2030	EPRA H&S Asset GRI 416-1
Members of the team who changed their mobility	Change its mobility involves: <ul style="list-style-type: none"> ▪ To choose an alternative fuel car (electric-CNG-hybrid); ▪ To choose a car of a lower class or a smaller car; ▪ To give up its company car. 	13%	40%	2030	EPRA GHG-Indir-Abs EPRA GHG-Dir-Abs GRI 305-1 GRI 305-2 GRI 305-5



SETTING AN EXAMPLE

- Being a positive influence on our stakeholders -



DESCRIPTION

Befimmo is a real-estate operator specialising in quality office buildings. With a property portfolio of about 900,000 m², Befimmo has the opportunity to engage its stakeholders in a responsible approach.

Befimmo has decision-making power over many of the real-estate projects it develops. This allows it to have a positive influence on the choices and decisions of its partners (architects, subcontractors, suppliers, public authorities, investors) so as to meet the expectations of society.

APPROACH AND ACHIEVEMENTS 2019

- **Towards investors**
 - » The Executive Committee publicly commits to the Company's Social Responsibility.
 - ➔ Annual Financial Report 2019, chapter "Message from the president and the CEO"

OBJECTIVE

Befimmo intends to use its influence in a beneficial way to meet the expectations of society and, more generally, to make a positive contribution to the Sustainable Development Goals set by the United Nations.



- » Social Responsibility is integrated into the Company's strategy and its approach to innovation.

➔ Annual Financial Report 2019, chapter "Our strategy"

- » Befimmo responds systematically to questionnaires from analysts such as CDP, GRESB, EPRA, MSCI, Oekom and Vigeo Eiris. In return, their assessments allow Befimmo to measure the progress in its performance from year to year and compare itself with its peers.

➔ Sheet on "Reporting & recognitions"

▪ Towards suppliers

- » Befimmo's approach to innovation is open to collaboration with external partners (suppliers, subcontractors, research and development partners and the academic world), such as in the "ZIN" project.

➔ Sheet on "Integration into the city"

- » Befimmo has implemented a collaborative supplier assessment tool. This tool allows all staff to assess and search for suppliers based on the quality of their services and their approach to Social Responsibility in a list incorporating these assessments. In total, 103 assessments were made by the Befimmo team since the creation of the tool in April 2018.

- » The environmental impact is integrated into all purchases throughout the quality matrix.

➔ Sheet on "Use of resources - Responsible procurement"

- » Maintenance companies are made aware of the impact of the running of the technical installations on the quality, as well as on environmental and energy performance of the buildings in the portfolio.

▪ Within the team

- » All staff are invited to take part in the innovation process. Its genuine participatory approach allows the team to be involved in the core topics of Befimmo's Social Responsibility. Team members have been invited to share their thoughts on the "innovation wall" and to join a working group on a topic that they care about, in a process of collective intelligence, to devise innovation projects and bring them to fruition. Since the founding of the project in 2017, a some fifteen projects are ongoing, some of which are already implemented.

- » Creating links, means proposing an inspiring experience within an ecosystem that creates opportunities through a network of digital spaces and an efficient internal organisation. With this goal in mind, Befimmo grouped a series of digital transformation projects under the name "LynX programme". The management method of the programme is agile. The project leaders work in short iterations, which pushes them to test the relevance of their solutions rapidly. All these projects also follow a user-oriented approach.

- » As the occupant of a building in its own portfolio, Befimmo uses its own workspaces to test innovative solutions with the participation of its employees and to implement these solutions within its portfolio (e.g.: services such as Bringme, shared meeting rooms, shared bikes, even drillings, etc.).

- » The General Counsel & Secretary General (member of the Executive Committee) is responsible for updating and compliance with the code of ethics and the corporate governance charter. She also acts as Compliance Officer and, in that capacity, checks that in-house rules and procedures are followed, so as to prevent the risks of market abuse.

➔ Sheets on "CSR governance" and "Ethics"

▪ Towards other stakeholders

- » Befimmo keeps its communication transparent and relevant in response to stakeholder expectations.

➔ Sheet on "Dialogue"



- » Open to dialogue with its stakeholders, Befimmo takes part in many debates to learn, describe and share experiences, challenges and solutions.

➔ Sheet on "Dialogue"

▪ Towards the local community

- » In the context of the Up4North association, Befimmo made space available in the WTC 1 building (now re-installed in the CCN building) to foster meetings and cooperation between the various stakeholders in the neighbourhood.

➔ Sheet on "Integration into the city"

- » Participation in social action in the local community via Be.Face. This body is a movement of responsible businesses which aims to build bridges between the needs of associations and resources of the business world, in terms of time, activities and equipment. Through Be.face, Befimmo got in touch with the public social welfare centre of its municipality (CPAS) and decided to reallocate its budget usually assigned to end-of-year treats for the team to end-of-year presents for disadvantaged children and older people in the municipality, organised by the municipal public social welfare centre (CPAS).

- » Comité B+, set up in 2011 at the initiative of the staff and with the support of the Executive Committee, has continued its efforts to organise activities for the team. In 2019, Comité B+ was split into two groups: one group took care of all sporting, cultural, family and festive activities, whereas the second group organised all social and charity activities.

➔ Annual Financial Report 2019, chapter "The team"

ASSESSMENT

- External recognition by neutral organisations such as CDP, GRESB, EPRA, MSCI, Oekom and Vigeo Eiris.

➔ Sheet on "Reporting & recognitions"

- Assessment of the quality of relationships with suppliers: The supplier assessment system allows for data to be extracted to reach conclusions about the quality of relationships with suppliers. These conclusions are presented to the CSR Team which will initiate any necessary dialogue with the supplier concerned for corrective action to be taken.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

*The in-depth analysis of the Sustainable Development Goals¹, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the **Setting an example** strategic axis impacts the targets of the following SDGs:*



1.2: Give preference to suppliers who have a CSR approach



4.7: CSR training and awareness
Awareness-raising among suppliers



11.a: Participate in urban development planning



16.5: Take part in the participatory decision-making process

¹ <http://www.un.org/sustainabledevelopment/>



KEY INDICATORS

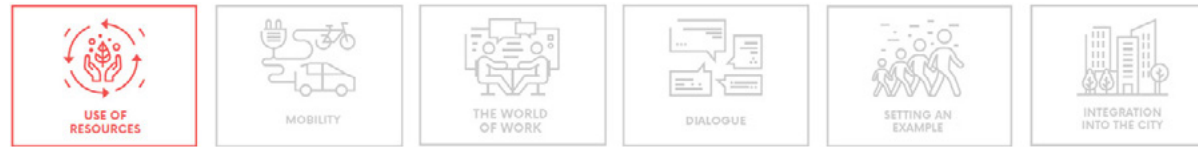
This is an extract from Befimmo's global action plan, linked to the strategic axe "Setting an example". to consult the full action plan, please go to the following page of the Befimmo website:

<https://www.befimmo.be/en/investors/publications?type=76>.

INDICATOR	DESCRIPTION	RESULT 2019	OBJECTIVE	TIMEFRAME	REFERENCES GRI STANDARDS & EPRA sBPR
Certifications	Maintain the existing certifications (ISO and the biodiversity label)	100%	100%	Continuous	-
Part of innovative projects	A project is considered as innovative if, at the time of its design and implementation, it has included an innovation compared to the Befimmo standards (cfr. quality matrix) on minimum 2 of the strategic axes: <ul style="list-style-type: none"> ▪ use of resources; ▪ mobility; ▪ integration into the city; ▪ world of work; ▪ dialogue with stakeholders. 	42%	100%	2025	EPRA Environmental measures GRI 301 - 306
External communication	Active participation in debates, events, contests, etc. to communicate externally within the framework of our exemplarity	Not calculated	100%	Continuous	-
Green financings	Validation and implementation of financings which fall within the green financial framework	0%	10%	2030	-



USE OF RESOURCES



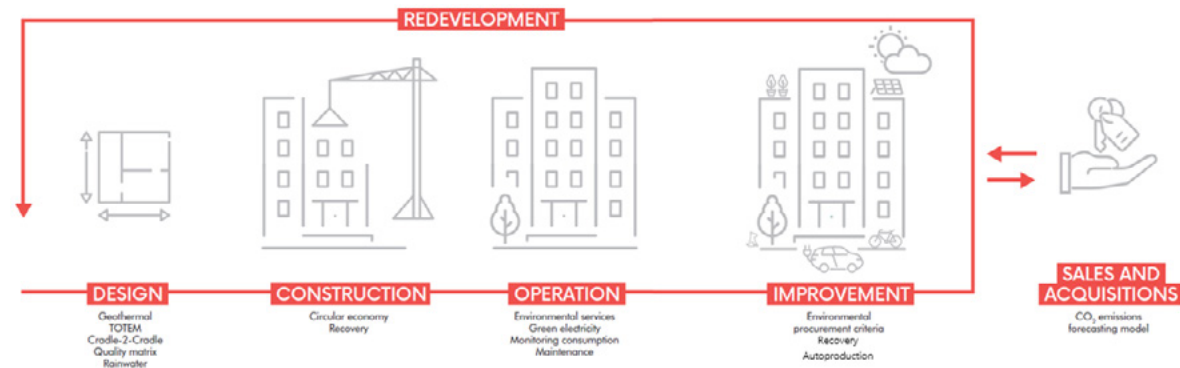
- Water | energy | CO₂e emissions -

- Responsible procurement -

- Circular economy -

Befimmo is sensitive to the expectations of its stakeholders and is aware that its environmental impact affects all levels of its business and value chain as illustrated in the figure hereafter.

