THE ART OF REINVENTING SPACES

ANNUAL FINANCIAL REPORT 2018

Befimmo

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JOHAN ANRYS / ARCHITECT PARTNER AT 51N4E, ONE OF THE ARCHITECTS OF THE ZIN PROJECT

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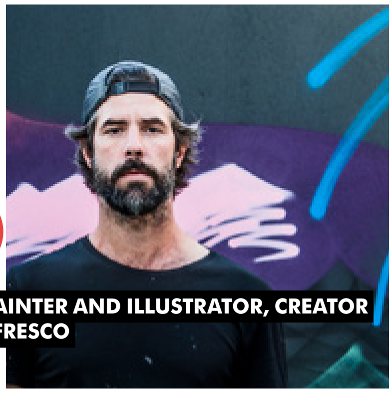


ARNAUD KOOL / PAINTER AND ILLUSTRATOR, CREATOR OF THE QUATUOR FRESCO

Reinvent yourself to evolve

Befimmo has always been keen to listen.
Listening to the needs of its tenants,
listening to the vision of its partners,
listening to the ideas of its employees,
listening to the trends in the world of work.

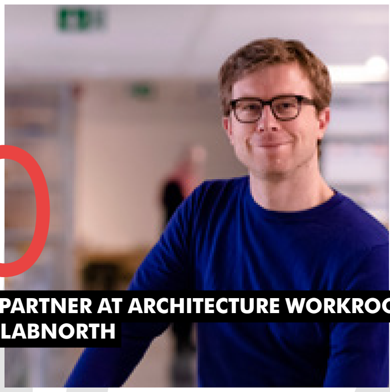
This ongoing dialogue not only provides appropriate responses to market needs, but also anticipates future needs and challenges.

Its goal is still the same: to design and provide inspiring and sustainable workspaces, suitable for new ways of working and living.

In this Report, Befimmo gives voice to various partners to express their rich and complementary visions on the evolution of the world of work and the environment in which it takes place.

Open minds, open spaces.

THE ART OF REINVENTING SPACES



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ROELAND DUDAL / PARTNER AT ARCHITECTURE WORKROOM BRUSSELS (AWB), MEMBER OF LABNORTH

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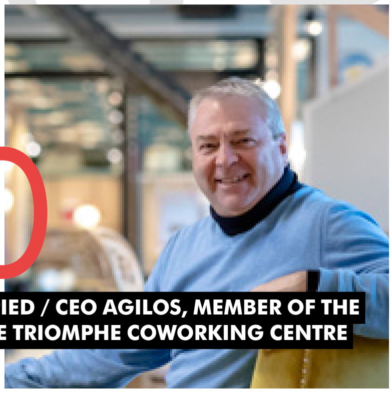
ALEXANDRE PONCHON AND AXEL KUBORN / CO-FOUNDERS AND PARTNERS OF SILVERSQUARE



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GILLES HOCEPIED / CEO AGILOS, MEMBER OF THE SILVERSQUARE TRIOMPHE COWORKING CENTRE

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PHILIPPE LEFRANCQ / CO-FOUNDER AND PARTNER OF AHOOGA, MANAGER OF MOBILITY HUBS

Annual Financial Report on the financial statements as at 31 December 2018 presented to the Annual General Meeting of 30 April 2019 and approved by the Board of Directors on 8 March 2019.

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.
At 31 December 2018, Befimmo did not yet have exclusive control of Silversquare Holding SA and it does not therefore appear in the consolidated basis. The exclusive control of Silversquare Holding SA was obtained from 1 January 2019. Therefore, from this date, the global consolidation method is applied.

The following explanatory icons are used in this Report:

"Market"

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

Glossary

This icon refers to the glossary in the appendix to this Report on page 217.

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.

REAL-ESTATE, FINANCIAL AND SOCIAL RESPONSIBILITY INDICATORS

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

Befimmo has fully committed to standardising its financial and social-responsibility reporting - with a view to improving the quality and comparability of the information - by adopting the EPRA reporting guidelines and GRI Standards[1]. The CSR indicators are set out in the GRI Content Index on page 242.

ALTERNATIVE PERFORMANCE MEASURES

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

Online sheet "Reporting & recognition"

http://www.befimmo.be/en/investors/publications/alternative-performance-measures

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/).

Open minds, open spaces

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

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

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

Its portfolio is worth some €2.6 billion and comprises around a hundred office buildings with space totalling over 900,000 m^2.

Befimmo is listed on Euronext Brussels. At 31 December 2018, its market capitalisation was €1.2 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.

BEFB
LISTED
EURONEXT

€2.6 billion
value of portfolio

€1.2 billion
market capitalisation

900,000 m^2
overall floor area

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

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Risk factors

This chapter covers the risks identified as potentially affecting the Company, including a description of the measures it has taken to anticipate them, mitigate their potential impact and turn them into opportunities. Note that doing business involves taking risks and so it is not possible to eliminate the potential impact of all the risks identified, nor of any residual risk that therefore has to be borne by the Company and, indirectly, by its shareholders. The global economic and financial climate and the current geopolitical context may accentuate certain risks related to Befimmo's business.

This list of risks is based on information known (including from dialogue with all stakeholders) at the time of writing this Report. The list of risks in this chapter is therefore not exhaustive: other risks, which may be unknown, improbable or unlikely to have an adverse effect on the Company, its business or its financial situation, may of course exist.

MAIN RISKS RELATED TO EXTERNAL ECONOMIC FACTORS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE CHANGING WORLD OF WORK		
Office space is being used in increasingly flexible and mobile ways. New technology is facilitating a transformation within businesses: from a static and "sequential" mode of operation to more dynamic environments. Businesses are looking for pleasant and flexible working environments to attract talent. They are setting up for Smart Ways of Working and moving to Activity-Based Working.	▪ The ratio of the number of square metres used per employee is falling and may lead to a decline in buildings' occupancy rates. ▪ Conventional office environments no longer meet expectations. ▪ The coworking business model is still developing.	The Company is committed to this new world of work: ▪ a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users. ▪ acquisition of a majority shareholding in the Silversquare coworking company. ▪ plans to develop (with Silversquare) a Belux network of hybrid offices[1]. ▪ a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life. ▪ projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions.
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.	▪ 95.05%[2] of the leases in Befimmo's consolidated portfolio are covered, in line with general practice, against the effect of any negative indexing - 44.61% provide for a ceiling on the basic rent. - 50.44% contain a clause that sets the minimum at the level of the last rent paid. ▪ The remaining 4.95% of the leases do not provide for any minimum rent. ▪ Contractual agreements put in place in relations with contractors.

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.
2. Based on the current gross rent under agreements at 31 December 2018.

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[1] 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 2018: - borrowings of €984.5 million (84.96% of total debt) are financed at fixed rates (fixed rates specified in agreements or rates fixed by IRS). - The remainder of the debt, €174.3 million, is financed at floating rates, €90.0 million of which is hedged against rising interest rates by means of optional instruments (caps and collars[2]). The remaining 7.28% 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 basis). ▪ With the hedging arranged at 31 December 2018, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €0.2 million (annual basis). ▪ The debt ratio is 45.76% as at 31 December 2018, the LTV ratio is 43.62%. ▪ The Standard & Poor's rating agency confirmed the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.
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"
CURRENCY RISK		
Befimmo invests solely in the euro zone and has no plans to take currency risks in its investments, income or financing. Nevertheless, in May 2012 it arranged a private bond placement in the United States and the United Kingdom (US Private Placement (USPP)) denominated in US dollars and sterling, maturing in 2019 and 2020.	▪ Adverse change in the exchange rate of the euro against the currencies concerned.	▪ Exchange rate fluctuations fully offset against the interest and principal to be repaid by the Company through the full and immediate hedging of foreign exchange transactions and conversion risks by purchasing currency swap agreements (Cross-Currency Swaps).

1. This is an Alternative Performance Measure. For more information, please consult the chapter "EPRA Best practices" on page 78.
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).

RISK RELATED TO BREXIT		
In June 2016, the United Kingdom voted in favour of leaving the European Union. In March 2017, the process of leaving the European Union was triggered. Under the EU treaties, the UK will leave at the end of a two-year period, allowed for the organisation of the exit process and the negotiation of any new form of partnership. there is still uncertainty about how Brexit will be implemented after 29 March 2019.	BREXIT is creating volatility in the financial markets and uncertainty about the future relationship between the United Kingdom and the European Union. The uncertainty may have a general impact on the economic situation, including reducing liquidity on the financial and housing markets, and may delay or call into question certain financial or real-estate operations, or even affect their value.	• Closely monitor the unfolding situation and be more prudent in managing the businesses.

MAIN RISKS RELATED TO STRATEGY

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS OF SEGMENTAL CONCENTRATION		
The portfolio is almost entirely composed of office buildings (with the exception of a few shops on the ground floor of some buildings).	• Sensitivity to the evolution of the office property market.	• The Company has an investment strategy focused on: - quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors. - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. • The Company is committed to the new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users. - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company. - plans to develop (with Silversquare) a Belux hybrid office network. - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life. - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. → "Strategy"
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 (68.9% of the portfolio as at 31 December 2018). → "Property report"	• Sensitivity to developments in the Brussels office property market, which is characterised in particular by a significant presence of European institutions and related activities.	• Under its investment strategy, the Company seeks to avoid excessive concentration of the portfolio in a single area or asset. • As a matter of interest, the AMCA building in Antwerp, the Paradis tower in Liège, the Gateway building at Brussels airport and WTC Tower 3 in Brussels each account for between 5 and 10% of the fair value of the portfolio as at 31 December 2018. → "Strategy"

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO RENTAL VACANCY		
Overall, the office property market is currently characterised by higher supply than demand, and changing types of demand. The Company is exposed to the risks of its tenants leaving, and of renegotiating their leases: - Risk of loss of and/or reduced income. - Risk of negative reversion of rents. - Risk of pressure on the renewal conditions and to grant rental gratuities. - Risk of loss of fair value of properties, etc.	▪ Decline in spot occupancy rates and a reduction in the operating result of the portfolio. ▪ On an annual basis at 31 December 2018, a 1% fluctuation in the spot occupancy rate of the Company's portfolio would have an impact of some €2.1 million on the property operating result, €0.08 on the net asset value per share and 0.08% on the debt ratio. ▪ Direct costs related to rental vacancies, namely charges and taxes on unlet properties. ▪ They are estimated on an annual basis at €2.72 million, equivalent to around 1.89% of total rental income. ▪ Higher expenses in connection with the marketing of properties available for lease. ▪ Fall in the value of buildings.	▪ The Company has an investment strategy focused on: - quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors. - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. ▪ The Company is committed to the new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users. - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company. - plans to develop (with Silversquare) a Belux hybrid office network. - extensive and personalised range of services to make life easier for its tenants. - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life. - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. ▪ The Company has a professional commercial team dedicated to finding new tenants and actively managing the relationship with its customers. ▪ Steady cash flow depends mainly on rental income being secured. The Company therefore strives to ensure that a large proportion of its portfolio is let on long-term leases and/or to multiple tenants, which helps to spread the rental risks. ▪ At 31 December 2018, the weighted average duration[1] of Befimmo's current leases until the next break was 6.96 years. ▪ The spot occupancy rate[1] of the properties available for lease at 31 December 2018 was 94.50% compared with 94.44% at 31 December 2017. ▪ The major projects in the North area are an opportunity for the Company to address the lack of Grade A[2] buildings in Brussels.
RISKS RELATED TO (RE)DEVELOPMENT ACTIVITIES		
Risk associated with the renovation or construction of buildings. In preparation for a new life cycle, the buildings in the portfolio must undergo a major renovation or be rebuilt. In this context Befimmo is exposed to risks related to: - the choice of service providers (architects, contractors, specialist lawyers). - choice of use format. - obtaining permits (difficulties, delays, changes in the law, etc.). - construction (costs, delays, compliance, etc.). - marketing.	▪ Construction and/or operating costs overrunning the budget. ▪ Absence of rental income on completion of the works and costs related to the vacancy. ▪ Pressure on marketing conditions and for granting of rental gratuities. ▪ Negative impact on the occupancy rate of the portfolio.	▪ Design innovative, sustainable and quality projects (incorporating the latest technologies) to satisfy market needs. ▪ Ongoing analysis of market needs: - a redesigned world of work; workspaces are organised according to the users' type of business and their profile. - wide and personalised range of services to make life easier for its tenants. - a mix of functions in 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.

1. This is a real-estate indicator. For more information, please refer to Appendix II of this Report.
2. 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
RISKS ASSOCIATED WITH TENANTS		
Risks related to the insolvency of its tenants.	▪ Loss of rental income, an increase in property charges where rental charges cannot be recovered, and the emergence of unexpected rental vacancies. ▪ Risk of pressure on the renewal conditions and to grant rental gratuities, etc.	▪ Prior review of the financial health of potential customers. ▪ Private-sector tenants[3] are required to provide a rental guarantee. ▪ There is a procedure for regularly monitoring outstanding receivables. ▪ The ageing balance of trade receivables is given in the financial statements on page 183 of this Report.
RISKS RELATED TO MERGERS, DEMERGERS, ACQUISITIONS AND JOINT VENTURES		
Risk that the value of certain assets may have been over-estimated or that hidden liabilities have been transferred to the Company during mergers, spin-offs or acquisitions, or joint ventures.	▪ Realisation of the need to revalue certain assets or record certain liabilities that could entail a financial loss to the Company.	▪ Take the usual precautions in operations of this type, mainly by carrying out full due-diligence exercises (real-estate, accounts, taxation, etc.) on properties contributed and on absorbed or merged companies, that may involve obtaining guarantees. ▪ Take similar precautions in case of joint ventures.
RISKS RELATED TO THE COWORKING MARKET		
Risks related to the entry into a new and fast-developing market (control of the key factors of success, competition, etc.).	▪ Profitability linked to the success of the underlying activity.	▪ Taking a majority stake in a company (Silversquare) with broad experience in coworking. ▪ The impact is relatively limited on Befimmo as it is developing this business gradually.
RISK RELATED TO THE COMPANY'S REPUTATION		
Reputational risk in relation to stakeholders (current and prospective tenants, local residents, public authorities, current and potential investors, financial and other analysts, suppliers, etc.). Reputation is influenced by information disseminated by the media and on social networks.	▪ Reputational damage to the Company could have adverse repercussions, notably when negotiating lease agreements, seeking financing and/or the value of the share.	▪ Corporate Governance Charter and Code of Ethics drafted by the Board of Directors. ▪ Code of Ethics requiring ethical values to be observed in relations with customers, staff, partners and shareholders. ▪ In addition to its reporting requirements as a listed company and a BE-REIT, Befimmo communicates transparently and proactively in order to best meet the expectations of its stakeholders. ▪ The Company has a communication plan (internal and external) and a crisis communication plan. It commissions reputation analyses from specialist agencies. ▪ The media are monitored daily and any necessary corrections or clarifications are issued. → "Environmental risks" → "Risk related to a change in the Company's rating"

3. Public-sector tenants (the Belgian Government, Flemish Region and European institutions), which occupy a substantial proportion of the Company's portfolio (65.03% as at 31 December 2018, calculated on the basis of the gross rent under current leases as at 31 December 2018), do not generally provide rental guarantees, however, but do have a more limited risk profile.

MAIN RISKS IN THE PROPERTY PORTFOLIO

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE FAIR VALUE OF THE PROPERTIES		
• Risk of a negative change in the fair value of the portfolio. • Risk of the real-estate experts over-valuing or under-valuing properties in relation to their true market value. This risk is accentuated in the market segments in which the limited number of transactions gives the experts few points of comparison, which still holds true to some extent for the decentralised areas and periphery of Brussels (7.46%[1] of the portfolio), and more generally in the Belgian provincial towns.	• Impact on the Company's net result, equity, debt[2] and LTV[3] ratios. • Impact on the Company's ability to distribute a dividend[4] if the cumulative negative changes in fair value were to exceed the total value of distributable and non-distributable reserves and the distributable portion of the share premiums. • On the basis of the data as at 31 December 2018, a 1% decline in the value of the property assets would have an impact of around -€26.6 million on the net result, entailing a change of around -€1.04 in the net asset value per share, around 0.45% in the debt ratio and around 0.44% in the LTV ratio.	• The Company has an investment strategy focused on: - quality office buildings, with a good location, good accessibility and an adequate critical size, among other factors. - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. • The Company is committed to the new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users. - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company. - plans to develop (with Silversquare) a Belux hybrid office network. - extensive and personalised range of services to make life easier for its tenants. - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life. - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. • Statutory rotation of independent experts. They are systematically informed of changes in the situation of the buildings, and regularly visit buildings.
RISKS RELATED TO INADEQUATE INSURANCE COVER		
Risk of occurrence of a major loss affecting the buildings, with insufficient cover.	• Costs of refurbishing the affected building. • Fall in the operating result of the portfolio and in the fair value of the building following the termination of the lease through frustration, and therefore an unexpected rental vacancy.	• Buildings are covered by a number of insurance policies (risk of fire, storm damage, water damage, etc.) covering loss of rent for a limited period (in principle for the time needed for reconstruction) and the cost of reconstruction, for a total sum (new reconstruction value, excluding the value of the land) of €2,261.6 million as at 31 December 2018. • Buildings are covered by a policy insuring against acts of terrorism.
RISK OF DETERIORATION AND OBSOLESCENCE OF BUILDINGS		
Risk of wear and tear and obsolescence, relating to increasingly stringent requirements (legislative, societal or environmental).	• Rental vacancies. • Investments required to bring the building into compliance with regulatory requirements and tenants' expectations.	• Property kept in a good state of repair and maintained in line with good practice in terms of energy, technical and other performance criteria, by making an inventory of preventive and corrective maintenance work to be carried out, and establishing a works programme. • Most of the buildings are covered by "total guarantee" maintenance contracts[5]. • At 31 December 2018, 86% of the consolidated portfolio was covered by such a "total guarantee" contract. • 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. Calculated on the basis of the fair value of the investment properties as at 31 December 2018.
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]. This is an Alternative Performance Measure. For more information, please consult Appendix III to this Report.
4. Please see the chapter "Appropriation of results (statutory accounts)" on page 76 of this Annual Financial Report.
5. 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 EXECUTION OF WORKS		
Risks of delays, budget overspending, environmental damage and organisational problems when erecting, redeveloping and carrying out major works in the buildings in the portfolio. Risk of insolvency and non-compliance with specifications by the contractors responsible for the works.	▪ Adverse impact on the Company's results owing to a loss of rental income and/or an increase in charges. ▪ Adverse impact on the Company's reputation.	▪ Site communication plan, dialogue with local residents, etc. ▪ Monitoring of technical, budgetary and planning aspects has been introduced to manage the risks associated with this work. ▪ Contracts with building contractors generally provide for a number of measures to mitigate such risks (price ceilings, delay penalties, etc.). ▪ Regarding environmental issues, specific measures are incorporated into the specifications and contracts applying to successful tenderers. ▪ Monitoring of compliance with these environmental measures while the works are in progress (notably by external environmental coordinators, ISO 14001 procedures, site audits, BREEAM assessors, etc.). ▪ Regular assessment of main suppliers and service providers, and checks that co-contractors have no unpaid social contributions or taxes.
ENVIRONMENTAL RISKS		
Environmental risks in terms of pollution of soil, water and air (high CO_2 emissions) and also noise pollution. Risk of not achieving the Company's targets for improving its environmental performance and of losing the certifications (BREEAM, ISO 14001, etc.) that it has obtained.	▪ Adverse environmental impact. ▪ High costs for Befimmo. ▪ Adverse impact on Befimmo's reputation with its stakeholders. ▪ In some cases, an adverse impact on the fair value of the portfolio.	▪ A responsible approach, under which, for many years, the necessary action has gradually been taken to reduce the environmental impact of the activities that the Company controls and influences directly. ▪ The implementation of the Environmental Management System (EMS), which is ISO 14001 compliant, helps to anticipate environmental risks at both strategic level (acquisitions, major renovations, etc.) and operational level (building maintenance, use of buildings, etc.). ▪ An analysis was conducted of the environmental performance and the potential for improvement of the portfolio, and compliance with the requirements associated with certifications obtained. ▪ Use of resources: Befimmo adopts an eco-responsible approach at every stage of a building's life, making optimal use of energy and natural resources. ➔ "Property report"
RISK RELATED TO CO-OWNERSHIP		
Some properties in the Befimmo portfolio are co-owned. Co-ownerships are governed by the Civil Code and provide in particular that important decisions other than the routine management of the co-ownership must be taken by special majorities. Furthermore, no single co-owner may ever have a majority voting power in relation to all other co-owners present or represented.	▪ Impact on the times for carrying out major works or even the feasibility of certain projects, as important decisions must be taken by qualified majority voting.	▪ Limitation of the Company's ownership of co-owned assets. ▪ The percentage of the Befimmo portfolio held in co-ownership was 5.36% (based on the fair value of the portfolio) at 31 December 2018.
RISK OF POWER CUTS		
Risk of having buildings in a load-shedding area that might experience a cut or restriction of the electricity supply during the blackout period.	▪ Adverse impact on the wellbeing of the occupants. ▪ Adverse impact on the Company's reputation. ▪ Adverse impact when renegotiating a lease or when concluding a new lease agreement.	▪ When new investments are made, Befimmo analyses whether the property is located in the load-shedding area (at the time of acquisition). ▪ Befimmo also monitors changes in the load-shedding area.

MAIN FINANCIAL RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK OF A CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE		
A change in the interest and exchange rates alters the value of the financial assets and liabilities carried at fair value.	▪ Had the euro, US dollar and pound sterling interest rate curves been 0.5% lower than the reference rate curves at 31 December 2018, the change in fair value of the financial assets and liabilities would have been -€22.26 million. In the opposite case, the change in fair value would have been €20.79 million. ▪ Changes in the euro-US dollar and euro-sterling exchange rates can also have a significant impact on the fair value of the USPP finance, which is denominated in US dollars and pounds sterling.	▪ The change in fair value of the USPP debt is substantially offset, however, by a change in the opposite direction of the Cross-Currency Swaps, hedging instruments arranged at the same time as the financing. ▪ The impact of the change in fair value of the financial assets and liabilities at fixed rates can be partially mitigated by a combination of hedging instruments (options and swaps). ▪ At 31 December 2018, the net fair value of all the hedging instruments, including the cumulative change in the fair value of the USPP debt, was -€14.94 million. ▪ Part of Befimmo's borrowings (54.74%) are arranged at floating rates, which therefore means that the debt does not change in value in line with changes in interest rates.
RISK RELATED TO A CHANGE IN THE COMPANY'S RATING		
The Company's financing cost is influenced mainly by Standard & Poor's rating.	▪ Any downgrade of the rating would make it harder to obtain new financing and, if the rating were reduced by one notch from BBB to BBB-, would entail an additional financing cost estimated at €0.73 million, based on the debt structure and current contracts as at 31 December 2018. ▪ Adverse impact on the Company's image with investors.	▪ Regular review of the criteria (ratios) used to determine its rating, analysis of the potential impact of the Company's decisions on any changes in the rating, and the forecast changes in those ratios. ▪ The Standard & Poor's rating agency confirmed the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.
FINANCIAL LIQUIDITY RISK		
Befimmo is exposed to a liquidity risk related to the renewal of its financing as it reaches maturity or for any additional funding needed to meet its commitments. The Company could also be exposed to this risk if its financing agreements were terminated.	▪ New financing arranged at a higher cost. ▪ Sale of certain assets under less than ideal conditions.	▪ Adoption of a financial policy which in particular diversifies the sources and maturities of its financing. At 31 December 2018, the ratio of debt provided by financing from 8 banking institutions was 64.28%. The remainder is provided by various bond issues (one private bond placement in the United States (USPP) and a number of private placements in Europe). ▪ At 31 December 2018, the Company had confirmed unused lines of €264.2 million including cash. The Company aims to continually anticipate its financing needs (notably for its investments) and keep a defined amount in confirmed unused lines at all times so as to hedge this risk over a time frame of at least 12 months. ▪ The debt ratio (as per the Royal Decree) amounts to 45.76% at 31 December 2018 (the statutory limit is 65%) compared to 41.62% as at 31 December 2017.

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO’S POSITION
RISK RELATED TO COUNTERPARTY BANKS		
Arranging finance or a hedging instrument with a financial institution creates a counterparty risk of that institution defaulting.	▪ The Company could find itself in a situation where it is unable to access the financing arranged or the cash flows to which it is entitled through hedging instruments.	▪ Diversifying its banking relationships and working with banks that have an adequate rating or an acceptable level of risk. As at 31 December 2018, the Company had a business relationship with several banks: - At 31 December 2018, Befimmo had credit lines of €852.9 million. Banks providing this financing: Agricultural Bank of China Luxembourg, Banque Degroof Petercam, BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and Société Générale; - the counterparty banks for the hedging instruments are BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and Natwest Markets PLC (RBS Group). ▪ The financial model is based on structural borrowing: the amount of cash deposited with financial institutions is structurally very limited. It was €0.59 million as at 31 December 2018 compared with €0.25 million at 31 December 2017.
RISK RELATED TO OBLIGATIONS CONTAINED IN FINANCING AGREEMENTS		
Risk of financing agreements being cancelled, renegotiated or terminated early should the Company fail to abide by the covenants it made when signing those agreements, notably regarding certain financial ratios. Risk of a penalty if agreements are terminated prematurely. When the Company carries out a financing transaction on a foreign market, it is subject to laws and counterparties with which it is less familiar.	▪ Any challenge to a financing agreement would expose the Company to having to arrange additional financing at a potentially higher cost or sell certain assets under less than ideal conditions.	▪ The Company negotiates covenants with its counterparties at levels consistent with its estimated forecasts of changes in those indicators, and regularly analyses any changes in those forecasts.
RISK LINKED TO VOLATILITY AND SHARE PRICE		
The Company is exposed to a significant discrepancy between the share price and the Company’s net asset value.	▪ More difficult access to new equity may limit development capacity. ▪ Adverse impact on the Company’s reputation.	▪ Devise and implement a value-creation strategy. ▪ Publish outlook and dividend forecast. ▪ Regular, transparent and proactive communication to financial analysts and current and prospective investors.

MAIN RISKS RELATED TO REGULATION

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

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 flow as possible while enjoying certain advantages. In particular, BE-REITs pay a reduced rate of corporation tax as long as at least 80% of its cash flows are distributed (calculated on the basis of Article 13 of the Royal Decree of 13.07.2014). BE-REITs are exempt from corporation tax on the results (rental income and capital gains realised minus operating costs and financial charges)[1]. The exit tax is calculated as per circular Ci.RH.423/567.729 of 23.12.2004, the interpretation or practical application of which is liable to change. The real value of a property, as referred to in that circular, is calculated after deducting the registration fees or VAT. This real value differs from (and so may be less than) the fair value of the property as set out in the BE-REIT’s IFRS balance sheet. Any change to this circular could potentially entail an increase in the basis on which the exit tax is calculated. Befimmo complies in all respects with the regulations in force, and the provisions of the above-mentioned circular, for the calculation of exit taxes it owes in connection with the transactions on which the tax is due.		
RISK OF LEGAL PROCEEDINGS		
The Company is a party to legal proceedings and may be involved in others in future.	▪ At the time of writing, Befimmo is involved in a number of legal proceedings which, on the whole (according to the information available to the Company at the date of this registration document), are unlikely to have a major impact on Befimmo, as the potential losses are highly unlikely to materialise and/or are of insignificant amounts.	▪ A legal team with the necessary skills ensures strict compliance with current regulations and, as far as possible, proactively anticipates changes in the law (legislation watch). ▪ The Company also calls upon external consultants.