We will start by describing the impact management linked to energy and water consumption. We will then describe the approaches for responsible procurement and circular economy, enabling to reduce the impact linked to construction material and their transport.





USE OF RESOURCES: WATER | ENERGY | CO₂e EMISSIONS

- Environmental footprint, greenhouse gas emissions -



DESCRIPTION

The depletion of fossil-fuel resources and global warming are the main environmental impacts on which Befimmo must act as a responsible landlord.

Energy consumption related to a building's life cycle is a very significant share of the environmental impact linked to the property business, such as the acquisition or sale of assets, the renovation or construction of buildings and their use.

To a lesser extent, water consumption is also an important topic for the real-estate service sector. Befimmo is always very sensitive and careful about conserving this resource as far as possible.

Today, the intrinsic value of a building includes criteria related to sustainable development, which reflect attention to and awareness of the climate issues on the international agenda.

Among these, the COP21 (2015) enabled to set a goal of stabilising global warming due to human activities "significantly below" 2°C by 2100 (relative to the temperature of the pre-industrial era) and even aim to limit this temperature rise to 1.5°C.

OBJECTIVE

Befimmo is investing to reduce the environmental impact related to its real-estate activities.

It aims to continue marketing and offering its tenants high-quality and environmentally-friendly buildings.



Achieving these objectives at European level necessarily entails drastic cuts in greenhouse gas emissions of some 80 to 95% by 2050 in relation to the level of emissions in 1990.

Belgium's commitment to this process has led to the development of a low-carbon strategy up to 2050. Nevertheless, it is regrettable that Belgium was unable to support the "High ambition coalition" at the COP24 of 2018, for which some 30 participating countries aim to be at the very forefront of climate action. Early 2019, Befimmo showed once more its involvement and engagement to fight climate change by becoming a leader for "Sign for my Future"¹.

Given the scale of its property business, its local roots and its use of resources, Befimmo continues to work on the environmental aspect of its Social Responsibility.

Moreover, Befimmo considers that a broad and clear vision of energy consumption is a basic requirement, essential to the good management of its buildings.

The systems for measuring and collecting consumption that Befimmo has developed and consolidated over the past few years have given it a good understanding of its environmental impact.

Apart from having full and reliable information, its policy of reducing the use of resources means that it must also factor in certain constraints related in particular to the expiries of leases², the occupants' needs for comfort³, and at the lowest level, the control of private installations.

All of these factors are part of the challenges and points requiring attention that Befimmo intends to keep addressing in the day-to-day management of its assets.

APPROACH

1) Energy efficiency

Rational use of energy and CO₂e emissions generated by its consumption are integrated into Befimmo's day-to-day management, throughout all the operational processes.

At the acquisition

The overall environmental performance and energy consumption, in particular of buildings subject to acquisition projects, are analysed in the context of detailed environmental and technical audits carried out by Befimmo's teams and supplemented, as needed, by the expertise of specialist external consultants.

The conclusions of the audits and the energy aspects in particular are incorporated into an in-house decision tool developed on the basis of Science-Based Targets. This tool, presented and validated by the Management, reflects the energy performance in the form of CO₂e emissions and assesses the impact of the asset on the overall objective of reducing CO₂e in the long term (-33% by 2030).

As the case may be, the tool identifies any potential improvement work, budgets and the timescale required to achieve the desired objective.

¹ <https://signformyfuture.be/fr/>

² Major works that allow a complete overhaul of a building, incorporating an energy strategy that goes beyond the statutory obligations, can generally take place only on the expiry of a lease. Indeed, such work involves altering the building's envelope and technical installations that are hardly compatible with the premises being occupied.

³ Befimmo leases require it to provide minimum comfort conditions for the occupants of its buildings. However some tenants, on account of the nature of their business, require the technical installations to operate for longer hours, which entails additional energy consumption.



At construction and operational level

In addition, in the context of building design and construction, Befimmo's teams pay particular attention to the study and design phases of future projects that they develop, in terms of the choice of materials and the optimisation of techniques to minimise energy consumption during the operational phase of its buildings.

The choice of materials and techniques to be implemented in the projects is made in particular on the basis of the extent of the works to be carried out on the BREEAM certification criteria and/or on the minimum technical requirements developed in-house and incorporated into a quality matrix.

→ See "Use of resources - Sustainable procurement" hereafter

With this approach and this objective, Befimmo aims to achieve energy efficiency that exceeds the statutory requirements.

The Environmental Technical Team and the team of about 15 Property Managers in charge of the operational management of the buildings are also involved in each project when the works programme is implemented and during the analysis of the projects. They provide the development teams with support and operational thinking based in particular on their experience.

These teams can call upon the Green Adviser who plays an important role in monitoring the effectiveness of energy investments on the ground while ensuring a high level of comfort for tenants.

This important work helps to structure the process and work towards a coherent overall vision on sustainable development. It also allows each project to be compared with the needs and requirements of the market and to ensure that proper thought is given to good resource management and limiting consumption. Finally, the feasibility of incorporating renewable self-generated energy systems is systematically considered for each project and, if adopted, ensures that it has a positive impact on the environment.

2) Managing and exploiting consumption data

All energy-consumption data and information for the portfolio are obtained via (i) the utility companies and energy suppliers, (ii) maintenance companies, (iii) telemonitoring of consumption, (iv) the in-house manager and (v) the building occupants.

Telemonitoring now covers a large part of the buildings of the portfolio and corresponds to the need for information coming directly from the technical installations. The buildings equipped with this facility are mainly those over which Befimmo has a significant level of control, enabling it to take immediate specific action that can lead to energy savings. This means working on the network infrastructure in some of its buildings and ongoing awareness-raising among the occupants of certain sites on which Befimmo does not control of the electricity supply.

All building consumption data are recorded in an in-house database which can also generate detailed reports useful for benchmarking, strategic thinking, provision of information for occupants and decision-making.

→ Sheet on "Dialogue"

3) Cutting CO₂e emissions

In addition to measures to optimise energy efficiency, Befimmo has been limiting the CO₂e emissions of its portfolio by investing each year since 2010 in self-generation and/or renewable energy systems such as photovoltaic solar panels, cogeneration systems (2 buildings) and geothermal energy (2 building projects).

At the same time, Befimmo is pursuing its objective of covering its entire portfolio by 2021 with green electricity supply contracts. Ceci suppose d'une part la mise en œuvre de travaux d'infrastructure réseau dans certains de ses bâtiments et d'autre part la sensibilisation permanente des occupants de certains sites vis-à-vis desquels Befimmo ne dispose pas de la maîtrise de la fourniture d'énergie.

→ See "Use of resources - Responsible procurement" hereafter



The possible additional cost of green electricity supply contracts, in line with the objectives to reduce Befimmo's CO₂e emissions, is offset by negotiating a deal for the whole portfolio.

4) Rational use of water

Befimmo considers that water consumption of its buildings is also an important topic on which it intends to act.

It therefore pays particular attention in each of its development projects to incorporating water recovery systems, leak detection, and deploying low-consumption appliances, in particular following the guidelines provided by the BREEAM certification and its in-house quality standards.

These appliances are generally supplemented by telemonitoring where available, as well as a detailed and daily monitoring of the portfolio consumption by Befimmo's Green Adviser. This system allows an ongoing optimisation of consumption and a limitation of leaks.