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

MAIN OPERATIONAL RISKS

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

Message of the Chairman and the CEO

Dear Shareholders,

In the spirit of our **Open Minds, Open Spaces** positioning, Befimmo has made further progress this year on the harmonious development of the business.

Our tenants, of all sectors, are facing a rapid change in their business model; it is up to us to offer them pragmatic and digital solutions that are user- and environmentally friendly in response to their many concerns about the flexibility of their workspaces and the wellbeing of their teams.

Accordingly, we are increasingly focusing on **The Art of Reinventing Spaces**; our teams are integrating into their projects the fruit of their collective intelligence thinking on the six strategic priorities they identified last year: mobility, environment, integration in the city, energising workspaces, dialogue with stakeholders and setting an example.

In this respect, 2018 was quite remarkable, particularly in two major areas:

- Silversquare: the partnership concluded in 2017 has now become a shareholding. After a year of working together on our first project, the Triomphe building - a year in which the two teams discovered their complementarity and shared values - the partners are now associates.

  This new subsidiary will enable us to offer a "one-stop shop" to the full range of our tenants, from start-ups and self employed to large companies, including the public sector, with a service differentiated by the creation and facilitation of a community that offers value to its members.

  Silversquare already has five operational spaces that form the basis of the BeLux hybrid network (traditional office and/or coworking space in Belgium/Luxembourg) that the partners aim to develop. The last two spaces opened in 2018 (Brussels Triomphe and Luxembourg) are already showing promising initial results.

ALAIN DEVOS | Chairman
BENOÎT DE BLIECK | CEO

"For fiscal year 2018, Befimmo posted a solid EPRA earnings (operational cash flow) of €3.68 per share, higher than forecast (€3.64 per share)."

- The ZIN is the evocative and typically Brussels name of the innovative project that will soon replace the first two towers of the WTC, on Boulevard du Roi Albert II in Brussels. We were very discreet during the design phase of the project but now that the process of applying for the permits is under way, we will finally be able to reveal it to the world: a multifunctional building that is sustainable and environmentally friendly. Its unprecedented architectural design will facilitate the reallocation of its spaces as time goes on and as the way in which they are used evolves.

  Open to the city, besides having an important function as "offices of the future", it will host a customer-friendly hotel, quality apartments and other facilities such as sports, food and beverages and local shops.

  It will become a key milestone in the evolution of the North area, open every day of the week, 24 hours a day, and play a full part in this radical transformation of this district of Brussels. At the instigation of the "Up4North" association which brings together the district's main institutional landowners, and of which Befimmo has proved to be the main backer, the various stakeholders, including the public authorities, are now aware of the amazing advantages of this neighbourhood; it is a stone's throw from the historic city centre and has the largest public transport hub in the country. The district is gradually evolving from a mere transit point for commuters travelling to work into a living environment in the city for the people of Brussels. Our ZIN project will undoubtedly accentuate and accelerate this transformation.

In terms of lets, 2018 was also highly successful for both our operational buildings mainly in Brussels (notably Blue Tower and Arts 56) and in Luxembourg (Axento) and our ongoing projects. For instance, the lease signed for the entire Brederode Corner building (7,000 m² - Brussels CBD), two years before the end of the major renovation works, is an example of the capability of Befimmo's teams to create value by reinventing its strategically located buildings in the city centre for a new cycle.

More generally, Befimmo has agreed new leases or renewed current leases for approximately 53,000 m² of space, while the overall take-up of the market amounts to 361,000 m², without even counting the many transactions initiated in 2018 and brought to fruition in January this year.

For fiscal year 2018, Befimmo posted a solid EPRA earnings (operational cash flow) of €3.68 per share, higher than forecast (€3.64 per share). While this is (slightly) down by €0.06 per share compared with last year's figure (€3.74), it must be judged in the light of the expiry, in January 2018, of the lease of the Noord Building (Brussels - North area) which alone contributed to EPRA earnings for about €0.20 per share.

Meanwhile the result per share was €3.24. The discrepancy with the amount of the dividend of €3.45 per share is explained mainly by the unrealised decrease in the fair value (IFRS 9) of the financial liabilities and assets, linked to the sharp fall in the financial markets in November and December 2018.

These robust results enable us to propose a final dividend of €0.86 gross per share to the General Meeting on 30 April. As forecast, with the interim dividend of €2.59 gross paid out in December 2018, the dividend for the year will be €3.45 gross per share.

There is no doubt that the geopolitical situation is generating much uncertainty. In any case, it is your Company that we are responsible for managing properly. The quality of our projects, especially those in the North area, inspires us with real confidence in their success.

The construction of the Quatuor building (Brussels - North area), which is now well under way, is attracting the interest of potential occupiers, particularly in the Brussels market where there are few available "Grade A" buildings at a time when demand is picking up again. In this context, as the work proceeds, the Quatuor building (in which a third of the space is already pre-let), illustrated by the various artists decorating the site hoarding, is becoming a real opportunity for businesses that have decided to embrace "Smart Ways of Working".

The first preparatory work for the ZIN will begin in March 2019 so that the work related to the permits that are currently being applied for can start mid-2020. It will then become very tangible for prospective tenants.

On the other hand, the compression of real-estate yields, combined with the value added by our teams in the properties in the portfolio, are now encouraging us to promote the rotation of our core assets. In addition to controlling our level of debt, this is about seizing the opportunity to crystallise some of our values so that we can then reinvest the capital gains generated and, if necessary, make up for the dilution of EPRA earnings resulting from these disposals.

"For fiscal year 2019, we are forecasting a dividend of €3.45 gross per share."

Thus, despite the inevitably adverse but temporary impact on future EPRA earnings of two large Befimmo buildings (Noord Building and WTC) almost simultaneously reaching the end of their first life cycle, we think that it is important to reiterate our message: while this is not a commitment, the large distributable reserves available to Befimmo could complement the more moderate EPRA earnings while these projects are being redeveloped in order to ensure that the current dividend policy can be sustained.

Accordingly, for fiscal year 2019, we are once again forecasting a dividend of €3.45 gross per share.

Finally, we wish to recognise the importance and quality of the work that Mr Hugues Delpire has accomplished as a member of our Board of Directors and Chairman of our Audit Committee; he will leave us after the Annual General Meeting on 30 April after eight years of intense and always constructive contributions. Our sincere thanks go to him.

On behalf of the Board of Directors, the Management Committee and our entire team, we are very grateful for your confidence in us and assure you that we are motivated and enthusiastic about the challenges that lie ahead.

Brussels, 8 March 2019.

Benoît De Blieck Managing Director CEO	Alain Devos Chairman of the Board of Directors


THE ZIN PROJECT IS A PROTOTYPE FOR A 'METROPOLITAN HYBRID'. IT IS A HYBRID ENVIRONMENT WITH A VARIETY OF FUNCTIONS... A PIECE OF CITY THAT LIVES 24/7.

THE ART OF CREATING FUTURE-PROOF ENVIRONMENTS

JOHAN ANRYS / ARCHITECT PARTNER AT 51N4E, ONE OF THE ARCHITECTS OF THE ZIN PROJECT

Today's office model is not workable in future. With Befimmo we therefore started looking for a concept of what the office of tomorrow might look like as a working environment. It became an exciting cooperation and a challenging learning experience with a unique way of working and an original approach to the process. We all had building blocks and keys that we were able to put together to build a common vision. We see the ZIN project as a standard example of a large-scale working environment close to important transport hubs. ZIN is focused not on a single life cycle, but rather on life cycles in the distant future.

Management report

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 team is motivated, committed, responsible, open and determined to develop the future world of work.

OUR STRATEGY

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

Understanding and anticipating the rapidly changing needs of users (public authorities, businesses and entrepreneurs) is at the heart of Befimmo's strategy.

In this way, 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's ambition, with its Silversquare subsidiary, is to develop a Belux network of hybrid offices, ranging from conventional offices to buildings entirely devoted to coworking, including a mix of both solutions.

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.

The goal is to provide inspiring workspaces that stimulate efficiency, creativity and exchange. By doing so, Befimmo aims to create links between users and develop its communities, supported by a digital approach.

The principles of Social Responsibility are at the heart of its strategy, and are based on the six axes, the starting point for Befimmo's day-to-day activities.

A 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.

OUR OBJECTIVE

TO CREATE VALUE FOR ALL STAKEHOLDERS

OUR BUSINESS

INVESTING

High-quality environments

Responsible investment criteria:

- Office use (mainly)
- A good location
- Excellent accessibility
- An adequate size
- High-quality fundamentals
- Flexible buildings
- Potential for creating value

ARBITRATION

Dynamic management of the portfolio

- Sell "core" and/or mature buildings with a view to crystallising values
- Sell buildings that do not fit the strategy

Open minds, open spaces.

IMPROVING AND MANAGING

Proactive portfolio management and network and community development

- Property management
- Commercial management
- Environmental management
- Digital management
- User experience
- Services and facilities

DESIGNING, RENOVATING AND DEVELOPING

Innovative project design focused on user needs

- Project management
- Project development
- Environmental management
- Commercial management
- Digital management

OUR FUNDAMENTALS

6 STRATEGIC AXES

>20 YEARS OF TRACK RECORD

FINANCIAL STRATEGY

Finance appropriate to the implementation of our strategy, seeking an ideal balance between cost, duration and diversification of our sources of finance.

An LTV ratio of around 50%, in line with our "risk-averse" profile in an office market that is fundamentally quite stable.

A hedging policy to mitigate the effect of a change in interest rates on the result and EPRA earnings.

Our 6 strategic axes

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

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

THE WORLD OF WORK

Rethinking workspaces based on the type of activity and profile of the users

INTEGRATION INTO THE CITY

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

SETTING AN EXAMPLE

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

TEAM

MOBILITY

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

USE OF RESOURCES

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

DIALOGUE

Fostering and maintaining communication with all stakeholders

1. United Nations Sustainable Development Goals.

A well-located quality portfolio with a strong ambition

We operate in the main Belgian towns and cities and in the Grand Duchy of Luxembourg.

Our ambition is to develop a 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.

BELGIUM & LUXEMBOURG

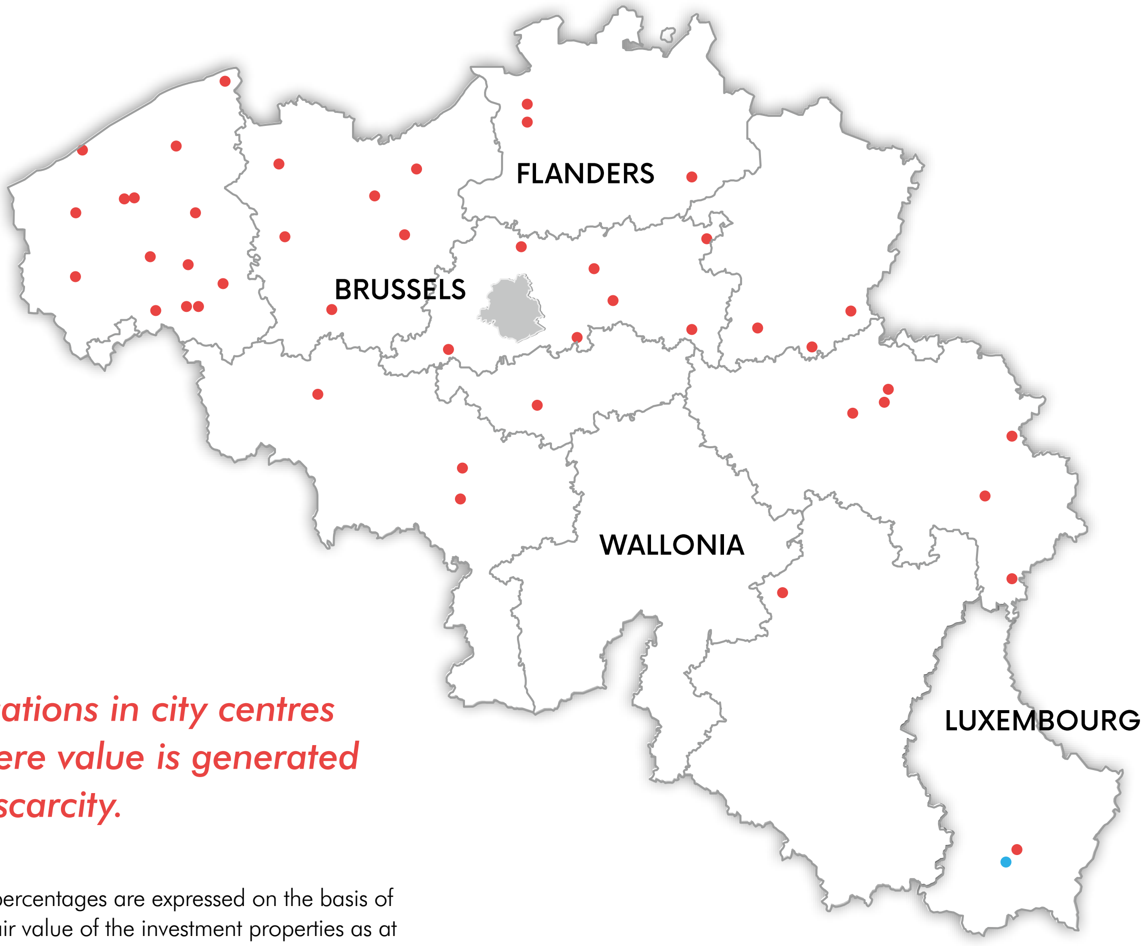
68.9% Brussels

17.9% Flanders

8.6% Wallonia

4.6% Luxembourg

- Office buildings
- Silversquare coworking spaces



Locations in city centres where value is generated by scarcity.

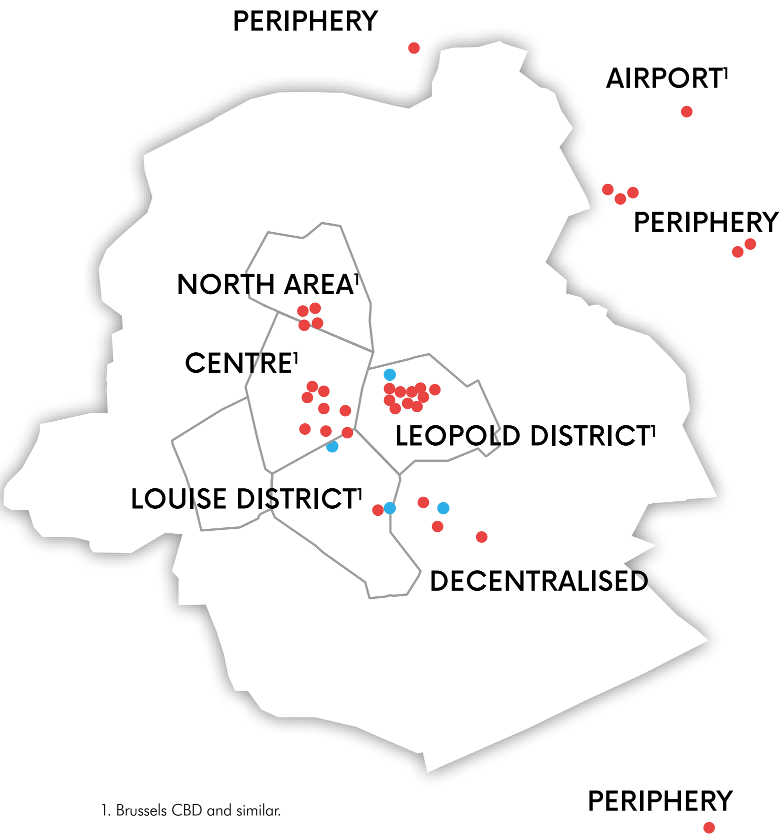
The percentages are expressed on the basis of the fair value of the investment properties as at 31 December 2018.

BRUSSELS

- Office buildings
- Silversquare coworking spaces

68.9 %
of the portfolio located in Brussels

of which
60.5 %
in the Central Business District



1. Brussels CBD and similar.

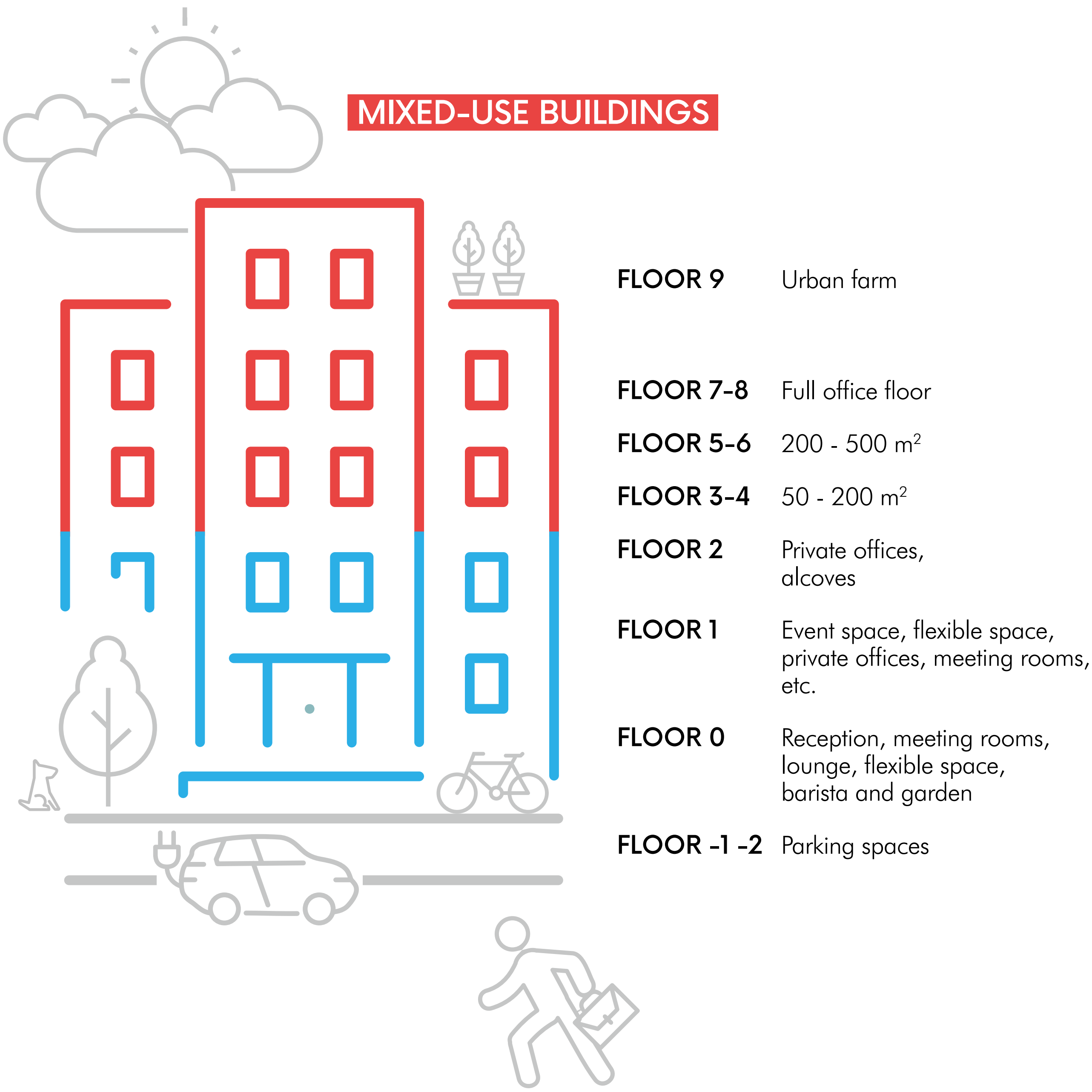
WHO IS SILVERSQUARE?

By creating its first coworking centre in 2008, Silversquare became a pioneer in the sector in Belgium and Europe. Silversquare stands out from its competitors for anticipating a fundamental evolution of the business. Ten years on, the company manages five centres, with a floor area of 15,200 m², has more than 1,000 members and generates a turnover of around €5.3 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.

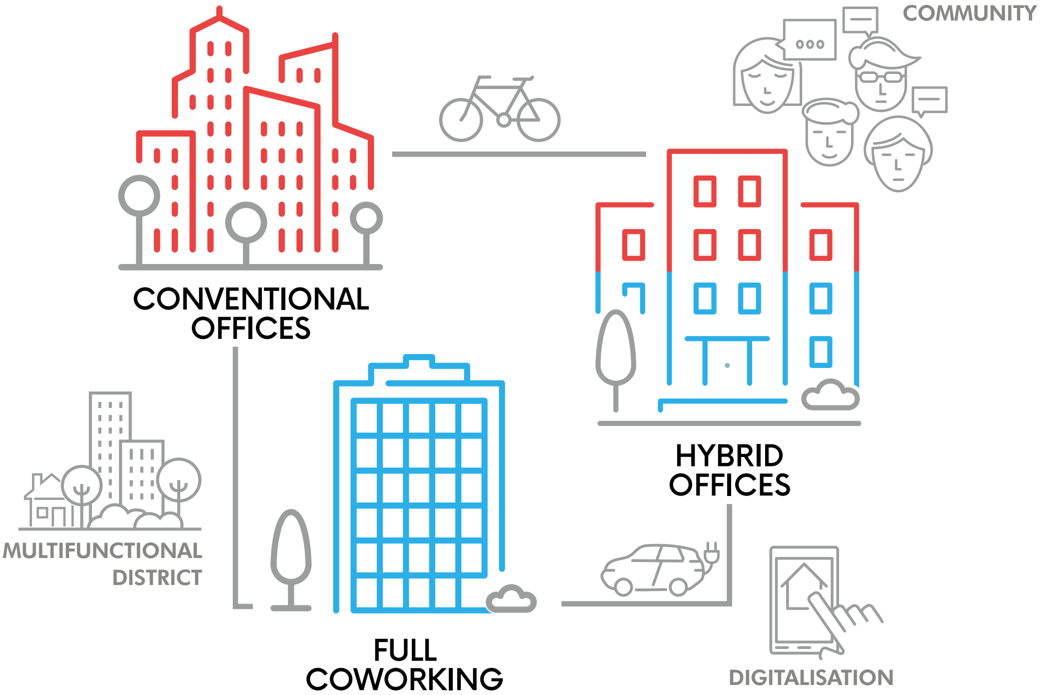
www.silversquare.eu

Befimmo environments in a new world of work

Befimmo offers its users 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 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.



THE FIRST BELGIAN AND LUXEMBOURG NETWORK



Serving our tenants

Nowadays, tenants of buildings are looking for a landlord who offers them much more than a "premium" building. To meet their needs, Befimmo attaches great importance to wellbeing in the workplace and offers a wide range of services to facilitate their lives. The environments conceived by Befimmo are all designed and developed so that all users can enjoy a pleasant, productive and more connected experience.

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. It organises user-satisfaction surveys and, as far as possible, introduces new services in line with their expectations.

MOBILITY

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

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

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

PROPERTY MANAGEMENT

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

SPACE PLANNING & PROJECT MANAGEMENT

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

ENVIRONMENTAL SUPPORT

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

Online sheet "The world of work"

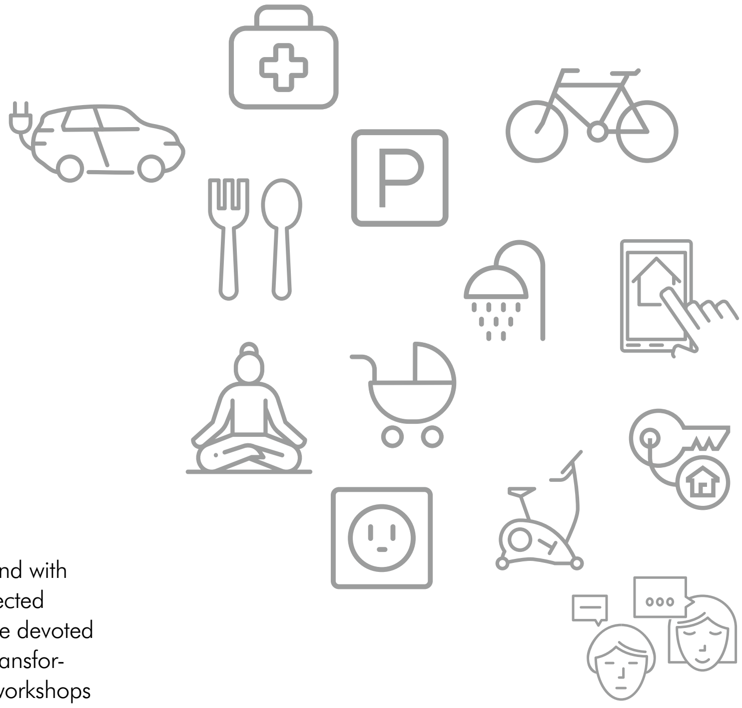
Online sheet "Mobility"

Online sheet "Dialogue"

→ "Strategic priorities"

http://www.befimmo.be/en/what-we-do/services-and-facilities

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 as many connected devices are appearing. In 2018, Befimmo therefore devoted part of its R&D activities to reflect upon its digital transformation. Accordingly, in late 2018, 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. Following this reflection, which is meant to be global and innovative, Befimmo is embarking on implementation and is already working on putting in place a strategic vision, an action plan for the coming years and experimenting with new digital solutions.

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 2018, and based on reports received by that date, 86.5%[2] of the portfolio of properties with multiple tenants[3] had been checked in four relevant areas, including inspections on fire, lifts, electricity and heating.

In 2018, the Property Managers team managed four minor incidents 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. Sustainable integration into the city is a recent topic, so no target has yet been set. However, the "Community Engagement" indicator, published by EPRA, has been calculated for the past two years. The objective is to measure the percentage of buildings for which measures have been taken to engage in dialogue with local communities.

To calculate the indicator, Befimmo takes account of the projects (m^2) that it is supporting and setting up in the North area: its activities in the Up4North association, the dialogue with local residents as part of the Quatuor project, and public announcements, surveys or consultations that it organises when making applications for environmental and urban planning permits. It also owns 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 2018, 27%[4] of the consolidated portfolio was covered and the objective is to improve this result each year. The teams are working to bring about this urban evolution.

2. This percentage was calculated using the EPRA sBPR methodology, see page 89 of this Report.
3. Note that for buildings let to a single tenant, the tenants themselves are responsible, and they deal with the statutory controls in their buildings.
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.