ACHIEVEMENTS 2019

Multi-annual investment plan

In addition to the budget allocation, in the context of the construction and redevelopment projects for its buildings, the optimisation of environmental performance and the anticipation of the associated regulations, Befimmo is implementing a specific multi-annual investment plan, with the aim of carrying out work to optimise the environmental performance of operational buildings⁴ and generally leading to an improvement in the BREEAM In-Use certification of the buildings. In 2019, the budget allocated to these works, which was fully integrated into the Company's internal mode of operation via the quality matrix it has developed, was of the order of €0.5 million.

➔ See "Use of resources - Responsible procurement" hereafter

Green energy: study of the potential for installing photovoltaic panels throughout the entire portfolio

In 2017, Befimmo carried out a study of the potential for installing photovoltaic panels throughout its entire existing portfolio. Depending on the configuration of the buildings and any subsidies granted on account of their geographical situation, the study helped to define a number of opportunities for projects to be implemented rapidly, together with the technical and financial resources required.

In 2019, 650 m² of solar panels were installed on two buildings located in Brussels. This complementary surface has been added to the 3,854 m² of panels already installed.

⁴ Replacement of old technical installations with more energy-efficient equipment, implementation of new equipment management technologies, installation of water-recovery systems, improvement of insulation, fitting of photovoltaic panels, heat pumps, etc.



Self-generation by all these installations covers electricity needs equivalent to the annual consumption of ±150 households.

The feasibility study conducted in 2017 will be pursued in 2020. The installation of solar panels on buildings to be built and/or renovated will be considered systematically.

Electricity supply contract for the portfolio

Until it achieves its target for reducing CO₂e emissions without compensation by 2030, Befimmo has already voluntarily limited its environmental impact by subscribing to a green electricity supply contract to cover the consumption of the electrical installations under its control.

To guarantee that the electricity consumed by its entire portfolio is of green origin, it has set itself the goal, as soon as it is technically and administratively possible, to take back the meters of the electricity installations that it does not control under a green energy contract.

In 2019, Befimmo took over about 10 private electricity supply meters under the same conditions as its green energy supply contract.

This positive approach will be continued in 2020 with the aim of achieving and maintaining a 100% green energy supply for all its meters by 2021.

Befimmo's CO₂e emissions reduction targets do not take account of the positive impact related to its green electricity supply contract, as it primarily aims to reduce the portfolio's energy consumption.

Geothermal energy

The ongoing construction works in the Quatuor project (four buildings together forming a complex of 60,000 m²) in the North Area of Brussels include a geothermal system. The aim is to design an innovative and sustainable office building, combining low energy consumption with an excellent thermal comfort.

In two of the four towers, the low-temperature heat is provided by a heat pump connected to a geothermal storage field while the "high-temperature" cold is provided by geo-cooling, using the same geothermal storage field.

The use of this type of technology is expected to reduce energy consumption and CO₂e emissions by 20 to 30% compared with a "traditional" solution in which all heating and cooling needs would be met by conventional installations (condensing boilers and chillers).

Given this very positive outcome, Befimmo aims to carry out a new study in 2020 on the potential and the feasibility of developing new projects based on the geothermal principle in its existing portfolio.

Finally, the ZIN redevelopment project in the North area also embraces this principle of sustainability.

Optimising the operation of technical installations

In 2018 Befimmo installed new software in some buildings to analyse the data from the regulation systems.

Initially, all the data from the programmable or other controllers in the network are recorded at regular intervals to create a "big data" system.

Then, the software processes the big data to present the information in a summarised and practical form so that the behaviour of the installations can be analysed in real time or at a later stage. Furthermore, it allows the exact functioning of the processes to be understood and any problems with the design, regulation or control of the installations to be detected.

In the event of a problem, this tool can examine the whole chain of processes that led to the dysfunction and trace the cause. This makes it a good tool for limiting energy consumption and for anticipating and reducing complaints from tenants.



In the specific case of one building in the portfolio, this system has enabled the building's overall energy consumption to be cut by 18%, for a financial saving way in excess of the amount invested.

Befimmo will continue to roll out this solution in other buildings that it has already identified in the portfolio.

Befimmo also invested in the fitting of centralised technical management systems in some of its buildings that had not yet been equipped. These installations will enable further savings of energy to be made and better monitoring of the comfort conditions in buildings and for their occupants.

Water management

At the end of 2019, a total of 110 water-recovery systems (rainwater - grey water - boreholes) were installed in 22 buildings in the Befimmo portfolio, representing 19% of its total floor area. Furthermore, all building/renovation projects examined and developed in 2019 incorporate such devices, which are in line with Befimmo's aim of reducing the mains-water consumption of its buildings.

Befimmo is maintaining the goal of reducing the water consumption of its portfolio by 15% in relation to 2016 by 2030. It will keep monitoring consumption, replacing obsolete equipment high-performance equipment and raising awareness among users and maintenance companies.

ASSESSMENT

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

[→ Sheet on "Environmental certification & compliance"](#)

More specifically, in terms of the use of resources related to energy and the associated CO₂e emissions, in 2017, Befimmo developed a model and a method based on the SBT⁵ principles that enable it to assess its environmental performance and to compare it with the long-term targets that it has set itself.

[→ Annual Financial Report 2019, appendix VI "Methodology"](#)

CO₂e emissions related to energy consumption have been constantly declining (13.1 kg CO₂e/m² in 2019, as against 43.3 kg CO₂e/m² in 2008). This 70% reduction in specific emissions is the result of continuous investments designed to improve the energy and environmental performance of the buildings, combined with the signing of a contract for the supply of green electricity to cover consumption of controlled electric installations of its buildings.

Befimmo believes that the targets it has set for 2030 are ambitious but achievable. It intends to continue with the investments and all necessary steps to achieve them.

⁵ Science-Based Targets.



IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

The in-depth analysis of the Sustainable Development Goals (SDGs)⁶, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic axis **Use of resources – Water, Energy, Global warming** impacts the targets of the following SDGs:



6.3: Consider reusing grey water and limiting the use of drinking water



7: There is still real potential for installing renewable energy generation systems, which should be studied, and access for tenants to the green electricity supply contract.



11.6: Reduce the use of fossil fuels to curtail air pollution in cities



13: There is still a margin for improving energy efficiency in the portfolio

KEY INDICATORS AND OBJECTIVES

INDICATOR	DESCRIPTION	RESULT 2019	OBJECTIVE 2030	TIMEFRAME	REFERENCES GRI STANDARDS & EPRA SBPR
CO₂e emissions of the portfolio	CO ₂ e emissions linked to energy consumption of the buildings for common and private installations	23.75 kg CO ₂ e/m ²	18.1 kg CO ₂ e/m ²	2030 (limitation to 2°C)	EPRA GHG-Indir-Abs EPRA GHG-Dir-Abs GRI 305-1 GRI 305-2 GRI 305-5 CRE3
Specific water consumption	Tap water, rainwater, drilling water, grey water from the portfolio	265 l/m ²	216 l/m ²	2030	EPRA Water-Int GRI 303-1 CRE2

Since 2017, Befimmo has increased and consolidated its non-financial reporting perimeter by including the buildings leased by the Buildings Agency.

In fact, to implement a strategy of reducing energy consumption in the long term, it is essential to have a comprehensive view of the consumption of its portfolio as well as detailed and structured energy accounting.

⁶ <http://www.un.org/sustainabledevelopment/>



Reduce the use of fossil fuels and increase self-generation capacity in renewable energy

Befimmo aims to reduce by 50% its direct CO₂e emissions related to the heating of buildings by 2030. Apart from structural investments, this implies a transition from the use of equipment burning fossil fuels to alternatives such as geothermal energy and/or heat pumps.

In 2020, Befimmo will analyse the potential to install geothermal systems in the entire portfolio.

This switch from one form of energy to another will entail a potential increase in the electricity consumption of the buildings, which Befimmo intends to anticipate and control.

In addition, Befimmo still has a target of cutting the CO₂e emissions related to controlled indirect energy consumption by 17%, and the CO₂e emissions related to uncontrolled indirect energy consumption by 17% (excluding offsets) of its buildings. It is well aware that this ambitious aim of reducing its environmental impact can be influenced by the constantly changing needs and behaviours of society, the world of work, especially through the use of new technologies and/or a new form of mobility that is now more geared towards electricity, but it intends to stand firmly by this target.

This approach assumes flexibility and anticipation of the electricity needs that Befimmo will immediately integrate into all of its projects.

Finally, to achieve its objectives, Befimmo's ambition is firstly to maximise and/or develop existing and future renewable energy generation facilities, and to achieve 100% use of green energy across its entire portfolio, including private areas, by 2021.



USE OF RESOURCES: RESPONSIBLE PROCUREMENT

- Extend Social Responsibility throughout the supply chain -



DESCRIPTION

Befimmo's real-estate activities require substantial quantities of building materials. Meanwhile, corporate, service and facility activities consume furniture and office supplies.

The production of these materials requires natural and energy resources that have a significant impact on the environment. Transporting them is also a source of pollution and traffic congestion.

Befimmo intends to raise awareness among its suppliers in relation to budgetary constraints and technological availability, regardless of the history of its relationship with them.

OBJECTIVE

In 2020, Befimmo will continue to extend the adoption of its responsible procurement charter to its suppliers.

It also aims to improve continuously its environmental criteria and ensure their compliance for all its purchases.



APPROACH

- To further integrate the CSR approach into its supply chain, Befimmo has drafted a Sustainable Procurement Charter to clearly communicate the commitments it expects from its suppliers.
- This charter was published on the Befimmo website in early 2018. The standard terms and conditions required of all its suppliers will include abiding by the charter.
- The CSR and Environmental teams are responsible for raising the awareness of Befimmo's buyers by offering them procurement criteria guidelines. These criteria are inspired by those used for public procurement by various administrations.
- Since 2017, the environmental impact is integrated into the minimum technical requirements for buildings. From the operational standpoint, these criteria are included in the quality matrix. It is the outcome of cooperation between Befimmo's various real-estate departments (Commercial Management, Environmental Management, Property Management, Services & Facilities and Project Development) and includes the technical requirements in terms of:
 - » Design;
 - » Operations;
 - » Comfort and well-being;
 - » Energy and environmental performance;
 - » Choice of materials.

This matrix is inspired by the guidelines that Befimmo follows for BREEAM certification. It evolves in line with technological progress and feedback from the field.

These technical criteria systematically serve as a basis for the drawing of specifications.

ACHIEVEMENTS 2019

Since 2018, within the framework of a continuous improvement process, Befimmo has made its quality matrix operational. Firstly, the quality requirements (including environmental requirements) for operating techniques are annexed to all order forms. Secondly, the environmental criteria are taken as a basis of the specifications for the design and renovation of buildings.

Finally, the responsible procurement charter is communicated to all suppliers through orders.

ASSESSMENT

The Environment department is responsible for maintaining, complying and updating the quality matrix through the environmental management system ISO 14001.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

*The in-depth analysis of the Sustainable Development Goals (SDGs)⁷, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic axis **Use of resources - Sustainable procurement** impacts the targets of the following SDGs:*



8.4: Creating real-estate value while minimising environmental impact



11.6: Environmental impact related to the use of buildings and pollution related to construction waste



12.2: Impact on natural resources of the production of building materials and installation

⁷ <http://www.un.org/sustainabledevelopment/>



USE OF RESOURCES: CIRCULAR ECONOMY

- Circular economy in at construction, renovation and operational level of buildings -



DESCRIPTION

At all stages of its life cycle, a building generates substantial flows of material (building waste, building material, operational waste, interior design, furniture, etc.).

Befimmo's stakeholders want it to take account of the indirect environmental impact from these various flows, and pro-actively contribute to reducing them in the design and management of buildings.

The strategy in terms of use of resources takes these expectations into account through the incorporation of the circular-economy principles into the management of each phase of a building's life cycle.

Furthermore, special attention is paid to the operational waste generated by its corporate activities.

OBJECTIVE

The short-term goal is to limit waste production of the portfolio and decrease the use of resources.

In 2020, Befimmo will continue to be proactive in material and furniture recovery for all of its construction sites and when tenants leave.



APPROACH

Impact of construction sites

- Involvement of the Environmental team, particularly through the quality matrix, in investment projects to support decisions on the choice of construction or renovation scenarios:
 - » Select construction and renovation scenarios based on measurements of societal impact and life-cycle analyses;
 - » Taking into account the disassembling and deconstruction capacity as from the design stage of buildings;
 - » Contribute to eco-design initiatives for materials and consider the use of recovered materials and/or materials with an environmental certification;
 - » Consider the materials/equipment coming from the service economy;
 - » Consider exploiting building material and waste on the site itself or for other applications, notably through the creation of an inventory re-use;
 - » In order to measure and compare the overall societal impact of various construction or renovation scenario's, Befimmo chose to take part in the TOTEM⁸ initiative by recommending its use for all projects employing an architect.

Impact of operating buildings

- Befimmo has implemented a waste management contract that it wishes to expand into the entire portfolio. This includes awareness-raising of users on waste sorting.
- In order to measure the efficiency, Befimmo collects and analyses the information on waste volumes per treatment type.

⁸ The TOTEM project, set up by the three Regions, consists of developing a method and tools for assessing the impact of materials adapted to the Belgian construction context. This method has been developed in line with European standards for assessing the environmental impacts of buildings.

ACHIEVEMENTS 2019

- The building contracts and the desired levels of BREEAM certification require contractors to be very strict in the management and traceability of waste produced by the sites. Manual workers and all stakeholders involved in the project are involved and educated in waste sorting. Waste management plans are drawn up by specialist consultancies while environmental coordinators are appointed in addition to the BREEAM coordinator to ensure proper waste management.
- Within the framework of the dismantling of the WTC Towers 1 and 2, an important work has been done to find transferees for as much materials as possible that had to be removed. Materials that will be re-used in the future project were stored in a space close to the site. Various recovery systems could be activated for the remaining materials. Hence, more than 900 tonnes were discharged to the re-use sector.
- Befimmo partnered with the Scientific and Technical Construction Centre (CSTC) within the framework of the [FCRBE](#) project (Facilitating the circulation of reclaimed building elements in Northwestern Europe). In 2020, it will participate in pilot projects, with the aim of increasing the re-used materials share in the context of its building sites.
- In the ZIN project, particular emphasis has been placed on the circular economy, using what Befimmo calls the 4R approach:
 - » REUSE: Maximum reuse of materials on site or in other projects
 - » REVIVE: Improvement of the existing structure and its environment
 - » RECYCLE: When materials cannot be reused, ensure they are transformed for other applications
 - » RETHINK: Ecological design and use of materials - cradle-to-cradle



ASSESSMENT

Production of construction and operational waste is measured, consolidated and compared from year to year to measure progress on recycling and reuse measures.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

The in-depth analysis of the Sustainable Development Goals (SDGs)⁹, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic axis **Use of resources - Circular economy** impacts the targets of the following SDGs:



8.4: Creating real estate value while minimising the environmental impact



11.6: Environmental impact related to the use of buildings and pollution related to construction waste



12.4 & 12.5: Eco-design of materials and facilities and reduction of waste generated

KEY INDICATORS

INDICATOR	DESCRIPTION	RESULT 2019	OBJECTIVE	TIMEFRAME	REFERENCES GRI STANDARDS & EPRA SBPR
Part of the projects that includes material recovery	<p>A project is considered to be material recovering if:</p> <ul style="list-style-type: none"> It has an inventory of materials and an ambitious recovery target in the case of a redevelopment project; It has been visited by a recovery company in the case of a development project and the leave of a tenant. 	28%	100%	2020	GRI 301-2

⁹ <http://www.un.org/sustainabledevelopment/>



ENVIRONMENTAL CERTIFICATION & COMPLIANCE

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



DESCRIPTION

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

APPROACH

In 2010, Befimmo introduced an Environmental Management System (EMS) based on ISO 14001 (2015). It ensures a systematic approach to the environmental aspects of its activities and also contributes to the sustainable ongoing implementation and monitoring of its commitments. EMS procedures cover all stages of the life cycle of a building from sale or acquisition, design and/or construction of new buildings until it is operational.

OBJECTIVE

Befimmo aims to fully comply with environmental regulations for the activities it controls.

One of the first steps for achieving such compliance is full coverage of Befimmo's activities by valid environmental permits and compliance with the operating conditions associated with those permits.

Finally, Befimmo is aiming for recertification of its EMS and its EVE® label.



Befimmo has put in place a proactive environmental compliance management process, integrated into its ISO 14001 EMS. This process can be broken down into several key stages:

- Regulatory monitoring to identify environmental legislation applicable to its activities;
- Circulation of these regulations to its Property Managers;
- Compliance audits of the buildings by the Property Managers;
- Any observations/non-compliances identified during audits by the Environmental Technical Team and the Property Managers are followed up and addressed.

Befimmo also carries out audits of its sites to verify that they are run in accordance with regulations and its working procedures.

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

During the design phase of its projects, it pays particular attention not only to the environmental performance of the building but also to the future satisfaction of its occupants and users by

providing quality spaces in good locations, that are flexible and efficient in terms of use of space. The high level of BREEAM certification and quality criteria that it strives for in its developments also take full account of the considerations and requirements regarding human health and well-being.