KEY FIGURES 2018

Property

€2 655.3 million
Fair value of portfolio

94.50%
Occupancy rate

6.96 years
Weighted average duration of leases

Results

€3.68/share
EPRA earnings

€3.45/share
Gross dividend

€56.42/share
NAV

Financial structure

2.01%
Average cost of financing

BBB
Standard & Poor's rating

43.62%
LTV

Team

86
Employees

50/50
Men/women

94%
Team satisfaction

Stock market

€1.2 billion
Market capitalisation

7.11%
Gross dividend yield of the share

AWARDS AND CSR BENCHMARKS

	2018	2017	2016	2015	2014	2013	2012	2011
EPRA BPR[1]	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Gold & Most Improved
EPRA sBPR[1]	Gold	Gold	Gold	Gold	Bronze	Silver	Silver	-
CDP[1]	A- Leadership	B Management	A- Leadership[2]	95 C	83 B	81 B	-	-
GRESB[1]	81% Green Star	86% Green Star	82% Green Star	86% Green Star	70% Green Star	59%	56%	-
OEKOM	Prime C+	-	-	Prime C	-	-	-	-
MSCI	A	A	BBB	A	-	-	-	-
Standard Ethics	EE-	EE-	EE-	EE-	-	-	-	-
Sustainalytics	64/100	-	-	-	-	-	-	-

1. Voluntary participation of Befimmo.
2. New rating system (from A to D-) since 2016.
3. Figures restated on the basis of the new definitions of the real-estate indicators mentioned in Appendix II to this Report.
4. 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 7.75 years as at 31 December 2018.
5. This is a real-estate indicator. For more information, please refer to Appendix II of this Report.
6. 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.
7. The debt ratio is calculated in accordance with article 13 of the Royal Decree of 13 July 2014.
8. Loan-to-value ("LTV"): [(nominal financial debts – cash)/fair value of portfolio].
9. This is an Alternative Performance Measure. For more information, please refer to Appendix III of this Report.
10. This is an Alternative Performance Measure. For more information, please consult the chapter "EPRA Best practices" on page 78.
11. 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 78.
12. Subject to a withholding tax of 30% as from January 2017 (coming from 27%).
13. Gross dividend divided by the closing share price.
14. 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.
15. For more information, please refer to the Methodology in Appendix VI of this Report.

PROPERTY KEY FIGURES	31.12.2018	31.12.2017	31.12.2016
Fair value of portfolio (in € million)	2 655.3	2 494.4	2 511.7
Spot occupancy rate of properties available for lease (in %)	94.50	94.44	92.22[3]
Weighted average duration of current leases up to next break (in years)	6.96[4]	7.31	8.10[3]
Weighted average duration of current leases up to final expiry (in years)[5]	7.52	7.88	8.61[3]
Gross initial yield on properties available for lease (in %)[5]	5.98	6.19	5.95[3]
Gross potential yield on properties available for lease (in %)[5]	6.29	6.52	6.41[3]
Gross initial yield of the investment properties (in %)[5]	5.53	5.85	5.79[3]

FINANCIAL KEY FIGURES	31.12.2018	31.12.2017	31.12.2016
Net asset value (in € per share)	56.42	56.63	54.78
Net result (in € per share)	3.24	5.32	3.82
Shareholders' equity (in € million)	1 443.21	1 448.50	1 401.35
Return on shareholders' equity[6] (in € per share)	3.24	5.33	3.69
Return on shareholders' equity[6] (in %)	5.79	9.85	6.79
Debt ratio[7] (in %)	45.76	41.62	44.65
Loan-to-value[8] (in %)	43.62	39.61	42.33
Average financing cost[9] (in %)	2.01	2.08	2.26
Weighted average duration of debts (in years)	4.84	4.73	3.66

EPRA KEY FIGURES	31.12.2018	31.12.2017	31.12.2016
EPRA earnings (in € per share)	3.68	3.74	3.68
EPRA NAV[10] (in € per share)	57.02	57.03	55.49
EPRA NNNAV[10] (in € per share)	55.93	56.35	54.30
EPRA Net Initial Yield (NIY)[10] (in %)	5.69	5.82	5.65
EPRA Topped-up NIY[10] (in %)	5.87	5.97	5.81
EPRA Vacancy Rate (in %)	4.28	5.43	5.71
EPRA Like-for-Like Net Rental Growth[11] (in %)	2.41	2.82	-0.29
EPRA cost ratio (including direct vacancy costs)[10] (in %)	19.69	17.36	18.45
EPRA cost ratio (excluding direct vacancy costs)[10] (in %)	17.80	15.77	15.51

KEY FIGURES ON BEFIMMO'S SHARE	31.12.2018	31.12.2017	31.12.2016
Closing share price (in €)	48.55	53.55	53.36
Gross dividend[12] (in € per share)	3.45	3.45	3.45
Gross yield[13] (in %)	7.11	6.44	6.47
Return on share price[14] (in %)	-2.93	6.98	3.88
Number of outstanding shares	25 579 214	25 579 214	25 579 214
Average number of shares during the period	25 579 214	25 579 214	23 692 223

ENVIRONMENTAL KEY FIGURES[15]	31.12.2018	31.12.2017	31.12.2016
Gas | Normalised direct energy consumption (in kWh/m²)	72.50	71.67	75.88
Electricity | Indirect energy consumption			
Consumption common areas (in kWh/m²)	34.45	34.27	36.77
Consumption private areas (in kWh/m²)	39.51	41.27	44.25
Water | Consumption (in l/m²)	251	252	265
CO_2 | Direct and indirect energy emissions (in kg CO_2e/m^2)	14.06	14.04	15.90

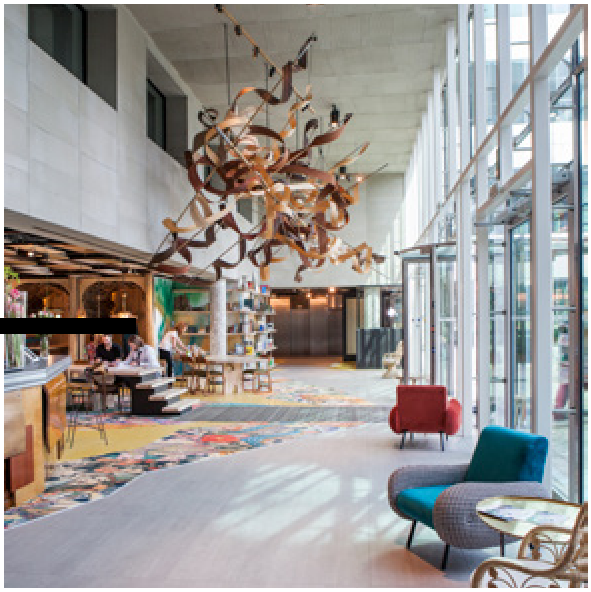
→ "Property report"
→ "Financial report"
→ "EPRA Best Practices"
→ "Befimmo on the stock market"
→ "Environmental and energy performance"
? Glossary
? Glossary of the real-estate indicators

2018 IN A NUTSHELL

Q1

Finalisation of the integration of the Arts 56 building (22,000 m²) into the portfolio

Q2



Opening of a Silversquare coworking space in the Triomphe building

Start of the permit application process for the ZIN project

Q3

Brederode Corner building (7,000 m²) fully let two years before handover

"EPRA Gold Award – Financial Reporting" (since 2010) and "EPRA Gold Award – Sustainability Reporting" (since 2015) for the Annual Financial Report 2017

Q4

Strategic acquisition of Silversquare, leader and pioneer of coworking on the Belgian market

Announcement of the opening of a Silversquare coworking space in the Quatuor project

Renovation of the Brederode Corner building: winner of the Be Circular Editions 2018 competition

KEY EVENTS OF THE 2018 FISCAL YEAR

STRATEGIC ACQUISITION OF SILVERSQUARE, LEADER AND PIONEER ON THE BELGIAN COWORKING MARKET[1]

In December 2018, a year after the founding of the Silversquare @Befimmo joint venture, Befimmo announced the acquisition of a 61% majority stake[2] in Silversquare, a leader in coworking in Belgium.

The acquisition of Silversquare, a young and dynamic coworking player, is fully in line with the evolution of the office property market towards a service-oriented sector.

Thanks to this acquisition, Befimmo will be able to 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.

Befimmo's portfolio will become a high-density hybrid office network, aligned with the local economy, and all users will benefit from Silversquare's expertise in community facilitation, networking, events and services. This extensive BeLux network will provide flexible solutions for all users.

This new model allows Befimmo to expand its offering to meet the current needs of the market.

We would recall that Befimmo has reached the following agreement with the shareholders of Silversquare Holding SA:

- immediate acquisition by Befimmo of a 61% majority stake[2] in Silversquare Holding SA; comprising all the shares of the private shareholders managed by Alphastone;
- a buy and sell option structure leading to Befimmo's acquisition of the remaining shares held by the founders. This acquisition should take place over a period of at least five years, during which the founding partners will remain in charge, in their capacity as CEOs, of the further development of the company together with their team.

BREDERODE CORNER BUILDING FULLY LET

Befimmo signed a lease with McKinsey & Company for the take-up of the entire Brederode Corner building, located in the heart of Brussels.

The Brederode Corner (7,000 m²) is currently undergoing a major renovation, due for completion in early 2020. The yield on the total investment value is approximately 5.5%. An "Excellent" BREEAM certification is aimed in the Design phase.

In the words of Benoît De Blieck, CEO of Befimmo, "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. This 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)".

Thanks to the reuse of materials, the renovation of this building is one of the winners of the Be Circular Edition 2018 competition, a flagship measure by the Brussels-Capital Region for the circular economy.

SIGN FOR MY FUTURE

Through the "Sign for my future" campaign, the non-profit association "Mandat Climatique" aims to collect as many signatures as possible so that the next federal and regional governments take the necessary steps so that Belgium contributes to keep global warming well below 2 degrees, while continuing to target 1.5 degrees, as provided for by the Paris Agreement. By signing up for the "Sign for my future" campaign, Befimmo is expressing its support for this citizens' initiative to encourage Belgians to defend a strong climate policy.

1. Please refer to the press release of 6 December 2018 for more information (http://www.befimmo.be/en/investors/publications/press-releases).
2. Despite holding a majority stake of 61% in Silversquare Holding SA, Befimmo did not have exclusive control at 31 December 2018 and therefore Silversquare Holding SA and its subsidiaries are not included in the consolidation as at 31 December 2018. Befimmo does have exclusive control from 1 January 2019.
3. On the office part.
4. Please refer to the press release of 29 January 2018 for more information (http://www.befimmo.be/en/investors/publications/press-releases).
5. In line with the fair value determined by an independent real-estate expert.

PARADIS EXPRESS – SALE OF A RESIDENTIAL BUILDING TO YUST FOR A COLIVING PROJECT

This project, right next to the high-speed train station in Liège, involves the construction of an eco-neighbourhood offering a mix of offices (22,100 m²), housing (15,600 m²) and local shops (395 m²). Befimmo is also planning a 4,000 m² Silversquare coworking space on site.

The single permit was issued in April 2018. The construction work is expected to commence during fiscal year 2019. The expected yield on the total investment value should be above 6.0%[3].

In late 2018, Befimmo sold one of the five residential buildings, measuring 5,400 m², off-plan, to specialist operator Gands, developing the Young Urban Style concept (https://www.realis.be/en/projects/yust-young-urban-style). In this way, Befimmo will create a synergy between coworking and coliving, a real bonus to make the site more attractive. This project will help to animate the esplanade - which runs alongside the project from the station to the river; the esplanade is to carry the new Liège tram on which work will begin soon.

This sale has the effect of launching the residential part of the project driven by an operator, which will then facilitate the sale of other residential buildings to one or more specialist developers. The two office buildings are now available to let off-plan.

EUPEN COURTHOUSE – HAND-OVER OF THE FIRST PHASE OF THE WORKS

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. Phase two, a major renovation of the 1,900 m² existing building, is under way and should be completed by the end of 2019. The 25-year lease for the first phase commenced during the third quarter of financial year 2018. The yield on the total investment value is greater than 5%.

COMPLETION OF THE PURCHASE OF ARTS 56[4]

In January 2018, Befimmo completed the purchase from AXA Belgium of a 99-year leasehold on the Arts 56 building, for the sum of some €114 million[5].

The Arts 56 building, totalling 22,000 m² of office space, is currently let to a dozen top-flight tenants on the basis of 3/6/9-year leases. The gross annual rent amounts to some €5 million (a current gross yield of 4.5%).

PARADIS EXPRESS
Liège

ZIN - PERMIT APPLICATION PROCESS ONGOING

In 2018, Befimmo applied for a permit for its new ZIN project, this project concerns the redevelopment of the site of the present WTC towers 1 and 2. Note that the lease of the Belgian Government, the sole occupant of tower 2, expired on 31 December 2018, while over the past two years, Befimmo has bought all the property rights in rem in tower 1 held by third parties.

Befimmo chose the architect teams of 51N4E, Jaspers Eyers Architects and l'AUC for the design. The choice followed a call for applications that was set up in 2017. The team is being assisted by experts in engineering, sustainability, circular economy, accessibility and wellbeing.

The ZIN site, that combines various functions in an innovative way, will comprise approximately 110,000 m². It is centrally located in the North area and involves 70,000 m² of offices, 5,000 m² of coworking, 127 apartments, 240 hotel rooms and also sports areas, leisure areas, hospitality, and shops.

The apartments on the site will be let. For the hotel part, an innovative hotel concept is planned in collaboration with a specialised operator.

The total construction cost of the project is estimated at €375 million. The expected gross initial yield on the total investment value should be approximately 4.5%[1]. The project will be financed by means of debt, and partially by the proceeds of the sale of certain assets in the framework of the dynamic management of the portfolio announced in February 2019[2], in accordance with Befimmo's financing policy.

The first phase of the works, the demolition, will begin in the first quarter of 2019. The second phase should start in mid-2020 after the necessary permits have been obtained. The works will continue until mid-2023. Befimmo already has an agreement with a contractor for construction of the project at a guaranteed price.

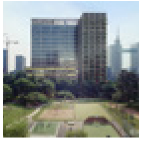
"ZIN will be a real example in many ways! With ZIN we are demonstrating a new sustainable way of working and living, and even a new approach to urban development. It's the result of fantastic teamwork between our own teams and the best architects and consultants. During the design phase, the building team was brought together on a floor of the existing WTC 1 tower, which resulted in a unique co-creation process. The future took shape from all their experiences, which makes it possible to make maximal use of the existing attributes of the site and the neighbourhood." says Benoît De Blieck, CEO of Befimmo.

In March 2019, Befimmo obtained the public tender of the Flemish authorities. The 70,000 m² offices of the ZIN project are already fully pre-let. For more information, refer to page 38 of this Report.

1. Calculated on the total investment value, all functions included.
2. See page 29 of this Report.

ZIN
Brussels North area

The 4 key features of ZIN



MAKING CITY

The principle of "making city" is a key element in the design of the project. ZIN will be fully integrated into the existing urban ecosystem and will be open to the city. The ground floor will be a transparent public space with a spacious conservatory. The view from the rooftop terrace will be the finishing touch. The various functions on the site each get their own address and access, so that new urban axes are created.

WORKING, HOUSING, LIVING

A new central volume will connect the two existing towers, creating 14 exceptionally spacious floors with a free height of approximately 5 m. In this way, the Flemish authorities gets an enormous workspace of more than 4,000 m² per floor, with a panoramic view of the city. The enormous and extensive interior space will make it possible to create a green and healthy living environment.
On the intermediate floors there will be apartments (on the east side) and a hotel (on the west side). This fusion of functions will create a building where there always will be life, seven days a week. So ZIN will fully contribute to bringing back a true and new dynamic to the North area.

ADAPTABLE BUILDING

Circularity is also a very important aspect of the ZIN project. The existing building is being maximally used.The underground floors and circulation cores are being retained; what is demolished is getting a new life. Overall, more than 95% of all the materials and existing equipment will be recovered or recycled.
The circular philosophy is not just based on recovery and certification, it also involves a very future-oriented outlook in a long-term vision for the building. The basic structure of the building will be identical for the different functions and will offer a great flexibility. So ZIN not only focuses on today's needs but will also be adaptable to the needs of tomorrow.

SUSTAINABLE DESIGN

User comfort and sustainability go hand in hand. An intelligent façade will guarantee energy-efficient comfort. Solar panels on the façade will provide energy and protection from the sun. The opening windows will ensure fresh air during the day and a natural cooling at night. The roofs of the building and of the conservatory will also be maximally equipped with solar panels. Heat and cooling will be extracted from the ground with a ground-coupled heat exchanger system that will cover over 60% of the demand. An exchange of energy between the functions will further reduce consumption.

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 that Befimmo has 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. Now that the temporary occupation of WTC tower 1 is over, the Up4North ecosystem will soon 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.

ONGOING PROJECTS

QUATUOR
Brussels North area

During the 2018 fiscal year, Befimmo invested €50.8 million in its portfolio.

SUMMARY OF INVESTMENTS OF THE FISCAL YEAR 2018

	RENTAL SPACE	LOCATION	START OF THE WORKS	COMPLETION	TYPE	BREEAM CERTIFICATION	"INVESTMENT REALISED IN 2018 IN € MILLION	TOTAL INVESTMENT REALISED UNTIL 31 DECEMBER 2018	TOTAL INVESTMENT IN € MILLION
Committed ongoing projects							**21.4**		
Brederode Corner	7 000 m^2	Brussels CBD, Centre	Q1 2018	Q1 2020	Renovation	Excellent	3.4	4	20
Eupen - Rathausplatz	7 200 m^2	Eupen, Wallonia	Phase 2: Q4 2018	Phase 2: Q4 2019	Renovation and construction		3.8	11	14
Quatuor	60 000 m^2	Brussels CBD, North	2018	2020	Construction	Excellent/ Outstanding	14.3	22	157
Ongoing projects to be committed							**12.6**		
Paradis Express	35 000 m^2	Liège, Wallonia	2019	2021	Construction	Excellent	0.8	4	82[1]
ZIN	110 000 m^2	Brussels CBD, North	2020	2023	Demolition and construction	Excellent	10.6	15	375[2]
WTC 4	53 500 m^2	Brussels CBD, North	Implementation of the permit	According to commercialisation	Implementation of the permit	Outstanding	1.3	19	140
Other works (coworking included)							**16.8**		
Total							50.8		

1. "All-in" construction cost of the project (including other functions than offices).
2. This figure takes account of the 70,000 m^2 of offices of the ZIN project pre-let to the Flemish authorities, announced on 12 March 2019. This information was therefore not included in the press release on the annual results 2018, published on 14 February 2019.

SUMMARY OF OTHER ONGOING PROJECTS

QUATUOR (60,000 M²) | BRUSSELS NORTH AREA

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.

The expected yield on the total investment value would be above 5.30%.

Befimmo is aiming for a BREEAM "Excellent/Outstanding" certification in the Design phase.

ENVIRONMENTAL IMPACT OF CONSTRUCTION SITES

During construction, redevelopment and renovation projects, the Befimmo environmental team organises systematic campaigns for dismantling building materials that can be reused on other sites.

It has also drawn 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 in the project are involved and educated in waste sorting. 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.

In order to reduce the volume of waste and improve the reuse rate of materials, Befimmo also plans for dismantling from the design stage of a building and runs its work sites in line with the principles of the circular economy. Its participation in the Totem initiative[3] is a step in that direction. This is a tool developed by the public authorities for large sites that enables it to estimate and compare the overall societal impact of these various construction and renovation scenarios.

→ "Environmental and energy performance"

3. https://www.ovam.be

SUBSEQUENT KEY EVENT AFTER YEAR-END CLOSING

BEFIMMO OBTAINS THE PUBLIC TENDER OF THE FLEMISH AUTHORITIES

THE 70,000 M² OFFICES OF THE ZIN PROJECT ARE ALREADY FULLY PRE-LET

In March 2019, the public tender for works to design, build and deliver a building for the Flemish authorities ("Vlaamse overheid") in Brussels has been awarded to Befimmo. The procedure was started by the Flemish authorities in 2017.

This transaction of 70,000 m² is the largest that has taken place on the Brussels office market in over ten years. It is clear evidence once again that Befimmo can create value in its portfolio by redeveloping strategically located assets.

The lease[1] with the Flemish authorities for 70,000 m² of offices will begin in 2023 (upon provisional acceptance of the works) and has a fixed term of 18 years. Approximately 3,900 Flemish officials will find a new, inspiring and sustainable workplace in "ZIN in No(o)rd", completely in line with the principles of the new ways of working.

With this transaction Befimmo has pre-let 92,000 m² of the 137,000 m² of office space in Quatuor and ZIN, two projects that it is redeveloping in the North area in Brussels in the time frame of 2021-2023.

See pages 34 and 35 of this Report for a description of the project.

1. Under the condition precedent that the necessary permits are obtained.

ZIN
Brussels North area

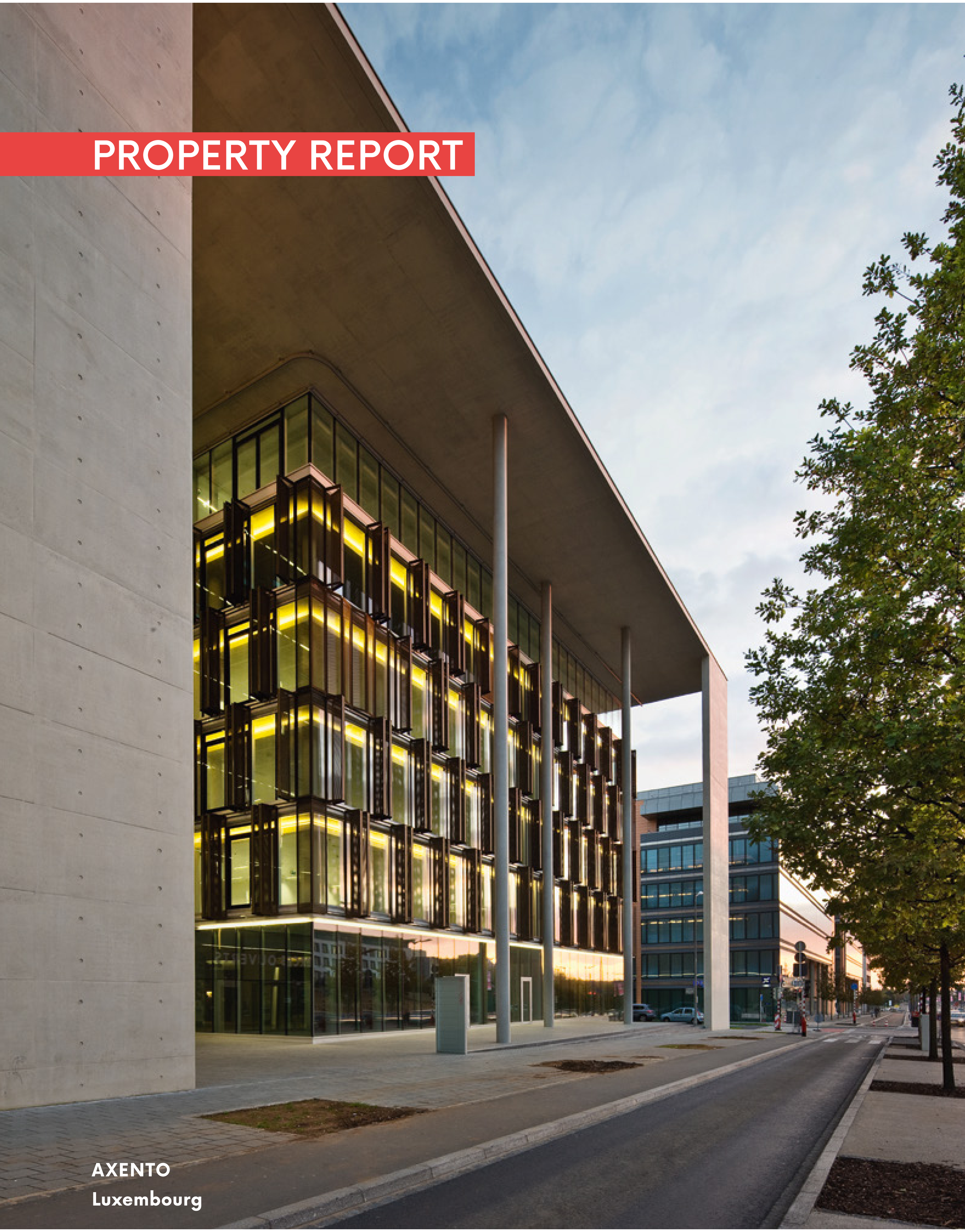
THE ART OF PROVIDING FLEXIBLE WORKSPACES

GILLES HOCEPIED, CEO AGILOS, MEMBER OF THE SILVERSQUARE TRIOMPHE COWORKING CENTRE

As a company active in IT, with many remote consultants, we were looking for a working environment different from the one we had known until then. Not only does the Silversquare Triomphe coworking centre offer us true flexibility in the use of space, but it is also a fantastic working environment, and the services provided (reception management, meeting and training rooms, bicycles, organisation of events, etc.) really do make a difference. Here, we feel we belong to a real community, almost a family cocoon. If we were to do it again, we'd have come earlier!


THE BEFIMMO AND SILVERSQUARE SERVICES REALLY SIMPLIFY OUR LIFE AND ALLOW US TO FOCUS ON OUR CORE BUSINESS.

PROPERTY REPORT



AXENTO
Luxembourg

Real-estate indicators

CHANGE IN FAIR VALUES[1] OF THE PROPERTY PORTFOLIO

The fair value of Befimmo's consolidated portfolio was €2,655.3 million at 31 December 2018, compared with €2,494.4 million at 31 December 2017.

This change in value incorporates:

- the renovation or redevelopment works (investments) carried out in the portfolio;
- the investments and divestment made;
- the changes in fair value booked to the income statement (IAS 40).

At constant perimeter, the change in the fair value of the portfolio (excluding the amount of acquisitions, investments and disinvestment) amounted to -0.21% during the fiscal year (or -€5.514 million).

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 2018. All those buildings together represent together 26.4% of the portfolio. For more information, please refer to the table "Buildings of Befimmo's consolidated port-folio" on pages 54 to 55 of this Report.

ROTATION OF REAL-ESTATE EXPERTS

In accordance with the obligation to rotate the mandates of the real-estate experts, pursuant to the Royal Decree on BE-REITs of 13 July 2014, new expert mandates have been given to Mr Rod P. Scrivener (National Director - JLL) and Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield).

COMMENT ON CHANGING VALUES

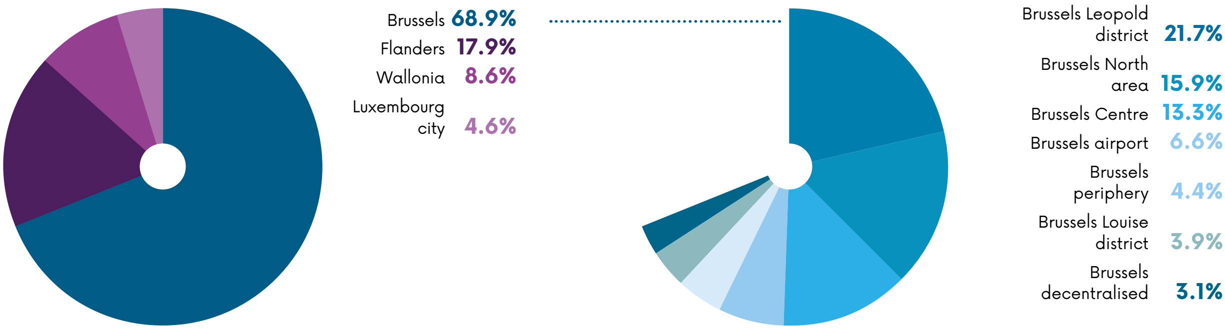
The rotation of the experts within the Befimmo consolidated portfolio broadly confirmed the valuation of the portfolio. The strategic properties available for lease benefited from continued pressure on yields, while the properties available for lease with leases approaching expiry and those located in the periphery and decentralised area of Brussels, accounting for 7.5% of Befimmo's portfolio, underwent value adjustments, especially in the first quarter of the year. Values have since remained more or less stable.

FAIR VALUE OF BEFIMMO'S CONSOLIDATED PORTFOLIO BY GEOGRAPHICAL AREA

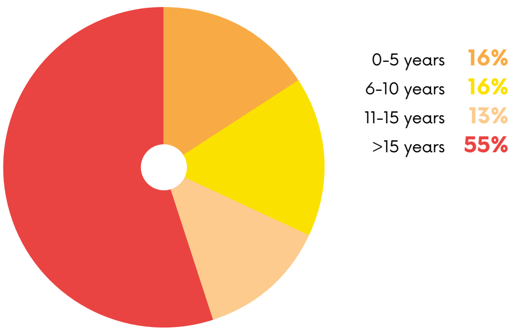
OFFICES	CHANGE 2018[2] IN %	PROPORTION OF PORTFOLIO[3] 31.12.2018 IN %	FAIR VALUE 31.12.2018 IN € MILLION	FAIR VALUE 31.12.2017 IN € MILLION
Brussels CBD and similar[4]	1.28%	54.3%	1 440.6	1 327.7
Brussels decentralised	-12.21%	3.1%	81.7	87.0
Brussels periphery	-19.91%	4.4%	116.5	137.8
Flanders	-2.72%	17.9%	474.3	487.7
Wallonia	3.47%	8.3%	220.2	195.8
Luxembourg city	11.34%	4.6%	122.6	109.9
Properties available for lease	*-0.64%*	*92.5%*	*2 455.8*	*2 345.9*
Properties that are being constructed or developed for own account in order to be leased	*5.58%*	*7.5%*	*199.5*	*148.5*
Investment properties	**-0.21%**	**100.0%**	**2 655.3**	**2 494.4**
Total	-0.21%	100.0%	2 655.3	2 494.4

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 2018 fiscal year is the change in fair value between 1 January 2018 and 31 December 2018 (excluding the amount of acquisitions, investments and disinvestments).
3. The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 December 2018.
4. Including the Brussels airport zone, in which the Gateway building is situated.

GEOGRAPHICAL BREAKDOWN[1]

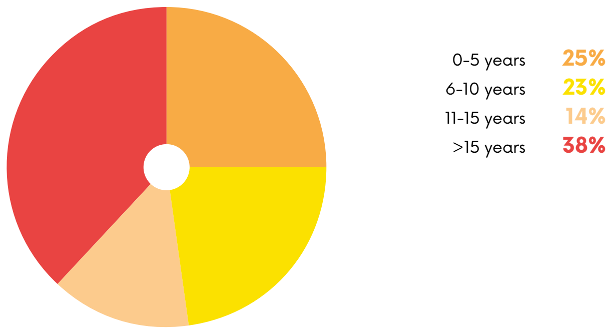


BREAKDOWN OF PORTFOLIO BY AGE CLASS[1,2]



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

RENOVATION PLANNING OF THE PORTFOLIO[3]



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

→ "Outlook and dividend forecast"

1. The proportions are expressed on the basis of the fair value of the investment properties as at 31 December 2018.
2. Publication pursuant to Appendix B to the Royal Decree of 13 July 2014.
3. Breakdown based on the m^2 of the investment properties as at 31 December 2018.

NEW RENTALS AND LEASE RENEWALS

In fiscal year 2018, Befimmo signed new leases and renewals for a total floor area of 52,693 m², 48,466 m² of which being offices and 4,227 m² retail and multipurpose space. This figure is up on the 58,393 m² signed in 2017.

Note that the figures for 2017 take account of two major operations (i) the agreement signed with Beobank for the take-up of a tower of 22,000 m² in the Quatuor project (60,000 m²), located in the Brussels North area, and (ii) the award of a public tender for works to provide a new courthouse (approx. 7,200 m²) in Eupen. The figure for 2018 includes the letting of the Brederode Corner building (7,000 m²).

48%[4] of the agreements signed relate to new leases (39 transactions), the remainder being renewals of existing leases (23 transactions).

SIGNIFICANT TRANSACTIONS IN FISCAL YEAR 2018:

- **Brederode Corner (Brussels Centre):** 6/9-year lease signed with McKinsey & Company, to occupy the entire building (7,000 m²), due to commence in 2020;
- **Axento (Luxembourg):** extension of the lease with Docler Holding and take-up of an additional 500 m² (totalling 4,700 m²) for a 6-year term;
- **Vital (Flanders):** extension of the lease with Parkwind (2,600 m²) for a further 9 years and extension of the lease with BNP Paribas Fortis (6,600 m²) for a further 3 years;
- **Arts 56 (Brussels Leopold district):** extension of the lease with European Banking Federation (2,250 m²) for a further 6 years.

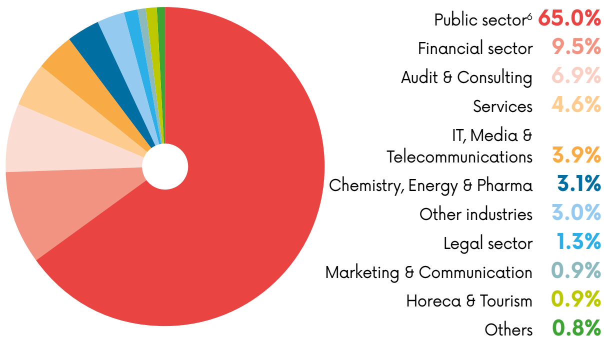
The strong rental activity over the fiscal year is a testament to Befimmo's dynamism and the quality of its portfolio.

Befimmo is pursuing its objective of securing the loyalty of its rental customers by satisfying their needs and offering them buildings with high-end technical systems.

OCCUPANCY RATE

The spot occupancy rate of the properties available for lease is slightly up, at 94.50% as at 31 December 2018 (compared with 94.44% as at 31 December 2017).

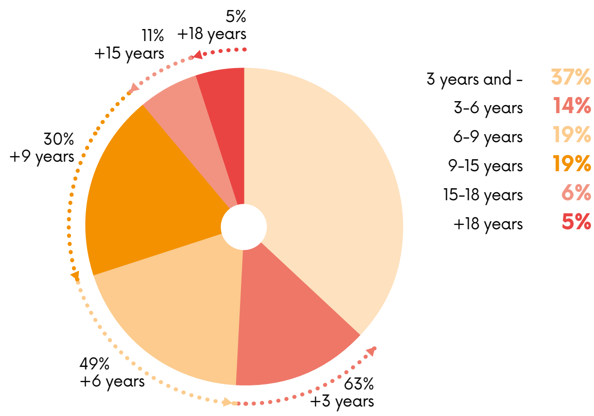
TENANTS[5]



WEIGHTED AVERAGE DURATION OF LEASES[7]

The weighted average duration of the leases until their next maturity is 6.96 years[8] as at 31 December 2018, compared with 7.31 years as at 31 December 2017. Excluding the WTC 2 building, where the lease expired at the end of 2018, the weighted average duration of the leases until their next expiry date would be 7.75 years as at 31 December 2018. The weighted average duration of current leases until their final expiry date was 7.52 years as at 31 December 2018.

DURATION OF LEASES[5]

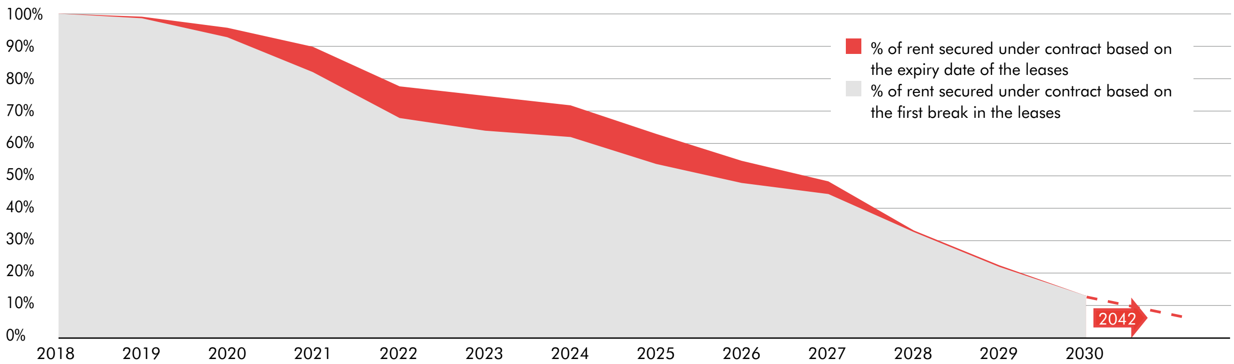


4. Based on the number of square metres let.
5. The proportions are expressed on the basis of the gross current rent from lease agreements as at 31 December 2018.
6. Public sector: Belgian public institutions (federal & regional) and European institutions.
7. The weighted average duration of current leases is calculated only on the basis of properties available for lease; the leases of buildings at the project stage, which will take effect only on completion of the works, as is the case in particular for the Quatuor project let to Beobank (for 15 years), the Eupen project let to the Buildings Agency (for 25 years), and the Brederode Corner with the 6/9 lease of McKinsey & Company, and are therefore not included in the calculation of this ratio.

TENANTS

PUBLIC SECTOR	WEIGHTED AVERAGE DURATION UP TO NEXT BREAK IN YEARS	PERCENTAGE OF THE GROSS CURRENT RENT FROM LEASE AGREEMENTS IN %
Federal		52.94%
Flemish Region		1.79%
Belgian public sector	**7.82**	**54.73%**
European Commission		6.07%
European Parliament		3.26%
Representations		0.97%
European public sector	**6.19**	**10.30%**
Total public-sector tenants	7.56	65.03%
PRIVATE SECTOR - TOP 5		
BNP Paribas and affiliated companies		4.96%
Deloitte Services & Investments NV		4.89%
Beobank (Crédit Mutuel Nord Europe)		2.06%
Docler Holding		1.42%
KPMG Luxembourg		1.11%
Total private-sector top-5 tenants	9.00	14.44%
OTHER TENANTS		
+/- 230 tenants	3.61	20.54%
Total of portfolio	6.96	100.00%

PERCENTAGE OF RENT SECURED UNDER CONTRACT IN RELATION TO THE RESIDUAL DURATION OF LEASES IN THE CONSOLIDATED PORTFOLIO[1] (IN %)



OVERALL RENTAL YIELD

	GROSS INITIAL YIELD 31.12.2018	GROSS INITIAL YIELD 31.12.2017	GROSS POTENTIAL YIELD 31.12.2018	GROSS POTENTIAL YIELD 31.12.2017
Brussels CBD and similar	5.95%	6.44%	6.19%	6.72%
Brussels decentralised	7.69%	6.93%	8.75%	8.28%
Brussels periphery	7.91%	6.92%	10.31%	8.68%
Wallonia	6.27%	4.93%	6.32%	4.93%
Flanders	4.80%	6.00%	4.80%	6.06%
Luxembourg city	4.39%	4.81%	4.51%	4.90%
Properties available for lease	**5.98%**	**6.19%**	**6.29%**	**6.52%**
Total investment properties[2]	5.53%	5.85%		

1. Rents for future years calculated on the basis of the present situation, assuming that each tenant leaves at the first break and that no further lease is agreed in relation to the gross current rent from lease agreements as at 31 December 2018.
2. Comprising properties that are being constructed or developed for own account in order to be leased.

REVERSION RATE

REVERSION RATE OF RENTS (AS AT 31.12.2018)

	GROSS CURRENT RENT FROM LEASE AGREEMENTS[3] IN € THOUSAND	PROPORTION OF RENTS IN %	WEIGHTED RESIDUAL AVERAGE DURATION UP TO NEXT BREAK IN YEARS	REVERSION[3] IN %
Brussels centre (CBD) and assimilated	87 887	58.4%	6.11	-15.34%
Brussels decentralised	6 435	4.3%	4.01	-3.62%
Brussels periphery	9 451	6.3%	2.77	2.76%
Wallonia	10 842	7.2%	17.52	-8.19%
Flanders	30 490	20.2%	7.99	-10.47%
Luxembourg city	5 509	3.7%	4.6	-2.10%
Properties available for lease	150 615	100.0%	6.96	-11.48%

The reversion rate gives an indication of the impact on current rents in the theoretical hypothesis of a sudden termination of the leases in the portfolio and simultaneous reletting at market rents. This ratio does not take account of any planned future investments or the resulting level of rents. It is based on the estimated rental value of the buildings in their present condition, and is thus not representative of the potential for value creation in the Befimmo portfolio.

The reversion rate of properties available for rent was -11.48%[4] at 31 December 2018 (as against -9.73%[5] at 31 December 2017). This reversion should be viewed in the context of the weighted average duration of leases of 6.96 years.

If the full reversion is realised, the impact on the gross annual current rent under leases as at 31 December 2018 (€ 150.5 million) of the potential negative reversion (-11.48%) of the leases expiring over the next three years would be €4.0 million.

From fiscal year 2019 Befimmo will no longer publish the reversion rate; this highly theoretical ratio does not reflect the reality of the real-estate business, given that the EPRA earnings forecasts for the next three fiscal years presented below (page 94) assume a potential reversion and that other published indicators seem more relevant.

ACQUISITION PRICE AND INSURED VALUE

ACQUISITION PRICE AND INSURED VALUE ON PROPERTIES OF BEFIMMO'S CONSOLIDATED PORTFOLIO (€ MILLION)

OFFICES	ACQUISITION PRICE	INSURED VALUE[6] 31.12.2018	FAIR VALUE 31.12.2018	ESTIMATED RENTAL VALUE (ERV)	GROSS INITIAL YIELD[10] 31.12.2018
Brussels CBD and similar	1 175.1	1 130.1	1 440.6	77 397	5.95%
Brussels decentralised	78.3	109.0	81.7	7 056	7.69%
Brussels periphery	142.4	217.0	116.5	12 655	7.91%
Flanders	451.8	561.1	474.3	27 539	4.80%
Wallonia	156.0	167.4	220.2	9 955	6.27%
Luxembourg city	-[7]	46.1	122.6	5 544	4.39%
Properties available for lease	*2 003.6[8]*	*2 230.7[9]*	*2 425.6*	*140 145*	*5.98%*
Properties that are being constructed or developed for own account in order to be leased	*174.5*	*30.9*	*199.5*	-	-
Investment properties	**2 178.1[8]**	**2 261.6**	**2 655.3**	**-**	**5.53%**
Properties held for sale	**-**	**-**	-	-	-
Total	2 178.1[8]	2 261.6	2 655.3	-	-

3. This is a real-estate indicator. For more information, please consult Appendix II to this Report.
4. Excluding the WTC 2 building, where the lease expired at the end of 2018, the reversion would amount to -9.07% as at 31 December 2018.
5. The reversion rate as at 31 December 2017 was updated after a formula was corrected.
6. The insured value is the reconstruction value (exluding the land).
7. 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.
8. Excluding Luxembourg city.
9. This amount includes the All-Risk Fire insurance. Befimmo is also covered All-Risk Construction Site type of insurance.
10. The ratio between the gross current rent from lease agreement and the "deed-in-hands" value of properties available for lease. The complete overview of the overall rental yields can be found on page 46 to this Report.

Office property markets

All of the following information, covering Belgium and Luxembourg, comes from Cushman & Wakefield's databases, analyses and market reports.

CUSHMAN & WAKEFIELD

THE BRUSSELS OFFICE MARKET

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

SUMMARY TABLE FOR THE BRUSSELS OFFICE PROPERTY MARKET

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

TAKE-UP

In 2018, take-up was 361,000 m² in the Brussels office market, as against 399,500 m² for 2017. In 2016, take-up was 442,000 m².

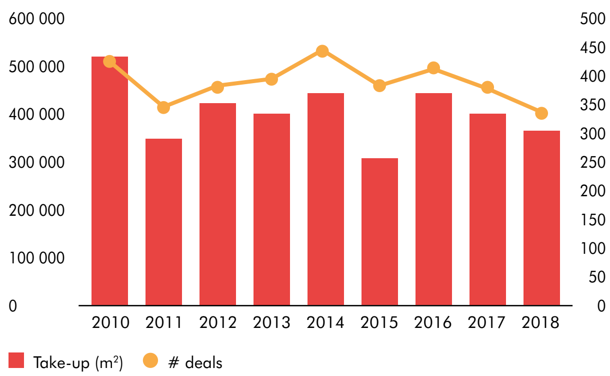
Although there were no extraordinary transactions (> 20,000 m²) in 2018, it saw the largest number of transactions for more than 5,000 m² since 2010.

The largest transactions include:

- 18,000 m² taken up by the EEAS (European Commission) in the New Espace Orban (Leopold district);
- 12,000 m² for own occupation by Plastic Omnium in the Mercure Centre (north-east decentralised);
- 9,800 m² rented by the Wallonia-Brussels Federation in the Port 16 building;
- 7,000 m² taken up by Alpha Credit SA in the Botanic Tower;
- 7,000 m² pre-let by McKinsey & Company in the Brederode Corner building.

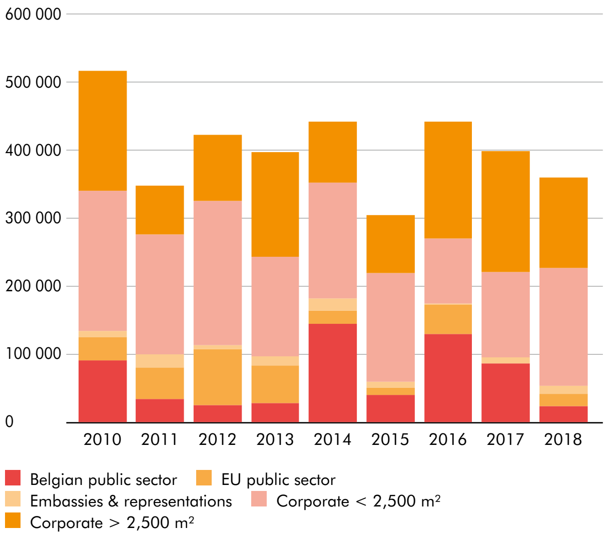
Despite the lack of significant transactions recorded in 2018, 2019 is set to be a promising year with a significant take-up, supported mainly by significant transactions mainly from the public sector (in particular the Flemish Administration, the Brussels Administration, the National Bank of Belgium and the European Commission).

TAKE-UP AND NUMBER OF TRANSACTIONS



The public sector (European Union, Belgian federal, regional and local governments) contributed about 53,000 m² of take-up this year. This is down on the 95,000 m² observed in 2017. The private sector, on the other hand, is slightly up for the fourth consecutive year.

TAKE-UP BY OCCUPANT TYPE (IN M²)



Take-up - coworking

With 15 transactions recorded and a total take-up of 72,500 m² on the Brussels office market alone, coworking spaces are popular and a decisive factor in 2018. This year, the number of transactions has doubled and take-up has more than tripled in relation to the sector's activity in 2017. Indeed, take-up by the sector contributed 20% of total take-up in 2018. This is partly thanks to new operators entering the Brussels market this year, notably Fosbury & Sons in Chaussée de la Hulpe (in the south decentralised area) and WeWork in the Light-on and Belmont Court buildings (in the Leopold district). The coworking market in Brussels currently accounts for some 1% of the office stock, a proportion that is fully in line with the European average (excluding the United Kingdom).

RECENT HAND-OVERS AND FUTURE PROJECTS

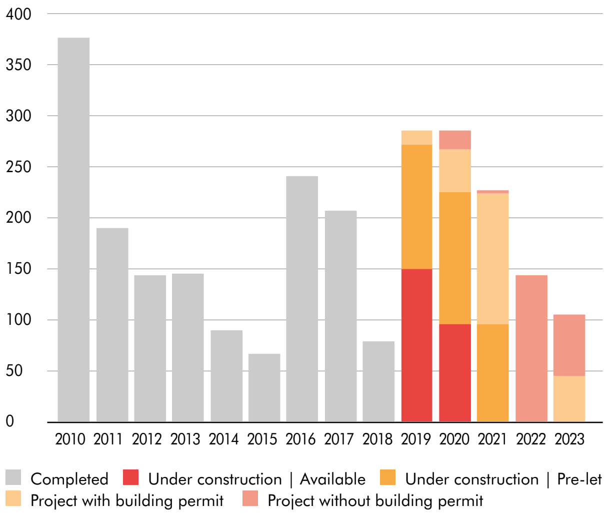
Over the whole of 2018, some 80,000 m² of office space were handed over onto the Brussels market. The main developments are the Belliard 40 building (80% occupied), the Montoyer 63 building (100% occupied), and the Treesquare building (70% occupied) in the CBD but also the PassPort building (80% occupied) and the GreenHouse BXL building (70% occupied) in the periphery. Note that most recently handed-over buildings have a relatively high occupancy rate. This demonstrates once again that occupants are keen to move to higher quality (Grade A) workspaces, as well as the scarcity of quality buildings on the brussels market.

591,000 m² of new developments (speculative and pre-let) are currently under construction with an expected hand-over date between 2019 and 2021. Some 360,000 m² of speculative projects have been launched for the period 2019-2020. The biggest speculative developments launched in 2019 include The One (29,300 m² in the Leopold district), the Spectrum building (16,600 m², 6,500 m² of which are pre-let in the Centre), the Gare Maritime building (redevelopment of 45,000 m² in the North area with 18,000 m² pre-let), and the Manhattan Center (redevelopment of 41,000 m² in the North area with 40% pre-let).

Others will join them in the coming years; the Tweed building (15,000 m², 8,100 m² of which are pre-let) and the Multi-Tower (42,000 m², 31.000 m² of which are pre-let) in the Center, the Copernicus building (13,000 m²) in the Leopold district and the Quatuor building (62,000 m²) in the North area, in which Beobank has already pre-let 22,000 m².

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

PROJECTS BEING DEVELOPED (IN M²)

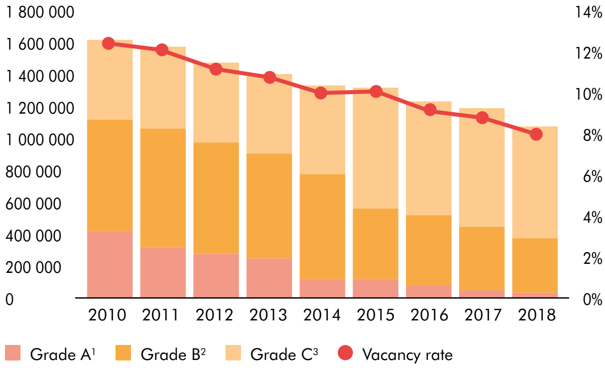


Of special interest is the North area. The North area is already taking shape with the decisions of Allianz and Beobank to move in in the coming years; there is no lack of initiatives for redeveloping the neighbourhood and they will keep coming in 2019. The handover of the Manhattan Center and the Phoenix building, work foreseen in the Victoria Regina Tower, the WTC I & II redevelopment project (the ZIN), the acquisition of Polaris (North Plaza B) and the likely redevelopment of the CCN building will continue to redesign this neighbourhood and attract tenants, both public and private. The first housing developments have been announced, together with local shops and amenities. Eventually, the neighbourhood will be transformed from an office district into a true city district, with its own life seven days a week.

EVOLUTION OF RENTAL VACANCIES

The continue drop in vacancy rates continued down to 7.98% at the end of 2018, the lowest level since 2001. There are wide variations by district: the CBD (the Leopold, centre, North, South and Louise sub-markets) has a vacancy level of only 4.9% while the decentralised area and periphery stand at 13.3% and 13.9% respectively. Another significant factor is that less than 34,000 m² of space is still available in the most recent buildings (less than 5 years old). Two considerations are at the forefront of occupants' decision-making process: the accessibility and the quality of the buildings.

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

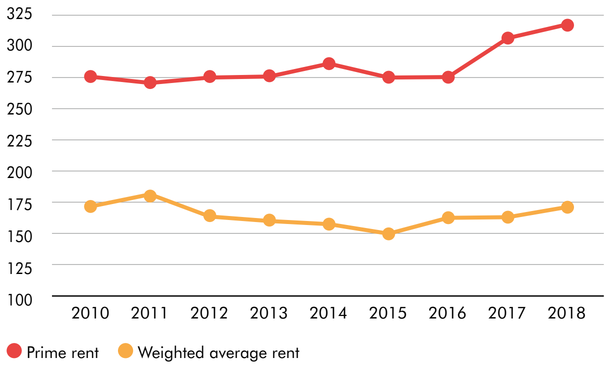


In 2019, the arrival on the market of several speculative developments could lead to a slight rise in the vacancy rate, in a context where relocations always go hand-in-hand with a reduction in space per work position. Furthermore, the less qualitative vacated buildings will be harder pressed to find new occupants and fewer offices are being converted for other uses.

EVOLUTION OF RENTS

Prime rents rose at the end of 2018 to reach a historic high of €315/m²/year, up from €275/m²/year at the end of 2016. The scarcity of available quality space and the confidence of some owners in being able to earn high rents contributed to this significant rent rise. Rents in the European district, the city centre and the North area have risen this year, to €315, €275 and €210/m²/year respectively. Average rents, on the other hand, are much more stable, between €165 and €170/m²/year for the entire Brussels market. Again, there are wide variations between districts.

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



Following the increase in 2018, the prime rents should stabilise during the course of 2019.

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

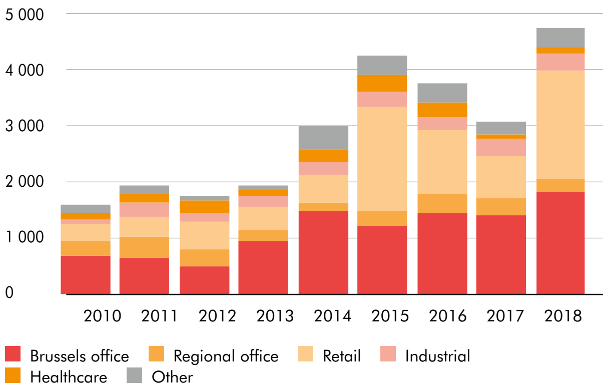
OFFICE INVESTMENT MARKET

An office investment volume of €1.9 billion was recorded in Brussels in 2018, one of the highest levels in recent years, mainly on the back of a number of very good transactions such as the Egmont, Passport and Arts 56 buildings, and the second part of the Engie HQ transaction, but also thanks to the appetite of foreign investors for the Brussels market (77% of the investment volume). More generally, there is interest in all types of office buildings, both buildings with long-term leases and "value-add" products, although these are harder to sell. Investor profiles obviously differ, but there is clear interest everywhere.

Volumes of investments in office buildings in Brussels and the region together account for almost 44% of total investments in 2018 in Belgium. The retail sector came second, with investments of more than €1.96 billion. In 2019, the investment volume in Belgium, in all sectors, will probably not exceed the exceptional volumes seen in 2018.