Furthermore, Befimmo continuously arranges BREEAM In-Use Asset and Management certification for its operational buildings.

The energy performance of its buildings is also reflected in their EPB certification level. Befimmo has "Offices and services" energy performance certificates for all its buildings in Brussels. "Public building" certificates, which are mandatory for occupying some administrative buildings in Brussels are applied for by the relevant administrations and displayed in most of the buildings concerned. In Flanders, most "Public building" certificates are available and displayed, while mandatory display is still not obligatory. The Axento building in Luxembourg also has a certificate.

These certificates are updated during major works to improve the energy performance of the operational portfolio.

Finally, Befimmo manages the green space of its corporate headquarters in line with the principles of sustainable development and in compliance with the guidelines of Eve® (Ecological plant space) developed by ECOCERT. Befimmo is the only Belgian site to have this certification (since 2011).



ACHIEVEMENTS 2019

ISO 14001

In November 2019, the ISO 14001 certification was renewed for a period of 3 years.

BREEAM

In 2019, Befimmo obtained the following certifications:

- Quatuor – Tower C: BREEAM New Construction – Design Stage – Outstanding;
- Ikaros 2/4 and 6/8: BREEAM Refurbishment – Design Stage – Good;
- Arts 56: BREEAM In-Use – Asset & Management – Good.

Ecocert

The certification of the green space at Befimmo headquarters was renewed in 2019.

ASSESSMENT

Surveillance audits are conducted (by an external company) at regular intervals to check that the ISO 14001 EMS is being properly managed.

The BREEAM and EVE® labels are also overseen by external audits.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS



6: Clean water – Sanitation: Consider reusing grey water and limiting the use of drinking water



7: Clean and affordable energy



11: Sustainable cities and human settlements: Environmental impact of cities



12: Responsible consumption and production: Sustainable and efficient management of natural resources, environmental management of waste over its life cycle and reduce the amount of waste through prevention, recycling and reuse



13: Combat climate change: Environmental impact of the life cycle of a building



15: Terrestrial ecosystems: Possible degradation of biodiversity



KEY INDICATORS

INDICATOR	DESCRIPTION	RESULT 2019	OBJECTIVE	TIMEFRAME	REFERENCES GRI STANDARDS & EPRA sBPR
Certifications	Maintain the existing certifications (ISO and the biodiversity label)	100%	100%	Continuous	-



REPORTING & RECOGNITION

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



TRANSPARENT COMMUNICATION

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

For some years now, throughout its Report, Befimmo has been following the trend towards standardisation not only of financial reporting but also of reporting on Social Responsibility, by subscribing to the indicators published by EPRA, and by following the GRI Standards ("Core") and those for the real-estate sector, GRI-CRESS through the GRI Content Index (appendix to the Annual Financial Report).

OBJECTIVE

The objective is to further pursue and improve the communication in line with the reference standards in force.



RECOGNITION

Befimmo won the following awards for reporting during the 2019 fiscal year:

- Befimmo was awarded the "EPRA Gold Award Financial Reporting" for its Annual Financial Report 2018 and the "EPRA Gold Award Sustainability Reporting" for its Social Responsibility Report;

- Befimmo also obtained 83% with the GRESB, corresponding to the GRESB "Green Star" status;
- Befimmo was awarded the "C Awareness" status for the 2019 CDP questionnaire.

The goal is to conduct and continually improve communication in line with the current reference standards.

Here is an overview of the scores awarded to Befimmo over the years:

	2011	2012	2013	2014	2015	2016	2017	2018	2019
 ¹	Gold & Most Improved	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Gold
 ¹	-	Silver	Silver	Bronze	Gold	Gold	Gold	Gold	Gold
 ¹	-	-	-	83B	95C	A- Leadership ²	B Management	A- Leadership	C Awareness
 ¹	-	56%	59%	70%	83% Green Star	82% Green Star	86% Green Star	81% Green Star	83% Green Star
	-	-	-	-	Prime C	-	-	Prime C+	-
	-	-	-	-	A	BBB	A	A	A
	-	-	-	-	EE-	EE-	EE-	EE-	-
	-	-	-	-	-	-	-	64/100	56/100

¹ Voluntary participation of Befimmo.

² New rating system (from A to D-) since 2016.



KEY INDICATORS

INDICATOR	DESCRIPTION	RESULT 2019	OBJECTIVE	TIMEFRAME	REFERENCES GRI STANDARDS & EPRA sBPR
Certifications	Maintain the existing certifications (ISO and the biodiversity label)	100%	100%	Continuous	-
Participation in external recognition initiatives	Investor questionnaires GRESB, CDP, MSCI, Oekom, Vigeo Eiris	100%	100%	Continuous	GRI 102-12



ETHICS

- Ethical practices in Befimmo's team and governance -



DESCRIPTION

As a publicly traded company and a Regulated Real Estate Investment Trust (BE-REIT), Befimmo is subject to a set of rules designed to prevent conflicts of interest and inform investors and supervisory bodies, and it abides by the principles of corporate governance laid down by the Belgian Code of Corporate Governance.

In addition to these principles of governance, Befimmo applies ethical practices in its human resources management and recruitment, and with a keen eye for diversity and inclusion:

- **Diversity:** visible and non-visible characteristics of each individual;
- **Inclusion:** the process of joining the different characteristics in order to achieve a common goal.

These practices are described in the following documents published on the Company's website.

- ➔ Annual Financial Report 2019, chapter "Governance"
- ➔ Annual Financial Report 2019, chapter "The team"

OBJECTIVE

The objective is to prevent and minimise the number of infringements and to uphold exemplary internal ethical standards.

Befimmo undertakes to (i) establish procedures and take measures to guarantee ethical standards at all levels of Befimmo, (ii) prevent the risks of corruption, anti-competitive behaviour, conflicts of interest, etc.



- **Code of Ethics:**

In accordance with the law and its articles of association, Befimmo acts in accordance with its corporate interest, which includes the interests of its stakeholders. It undertakes always to act, whether towards its customers, employees and business contacts or towards its shareholders, in compliance with the laws and regulations in force in all economic sectors of the country and in accordance with ethical principles. It does not tolerate any form of corruption, and refuses to enter into a business relationship with anyone involved or suspected of involvement in illegal activities. Against this background, it has developed an in-house policy designed to limit the risks associated with money laundering and funding of terrorism.



http://www.befimmo.be/sites/default/files/gbl_quicklinks/code_ehtique_uk_font_befimmo_2.pdf

- **Corporate Governance Charter:**

The Corporate Governance Charter and the attached Terms of Reference describe the set of rules, procedures and practices defining how the Company is managed and controlled. Befimmo has adopted the 2020 Belgian Code of Corporate Governance as a benchmark.



https://www.befimmo.be/sites/default/files/gbl_quicklinks/charte_20200128_uk_vfinale.pdf

- **Dealing code:**

The purpose of this Code is to make its recipients aware of the applicable market abuse regulations (insider dealing, unlawful disclosure and market manipulation) and, without prejudice to the rules applicable under the Regulation, to remind them of the obligations that apply on the one hand to the Company, in its capacity as a listed company issuing Financial Instruments, and on the other hand to all other persons carrying out activities within the Company or for the Company, and who may have access to inside information.



http://www.befimmo.be/sites/default/files/gbl_quicklinks/20180207_dealing_code_befimmo_en_final_sans_annexes.pdf

- **Terms of reference of the internal audit:**

The Internal Audit is an internal, independent and permanent function of the Company, intended to review and assess all the Company's activities, with the aim of improving operational efficiency, risk management and the internal control systems. The Board of Directors decided to implement an internal audit for Befimmo in a step-by-step approach and asked the Audit Committee to adopt the terms of reference of the internal audit.



http://www.befimmo.be/sites/default/files/imce/Corporate_doc/befimmo_-_internal_audit_terms_of_references_-_may_2015.pdf



APPROACH

1. Examples of ethical practices towards the team:

- **Diversity and inclusion:** This means ethical practices in human resource management and recruitment. Befimmo regards itself as a company open to diversity (age, gender, origin, language, etc.) respecting everyone's identity. During the 2019 fiscal year, there were no employment-related complaints.
- Issues raised by stakeholders: discrimination (origin, gender, disabilities), integration, youth training, pay.
- **Other:** Integrate Social Responsibility into the team through annual targets during year-end appraisals.

2. Example of ethics in terms of governance:

- **Prevention** of the risks of corruption, anti-competitive behaviour, conflicts of interests, risk to reputation and raising awareness of ethics and compliance with the law.
- Issues raised by stakeholders: corporate culture, values, code of ethics.