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

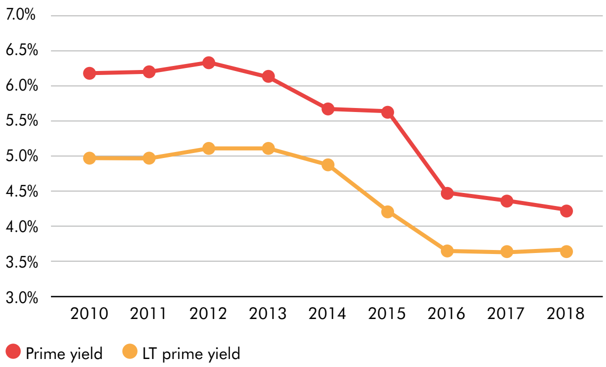
INVESTMENT VOLUME ON THE BELGIAN MARKET (IN € MILION)



Note, however, that Brussels maintains its strong position at European level as a more stable investment choice for major foreign investors than cities such as London, Paris or Frankfurt. In conclusion, the climate on the investment market is still healthy, and Brussels is taking advantage of this, but transactions take time and there is a need to have all the necessary guarantees to reassure investors.

Prime yields continue to compress as a result of the European Central Bank's policy of low interest rates and competition among investors for the best products. Prime yields for buildings on 6/9-year leases are around 4.25% while those on long-term leases are at 3.65%.

PRIME YIELDS (IN %)



ANTWERP AND LIÈGE OFFICE PROPERTY MARKET

SUMMARY TABLE FOR THE ANTWERP OFFICE PROPERTY MARKET

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

SUMMARY TABLE FOR THE LIÈGE OFFICE PROPERTY MARKET

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

LUXEMBOURG OFFICE PROPERTY MARKET

SUMMARY TABLE FOR THE LUXEMBOURG OFFICE PROPERTY MARKET

	31.12.2018	31.12.2017	31.12.2016
Stock (m²)	3 950 000	3 850 000	3 790 000
Take-up (m²)	252 133	209 380	215 700
Vacant space (m²)	135 000	151 000	185 000
Vacancy rate (%)	3.40%	3.90%	4.90%
Prime rent (€/m²/month)	50	50	46
Investment volume offices (€ billion)	1 880	920	897
Prime yield (%)	4.00%	4.30%	4.50%

TAKE-UP

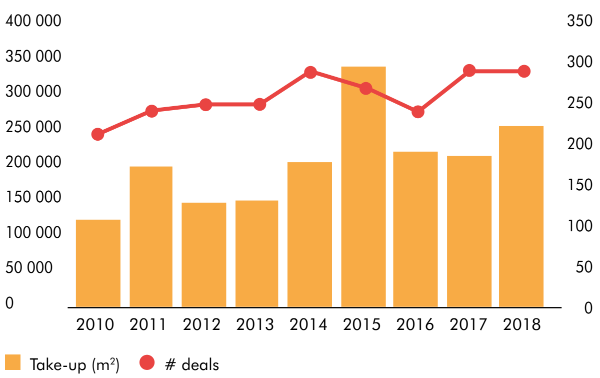
In 2018, take-up was 252,000 m² in the Luxembourg office market. This is the second best level since 2009, after 2015, which was exceptional as a result of take-up by the University in Esch-Belval. Luxembourg continues to perform well.

The most significant transactions of the year include:

- 30,000 m² by Deloitte in its new headquarters in Cloche d'Or;
- 12,000 m² taken up by Alter Domus in Cloche d'Or;
- 9,000 m² taken up by Telindus in Bertrange;
- 9,000 m² taken up by the Luxembourg Government in the Moonlight building in the CBD.

Nearly 290 transactions were recorded, a level comparable with 2017 and among the highest number since 2010. This increase in the number of transactions confirms that the office market in Luxembourg has been in good shape in recent years, benefiting in particular from the economy's robust performance and a growing interest from occupiers, particularly in the context of Brexit.

TAKE-UP AND NUMBER OF TRANSACTIONS



The private sector, mainly banking and finance, and companies working in business services, have dominated take-up for many years. In 2018, this trend was confirmed, with significant growth in business services companies such as Deloitte.

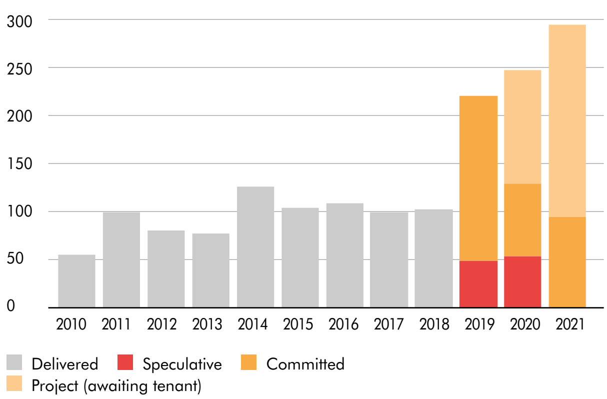
RECENT HAND-OVERS AND FUTURE PROJECTS

In 2018, some 102,800 m² were handed over in Luxembourg, mainly Deloitte's new headquarters (30,000 m²), Melius (12,000 m²), Moonlight, Impulse and Altitude.

More than 340,000 m² of space is under construction in Luxembourg over 2019 and 2020. More than 246,000 m² of these projects are already pre-let, principally 120,000 m² of the KAD project due to house the European Parliament.

There is a relatively limited number of speculative projects since they account for only 100,000 m² in a particularly dynamic market. Note however that 300,000 m² are on the drawing board, and could fill up the speculative pipeline in the coming months, owing in particular to the healthy market in Luxembourg. Hand-over is unlikely to take place before 2022, however, in most cases.

DEVELOPMENT PROJECTS (IN M²)



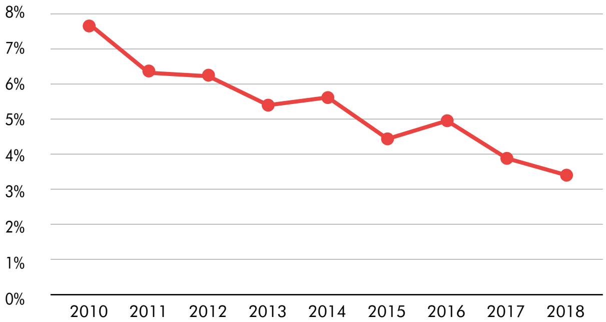
EVOLUTION OF RENTAL VACANCIES

The Luxembourg market has one of the lowest vacancy rates in Europe, only 3.4% at the end of 2018. The vacancy rate has been in constant decline since 2010, when it was close to 8%.

Today, there are significant differences between districts, since the CBD and the Kirchberg have a vacancy rate below 1.5% while in the decentralised districts it is around 8%.

The vacancy rate is expected to remain relatively low in the coming months on account of the scarcity of speculative developments and the strong performance of the owner-occupier market.

VACANCY RATE (IN %)

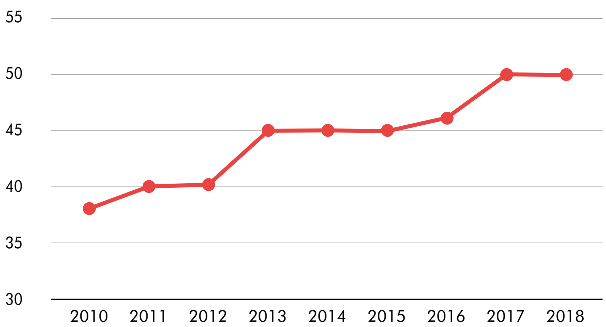


EVOLUTION OF RENTS

Owing to the combined effect of a low vacancy rate and rising take-up, prime rents are logically under pressure. Occupants are seeking the best locations and buildings. These factors have driven up prime rents to €50/m²/month (€600/m²/year) in the CBD, the highest level ever seen in Luxembourg. And future rises cannot be ruled out.

Prime rents remained stable in the station district (€36/m²/month) while they rose slightly in Kirchberg during the year, to €37/m²/month, as against €35 in 2017, and further increases are expected in 2019. In the periphery, prime rents also rose to €24/m²/month as against €21 previously.

PRIME RENT (IN €/M²/MONTH)

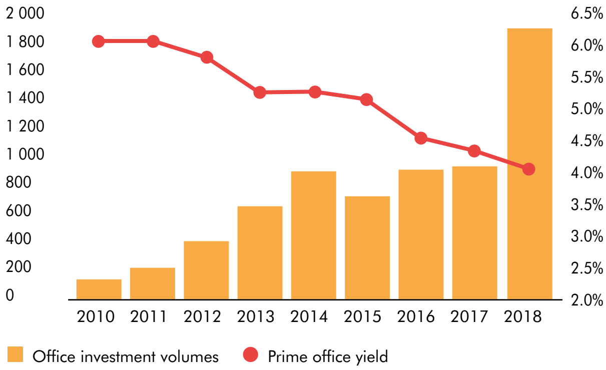


OFFICE INVESTMENT MARKET

As a result of the country's good economic performance, a healthy owner-occupier market and the European Central Bank's monetary policy, the office investment market continues to perform strongly. More than €1.8 billion were invested in the office market over 2018, making it the second best year on the Luxembourg investment market.

For all sectors combined, this is the fourth year in a row that the Luxembourg investment market has surpassed the billion euro mark, highlighting investors' growing interest in the country. The office sector is overwhelmingly dominant in the investment market, accounting for more than 80% of total volumes.

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



Prime yields continue to compress as a result of the European Central Bank's policy of low interest rates and of competition among investors for the best products. At the end of 2018, prime yields in Luxembourg fell to 4.0%, from 4.3% at the end of 2017 and 4.5% at the end of 2016. Prime yields are expected to stabilise over 2019.

Buildings of Befimmo's consolidated portfolio[1]

	CONSTRUCTION YEAR OR YEAR OF THE LAST RENOVATION[2]	FLOOR AREA FOR LEASE IN M²	PROPORTION OF PORTFOLIO[3] IN %	RENT BILLED DURING THE FISCAL YEAR[4] IN € THOUSAND	OCCUPANCY RATE IN %
Brussels centre					
Central Gate - Rue Ravenstein 50-70 and Cantersteen 39-55, 1000 Brussels	2012	29 036	3.3%	4 835	91.9%
Choux - Rue aux choux 35, 1000 Brussels	1993	5 114	0.8%	1 211	100.0%
Empereur - Boulevard de l'Empereur 11, 1000 Brussels	1963	5 700	0.7%	1 100	100.0%
Gouvernement Provisoire - Rue du Gouvernement Provisoire 15, 1000 Brussels	2005	2 954	0.4%	658	100.0%
Lambermont - Rue Lambermont 2, 1000 Brussels	2000	1 788	0.3%	382	100.0%
Montesquieu - Rue des Quatre Bras 13, 1000 Brussels	2009	16 931	3.3%	4 904	100.0%
Pachéco - Boulevard Pachéco 32, 1000 Brussels	1976	5 770	0.5%	777	100.0%
Poelaert - Place Poelaert 2-4, 1000 Brussels	2001	12 557	2.5%	3 701	100.0%
		79 850	**11.9%**	**17 568**	**97.1%**
Brussels Leopold district					
Arts 28 - Avenue des Arts 28-30 and Rue du Commerce 96-112, 1000 Brussels	2005/-	16 793	3.0%	4 384	100.0%
Arts 56 - Avenue des Arts 56, 1000 Brussels	2007	22 139	3.3%	4 833	88.1%
Froissart - Rue Froissart 95, 1000 Brussels	2010	3 107	0.5%	821	98.6%
Guimard - Rue Guimard 9 et Rue du Commerce 87-91, 1040 Brussels	2017	5 514	0.2%	75	19.1%
Joseph 2 - Rue Joseph II 27, 1000 Brussels	1994	12 820	3.0%	4 528	100.0%
Pavilion - Rue de la Loi 70-72-74, 1000 Brussels	2005	18 091	3.1%	4 521	100.0%
Schuman 3 - Rond-point Schuman 2-4a and Rue Froissart 141a-143, 1040 Brussels	2001	5 275	0.8%	1 194	88.3%
Schuman 11 - Rond-point Schuman 11, 1040 Brussels	2004	5 255	0.9%	1 282	87.6%
Science-Montoyer - Rue Montoyer 30, 1000 Brussels	2011	5 180	0.9%	1 281	100.0%
View Building - Rue de l'Industrie 26-38, 1040 Brussels	2001	11 075	1.4%	2 013	99.7%
Wiertz - Rue Wiertz 30-50, 1050 Brussels	1996	10 108	2.4%	3 592	100.0%
		115 357	**19.3%**	**28 524**	**91.7%**
Brussels Louise district					
Blue Tower - Avenue Louise 326, 1000 Brussels	1976	24 339	3.7%	5 261	86.2%
		24 339	**3.7%**	**5 261**	**86.2%**
Brussels North district					
World Trade Center - Tower 2[5] - Boulevard du Roi Albert II 30, 1000 Brussels	1973	48 238	10.2%	13 414	100.0%
World Trade Center - Tower 3 - Boulevard du Roi Albert II 30, 1000 Brussels	1983	76 810	8.5%	12 537	100.0%
		125 048	**18.7%**	**25 951**	**100.0%**
Brussels Airport					
Gateway -Brussels Airport - 1930 Zaventem	2017	34 493	4.8%	6 370	100.0%
		34 493	**4.8%**	**6 370**	**100.0%**
Brussels decentralised					
Goemaere - Chausée de Wavre 1945, 1160 Brussels	1997	6 950	0.7%	1 009	100.0%
La Plaine - Boulevard Général Jacques 263G, 1050 Brussels	1995	15 180	2.1%	3 106	100.0%
Triomphe - Avenue Arnaud Fraiteur 15-23, 1050 Brussels	2014	17 189	1.5%	1 622	72.5%
		39 319	**4.3%**	**5 737**	**87.4%**
Brussels periphery					
Eagle Building - Kouterveldstraat 20, 1831 Diegem	2000	7 382	0.2%	365	40.4%
Fountain Plaza - Belgicastraat 1-3-5-7, 1930 Zaventem	2012	17 756	1.1%	1 782	83.7%
Ikaros Park (phases I to V) - Ikaroslaan, 1930 Zaventem	1990/2014[6]	45 902	2.6%	3 869	70.2%
Media - Medialaan 50, 1800 Vilvoorde	1999	14 069	1.4%	2 038	95.8%
Ocean House - Belgicastraat 17, 1930 Zaventem	2012	4 623	0.3%	464	98.8%
Planet 2 - Leuvensesteenweg 542, 1930 Zaventem	1988	10 277	0.4%	594	68.8%
Waterloo Office Park - Drève Richelle 161, 1410 Waterloo	1992	1 980	0.2%	315	99.7%
		101 989	**6.3%**	**9 427**	**77.4%**

	CONSTRUCTION YEAR OR YEAR OF THE LAST RENOVATION[2]	FLOOR AREA FOR LEASE IN M²	PROPORTION OF PORTFOLIO[3] IN %	RENT BILLEDDURING THE FISCAL YEAR[4] IN € THOUSAND	OCCUPANCY RATE IN %
Wallonia					
Ath - Place des Capucins 1	1995	4 256	0.4%	603	100.0%
Braine-l'Alleud - Rue Pierre Flamand 64	1977	2 340	0.2%	273	100.0%
Eupen - Vervierserstrasse 8	1989	2 240	0.2%	307	100.0%
Eupen - Rathausplatz	2018	7 184	0.5%	174	100.0%
La Louvière - Rue Ernest Boucqueau 15	1997	6 116	0.6%	918	100.0%
Liège - Paradis tower - Rue Fragnée 2	2014	37 195	4.3%	6 277	100.0%
Malmedy - Rue Joseph Werson 2	2000	2 757	0.2%	354	100.0%
Marche-en-Famenne - Avenue du Monument 25	1988	3 720	0.4%	553	100.0%
Saint-Vith Klosterstrasse 32	1988	3 156	0.3%	388	100.0%
Seraing - Rue Haute 67	1971	2 109	0.2%	246	100.0%
		71 073	**7.2%**	**10 093**	**100.0%**
Flanders					
Antwerpen - Amca - Italiëlei 4	1991/1992	58 413	5.1%	7 572	100.0%
Antwerpen - Meir 48	19th century/1985	17 763	2.4%	3 591	100.0%
Bilzen - Brugstraat 2	1995	1 676	0.1%	205	100.0%
Brugge - Boninvest 1	1996	2 844	0.1%	214	100.0%
Deinze - Brielstraat 25	1988	3 251	0.3%	409	100.0%
Dendermonde - Sint-Rochusstraat 63	1987	6 453	0.6%	943	100.0%
Diest - Koning Albertstraat 12	1995	2 869	0.3%	426	100.0%
Diksmuide - Woumenweg 49	1979	2 207	0.2%	306	100.0%
Eeklo - Raamstraat 18	1993	3 155	0.3%	421	100.0%
Haacht - Remi van de Sandelaan 1	1985	2 744	0.2%	301	100.0%
Halle - Zuster Bernardastraat 32	1985	7 440	0.8%	1 142	100.0%
Herentals - Belgiëlaan 29	1987	3 296	0.3%	469	100.0%
Ieper - Arsenaalstraat 4	1994	5 421	0.5%	663	100.0%
Izegem - Kasteelstraat 15	1981	831	0.1%	96	100.0%
Knokke-Heist - Majoor Vandammestraat 4	1979	3 979	0.3%	455	100.0%
Kortrijk - Bloemistenstraat 23	1995	12 137	1.1%	1 658	100.0%
Leuven - Vital Decosterstraat 42-44	1993	16 718	1.4%	2 148	100.0%
Lokeren - Grote Kaai 20	2005	1 938	0.2%	286	100.0%
Menen - Grote Markt 10	1988	3 273	0.0%	65	11.2%
Nieuwpoort - Juul Filliaertweg 41	1982	2 868	0.3%	403	100.0%
Oudenaarde - Marlboroughlaan 4	1963	4 701	0.4%	523	100.0%
Roeselare - Rondekomstraat 30	1987	6 873	0.6%	830	100.0%
Sint-Niklaas - Driekoningenstraat 4	1992	6 897	0.6%	949	100.0%
Sint-Truiden - Abdijstraat 6	1984	3 932	0.3%	465	100.0%
Tervuren - Leuvensesteenweg 17	1980	20 408	0.9%	1 372	100.0%
Tielt - Tramstraat 48	1982	4 180	0.4%	530	100.0%
Tienen - Goossensvest 3	1985	6 390	0.6%	893	100.0%
Tongeren - Verbindingsstraat 26	2002	7 710	0.8%	1 215	100.0%
Torhout - Burg 28	1973	1 720	0.1%	211	100.0%
Torhout - Elisabethlaan 27	1985	1 284	0.1%	166	100.0%
Vilvoorde - Groenstraat 51	1995	6 117	0.6%	933	100.0%
		229 488	**20.2%**	**29 860**	**99.0%**
Grand Duchy of Luxembourg					
Axento - Luxembourg city, Avenue JF Kennedy 44	2009	12 247	3.7%	5 545	97.2%
		12 247	**3.7%**	**5 545**	**97.2%**
Properties available for lease		833 204	100.0%	144 336	94.5%
Brederode Corner - Rue Brederode and Rue de Namur, 1000 Brussels	Renovation ongoing	7 200	-	-	-
Binche - Rue de la Régence 31	Renovation ongoing	2 480	-	-	-
Kortrijk - Ijzerkaai 26	Renovation ongoing	1 963	-	-	-
Paradis Express - Rue Paradis 1, 4000 Liège	Vergunning ontvangen	35 000	-	-	-
Quatuor - Boulevard Baudouin 30, 1000 Brussels	Under construction	60 000	-	-	-
WTC 4 - Boulevard du Roi Albert II 30, 1000 Brussels	Implementation of the permit According to commercialisation	53 500	-	-	-
ZIN - Boulevard du Roi Albert II 30, 1000 Brussels	Ongoing permit demand	110 000	-	-	-
Properties that are being constructed or developed for own account in order to be leased		270 143	-	-	-

1. The fair value of every subportfolio is published on page 43 on this Report.
2. Contruction year and year of the last renovation: year of the last renovation is indicated when dealing with a major renovation (investment work on the envelope, structure and main installations of the building).
3. The proportion of portfolio is calculated on the basis of the gross current rent from lease agreements as at 31 December 2018.
4. It is the collected rent in accordance with Appendix B of the Royal Decree of 13 July 2014.
5. End of lease agreement on 31 December 2018, in redevelopment as from 1 Januray 2019 (ZIN project).
6. Ikaros Park - Phase II (buildings 8A, 7B and 12B).

Environmental and energy performance

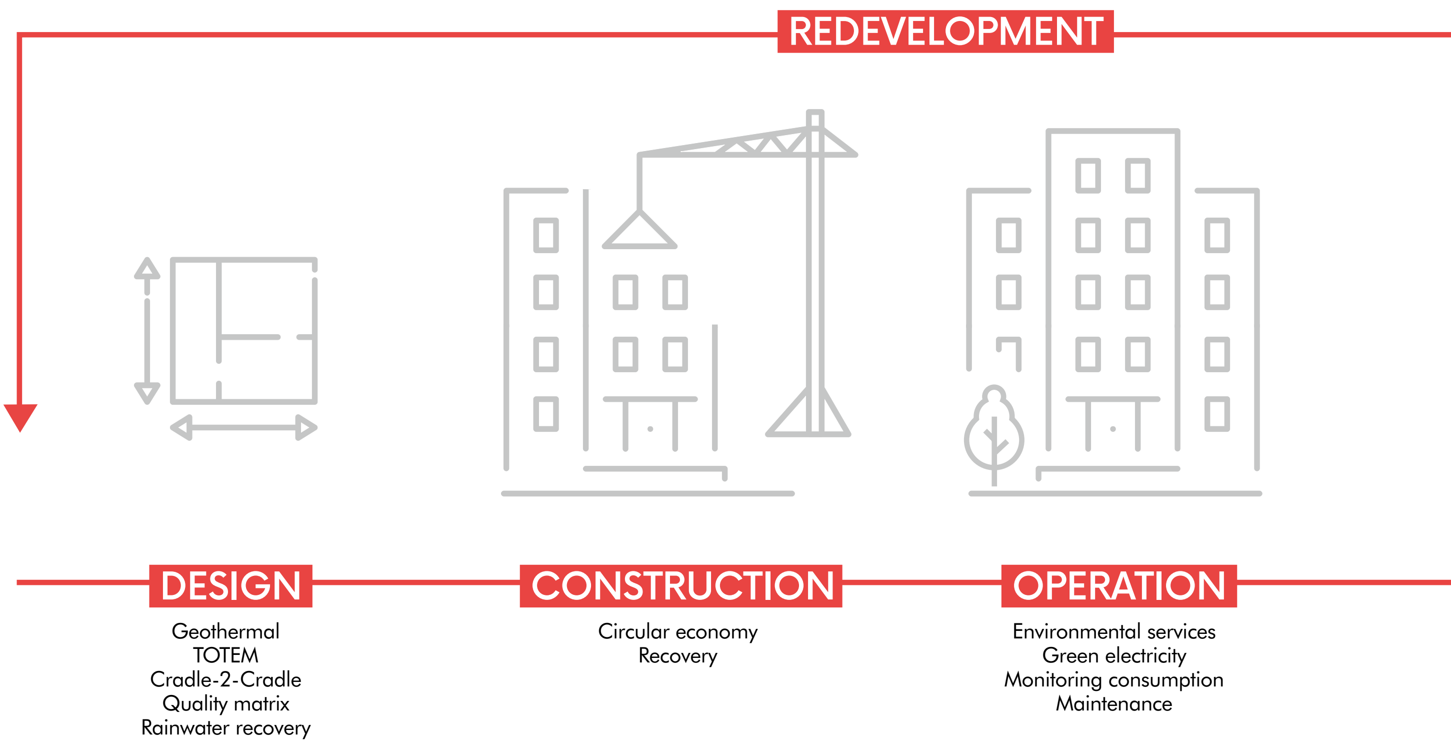
Given the scale of its property business, its local roots and its use of resources, Befimmo continues to work on environmental issues. Befimmo is sensitive to the expectations of its stakeholders and is aware that its environmental impact affects all levels of its business and value chain as illustrated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

Befimmo's investment strategy 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.

They also oversee the strategic choices of a building's materials and components. In cooperation with Befimmo's various real-estate departments, they ensure that Befimmo's standards (consolidated in a quality matrix) ensure good energy performance and minimise the environmental impact of the activities.

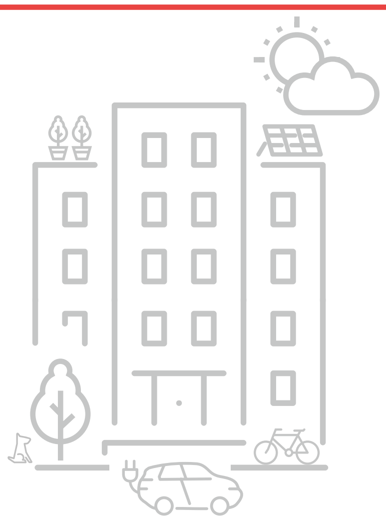
Befimmo is aware that effective governance in the long term requires a committed approach, focused on anticipating the environmental risks of its business.



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.

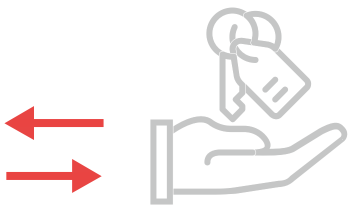
This approach prompts Befimmo to return to and to keep striving for a continuous improvement in the portfolio's environmental performance, thereby enabling it to achieve its targets for reducing its environmental impact by 2030. This ensures that its environmental impact is decoupled from the value creation of its portfolio.

Online sheet "Use of resources"
→ "Risk factors"



IMPROVEMENT

Environmental
procurement criteria
Recovery
Self-generation



SALES AND ACQUISITIONS

CO_2 emissions
forecasting model

CO_2E EMISSIONS[1]

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

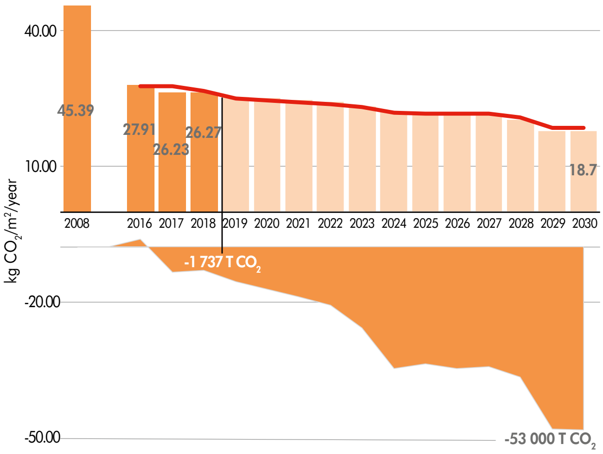
Based on the methodology proposed by the Science Based Targets Initiative (SBTi)[2], designed to limit the increase in global average temperature to below 2°C, long-term objectives were defined, taking into account potential for renovation, improvement and/or sales of assets in the portfolio. Firstly,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

The forecasting model implemented in 2017 and reviewed during each strategic decision taken enabled Befimmo to set the following objectives: by 2030, Befimmo undertakes to achieve an average level of CO_2e emissions per m² of its entire portfolio equal to 18.7 kgCO_2e/m², a reduction of 33% compared with 2016. This corresponds to avoiding cumulative emissions of 53,000 tCO_2e, equivalent to 2.4 years of the portfolio's consumption (reference year 2016).

These targets are divided into three sub-targets:

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

OUTLOOK FOR 2030



In 2018, these efforts enabled Befimmo to cut specific energy-related CO_2e emissions by 7% in relation to 2016. This reduction is equivalent to a cumulative volume of 1,737 tCO_2e avoided (since 2016). These results are fully in line with the values returned by the forecasting model.

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

2018 RESULTS AND OUTLOOK FOR 2030

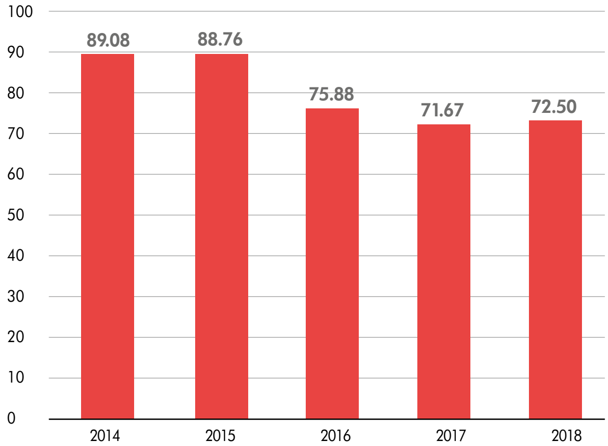
YEAR	2016 VALUE OF REFERENCE	2018	OBJECTIEF 2030
Avoided CO_2e cumulated since 2016 (in tCO_2e)	750	1 737	53 000
Average specific CO_2e emissions (in kgCO_2e/m²)	27.9	26.3	-33%
a. linked to heating	15.4	14.4	-50%
b. linked to electricity consumption of controlled installations	5.5	5.5	-17%
Of which offset	*5.5*	*5.4*	
c. linked to electricity consumption of uncontrolled installations	7.0	6.5	-17%
Of which offset	*6.5*	*6.1*	

1. See methodology in Appendix VI to the Report and the detailed tables on the Befimmo website.
2. http://sciencebasedtargets.org/
3. Befimmo has control and/or a direct influence over the emissions related to the operation of the installations concerned (lifts, lighting of common areas, ventilation, etc.).
4. The model considers 'location-based' emission factors that do not take account of any supply contracts for green energy, with no CO_2e emissions.
5. Befimmo does not have control or a direct influence over the emissions related to the operation of the installations concerned (private installations).

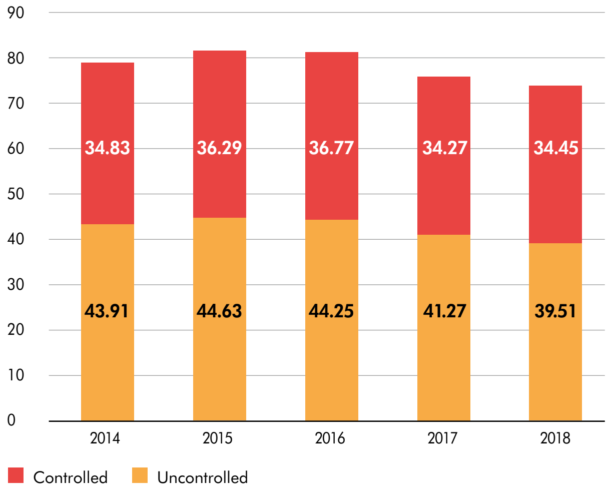
ENERGY CONSUMPTION - SELF-GENERATION[6] - RENEWABLE ENERGY

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

DIRECT SPECIFIC ENERGY CONSUMPTION[1] (KWH/M²)



INDIRECT SPECIFIC ENERGY CONSUMPTION[1] (KWH/M²)



Energy consumption related to heating is stable in 2018 in relation to 2017. The forecasting model nevertheless confirms a 50% cut in emissions by 2030. This ambitious objective assumes a transition from the use of appliances burning fossil fuels to alternatives such as geothermal energy or electrically-powered equipment such as heat pumps.

The ongoing construction works in the Quatuor project in the North area of Brussels include this type of appliance. The aim is to design an innovative and sustainable office building with low energy consumption and excellent thermal comfort.

The use of this type of technology is expected to reduce energy consumption and CO_2 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 2019 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 incorporates this principle of sustainability.

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

Depending on the configuration of the buildings and any subsidies granted on account of their geographical situation, a study of the photovoltaic potential carried out in 2017 enabled Befimmo to identify a number of opportunities for projects to be implemented quickly, together with the technical and financial resources required.

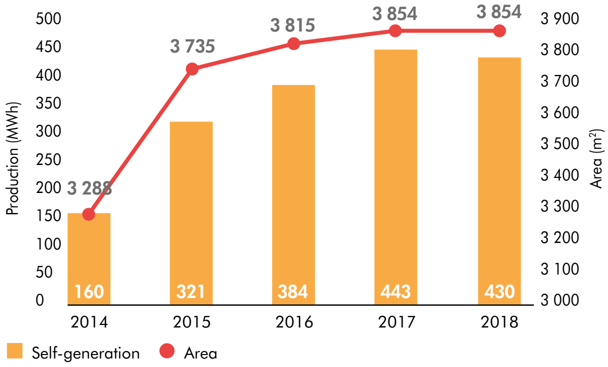
All the sites identified as having a high potential are being installed or extended. This work on two buildings located in Brussels and representing an additional area of some 650 m² of solar panels will be completed during the first quarter of 2019. The additional area will complement the 3,854 m² of panels already installed.

Furthermore, by the end of 2019, self-generation by all these installations should cover electricity needs equivalent to the annual consumption of some 150 households[6].

The feasibility study will be updated In 2019. We will systematically consider installing solar panels on buildings to be built and/or renovated.

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

PHOTOVOLTAIC PANELS



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

However, until it reaches its target for reducing CO_2e emissions by 2030, Befimmo is limiting its environmental impact by subscribing to a green electricity supply contract to cover the consumption of the installations in its buildings that are under its control.

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 positive approach will be continued in 2019 with the aim of achieving a 100% green energy supply by 2021.

WATER CONSUMPTION

Befimmo regards water consumption as an important issue for the real-estate sector. 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 particular following the guidelines for BREEAM certification and the quality standards it has devised in-house.

At the end of 2018, water recovery systems (rainwater - grey water - boreholes) were installed in 18 Befimmo buildings out of a total of 116 in its portfolio, representing 18% of its total floor area. For each of its construction/renovation projects, Befimmo systematically considers implementing such systems on the basis of the Befimmo quality matrix. In 2018, some ten projects were studied, some of which were already in progress.

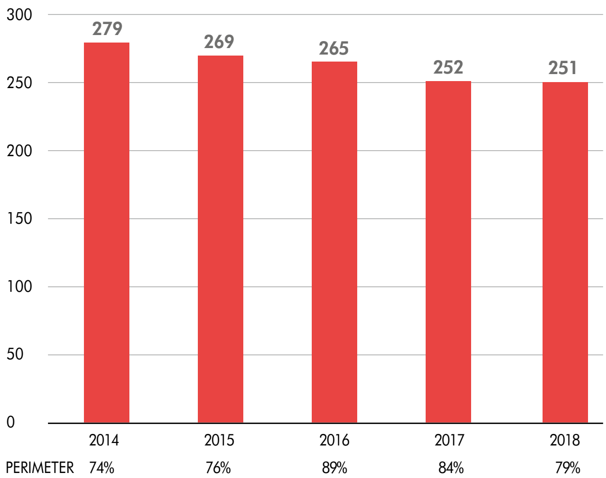
Befimmo also aims to reduce the water consumption of its portfolio by 15% in relation to 2016 by 2030. It will keep monitoring consumption, replacing obsolete equipment high-performance equipment and raising awareness among users and maintenance companies.

Depending on the objectives, such systems are usually accompanied (where possible) by telemonitoring. The Befimmo Green Adviser conducts detailed accounting and continuous monitoring using warning systems designed to optimise consumption and limit the impact of leaks.

Specific consumption (litres/m²) in 2018 was down 5% compared with 2016, from 265 l/m² to 251 l/m². This decrease was achieved partly by raising awareness among tenants of some high-consumption sites.

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

WATER CONSUMPTION (L/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.

MATERIALS AND THE CIRCULAR ECONOMY

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

Befimmo's sustainable procurement policy is designed to manage the incoming flow of building materials and installations. Meanwhile, the circular-economy approach deals with the outflow of construction and operational waste.

INCOMING FLOWS - RESPONSIBLE PROCUREMENT

Befimmo has introduced a sustainable procurement policy for the incoming flow of materials.

In order to include environmental criteria consistently across all procurement procedures, in 2017 Befimmo reviewed its minimum technical criteria and incorporated them into a quality matrix. Consolidated in a database, it serves as a quality reference for Befimmo buildings. The matrix is inspired by relevant references such as BREEAM and is the outcome of cooperation between Befimmo's various property divisions (Commercial Management, Environmental Management, Property Management, Services & Facilities, and Project Development). It enables the technical requirements in terms of design, operation, comfort and wellbeing also to guarantee energy performance and minimise the environmental impact of materials.

OUTFLOWS - WASTE MANAGEMENT

Regarding the outflow of materials, Befimmo is taking a circular-economy approach.

For several years now, Befimmo has been assessing the quantities and treatment of building waste, as detailed in the table below.

BUILDING WASTE (IN TONNES)

	2018		2017		2016		2015	
Total	**50 461.9**	**100%**	**9 565.0**	**100%**	**1 640.3**	**100%**	**5 946.5**	**100%**
Of which recycled	50 168.0	99.4%	9 194.1	96.0%	1 554.0	94.8%	4 840.5	81.4%
Of which reused	41.0	0.1%	17.0	0.2%	36.0	2.2%	17.0	0.3%
Of which composted	-	0.0%	2.0	0.0%	-	0.0%	-	0.0%
Of which incinerated	215.0	0.4%	348.0	3.6%	45.3	2.8%	702.8	11.8%
Of which burried of landfilled	38.0	0.1%	24.0	0.2%	4.0	0.3%	383.0	6.5%

The volume of construction waste is highly variable depending on the type and number of sites. However, Befimmo has seen a positive trend through recycling efforts made so far. Nearly 96% of construction-related waste is recovered.

Construction-related waste can also be considered as a resource. Befimmo therefore intends to focus more on the reuse of materials, which today accounts for only a small percentage.

Reuse is currently organised in campaigns for dismantling building materials that can be reused in other projects. Befimmo's cooperation with Rotor ASBL has enabled more than 156 tonnes of materials on 11 sites to be recovered since 2013.

In order to reduce the volume of waste and improve the reuse rate of materials, Befimmo also plans for dismantling from the design stage of a building and runs its work sites in line with the principles of the circular economy. In order to quantify the overall societal impacts of its construction choices, Befimmo now systematically encourages its architects to use the Totem tool[3]. This is a tool developed by the public authorities that will ultimately enable it to measure and compare the overall societal impact of these various construction and renovation scenarios.

3. www.totem-building.be

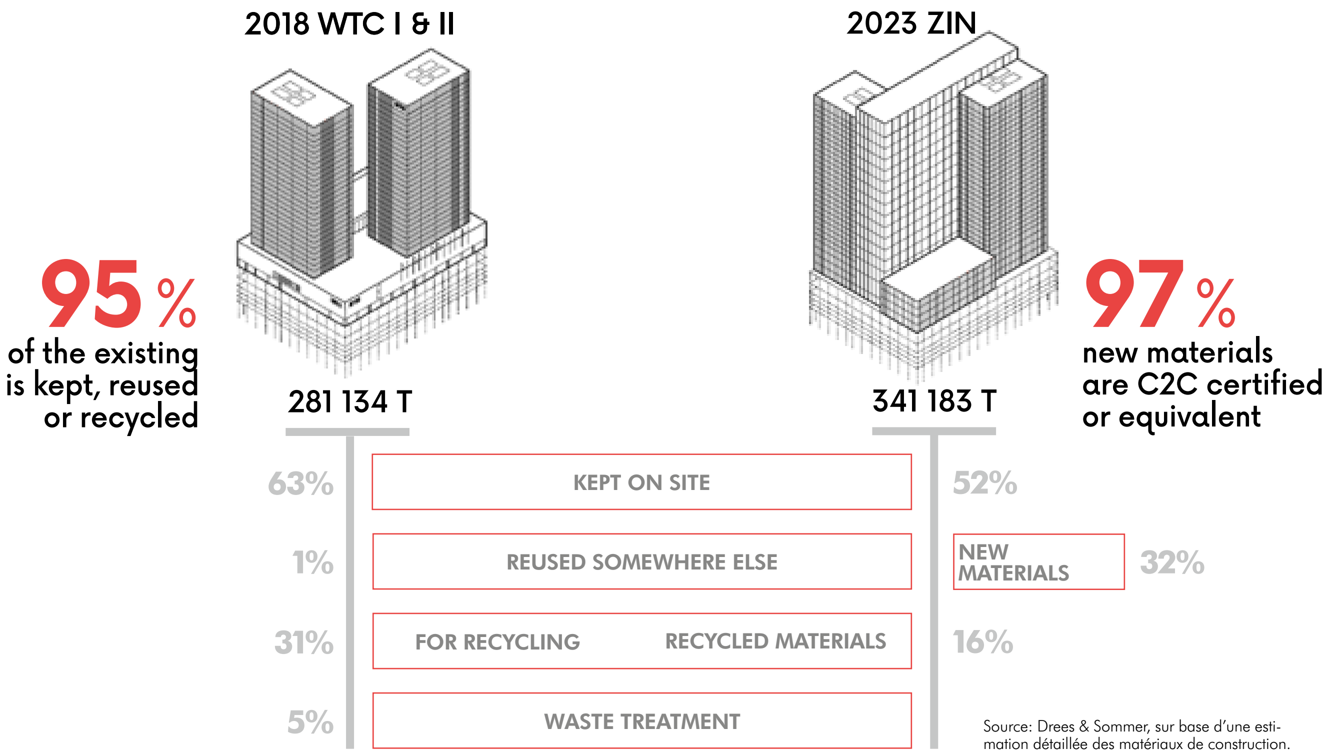
THE ZIN BUILDING: THE CIRCULAR ECONOMY AT WORK

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 (C2C)[1]

This approach is illustrated in the diagram below and in the video available on the website (https://www.befimmo.be/en/portfolio/zin).

This project was an opportunity to encourage materials suppliers to commit to a C2C certification process. This proactive approach results in exemplary renovation, consisting almost entirely of components sourced from recovery, recycling or C2C design.



Source: Drees & Sommer, sur base d'une estimation détaillée des matériaux de construction.

WASTE MANAGEMENT IN OPERATIONAL BUILDINGS

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

OPERATIONAL WASTE (IN TONNES)

	2018		2017		2016		2015	
Total	**2 040.0**	**100%**	**2121.0**	**100%**	**1 644.4**	**100%**	**2 702.7**	**100%**
Of which recycled	1 016.0	49.8%	1 215.9	58.1%	873.0	53.1%	1 540.5	57.0%
Of which reused	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Of which composted	-	0.0%	-	0.0%	4.7	0.3%	-	0.0%
Of which incinerated	1 016.0	49.8%	905.0	42.7%	766.7	46.6%	1 162.2	43.0%
Of which burried of landfilled	8.0	0.4%	-	0.0%	-	0.0%	-	0.0%

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.

The decline in the recycling rate (from 58% in 2017 to 50% in 2018) occurred in particular as a result of the significant impact of the relocation work of major tenants leaving the portfolio.

In 2019 Befimmo will continue to be proactive in recovering materials and furniture for all its building sites and during tenant departures. It aims to return to and maintain a high recycling rate.

CERTIFICATION[2] 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 were conducted during 2018. These led to measures to improve the EMS, focused essentially on simplifying the system.

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, to its entire portfolio of buildings, whether they are under construction or renovation or in operation.

The BREEAM methodology assesses sustainable performance in two ways:

- for the buildings in construction:
  - In study phase: BREEAM "Design";
  - After construction works/renovation: BREEAM "Post Construction"
- for the buildings in operation:
  - The building: BREEAM "In-Use Asset" (Part I);
  - The management of the building: BREEAM "In-Use Building Management" (Part II).

Online sheet "Environmental certification & compliance"

Glossary

BUILDINGS IN CONSTRUCTION

	DESIGN		POST CONSTRUCTION	
RATING	SURFACE	# BUILDINGS	SURFACE	# BUILDINGS
Outstanding	53 500	1	-	-
Excellent	85 489	5	47 889	3
Very Good	21 834	4	59 434	6
Good	4 623	1	4 623	1
Total	165 446	11	111 946	10

BUILDINGS IN OPERATION

	IN-USE ASSET		IN-USE MANAGEMENT	
RATING	SURFACE	# BUILDINGS	SURFACE	# BUILDINGS
Very Good	12 517	5	85 859	3
Good	438 580	56	30 583	2
Pass	15 012	2	302 338	49
Acceptable	-	-	22 524	6
Non certified	434 438	50	459 242	53
Total	900 547	113	900 546	113

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

Conclusions of the real-estate expert coordinator

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

Dear Mesdames, Dear Sirs,

Re: Valuation of the real-estate portfolio of Befimmo as at 31st December 2018.

CONTEXT

In accordance with Chapter III, Section F of the law of 12th of May 2014 on BE-REIT, Befimmo has instructed an independent valuer to provide an opinion of value for its portfolio as at 31st December 2018. We have been mandated to value part of the Befimmo and Fedimmo portfolios while Cushman and Wakefield have been mandated to value another part of the Befimmo and Fedimmo portfolios. The part valued by Jones Lang LaSalle is the part leased on multiple short term leases mainly in Brussels and its hinterland. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder.

Jones Lang LaSalle has been active in Belgium since 1965 and has a long track record in valuing professional real estate. Cushman & Wakefield also indicate that they benefit from sufficient knowledge of the property markets in which Befimmo and Fedimmo are active, as well as the required professional qualifications and recognition to fulfil this assignment. The mission of the valuers has been carried out in full independence.

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

OPINION

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

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

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

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

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

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

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

Ultimately it is supply and demand in the investment market that determines the price.

For the financial accounting of a BE-REIT and in accordance with the IAS/IFRS norms it is common practice to use the fair value. Following a press release of the Belgian Association of Asset Managers (BEAMA), dated 8 February 2006 and as confirmed in the press release of the BE-REIT Association dated 10 November 2016, the fair value can be obtained by subtracting 2.5% transaction costs from properties with an investment value of more than € 2,500,000. For properties with an investment value under € 2,500,000 registration duties of 10% or 12.5% should be subtracted, depending on the region where they are situated.

In the light of all comments mentioned above, we confirm that the investment value of the consolidated Befimmo property portfolio as at 31st of December 2018 amounts to a total of
€ 2,722,210,000 (TWO BILLION SEVEN HUNDRED TWENTY TWO MILLION TWO HUNDRED AND TEN THOUSAND EUROS); this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield Valuation Services.

The most likely sale value corresponding to the fair value of the consolidated Befimmo property portfolio as at 31st December 2018 amounts to a total of
€ 2,655,324,390 (TWO BILLION SIX HUNDRED FIFTY FIVE MILLION THREE HUNDRED TWENTY FOUR THOUSAND THREE HUNDRED AND NINETY EUROS);
this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield Valuations services.

On this basis, the initial yield of the portfolio with properties available for lease stood at 5.98%. Should the vacant accommodation be fully let at estimated rental value, the initial yield is 6.29% for the same portfolio.

The occupation rate of the portfolio with properties available for lease is 94.50%.

The average level of passing and contractual rent is currently approximately 11.48% above the current estimated rental value of the portfolio with properties held for letting.

The property portfolio comprises:

OFFICES	FAIR VALUE € MILLION	IN %
Properties available for lease	**2 455.8**	**92.5%**
Brussels CBD and similar	1 440.6	54.3%
Brussels decentralised	81.7	3.1%
Brussels periphery	116.5	4.4%
Wallonia	220.2	8.3%
Flanders	474.3	17.9%
Luxembourg city	122.6	4.6%
Properties that are being constructed or developed for own account in order to be leased	**199.5**	**7.5%**
TOTAL	2 655.3	100.0%

Yours sincerely,

Brussels, 12th February 2019

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

THE ART OF SUPPORTING NEW MOBILITY SOLUTIONS

PHILIPPE LEFRANCQ, CO-FOUNDER AND PARTNER OF AHOOGA, MANAGER OF MOBILITY HUBS

With Befimmo, we offer an on-site mobility service: in practice, on the ground floor of some office buildings, workers can get advice, or try out, buy, lease and request maintenance for our electric folding bicycles. Reaching out to them at their workplaces allows us to give them a taste of using the bike for certain journeys. We and Befimmo are convinced that the way we (over-)use the car today is not compatible with sustainable mobility.

THE CAR, WHETHER ELECTRIC OR CONVENTIONAL, IS VERY CONVENIENT BUT IS NOT THE BEST CHOICE FOR ALL TYPES OF TRIPS. CYCLING IS A REAL ALTERNATIVE MOBILITY SOLUTION.

FINANCIAL REPORT

INVESTOR DAY 2018

Financial results

NET ASSET VALUE AS AT 31 DECEMBER 2018

As at 31 December 2018, Befimmo's total net asset value was €1,443.2 million.

The net asset value is therefore €56.42 per share, compared with €56.63 per share as at 31 December 2017.

CHANGES IN THE NET ASSET VALUE

	IN € PER SHARE	IN € MILLION	NUMBER
Net asset value as at 31 December 2017	**56.63**	**1 448.5**	**25 579 214**
Final dividend of the 2017 fiscal year		-22.0	
Other elements of comprehensive income - actuarial gains and losses on pension obligations		0.1	
Interim dividend of the 2018 fiscal year		-66.3	
Net result as at 31 December 2018		82.8	
Net asset value as at 31 December 2018	**56.42**	**1 443.2**	**25 579 214**

TREND OF RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT

IN € THOUSAND	31.12.2018	31.12.2017
Net rental result	143 566	142 431
Net rental result excluding spreading	*143 119*	*141 172*
Spreading of gratuities/concessions	*447*	*1 260*
Net property charges[1]	-13 588	-11 932
Property operating result	**129 978**	**130 499**
Corporate overheads	-14 282	-12 199
Other operating income and charges	-447	-1 252
Operating result before result on portfolio	**115 249**	**117 048**
Operating margin[1]	***80.3%***	***82.2%***
Gains or losses on disposals of investment properties	343	21 798
Net property result[1]	**115 592**	**138 846**
Financial result (excl. changes in fair value of financial assets and liabilites)	-20 545	-19 750
Corporate taxes	-566	-1 642
Deferred taxes	-219	-
Net result before changes in fair value of investment properties and financial assets and liabilities1	**94 263**	**117 455**
Changes in fair value of investment properties	-5 514	13 429
Changes in fair value of financial assets and liabilities	-5 901	5 186
Changes in fair value of financial assets and liabilities and investment properties	**-11 415**	**18 615**
Net result	82 847	136 070
EPRA earnings	94 139	95 657
Net result (in € per share)	3.24	5.32
EPRA earnings (in € per share)	3.68	3.74

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

EVENTS WITH AN IMPACT ON THE PERIMETER OF THE COMPANY

The Company's perimeter was modified during fiscal year 2018, mainly by the Arts 56 building joining the portfolio and the acquisition of a stake in Silversquare Holding SA, which was consolidated using the equity method. The Company's perimeter was changed during fiscal year 2017, mainly by the granting of a 99-year leasehold on the Brederode complex and the regrouping of almost all the ownership of WTC towers 1 and 2.

ANALYSIS OF THE NET RESULT

The condensed consolidated income statement includes the data published as at 31 December 2018. The result analysis is based on a comparison with the data as at 31 December 2017.

The **Net rental income** is up on last year (+0.8%). The impact of the end of the lease of the Flemish Community in the Noord Building, that of Starwood in the Brederode Corner building and the leasehold granted on the Brederode complex are offset by the entry into the portfolio of the Arts 56 building, new rentals and indexing. The like-for-like net rental result[1] is up 2.87% on the same period last year.

Net property charges rose from €11.9 million to €13.6 million. This increase arises from various non-recurring items in 2017 and 2018 (severance pay, agents' commissions, recovery of reserve funds and taxes), higher project costs and expansion of the teams.

Overheads amounted to €14.3 million as against €12.2 million in 2017. This change is due mainly to the expansion of IT, and fees for legal and tax advice.

The **Operating result before result on portfolio** stood at €115.2 million at the end of December (-1.5%).

The **Result on the sale of investment properties** (€0.3 million) includes the disposal of the Harelbeke building (in the Fedimmo portfolio). At 31 December 2017, the result on the sale of investment properties of €21.8 million was due mainly to the capital gain realised on the granting of a 99-year leasehold on the Brederode complex.

The **Financial result** (excluding changes in the fair value of financial assets and liabilities) was up 4% at €20.6 million. The impact of the increase in borrowings by almost 10% is largely offset by the lower average cost of financing (2.01%) and interest falling due related to development projects.

1. This is an Alternative Performance Measure. For more information, please see Appendix III to this press release.

As at 31 December 2018, the **Net result** was €82.8 million as against €136.1 million as at 31 December 2017. The change in fair value of the investment properties (excluding acquisitions, divestment and investment) amounted to -€5.5 million, down 0.21% in value. The change in the fair value of the financial assets and liabilities was -€5.9 million, as against +€5.2 million one year earlier. This evolution is linked to the decrease in rates noted at the end of December 2018.

EPRA earnings amounted to €94.1 million as at 31 December 2018, slightly down (-1.6%) on last year. As the number of shares was constant over both periods, EPRA earnings per share were also slightly down at €3.68 as against €3.74 last year.

The **Net result per share** was €3.24.

ANALYSIS OF THE CONDENSED CONSOLIDATED BALANCE SHEET

CONDENSED CONSOLIDATED BALANCE SHEET

IN € MILLION	31.12.2018	31.12.2017
Investment and held for sale properties	2 655.3	2 494.4
Other assets	79.8[2]	64.8
Total assets	**2 735.1**	**2 559.1**
Shareholders' equity	1 443.2	1 448.5
Financial debts	1 178.5	1 002.1
non current	735.5	484.3
current[3]	443.0	517.8
Other debts	113.4	108.5
Total equity & liabilities	**2 735.1**	**2 559.1**
LTV	43.62%	39.61%

COMMENTS ON THE CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2018, 97.1% of the assets side of the balance sheet consisted of investment properties at fair value, based on an assessment by independent real-estate experts in accordance with IAS 40.

The other assets consist mainly of goodwill recognised on the acquisition of Fedimmo in 2006 (€14.2 million), hedging instruments (€27.3 million) and trade receivables (€21.5 million).

Shareholders' equity accounts for 52.8% of sources of finance. Non-current financial debts comprise €297.3 million in bank debt, €357.0 million in a number of European private placements and the equivalent of €77.7 million (at fair value) in the long-term part of a United States private placement (USPP).