These are not specific achievements, but ongoing goals.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS



- 3.5: **Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol:** Awareness-raising in the team



- 5.1: **End all forms of discrimination against all women and girls everywhere:** Raise awareness of team members, management and Board members

- 5.5: **Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life:** Gender balance in management positions and the Board of Directors



- 10.4: **Adopt policies, especially budgetary, wage and social protection policies, and progressively achieve greater equality:** Analysis by HR



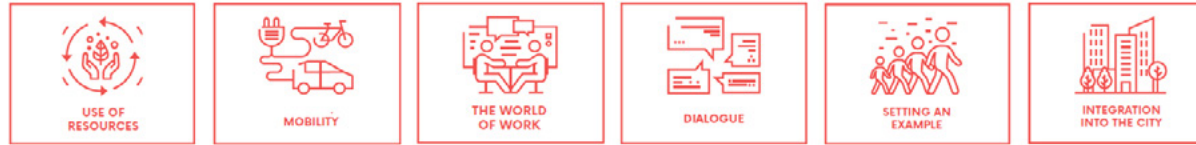
KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	OBJECTIVE
<i>Information on employees and other workers</i>	Information on employees and other workers	102-8	Continuous improvement
<i>Values, principles, standards, and norms of behaviour</i>	Values, principles, standards, and norms of behaviour	102-16	Continuous improvement
<i>Mechanisms for advice and concerns about ethics</i>	Mechanisms for advice and concerns about ethics	102-17	Continuous improvement
<i>Communication and training about anti-corruption policies and procedures</i>	Communication and training about anti-corruption policies and procedures	205-2	Continuous improvement
<i>Employee gender diversity</i>	Diversity of governance bodies and staff and percentage of male & female employees	405-1 Diversity-Emp	Continuous improvement
<i>Incidents of discrimination and corrective action taken</i>	Incidents of discrimination and corrective action taken	406-1	Continuous improvement



CSR GOVERNANCE

- Befimmo's internal organisation and CSR governance -



DESCRIPTION

Befimmo's Social Responsibility is fully integrated into its strategy. The Directors of Befimmo set and approve the budgets and major decisions on Social Responsibility, notably at strategy meetings and at the meetings scheduled every quarter when the results are published.

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

At strategic level, the Social Responsibility Team (SRT) consists of five people including three members of the Executive Committee: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Head of Environmental Management (HEM) and the Head of CSR & Innovation (HCSR&I).

This team meets every quarter and is responsible for developing and monitoring the CSR Action Plan, and releasing adequate resources, and takes an active part in the annual management review of the ISO 14001 Environmental Management System.

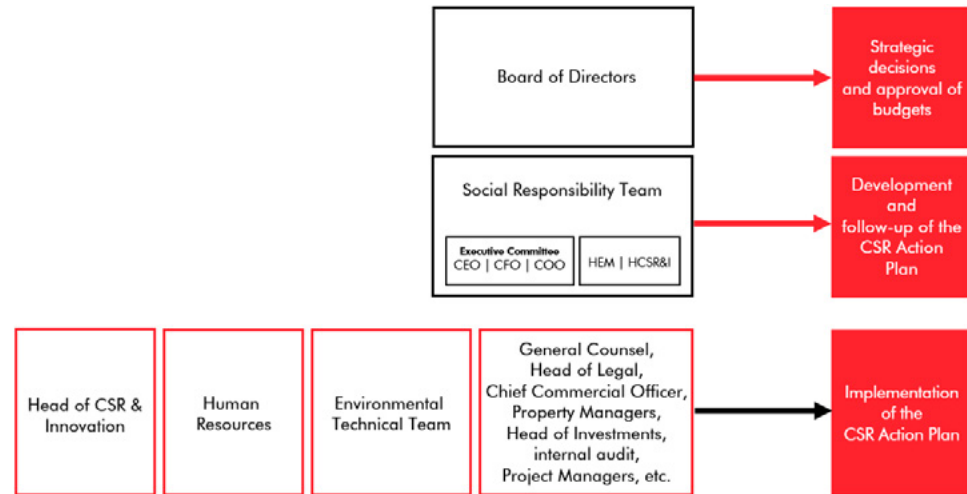
At operational level, the Environmental Technical Team consists of five specialists with the task of improving the environmental performance of the portfolio. It meets regularly and its responsibilities include implementing the CSR Action Plan. These specialists include the Green Adviser who plays an important role monitoring the effectiveness of energy investments on the ground while ensuring a high level of comfort for tenants.

The Head of CSR & Innovation, a member of the Social Responsibility Team, reports directly to the CEO. Her role is both strategic (developing CSR strategy, managing relations with stakeholders) and operational (coordinating and running CSR projects, managing the CSR Action Plan, acting as in-house consultant for other departments and encouraging staff to embrace change).



For human resources, the Human Resources & Talent Manager (HR&TM) is responsible for educating all members of the team to take more account of Social Responsibility, for following up initiatives put in place and for continuing to develop the strong corporate culture that exists within Befimmo. The HR&TM works with the Head of CSR & Innovation and interacts with the Social Responsibility Team.

Other staff also have specific responsibilities defined in the Environmental Management System: General Counsel, Head of Legal, Chief Commercial Officer, Property Managers, Head of Investments, Internal Audit, Project Managers, etc.



AIM

In the coming years, Befimmo aims, firstly, to continue investing in its portfolio in a sustainable manner and to carry out the various projects begun or identified for achieving the objectives and, secondly, to continue its process of dialogue by seeking to achieve the best possible balance between the expectations of its stakeholders and the challenges it regularly faces.

Furthermore, Befimmo also wishes to increase its indirect impact by further stepping up its tenant-oriented approach through the services and facilities that it already offers and that it will increasingly offer them in future. Tenant satisfaction is Befimmo's priority, and it strives to offer quality properties in good locations, that are flexible, environmentally friendly and efficient. Now, it will endeavour more than ever to provide them with comprehensive personalised services, provide the best facilities in its buildings and be even more proactive in raising tenants' awareness of energy and environmental issues.

In 2018, Befimmo went even further in terms of its Social Responsibility policy and reporting, by (i) switching from the GRI-G4 to the GRI Standards, which involved a thorough review its CSR policy, and (ii) considering the possibility of following an approach that enables Befimmo to set long-term targets, up to 2030, for cutting greenhouse gas emissions, as recommended by IPCC¹ scientists, thereby making its own contribution to limiting the rise in global average temperature to below 2°C, in line with the decision of COP21.

¹ Intergovernmental Panel on Climate Change, established in 1988 by the World Meteorological Organization.



The following projects will also be continued:

- The development of coworking in various buildings in the portfolio
- The transversal projects on innovation (Innovation@Befimmo) and digitalisation (LynX)
- Continuous mobility and well-being projects

APPROACH

All achievements related to social responsibility were carried out in accordance with Befimmo's in-house CSR organisation:

- Responsible value chain
- Innovation and new ways of working (Innovation@Befimmo and LynX)
- The partnership with Silversquare and the development of coworking (Triomphe, Ikaros)
- The various mobility and well-being projects
- The management of sustainable purchases
- ...

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS



Befimmo's Action Plan is aligned with 15 of the 17 Sustainable Development Goals published by the United Nations: 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16 and 17.

- 1: End poverty
- 3: Healthy lives and well-being
- 4: Quality education
- 5: Gender equality
- 6: Clean water and sanitation
- 7: Sustainable and affordable energy
- 8: Decent work and economic growth
- 9: Industry, innovation and infrastructure
- 10: Equality
- 11: Sustainable cities
- 12: Responsible consumption and production
- 13: Combat climate change
- 15: Terrestrial ecosystems
- 16: Peace, justice and effective institutions
- 17: Partnerships

Throughout the various ongoing projects, Befimmo takes account of the SDGs concerned.



KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	OBJECTIVE
<i>Precautionary principle or approach</i>	Organisational profile: Precautionary principle or approach	102-11	Continuous improvement
<i>Statement from senior decision-maker</i>	Strategy: Statement from senior decision-maker	102-14	Continuous improvement
<i>Governance structure</i>	Governance: Governance structure	102-18	Continuous improvement
<i>Delegating authority</i>	Governance: Delegating authority	102-19	Continuous improvement
<i>Executive-level responsibility for economic, environmental, and social topics</i>	Governance: Executive-level responsibility for economic, environmental, and social topics	102-20	Continuous improvement
<i>Role of highest governance body in setting purpose, values, and strategy</i>	Governance: Role of highest governance body in setting purpose, values, and strategy	102-26	Continuous improvement
<i>Evaluating the highest governance body's performance</i>	Governance: Evaluating the highest governance body's performance	102-28	Continuous improvement
<i>Highest governance body's role in sustainability reporting</i>	Governance: Highest governance body's role in sustainability reporting	102-32	Continuous improvement
<i>Communicating critical concerns</i>	Governance: Communicating critical concerns	102-33	Continuous improvement
<i>Entities included in the consolidated financial statements</i>	Reporting practice: Entities included in the consolidated financial statements	102-45	Continuous improvement
<i>Defining report content and topic boundaries</i>	Reporting practice: Defining report content and topic boundaries	102-46	Continuous improvement
<i>Changes in reporting</i>	Reporting practice: Changes in reporting	102-49	Continuous improvement

Tables on energy and environmental performances

DIRECT ENERGY CONSUMPTION (GAS, HEATING OIL) (GWH, MWH AND KWH/M²)

GRI 302-1	GRI 302-2	GRI 302-3	Fuels-Abs
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		2008	2015	2016	2017	2018	2019		2019			
		Units						External limited assurance 2019	1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area		m ²	842 801	936 259	888 228	933 125	900 547	905 161	✓	168 205	138 567	598 390
<i>Reporting perimeter</i>		%	68%	95%	100%	99%	98%	94%	✓	97%	86%	97%
gross total		GWh	69.1	71.9	67.3	64.1	62.5	54.2	✓	13.1	10.6	30.5
Absolute measures [Abs]	of which heating oil	MWh	7 656.8	593.2	596.8	660.9	2 752.8	2 892.2	✓	614.2	0.0	2 278.0
	of which gas Befimmo "corporate"	MWh	539.6	98.2	181.6	90.4	96.3	99.1	✓	-	99.09	-
	normalised degree/day	GWh	69.1	75.3	64.0	65.8	66.1	57.8	✓	13.9	11.3	32.6
<i>Reporting perimeter</i>		%	64%	80%	88%	86%	88%	77%	✓	77%	72%	78%
Intensity measures [Int]	normalised degree/day/m ²	kWh/m ²	119.1	88.8	75.9	71.4	72.9	69.6	✓	82.7	87.1	62.3
	evolution since 2008 - normalised degree/day/m ²	%	n.a.	-25%	-36%	-40%	-39%	-42%	✓	n.a.	n.a.	n.a.
<i>Reporting perimeter</i>		%	42%	66%	71%	72%	78%					
Like-for-Like [Lfl]	gross total - normalised degree/day	GWh	45	51	46	47	53					
	gross total - normalised degree/day - 2019	GWh	30	47	49	51	52					
	gross total - evolution	%	-33%	-7%	5%	8%	-2%					
	total heating oil - evolution	%	n.a.	6%	16%	-4%	6%					

INDIRECT ENERGY CONSUMPTION EXCLUDING HEATING NETWORK (GWH, MWH AND KWH/M²)

		GRI 302-1	GRI 302-2	GRI 302-3	GRI 302-4	Elec-Abs	Elec-LfL	DH&C- Abs	DH&C- LfL				
		2008	2015	2016	2017	2018	2019				2019		
		Units						External limited assurance 2019	1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²		
Total portfolio area		m ²	842 801	936 259	888 228	933 125	900 547	905 161	✓	168 205	138 567	598 390	
Reporting perimeter		%	69%	92%	100%	99%	99%	96%	✓	88%	100%	97%	
total		GWh	50.5	65.7	66.1	65.4	62.7	54.7	✓	7.7	6.6	40.4	
of which private		GWh	23.7	37.3	36.9	36.1	33.8	30.4	✓	4.6	4.2	21.7	
of which common		GWh	25.8	28.3	29.2	29.3	28.9	24.3	✓	3.1	2.5	18.7	
Absolute measures [Abs]	of which electricity consumption Befimmo "corporate" (excl. autoproduction)	MWh	1 081.5	192.3	211.8	100.1	106.0	110.8	✓	-	110.8	-	
	of which autoproduction from electricity Befimmo "corporate"	MWh	0.0	6.3	11.5	7.0	6.3	7.6	✓	-	7.6	-	
	of which autoproduction from solar panels	MWh	0.0	320.9	383.9	443.1	430.3	507.3	✓	50.8	104.0	352.6	
	of which autoproduction from cogeneration	MWh	0.0	1 057.1	828.6	335.9	740.7	1 225.8	✓	0.0	337.0	888.8	
Reporting perimeter		%	54%	79%	88%	85%	89%	77%	✓	72%	80%	78%	
private/m ²		kWh/m ²	50.5	45.3	44.9	41.9	40.0	39.8	✓	27.1	27.8	46.0	
evolution since 2008 private/m ²		%	n.a.	-10%	-11%	-17%	-21%	-21%	✓	n.a.	n.a.	n.a.	
common/m ²		kWh/m ²	41.9	35.6	36.2	33.7	34.0	30.8	✓	19.7	17.8	36.8	
Intensity measures [Int]	evolution year/year of the common consumption/m ²	%	n.a.	4%	2%	-7%	1%	-9%	✓	n.a.	n.a.	n.a.	
	evolution since 2008 common/m ²	%	n.a.	-15%	-14%	-20%	-19%	-26%	✓	n.a.	n.a.	n.a.	
	common + private/m ²	kWh/m ²	92.4	80.9	81.1	75.6	74.0	70.6	✓	46.8	45.6	82.8	
evolution since 2008 private + common/m ²		%	n.a.	-12%	-12%	-18%	-20%	-24%	✓	n.a.	n.a.	n.a.	
Reporting perimeter		%	44%	64%	71%	73%	78%						
total (incl. autoproduction)		GWh	31.7	44.7	47.0	48.0	50.7						
Like-for-Like [LfL]	total (incl. autoproduction) - 2019	GWh	25.1	40.5	42.8	49.5	49.5						
	evolution	%	-21%	-9%	-9%	3%	-2%						

HEATING NETWORK (GWH AND KWH/M²)

		2008	2015	2016	2017	2018	2019		2019			
		Units						External limited assurance 2019	1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area	m ²	842 801	936 259	888 228	933 125	900 547	905 161	✓	168 205	138 567	598 390	
<i>Reporting perimeter</i>		%	-	100 %	100 %	100 %	100 %	✓	-	-	100 %	
Absolute measures [Abs]	gross total	GWh	0.0	3.3	3.0	3.5	2.4	2.1	✓	-	-	2.1
	normalised degree/day	GWh	0.0	3.4	2.9	3.6	2.5	2.2	✓	-	-	2.2
Intensity measures [Int]	normalised degree/day/m ²	kWh/m ²	0.0	281.2	234.5	78.0	54.5	47.4	✓	n.a.	n.a.	47.4
Like-for-Like [LfL]	total heating network	GWh	0.0	2.2	2.2	2.2	2.2					
	total heating network - 2019	GWh	0.0	3.4	2.9	3.6	2.5					
	total - evolution	%	n.a.	-36%	-23%	-39%	-13%					

TOTAL ENERGY CONSUMPTION, INCLUDING HEATING NETWORK (GWH AND KWH/M²)

GRI 302-1	GRI 302-2	GRI 302-3	Energy-Int	CRESS-CRE1
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		2008	2015	2016	2017	2018	2019		2019			
		Units						External limited assurance 2019	1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area	m ²	842 801	936 259	888 228	933 125	900 547	905 161	✓	168 205	138 567	598 390	
Absolute measures [Abs]	total	GWh	119.7	140.9	136.5	133.0	127.6	111.0	✓	20.8	17.3	73.0
	total - not normalised	kWh/m ²	217.9	168.2	163.7	142.5	142.6	143.0	✓	124.9	129.3	150.6
Intensity measures [Int]	total - normalised degree/day	kWh/m ²	217.9	172.5	159.5	144.4	146.8	147.7	✓	130.0	134.7	155.0
	evolution since 2008	%	n.a.	-21%	-27%	-34%	-33%	-32%	✓	n.a.	n.a.	n.a.