Current financial debts comprise mainly in the short-term part of a United States private placement (USPP, for €89.8 million) and in short-term commercial paper (for €339.5 million), for which the Company has confirmed bank lines at more than one year as a back-up.

Other liabilities consist mainly of hedging instruments (€24.0 million), trade and other payables (€54.3 million; suppliers, received advance payments and withholding tax and taxes) and accrued charges and deferred income (principally €22.9 million in property income received in advance).

2. Figures as of 31 December 2018 include stake in Silversquare.
3. According to IAS 1 the commercial paper needs to be recorded as a current liability. It is important to note that the Company has confirmed back-up lines (in excess of one year) for the commercial paper.

Financial structure and hedging policy

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

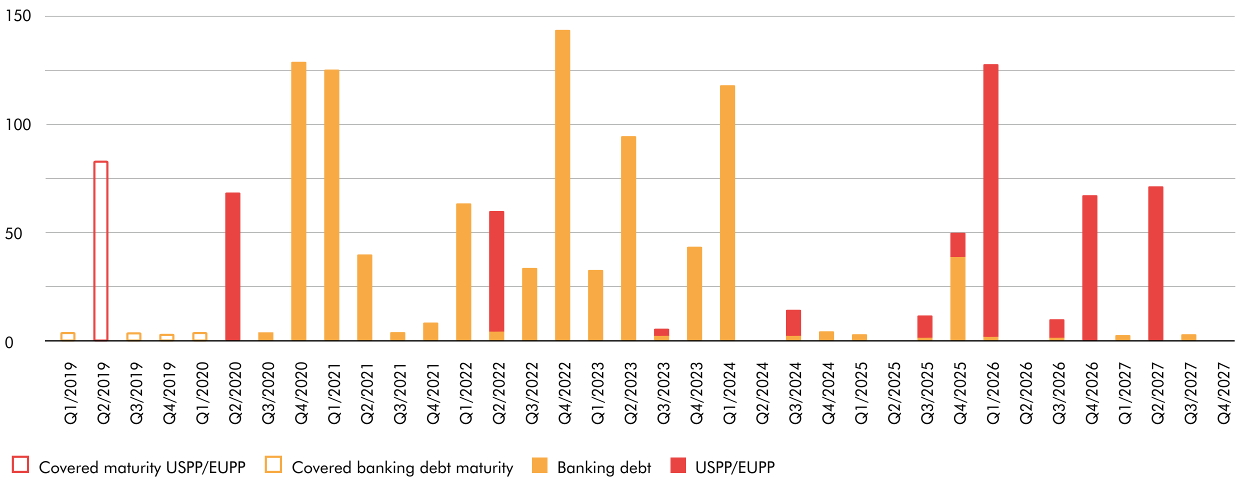
FINANCING AND HEDGING ARRANGED DURING THE FISCAL YEAR

Befimmo carried out the following financing operations during the fiscal year:

- arrangement of two fixed-rate private placements of debt for the amount of €191.5 million over 8 years;
- renegotiation and extension of bank loans for the amount of €62.5 million with a maturity of 5 years and the amount of €40 million with a maturity of 7 years;
- renegotiation of a €50 million financing line with unlimited maturity (with a notice period of 23 months)
- arrangement of two new financing lines of €40 million with a maturity of 5 years and of €18 million with a maturity of 4 years;
- early cancellation of a bank line maturing in 2019 for an amount of €75 million.

On this basis, and all other things being equal, the Company has covered its financing needs until the end of the first quarter of 2020.

MATURITIES OF COMMITMENTS BY QUARTER (IN € MILLION)

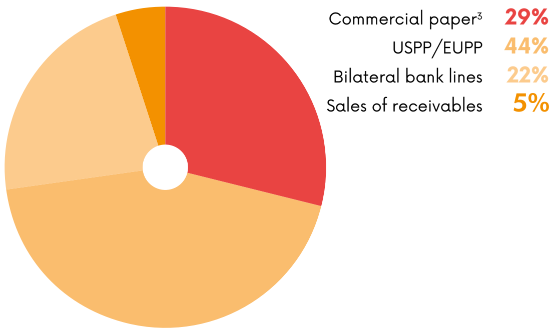


MAIN CHARACTERISTICS OF THE FINANCIAL STRUCTURE

At 31 December 2018, Befimmo's financial structure had the following main characteristics:

- confirmed credit facilities for a total amount of €1,422.4 million (64.3% of which were bank loans), €1,158.8 million of which were in use. The volume of unused lines is determined on the basis of the Company's liquidity criteria, taking account of the maturities of the financing agreements and commitments planned for the coming years;
- a debt ratio of 45.76%[1] (compared with 41.62% as at 31 December 2017);
- an LTV ratio of 43.62%[2] (compared with 39.61% as at 31 December 2017);
- a weighted average duration of the debt of 4.84 years (as against 4.73 years as at 31 December 2017);
- 85.0% of total borrowings at fixed rates (including IRS);
- an average financing cost (including hedging margin and costs) of 2.01% over the year, compared with 2.08% for fiscal year 2017.

DEBT DISTRIBUTION



On 16 May 2018, the Standard & Poor's rating agency confirmed the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.

To reduce its financing costs, Befimmo has a commercial paper programme of a maximum amount of €600 million, €339.5 million of which was in use as at 31 December 2018 for short-term issues and €51.25 million for long-term issues. For short-term issues, this programme has backup facilities consisting of the various credit lines arranged. The documentation for this programme also covers the European private placements of debt.

1. The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.
2. Loan-to-value (LTV) = [(nominal financial debts – cash)/fair value of portfolio].
3. With confirmed bank lines in excess of one year as a back-up.

HEDGING THE INTEREST RATE AND EXCHANGE-RATE RISK

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

Befimmo holds a portfolio of instruments to hedge (i) the interest-rate risk, consisting of IRS, CAPs, SWAPTIONs and COLLARs[1], and (ii) the exchange-rate risk on its fixed-rate United States private placement (USPP) by holding Cross Currency Swaps.

Under its hedging policy, Befimmo restructured a series of IRSs over the year, thereby extending the duration of its hedging portfolio. The restructuring related to a total notional amount of €200 million, thereby enabling to create an initial hedge basis for fiscal years 2027 and 2028. It has also arranged a new payer IRS for €50 million with a maturity of 10 years and a Swaption of €30 million enabling or obliging to enter a payer IRS.

In addition, following the private debt placement arranged in March 2018, and to avoid freezing a fixed interest rate on a notional amount that is too high at a particular moment in time, Befimmo arranged a swap issue on half the amount raised. In the same context, it also cancelled two short-term hedging instruments so as to maintain a short-term equivalent hedging ratio (two IRS with a total notional amount of €50 million).

With the package of instruments in place, the Company's hedge ratio amounts to 92.7%[2] as at 31 December 2018. The hedge ratio remains above 70% until the second quarter of 2020 and above 50% until the first quarter of 2023 inclusive.

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

ANNUAL AVERAGE		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
CAP	Notional (€ million)	90	47	20	0	-	-	-	-	-	-
	Average rate (in %)	0.78%	0.87%	1.15%	1.15%	-	-	-	-	-	-
FLOOR	Notional (€ million)	20	20	20	0	-	-	-	-	-	-
	Average rate (in %)	0.55%	0.55%	0.55%	0.55%	-	-	-	-	-	-
Fixed-rate financing (incl. IRS)	Notional (€ million)	957	945	908	870	812	745	676	541	343	77
	Average rate[3] (in %)	1.00%	1.02%	1.02%	0.98%	0.93%	0.89%	0.97%	0.97%	1.05%	0.99%

1. Subscription to a COLLAR places a ceiling on the rise in interest rates (CAP), but also involves an undertaking to pay a minimum rate (FLOOR).
2. Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAPs)/total borrowings.
3. Average fixed rate excluding credit margin and including options on swaps (SWAPTIONS) considered at the maximum rate.


INVESTOR DAY 2018

Appropriation of results (statutory accounts)

The net result for the fiscal year is €82,847,295.28.

Taking account of the result carried forward at 31 December 2017 of €150,243,133.56 and the net result for the fiscal year, the result to be appropriated is €233,090,428.84.

The result for the fiscal year relates to 25,579,214 shares.

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

1. approve the annual accounts at 31 December 2018 which, in accordance with the Royal Decree of 13 July 2014 on BE-REITs, contain appropriations to the statutory reserves;
2. distribute, as return on capital, a dividend of €3.45 gross per share. This dividend would consist of an interim dividend of €66,250,164.26, or €1.8130 net[1] per share outstanding, declared on 24 October 2018, and a final dividend of €21,998,124.04, or €0.6020 net[1] per share, payable by detaching coupon No 37;
3. carry forward the balance again, i.e. the sum of €155,332,535.59.

The proposed dividend for fiscal year 2018 (including the interim dividend declared on 24 October 2018 and the final dividend referred to above) complies with article 13 of the Royal Decree of 13 July 2014 on BE-REITs, in that it exceeds the required minimum of 80% of the sum of adjusted earnings and net capital gains on the realisation of property not exempt from the distribution requirement, minus the net reduction in the Company's borrowings over the fiscal year, as reflected in the statutory accounts.

The pay-out ratio (compared to the EPRA earnings) of 2018 is 93.75%, compared to 92.25% in 2017).

1. Assuming a withholding tax of 30%.

RESULT TO BE APPROPRIATED, PROPOSED APPROPRIATIONS AND WITHDRAWALS

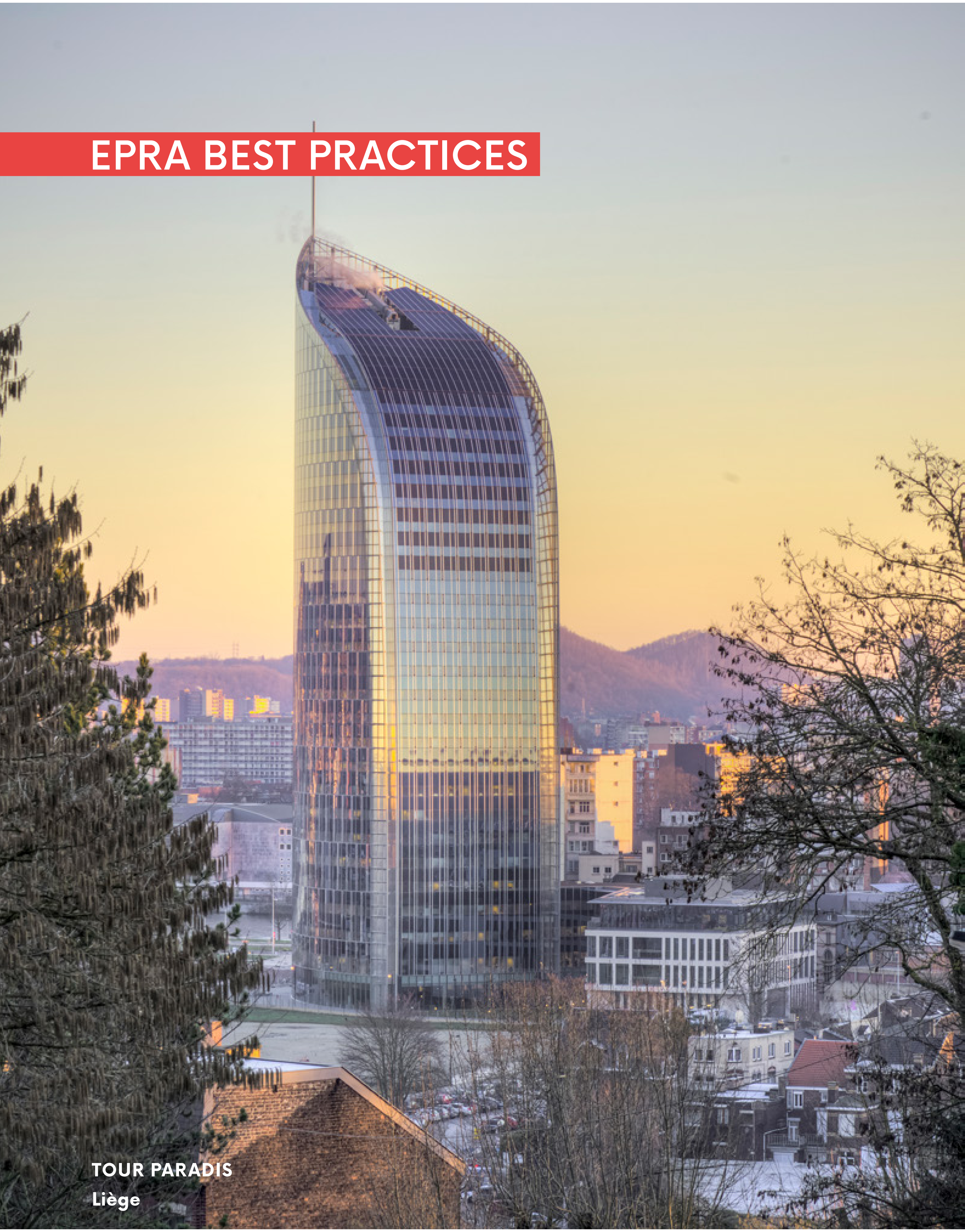
IN €	
A. Net result	**82 847 295.28**
B. Transfer to/from reserves (±)	**5 400 993.02**
I. Transfer to/from reserve of balance (positive or negative) of changes in fair value of properties (±)	2 934 120.57
- Accounting year	2 934 120.57
- Previous fiscal years	
- Realisation of properties	
II. Transfer to/from reserve of estimated fees and charges incurred in the hypothetical disposal of investment properties (±)	3 398 675.08
VI. Transfer from reserve or balance of changes in fair value of permitted hedging instruments to which hedging accounting as defined in IFRS is not applied (±)	4 157 599.41
- Accounting year	4 157 599.41
- Previous fiscal years	
XI. Transfer to/from result brought forward from previous fiscal years (±)	-5 089 402.04
C. Remuneration of capital	**-88 248 288.30**
- Interim dividend for the fiscal year paid out in December 2018	-66 250 164.26
- Final dividend for the fiscal year (payable after the Ordinary General Meeting of 30 April 2019)[2]	-21 998 124.04
D. Remuneration of capital apart from C	**0.00**

EXPLANATORY TABLE OF THE STATUTORY RESULT OF THE 2018 FISCAL YEAR[3]

IN €	
Result to bring forward as at 31 December 2016	**115 763 597.56**
Result for the 2017 fiscal year	136 079 033.98
Result to be appropriated as at 31 December 2017	**251 842 631.54**
Interim dividend for the 2017 fiscal year	-66 250 164.26
Impact of appropriation to reserves other than "(n) Result brought forward from previous years" (Royal Decree of 13 July 2014)	-13 351 209.69
Final dividend proposed for the 2017 fiscal year[4]	-21 998 124.04
Result to bring forward as at 31 December 2017	**150 243 133.56**
Result for the 2018 fiscal year	82 847 295.28
Result to be appropriated as at 31 December 2018	**233 090 428.84**
Interim dividend for the 2018 fiscal year	-66 250 164.26
Impact of appropriation to reserves other than "(n) Result brought forward from previous years" (Royal Decree of 13 July 2014)	10 490 395.06
Final dividend proposed for the 2018 fiscal year[4]	-21 998 124.04
Result to bring forward as at 31 December 2018	**155 332 535.59**

2. Amount subject to the approval of the Ordinary General Meeting of 30 April 2019.
3. Please see the note of the statutory shareholders' equity on pages 204 to 206 of the financial statements.
4. Amount, subject to the approval of the Ordinary General Meeting of 30 April 2019.

EPRA BEST PRACTICES



TOUR PARADIS
Liège

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

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

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

KEY PERFORMANCE INDICATORS - DEFINITION & USE

	EPRA INDICATORS	EPRA DEFINITION[3]	EPRA PURPOSE[3]
(1)	EPRA earnings	Earnings from operational activities.	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
(2)	EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value[2] and to exclude certain items not expected to crystallise in a long-term investment property business model.	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
(3)	EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real-estate company.
(4)	(i) EPRA Net Initial Yield (NIY)	Annualised rental income[3] based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value[2] of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.
(5)	(ii) EPRA Topped-up NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	
(6)	EPRA Vacancy rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	A "pure" (%) measure of investment property space that is vacant, based on ERV.
(7)	EPRA Cost ratio	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.
(8)	EPRA Like-for-Like	Like-for-Like Net Rental Growth compares the growth of the net rental income of the portfolio that has been consistently in operation, and not under development, during the two full preceding periods that are described.	Provide information (in %) on the growth in net rental income (property charges deducted) at constant perimeter of the portfolio (excluding the impact from acquisitions and disposals)[4].

1. Source: EPRA Best Practices (www.epra.com).
2. According to the BE-REIT legislation, the buildings of portfolio of Befimmo are booked at their fair value.
3. For Befimmo, the annualised rental income is equivalent to the annual current rent at the closing date plus future rent on leases signed, as reviewed by the real-estate experts.
4. Because the EPRA doesn't publish the use of the EPRA Like-for-Like, Befimmo wrote it.

KEY PERFORMANCE INDICATORS – KEY FIGURES OVERVIEW

	EPRA INDICATORS		31.12.2018	31.12.2017
(1)	EPRA earnings	€ thousand €/share	94 139 3.68	95 657 3.74
(2)	EPRA NAV	€ thousand €/share	1 458 489 57.02	1 458 774 57.03
(3)	EPRA NNNAV	€ thousand €/share	1 430 736 55.93	1 441 415 56.35
(4)	(i) EPRA Net Initial Yield (NIY)	in %	5.69%	5.82%
	(ii) EPRA Topped-up NIY	in %	5.87%	5.97%
(5)	EPRA Vacancy rate	in %	4.28%	5.43%
(6)	EPRA Cost ratio	Incl. vacancy costs Excl. vacancy costs	19.69%[1] 17.80%[1]	17.36%[1] 15.77%[1]
(7)	EPRA Like-for-Like	in %	2.41%	2.82%

TABLE 1 – EPRA EARNINGS

IN € THOUSAND	31.12.2018	31.12.2017
Net result IFRS	**82 847**	**136 070**
Adjustments to calculate EPRA earnings	**11 292**	**-40 413**
To exclude:		
I. Changes in fair value of investment properties and porperties held for sale	5 514	-13 429
II. Gains and losses on disposals of investment properties	-343	-21 798
VI. Changes in fair value of financial assets and liabilities and close-out costs	5 901	-5 186
VIII. Deferred tax in respect of EPRA adjustments	219	-
EPRA earnings	94 139	95 657
EPRA earnings (in € per share)	3.68	3.74

TABLES 2 AND 3 – EPRA NAV & NNNAV

IN € THOUSAND	31.12.2018	31.12.2017
Net asset value	**1 443 214**	**1 448 504**
Net asset value (in € per share)	**56.42**	**56.63**
To include:		
II. Revaluation at fair value of finance lease credit	115	127
To exclude:		
IV. Fair value of financial instruments	14 941	10 143
V. a. Deferred tax	219	-
EPRA NAV	1 458 489	1 458 774
EPRA NAV (in € per share)	57.02	57.03
To include:		
I. Fair value of financial instruments	-14 941	-10 143
II. Revaluations at fair value of fixed-rate loans	-12 593	-7 216
III. Deferred tax	-219	-
EPRA NNNAV	1 430 736	1 441 415
EPRA NNNAV (in € per share)	55.93	56.35

TABLE 4 - EPRA NET INITIAL YIELD (NIY) & TOPPED-UP NIY

IN € THOUSAND	31.12.2018	31.12.2017
Investment properties and properties held for sale	2 655 324	2 494 360
To exclude:		
Properties that are being constructed or developed for own account in order to be leased	-199 512	-148 482
Properties available for lease	2 455 813	2 345 878
To include:		
Allowance for estimated purchasers' cost	61 777	59 382
Investment value of properties available for lease (B)	**2 517 590**	**2 405 260**
Annualised cash passing rental income	147 928	145 644
To exclude:		
Property charges[2]	-4 685	-5 567
Annualised net rents (A)	**143 243**	**140 077**
To include:		
- Notional rent expiration of rent free periods or other lease incentives	2 710	2 362
- Future rent on signed contracts	1 899	1 266
Topped-up annualised net rents (C)	**147 852**	**143 706**
EPRA Net Initial Yield (A/B)	5.69%	5.82%
EPRA Topped-up Net Initial Yield (C/B)	5.87%	5.97%

TABLE 5 - EPRA VACANCY RATE

IN € THOUSAND	31.12.2018	31.12.2017
Estimated rental value (ERV) on vacant space (A)	5 994	7 680
Estimated rental value (ERV) (VLE) (B)	140 145	141 561
EPRA Vacancy rate of properties available for lease (A)/(B)	4.28%	5.43%

1. For more information, please consult pages 69 and 70 of this Report on the explanation on the evolution of the revenus and net property charges.
2. The scope of the property charges to be excluded for calculating the EPRA Net Initial Yield is defined in the EPRA Best Practices and does not correspond to "property charges" as presented in the consolidated IFRS accounts.

TABLE 6 – EPRA COST RATIO

IN € THOUSAND	31.12.2018	31.12.2017
Net administrative and operating expenses in the income statement	**-28 371**	**-24 852**
III. (+/-) Rental charges	- 501	-729
Net property charges	-13 588	-11 932
XIV. (-) Corporate overheads	-14 282	-12 199
XV. (+/-) Other operating income and charges	- 447	-1 252
Exclude:		
i. Impact of the spreading of gratuities	447	1 260
ii. Negative goodwill/goodwill impairment	-	-
EPRA costs (including direct vacancy costs) (A)	**-28 371**	**-24 852**
XI. (-) Charges and taxes on unlet properties	2 723	2 270
EPRA costs (excluding direct vacancy costs) (B)	**-25 648**	**-22 583**
I. (+) Rental income	144 067	143 161
Gross rental income (C)	**144 067**	**143 161**
EPRA Cost ratio (including direct vacancy costs) (A/C)	19.69% [1]	17.36%
EPRA Cost ratio (excluding direct vacancy costs) (B/C)	17.80% [1]	15.77%

TABLE 7 – INVESTMENT PROPERTIES – LIKE-FOR-LIKE NET RENTAL GROWTH

SEGMENT	31.12.2018				
IN € THOUSAND	PROPERTIES OWNED THROUGHOUT 2 CONSECUTIVE YEARS	ACQUISITIONS	DISPOSALS	PROPERTIES HELD FOR SALE	PROPERTIES THAT ARE BEING CONSTRUCTED OR DEVELOPED [2]
Brussels CBD and similar	77 618	5 093	-10		1 342
Brussels decentralised	3 620				
Brussels periphery	6 483				
Wallonia	9 506	156	0		-9
Flanders	28 944		191		-12
Luxembourg city	5 112				
Total	131 282	5 249	181	0	1 321
Reconciliation to the consolidated IFRS income statement					
Net rental income related to:					
- Properties booked as financial leases (IAS 17)					
- Non recurring element: restitution of reserve funds					
Other property charges					
Property operating result in the consolidated IFRS income statement					

1. For more information, please consult pages 69 and 70 of this Report on explanation on the evolution of the revenus and net property charges.
2. These are properties that are being constructed or developed for own account in order to be leased.
3. The total "Net rental income" defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "Property operating result" of the consolidated IFRS accounts.

	31.12.2017						EVOLUTION
TOTAL NET RENTAL INCOME[3]	PROPERTIES OWNED THROUGHOUT 2 CONSECUTIVE YEARS	ACQUISITIONS	DISPOSALS	PROPERTIES HELD FOR SALE	PROPERTIES THAT ARE BEING CONSTRUCTED OR DEVELOPED[2]	TOTAL NET RENTAL INCOME[3]	PROPERTIES OWNED THROUGHOUT 2 CONSECUTIVE YEARS
84 043	76 110	77	716		6 818	83 721	1.98%
3 620	3 538					3 538	2.30%
6 483	6 247					6 247	3.79%
9 652	9 918		18		10	9 947	-4.16%
29 122	28 015		273		-23	28 266	3.31%
5 112	4 367					4 367	17.07%
138 033	128 195	77	1 008	0	6 805	136 085	2.41%
-12						-10	
602						1 489	
-8 645						**-7 065**	
129 978						**130 499**	

TABLE 8 - INVESTMENT PROPERTY RENTAL DATA

SEGMENT	GROSS RENTAL INCOME IN € THOUSAND	NET RENTAL INCOME IN € THOUSAND
Brussels CBD and similar	83 048	82 078
Brussels decentralised	5 410	3 620
Brussels periphery	8 673	6 483
Wallonia	10 042	9 661
Flanders	29 790	28 944
Luxembourg city	5 186	5 112
Properties available for lease	142 150	135 898
Reconciliation to the consolidated IFRS income statement		
Rental income related to:		
- Properties booked as financial leases (IAS 17)		-12
- Properties that are being constructed or developed for own account in order to be leased	66	82
- Investment properties sold during the last 12 months	1 350	1 954
- Other property charges		**-7 944[1]**
Total	143 566[2]	129 978[3]

TABLE 9 - INVESTMENT PROPERTIES - VALUATION DATA

SEGMENT	FAIR VALUE 31.12.2018 IN € THOUSAND	FAIR VALUE 31.12.2017 IN € THOUSAND	CHANGES IN FAIR VALUE 31.12.2018[4] IN € THOUSAND	CHANGES IN FAIR VALUE 31.12.2017[4] IN € THOUSAND	CHANGES IN FAIR VALUE 31.12.2018 IN %	CHANGES IN FAIR VALUE 31.12.2017 IN %
Brussels centre (CBD)	1 440 556	1 327 651	18 539	5 794	1.28	0.43
Brussels decentralised	81 668	87 027	-11 361	-5 041	-12.21	-5.48
Brussels periphery	116 546	137 814	-28 977	-13 321	-19.91	-8.81
Wallonia	220 186	195 792	6 806	2 559	3.47	1.32
Flanders	474 300	487 678	-13 287	-3 774	-2.72	-0.77
Luxembourg city	122 556	109 916	12 478	10 697	11.34	10.78
Total properties available for lease	2 455 813	2 345 878	-15 802	-3 087	-0.64	-0.13
Reconciliation to the consolidated IFRS balance sheet						
Properties that are being constructed or developed for own account in order to be leased	*199 512*	*148 482*	*10 288*	*16 523*	5.58	*10.70*
Investment properties in the consolidated IFRS balance sheet	**2 655 324**	**2 494 360**	**-5 514**	**13 436**	**-0.21**	**0.54**

1. Including non-recurrent items.
2. The total "Gross rental income" defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "Net rental result" of the consolidated IFRS accounts.
3. The total "Net rental income" defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "Property operating result" of the consolidated IFRS accounts.
4. Excluding acquisitions, investments and disinvestments.
5. Figures restated on the basis of the new definitions of the real-estate indicators.