WATER CONSUMPTION (M³ AND L/M²)

GRI 303-1	GRI 303-3	Water-Abs	Water-Int	Water-LfL	CRESS-CRE2
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		2008	2015	2016	2017	2018	2019		2019			
	Units							External limited assurance 2019	1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area	m ²	842 801	936 259	888 228	933 125	900 547	905 161	✓	168 205	138 567	598 390	
<i>Reporting perimeter</i>	%	43%	92%	100%	97%	90%	90%	✓	88%	63%	97%	
Absolute measures [Abs]	total	m ³	104 789	230 099	239 665	242 346	223 277	181 179	✓	38 512	16 222	126 445
	of which collected and stored rainwater	m ³	0.0	7 065.8	11 854.7	7 316.9	3 442.0	1 480.9	✓	569.8	-410.6	1 321.7
	of which groundwater	m ³	0.0	913.4	1 986.9	5 327.8	9 068.9	8 197.5	✓	-	1 178.5	7 019.0
	total recycled and re-used	m ³	0.0	7 979.3	13 841.6	12 644.8	12 510.9	9 678.4	✓	569.8	767.9	8 340.7
<i>Reporting perimeter</i>	%	42%	76%	89%	84%	80%	66%	✓	69%	58%	67%	
Intensity measures [Int]	intensity	l/m ²	284	269	265	254	249	265	✓	143	200	314
	evolution since 2008	%	n.a.	-5%	-7%	-11%	-12%	-7%	✓	n.a.	n.a.	n.a.
<i>Reporting perimeter</i>	%	24%	54%	61%	62%	64%						
Like-for-Like [LfL]	total	m ³	51 072	132 128	147 432	152 111	154 745					
	total - 2019	m ³	43 845	124 512	130 896	158 485	152 548					
	evolution	%	-14%	-6%	-11%	4%	-1%					

GREENHOUSE GAS (GHG) EMISSIONS LINKED TO ENERGY (TONNES CO₂E AND KG CO₂E/M²)

		GRI 305-1	GRI 305-2	GRI 305-4	GRI 305-5	CRESS-CRE3	GHG-Dir-Abs	GHG-Dir-LfL	GHG-Int	GHG-Indir-Abs	GHG-Indir-LfL	
		2008	2015	2016	2017	2018	2019	2019				
		Units						External limited assurance 2019	1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area		m ²	842 801	936 259	888 228	933 125	900 547	905 161	✓	168 205	138 567	598 390
Absolute measures [Abs]	total	tonnes CO ₂ e	21 887	14 334	13 265	12 852	12 541	10 892	✓	2 716	2 009	6 167
	of which gas emissions of portfolio	tonnes CO ₂ e	12 602	13 402	12 547	11 920	11 225	9 652	✓	2 343	1 995	5 314
	of which gas emissions Befimmo "corporate"	tonnes CO ₂ e	101	19	34	17	18	19	✓	n.a.	19	n.a.
	of which heating oil emissions	tonnes CO ₂ e	1 695	131	132	146	732	769	✓	163	0	606
Subtotal emissions linked to direct energy		tonnes CO ₂ e	14 297	13 533	12 680	12 067	11 957	10 422	✓	2 507	1 995	5 920
Reporting perimeter		%	42%	66%	71%	72%	78%					
Like-for-Like [LfL]	total emissions linked to direct energy - normalised degree/day	tonnes CO ₂ e	9 270	9 092	9 211	8 710	9 566					
	total emissions linked to direct energy - normalised degree/day - 2019 evolution	tonnes CO ₂ e	5 310	8 313	8 623	8 671	9 357					
	evolution	%	-43%	-9%	-6%	0%	-2%					
Absolute measures [Abs]	of which emissions of the portfolio heating network	tonnes CO ₂ e	0	141	130	340	258	250	✓	0	0	250
	of which electricity emissions of portfolio	tonnes CO ₂ e	7 589	660	456	446	326	221	✓	209	14	-3
	of which electricity emissions Befimmo "corporate"	tonnes CO ₂ e	0	0	0	0	0	0	✓	0	0	0
	Subtotal emissions linked to indirect energy	tonnes CO ₂ e	7 589	660	456	446	326	221	✓	209	14	-3
Reporting perimeter		%	44%	64%	71%	73%	78%					
Like-for-Like [LfL]	total emissions linked to indirect energy - normalised degree/day	tonnes CO ₂ e	5 075	539	434	439	318					
	total emissions linked to indirect energy - normalised degree/day - 2019 evolution	tonnes CO ₂ e	89	140	204	204	204					
	evolution	%	-98%	-74%	-53%	-54%	-36%					
Reporting perimeter		%	45%	78%	87%	84%	88%	75%	✓	67%	72%	78%
total emissions linked to direct and indirect energy and the heating network/m ²		kg CO ₂ e/m ²	43.3	16.8	15.9	14.3	14.6	13.8	✓	16.5	15.4	12.8
total emissions linked to direct energy/m ²		kg CO ₂ e/m ²	24.4	15.9	15.2	13.3	13.9	13.4	✓	15.9	15.4	12.3
total emissions linked to indirect energy and the heating network/m ²		kg CO ₂ e/m ²	18.1	0.7	0.7	1.0	0.7	0.6	✓	1.6	0.0	0.5
evolution year/year		%	n.a.	16%	-5%	-10%	2%	-5%	✓			
evolution since 2008		%	n.a.	-61%	-63%	-67%	-66%	-68%	✓			

TOTAL WASTE BY TYPE (TONNES)
Waste-Abs
Waste- LfL
GRI 306-2

		2008	2015	2016	2017	2018	2019		2019			
		Units						External limited assurance 2019	1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area	m ²	842 801	936 259	888 228	933 125	900 547	905 161	✓	168 205	138 567	598 390	
	total	tonnes	0	8 649	3 285	11 938	54 762	93 577	✓	77 074	2 260	14 242
<i>Reporting perimeter</i>		%	<i>n.a.</i>	100%	100%	100%	100%	100%	✓	100%	100%	100%
	total linked to works	tonnes	0	5 946.5	1 640.3	9 591.4	52 574.2	91 934.3	✓	76 666.2	1 989.4	13 278.8
Absolute measures [Abs]	of which not hazardous	tonnes	0	5 558.9	1 635.8	9 570.6	52 339.8	91 243.2	✓	76 666.2	1 988.6	12 588.5
	of which hazardous	tonnes	0	387.6	4.6	20.8	234.4	691.1	✓	0.0	0.8	690.3
<i>Reporting perimeter</i>		%	<i>n.a.</i>	63%	64%	51%	68%	50%	✓	58%	54%	47%
	total linked to operational buildings	tonnes	0	2 703	1 644	2 347	2 188	1 642	✓	408	271	963
Absolute measures [Abs]	of which not hazardous	tonnes	0	2 701	1 640	2 343	2 184	1 634	✓	408	267	958
	of which hazardous	tonnes	0	2.0	4.0	3.5	4.7	8.7	✓	0.0	3.8	4.9
<i>Reporting perimeter</i>		%	0%	46%	46%	41%	50%					
	total	tonnes	0	2 159	2 906	11 377	54 127					
Like-for-Like [LfL]	total - 2019	tonnes	0	2 397	2 478	3 349	13 792					
	evolution	%	<i>n.a.</i>	11%	-15%	-71%	-75%					

FINANCIAL SAVINGS DUE TO REALISED ENERGY SAVINGS

The data given in the table below refer to the direct financial impact on Befimmo and its tenants of (i) measures taken to cut energy consumption (excluding potential benefits of green certificates from self-generation) and (ii) close management of the technical installations in the portfolio for 2018 and 2019. These cost savings are calculated using the average cost per kWh depending on the energy supply contract. There were also reductions electricity consumption in private areas but they are not included in the financial savings set out hereafter.

Befimmo + Fedimmo		Perimeter	Energy (in kWh)	Financial savings (in €) (annual basis)
	Total savings		2 972 695	€315 250
Like-for-Like [Lfl] 2016 - 2017	of which common energy reduction	89%	1 538 053	€192 933
	of which self-generation [solar panels and cogenerations]		778 916	€97 707
	of which gas reduction (including heating network)	91%	655 726	€24 609
	Total savings		800 287	€133 196
Like-for-Like [Lfl] 2017 - 2018	of which common energy reduction	97%	308 498	€32 291
	of which self-generation [solar panels and cogenerations]		1 171 050	€122 574
	of which gas reduction (including heating network)	96%	- 679 260	-€21 668
	Total savings		3 808 791	€315 966
Like-for-Like [Lfl] 2018 - 2019	of which common energy reduction	78%	704 944	€76 634
	of which self-generation [solar panels and cogenerations]		1 733 138	€188 409
	of which gas reduction (including heating network)	78%	1 370 709	€50 922

The average prices for calculating the financial savings, for 2017 to 2018, amount respectively to €125/MWh (including VAT) V for electricity, €38/MWh (including VAT) V for gas and €105/MWh (including VAT) V for electricity and €32/MWh (including VAT) V for gas for 2018-2019. The transmission costs are included in these prices.