	RENTAL SPACE IN M²	GROSS CURRENT RENT FROM LEASE AGREEMENTS IN € THOUSAND	ESTIMATED RENTAL VALUE (ERV) ON VACANT SPACE IN € THOUSAND	ESTIMATED RENTAL VALUE (ERV) IN € THOUSAND	VACANCY RATE 31.12.2018 IN %	VACANCY RATE 31.12.2017 IN %
	379 087	87 887	2 064	77 397	2.67	4.45
	39 319	6 435	828	7 056	11.74	17.15
	101 989	9 451	2 725	12 655	21.54	20.67
	71 073	10 842	-	9 955	-	-
	229 488	30 490	270	27 539	0.98	0.91
	12 247	5 509	106	5 544	1.92	1.79
	833 204	151	5 994	140 145	4.28	5.43

	EPRA NET INITIAL YIELD 31.12.2018 IN %	EPRA NET INITIAL YIELD 31.12.2017 IN %	REVERSION RATE 31.12.2018 IN %	REVERSION RATE 31.12.2017 IN %	WEIGHTED AVERAGE DURATION UP TO NEXT BREAK 31.12.2018 IN YEARS	WEIGHTED AVERAGE DURATION UP TO NEXT BREAK[5] 31.12.2017 IN YEARS	WEIGHTED AVERAGE DURATION UP TO FINAL EXPIRY 31.12.2018 IN YEARS	WEIGHTED AVERAGE DURATION UP TO FINAL EXPIRY[5] 31.12.2017 IN YEARS
	5.88	6.36	-15.34%	-13.12%	6.11	6.59	6.58	7.01
	4.38	3.99	-3.62%	-4.59%	4.01	4.79	4.65	5.23
	6.11	4.55	2.76%	1.97%	2.77	2.63	5.04	5.19
	4.61	5.05	-8.19%	-6.72%	17.52	18.03	17.52	18.03
	6.08	5.76	-10.47%	-10.30%	7.99	8.81	8.06	8.84
	4.36	4.05	-2.10%	-1.95%	4.60	2.14	7.60	5.84
	5.69	5.82	-11.48%	-9.73%	6.96	7.31	7.52	7.88

TABLE 10 – INVESTMENT PROPERTIES – LEASE DATA

SECTOR		FINAL EXPIRY DATE			
	AVERAGE DURATION OF LEASES AS AT 31.12.2018 IN YEARS	CURRENT RENT OF THE LEASES REACHING FINAL EXPIRY IN € THOUSAND			
	FINAL EXPIRY DATE	IN 2019	IN 2020	IN 2021-2023	AS FROM 2024
Brussels CBD and similar	6.58	1 479	2 834	17 362	50 768
Brussels decentralised	4.65	308	3 106	0	2 996
Brussels periphery	5.04	995	752	2 650	5 024
Wallonia	17.52	0	0	589	10 254
Flanders	8.06	344	83	5 876	24 127
Luxembourg city	7.60	64	0	45	5 406
Total properties available for lease	7.52	3 191	6 774	26 521	98 574

SECTOR		NEXT EXPIRY DATE			
	AVERAGE DURATION OF LEASES AS AT 31.12.2018 IN YEARS	CURRENT RENT OF THE LEASES REACHING NEXT BREAK IN € THOUSAND			
	1ST BREAK	IN 2019	IN 2020	IN 2021-2023	AS FROM 2024
Brussels CBD and similar	6.11	3 664	5 559	18 443	44 776
Brussels decentralised	4.01	400	3 113	882	2 016
Brussels periphery	2.77	1 841	2 270	4 392	917
Wallonia	17.52	0	0	589	10 254
Flanders	7.99	363	127	6 202	23 736
Luxembourg city	4.60	64	1 712	1 208	2 530
Total properties available for lease	6.96	6 333	12 782	31 716	84 229

TABLE 11 – PROPERTIES THAT ARE BEING CONSTRUCTED OR DEVELOPED FOR OWN ACCOUNT IN ORDER TO BE LEASED[1]

	COST TO DATE IN € THOUSAND	FUTURE ESTIMATED COST IN € THOUSAND	INTERIM INTEREST TO BE CAPITALISED IN € THOUSAND	TOTAL ESTIMATED COST IN € THOUSAND
Brederode Corner	4.4	16	0.3	20
Quatuor	21.9	131.6	3.6	157
Paradis Express	4.3	76.2	1.5	82[2]
ZIN	14.6	346.1	14.3	375
WTC 4	19.4	-	-	-[3]
Total	64.5	569.7	19.7	637
Reconciliation to the consolidated IFRS balance sheet				
Fair value of the properties that are being constructed or developed for own account in order to be leased within the IFRS consolidated balance sheet BEFORE works	104			
Difference between fair value as at 31 December 2018 and [the fair value before works + the cost of the works]	31			
Properties that are being constructed or developed for own account in order to be leased within the IFRS consolidated balance sheet	**200**			

1. This table includes the projects which have been reclassified under "Properties that are being constructed or developed for own account in order to be leased" and for which expenses were already made. The project Eupen is not included in "Properties that are being constructed or developed for own account in order to be leased" as the first phase (main phase) is already finalised and the first rent agreement has already started.
2. "All-in" construction cost of the project (including other functions than offices).
3. Amount according to the commercialisation.
4. After the end of the fiscal year 2018, the 70,000 m² of offices of the ZIN project were pre-let to the Flemish authorities. For more information, please consult page 38 of this Report.

FINAL EXPIRY DATE ESTIMATED RENTAL VALUE (ERV) OF THE LEASES REACHING FINAL EXPIRY IN € THOUSAND			
IN 2019	IN 2020	IN 2021-2023	AS FROM 2024
1 468	3 250	13 852	45 048
288	2 645	0	3 088
770	654	2 666	5 554
0	0	458	9 497
228	20	5 376	21 547
313	0	42	5 035
3 066	6 569	22 395	89 769

NEXT EXPIRY DATE ESTIMATED RENTAL VALUE (ERV) OF THE LEASES REACHING NEXT BREAK IN € THOUSAND			
IN 2019	IN 2020	IN 2021-2023	AS FROM 2024
3 769	5 757	14 935	39 157
374	2 653	958	2 035
1 789	2 173	4 683	1 000
0	0	458	9 497
248	60	5 688	21 175
313	1 702	1 152	2 224
6 493	12 345	27 874	75 088

FORECAST COMPLETION DATE	RENTAL SPACE IN M²	% LET
Q1 2020	7 000 m²	100%
2020	60 000 m²	30%
2021	35 000 m²	To be built
2023	110 000 m²	To be built[4]
	53 500 m²	To be built
	-	-

TABLE 12 – SUMMARY TABLE OF EPRA SUSTAINABLE PERFORMANCE INDICATORS

EXTERNAL ASSESS-MENT	EPRA SUSTAINABILITY PERFORMANCE MEASURES	GRI STANDARD & CRESD INDI-CATOR CODE	DATA 2017	DATA 2018	PAGE(S) AFR 2018[1]
ENVIRONMENTAL SUSTAINABILITY PERFORMANCE MEASURES					
V	Elec-Abs not normalised	302-1	65,55 GWh	62.51 GWh	59, 60
V	Elec-LfL not normalised	302-1	58,8 GWh	60.67 GWh	59, 60
V	DH&C-Abs normalised	302-1	1,96 GWh	2.55 GWh	59, 60
V	DH&C-LfL normalised	302-1	0,96 GWh	2.55 GWh	59, 60
V	Fuels-Abs normalised	302-1	66,22 GWh	65.39 GWh	59, 60
V	Fuels-LfL normalised	302-1	60,4 GWh	62.60 GWh	59, 60
V	Energy-Int not normalised	CRE1	141,5 kWh/m²	142.32 kWh/m²	59, 60
V	GHG-Dir-Abs	305-1	11 737 t CO_2e	11 707 t CO_2e	58, 115
V	GHG-Indir-Abs	305-2	738 t CO_2e	326 t CO_2e	58
V	GHG-Dir-LfL	305-1	11 067 t CO_2e	10 726 t CO_2e	58, 115
V	GHG-Indir-LfL	305-2	721 t CO_2e	318 t CO_2e	58
V	GHG-Int	CRE3	14 CO_2/m²	14.1 $kgCO_2$/m²	58
V	Water-Abs	303-1	239 058 m³	237 893 m³	60
V	Water-LfL	303-1	188 582 m³	201 479 m³	60
V	Water-Int	CRE2	254,42 l/m²	251.34 l/m²	60
V	Waste-Abs[2]	306-2	Recycled: 10 400 tonnes	Recycled: 51 184 tonnes	61, 62, 63
V			Reused: 17 tonnes	Reused: 41 tonnes	61, 62, 63
V			Composted: 2 tonnes	Composted: 0 tonnes	61, 62, 63
V			Incinerated: 1 221 tonnes	Incinerated: 1 231 tonnes	61, 62, 63
V			Buried or landfilled: 18 tonnes	Buried or landfilled: 46 tonnes	61, 62, 63
V	Waste-LfL[2]	306-2	Recycled: 1 709 tonnes	Recycled: 1 118 tonnes	61, 62, 63
V			Reused: 17 tonnes	Reused: 0 tonnes	61, 62, 63
V			Composted: 2 tonnes	Composted: 0 tonnes	61, 62, 63
V			Incinerated: 997 tonnes	Incinerated: 852 tonnes	61, 62, 63
V			Buried or landfilled: 6 tonnes	Buried or landfilled: 8 tonnes	61, 62, 63
V	Cert-Tot	CRE8	BREEAM Design | Outstanding | 1 building	BREEAM Design | Outstanding | 1 building	63
V			BREEAM Design | Excellent | 5 buildings	BREEAM Design | Excellent | 5 buildings	63
V			BREEAM Design | Very Good | 6 buildings	BREEAM Design | Very Good | 4 buildings	63
V			BREEAM Design | Good | 1 building	BREEAM Design | Good | 1 building	63
V			BREEAM In-Use (Asset) | Very Good | 5 buildings	BREEAM In-Use (Asset) | Very Good | 5 buildings	63
V			BREEAM In-Use (Asset) | Good | 55 buildings	BREEAM In-Use (Asset) | Good | 56 buildings	63
V			BREEAM In-Use (Asset) | Pass | 5 buildings	BREEAM In-Use (Asset) | Pass | 2 buildings	63
V			BREEAM In-Use (Asset) | Non-certified | 50 buildings	BREEAM In-Use (Asset) | Non-certified | 50 buildings	63
V			BREEAM In-Use (Management) | Very Good | 3 buildings	BREEAM In-Use (Management) | Very Good | 3 buildings	63
V			BREEAM In-Use (Management) | Good | 2 buildings	BREEAM In-Use (Management) | Good | 2 buildings	63
V			BREEAM In-Use (Management) | Pass | 50 buildings	BREEAM In-Use (Management) | Pass | 49 buildings	63
V			BREEAM In-Use (Management) | Acceptable | 7 buildings	BREEAM In-Use (Management) | Acceptable | 6 buildings	63
V			BREEAM In-Use (Management) | Non-certified | 53 buildings	BREEAM In-Use (Management) | Non-certified | 53 buildings	63
SOCIAL PERFORMANCE MEASURES					
V	Diversity-Emp M/F	405-1	52% (M) - 48% (F)	50% (M) - 50% (F)	106, 107
V	Diversity-Pay[3] [M/F]	405-2	5%	1.03%	107
V	Emp-Training	404-1	36 hours/year	43 hours/year	107
V	Emp-Dev	404-3	100%	100%	107
V	Emp-Turnover - new arrivals (total number)	401-1	15	8	107, 108
V	Emp-Turnover - new arrivals (rate)	401-1	18.5%	9.3%	107
V	Emp-Turnover - Turnover (total number)	401-1	4	3	107, 108
V	Emp-Turnover - Turnover (rate)	401-1	4.90%	3.5%	107
V	H&S Emp - Lost day rate	403-2	0.1%	0.1%	111
V	H&S Emp - Injury rate	403-2	0.0%	0.0%	111
V	H&S Emp - Absentee rate	403-2	3.1%	3.6%	111
V	H&S Emp - Absentee rate (short term)	403-2	2.0%	2.6%	111
V	H&S Emp - number of work related fatalities	403-2	0	0	111
V	H&S-Asset	416-1	55%	86%	27
V	H&S-Comp	416-2	2	4	27
V	Comty-Eng	413-1	41%	27%[4]	27, 112, 113
GOVERNANCE PERFORMANCE MEASURES					
V	Gov-Board	102-22	9	10	120
N/A	Gov-Select	102-24	Narrative on process	Narrative on process	124, 125
N/A	Gov-Col	102-25	Narrative on process	Narrative on process	141,142,143

1. Full tables of environmental indicators of the portfolio of Befimmo and Fedimmo are publisched on Befimmo's website (www.befimmo.be).
2. Waste from buildings undergoing renovation and in operation.
3. Categorie 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.

CENTRAL GATE
Brussels Centre

OUTLOOK AND DIVIDEND FORECAST

COWORKING SILVERSQUARE TRIOMPHE
Brussels decentralised

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

EPRA earnings outlook

Following the holding acquired[1] in Silversquare Holding SA, in December 2018, Befimmo will henceforth establish its outlook on the basis of two business units:

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

Only the real-estate operator business is comparable to the previously published outlook and Befimmo will continue to publish it for three years.

As far as the coworking business is concerned, given its specific profile as a service activity, the outlook for its contribution to the Befimmo EPRA earnings group share will be presented for one year only. i.e. for this Report, fiscal year 2019.

The forecasts assume a stable scope of the property assets and equity perimeter.

The forecasts also include disposals of properties in the Fedimmo portfolio that are no longer strategic and whose leases are nearing expiry.

Furthermore, in the context of the dynamic management of Befimmo's portfolio, an illustration of other property disposals is set out on page 96 of this Report. This scenario is not included in the calculation of the EPRA earnings outlook for the next three years.

The forecasts do not take account of external growth.

This outlook takes account of the 70,000 m² of offices of the ZIN project pre-let to the Flemish authorities and was, therefore, revised on that point compared to the outlook published on 14 February 2019 in the press release on the 2018 annual results.

ASSUMPTIONS: REAL-ESTATE OPERATOR ACTIVITY

GENERAL ASSUMPTIONS

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

- The indexing rates applied to rents are based on forecast changes in the health index established by the Planning Office (Bureau du Plan) (five-year plan published in June 2018 and update of the short-term outlook in December 2018).
- The interest rates are the average of the forecast Euribor 1 and 3-month rates established by a major Belgian financial institution and market rates ("forward" rates) over the next three fiscal years. These forecasts were made in mid-January 2019.
- Assumptions about perception ratio of are made on the basis of an individual assessment of each lease. This is the ratio of the net income realised (2018) or budgeted (2019 onwards) to potential income.
- The average financing cost covers all financial charges, including the theoretical linear amortisation of premiums paid for the purchase of hedging instruments.

DISCLAIMER

This outlook may not be interpreted as a commitment on the part of Befimmo. Whether or not these forecasts will actually be achieved depends on a number of factors beyond Befimmo's control, such as developments on the real-estate and financial markets. Given the present context of economic uncertainty, the assumptions used may be highly volatile in the future. The assumptions and risk assessments seemed reasonable at the time they were made but, since it is impossible to predict future events, they may or may not prove to be correct. Accordingly, Befimmo's actual results, financial situation, performance or achievements, or the market trend, may differ substantially from these forecasts. Given these uncertainties, shareholders should not give undue credence to these forecasts. Moreover, these forecasts are valid only at the time of writing of this Report. Befimmo does not undertake to update the forecasts, for example to reflect a change in the assumptions on which they are based, except of course as required by law, notably the law of 2 August 2002 on the surveillance of the financial sector and financial services, and the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.

1. For more information, please see the introduction of this Report.
2. For more information, please consult page 38 of this Report.

	REALISED	ASSUMPTIONS		
	2018	2019	2020	2021
External assumptions on which the Company can not exert any influence				
Evolution of the health index (annual average)	1.77%	1.69%	1.60%	1.70%
Average of Euribor 1- and 3-month interest rates	-0.35%	-0.32%	-0.19%	0.04%
Internal assumptions on which the Company can at least exert a partial influence				
Impact of the health index on rents (on an annual basis)	1.68%	1.93%	1.60%	1.70%
Perception ratio of rents[1]	94.78%	95.99%	95.61%	95.00%
Average financing cost (including margin and hedging costs)	2.01%	2.10%	1.91%	1.87%

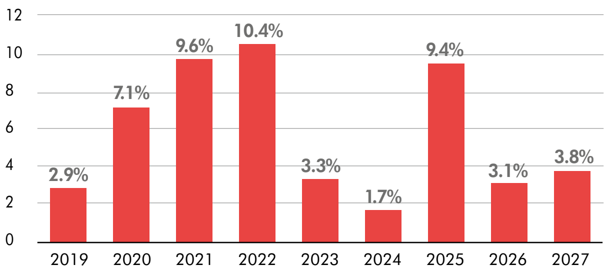
REAL-ESTATE ASSUMPTIONS

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

Expiry of leases

The graph hereafter illustrates the full-year impact (as %) of the lease expiries (first possible break) on current leases as at 31 December 2018. This impact is calculated on the basis of the annual current rent as at 31 December 2018. Each percentage corresponds to the sum of the annual rent for the leases that have an intermediate or final expiry date falling during the year[2].

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

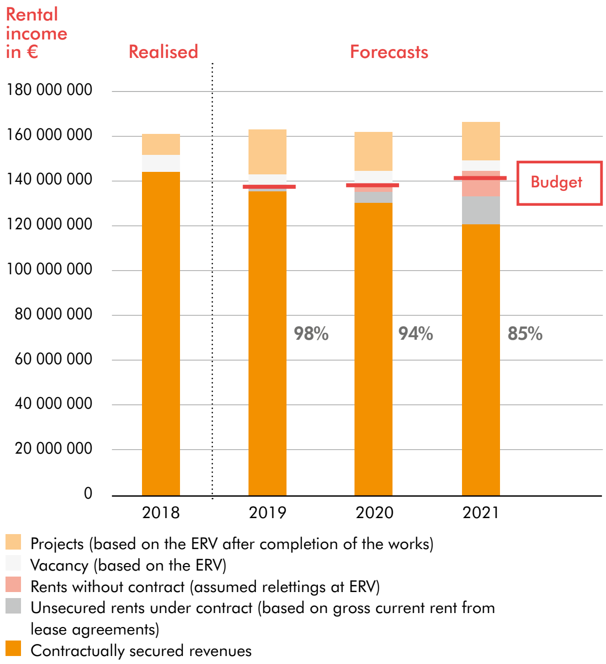


Income guaranteed under contract

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

For example, for the 2019 fiscal year, this graph shows that the budgeted income is 98% guaranteed under contracts. In the same year, 2% of budgeted income is therefore under unsecured contracts (owing to an expiry) and/or based on reletting assumptions.

INCOME GUARANTEED UNDER CONTRACT



Property charges

When budgeting for maintenance and repair of buildings, total guarantee maintenance fees, incoming and outgoing inventories borne by the Company, and other miscellaneous expenses, the following main assumptions are made:

- common charges, taxes, property tax and management fees for vacant premises are borne by Befimmo. Charges are generally allocated on the basis of floor area (amount per m²). Other systems for allocating charges may nevertheless be used;
- whenever a property is re-let, allowance is made for agent's commission, the amount of which depends on the annual rent and the expected difficulty of finding a tenant (e.g. fees are higher in the periphery). Agency commission is generally determined on the basis of a percentage of the annual rent;

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

- when a tenant leaves a building, the vacated areas are renovated. The budgets for renovation work in the vacated space are borne by the Company and established on the basis of a flat rate per square metre. This results in a charge of €0.8 million, €0.4 million and €0.9 million for the years 2019 to 2021 respectively (as against charges of €1.7 million for 2018);
- when a tenant vacates a space, he is liable for compensation consisting of estimated rental damages and one month of unavailability for lease.

WORK PLANNED AND ESTIMATED OVER THE NEXT THREE YEARS

	RENTAL SPACE	LOCATION	TYPE	FORECASTS IN € MILLION		
				2019	2020	2021
Brederode Corner	7 000 m²	Brussels CBD, Centre	Renovation	16.3	0.5	-
Eupen - Rathausplatz	7 200 m²	Eupen, Wallonia	Renovation and construction	3.0	-	-
Paradis Express	35 000 m²	Liège, Wallonia	Construction	15.7	32.7	15.9[3]
Quatuor	60 000 m²	Brussels CBD, North	Construction	59.3	69.5	3.3
WTC 4	53 500 m²	Brussels CBD, North	Implementation of the permit According to commercialisation	1.0	1.0	5.8
ZIN	110 000 m²	Brussels CBD, North	Demolition and construction	23.7	55.0	105.9
Other investments				*26.7*	*10.7*	*16.6*
Total				**145.7**	**169.4**	**147.4**

FINANCIAL ASSUMPTIONS

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

- use of the commercial paper programme of up to some €350 million in 2019, and €300 million in 2020, based on the outstanding amount of €455.5 million and €339.5 million as at 31 December 2017 and 31 December 2018 respectively;
- a financing reserve of around €100 million (or more) for a period of 6 months and management of the strict liquidity to be ensured over a 24-month period;
- refinancing of bilateral banklines at maturity by a floating rate bank loan with a margin (including any exposure fees) and a given non-use fee, based on the banks' current requirements. The notional amount of this line therefore changes in line with the maturities of the bilateral lines, and also in accordance with changes in the forecast debt level, to maintain the financing reserve and liquidity defined above;
- new instruments on the private or public debt market (bond issues or private placements) in order to achieve a disintermediation of borrowings of around 30%. These instruments are assumed to be concluded for a 10-year period, with a margin in relation to the current market conditions (for corporate bonds of equivalent rating) plus a fixed rate (equal to the IRS 10-year forward rate defined on the basis of the interest rate curve mid-January 2019);
- the expenses connected with financing are estimated on the basis of the financial assumptions set out above and the conditions of the most recent financing arranged. These expenses are spread over the duration of the financing;
- in order to limit the risk of fluctuating interest rates on its financial debts at floating rates, Befimmo has acquired financial instruments (CAP, FLOOR, SWAPTION and IRS) which, under IFRS 9 on financial instruments, however, do not qualify as hedging instruments[4];
- the outlook is based on the assumption that the Company's rating is maintained at BBB outlook stable in future fiscal years;
- the estimated average number of shares in future fiscal years is based on the actual average number for the year ended 31 December 2018 and is based on the assumption that there will be no optional dividend on the fiscal year.

3. "All-in" construction cost of the project (including other functions than offices).
4. For more information, please constult the financial statements (page 185).

ASSUMPTIONS: COWORKING ACTIVITY

For fiscal year 2019, the outlook shows the expected contribution (EPRA earnings group share) of the coworking business in the existing spaces and only the new spaces planned in buildings in the Befimmo portfolio.

Silversquare currently operates five coworking spaces with a total floor area of 15,000 m² and in 2019 is to open (in the Befimmo portfolio) a space in Ikaros Park.

The investments needed to set up the new spaces have been taken into account, as well as their gradual occupation.

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

EPRA earnings forecast[1]

IN € THOUSAND		REALISED	FORECASTS		
		2018	2019	2020	2021
Real-estate operator	Rental income	144 067	137 831	138 306	141 802
	Charges linked to letting	-501	-565	-661	-667
	Net rental result	**143 566**	**137 267**	**137 645**	**141 135**
	Net property charges	-13 588	-13 674	-15 861	-15 647
	Property operating result	**129 978**	**123 592**	**121 784**	**125 488**
	Corporate overheads	-14 282	-14 949	-15 840	-16 162
	Other operating income and charges (excl. goodwill impairment)[2]	*-447*	*-531*	*-3 051*	*-3 184*
	Operating result before result on portfolio	**115 249**	**108 113**	**102 894**	**106 142**
	Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs)	**-20 545**	**-22 550**	**-21 785**	**-24 084**
	Corporate taxes	**-566**	**-1 031**	**-1 143**	**-1 340**
	EPRA earnings	94 139	84 532	79 966	80 719
	EPRA earnings (in € per share)	3.68	3.31	3.13	3.16
Coworking	**Contribution to the EPRA earnings of the coworking activity (in € per share) (group share)**	N/A[3]	**0.05**		
Total	Total EPRA earnings (in € per share) (group share)	3.68	3.36		
	Average number of shares	*25 579 214*	*25 579 214*	*25 579 214*	*25 579 214*

1. This outlook takes account of the 70,000 m² of offices of the ZIN project pre-let to the Flemish authorities and was, therefore, revised on that point compared to the outlook published on 14 February 2019 in the press release on the 2018 annual results.
2. This is an Alternative Performance Measure. For more information, please consult Appendix III to this Report.
3. The coworking activity in the context of the partnership (till 6 December 2018) was considered in the real-estate activity of Befimmo.

Description of the headings in the EPRA earnings forecast table

RENTAL INCOME, CHARGES LINKED TO LETTING AND NET PROPERTY CHARGES

These revenues and charges are estimated for each building individually, based on current leases for both rents and rental charges (insurance policies, total guarantee, etc.). Other property charges are estimated on the basis of the experience of Befimmo in managing and maintaining its property portfolio.

Assumptions in terms of re-letting at the end of the lease are made in line with market practices and based on Befimmo's experience. They also have an impact on estimates of commission paid to agencies and expenses for vacant premises. Such commissions and expenses for vacant premises are also included in the Company's non-recurring property charges.

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

The decrease in income in 2019 is linked mainly to the expiry of the lease in Tower 2 of the WTC at the end of December 2018. The net real-estate charges for fiscal years 2018 and 2019 are impacted by one-off effects related, among other things, to the end of the leases on the Noord-building and Tower 2 of the WTC complex. As of 2020, this heading is no longer affected by these one-off items.

CORPORATE OVERHEADS

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

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

OTHER OPERATING INCOME AND CHARGES

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

FINANCIAL RESULT

The financial result consists of:

- financial charges on floating-rate borrowings, calculated by applying the interest-rate assumptions described above, plus the relevant margins;
- financial charges on fixed-rate borrowings;
- interest earned or charged on the derivative instruments;
- other financial results, consisting primarily of expenses associated with bank financing lines (commitment fees on credit lines, exposure fees and debt issuance costs) and other costs for services charged by banks.

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

OTHER ITEMS OF THE NET RESULT

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

As an indication and on the basis of data as at 31 December 2018, it can be estimated that a 1% change in the fair value of the property portfolio (IAS 40) would have an impact of the order of €26.6 million on the net result, thereby generating a change of the order of €1.04 in the net asset value per share and 0.44% in the LTV[4].

Furthermore, a change in the forecast movements of interest rates could alter the fair value of the financial assets and liabilities (IFRS 9). Based on the fair value as at 31 December 2018, it can be estimated that if the Euro, US Dollar and Pound Sterling interest rate curves had been 0.5% lower than the curves for 31 December 2018, the change in fair value of the financial assets and liabilities carried at fair value would have been -€22.26 million. In the opposite case, the change would have been +€20.79 million.

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

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

Dynamic management of the portfolio

Befimmo plans to increase rotation in its portfolio. Indeed, certain assets benefit from added value created by the team and simultaneously from a compression of real-estate yields. Selling them off would allow the value of the investment to be recovered and subsequently reinvested, and the capital gains to be crystallised.

By way of indication, an illustrative sale of assets amounting to some €100 million in mid-2019 could have the following impacts:

€ PER SHARE	2019	2020	2021
Forecasted EPRA earnings (real-estate operator)	3.31	3.13	3.16
Impact on EPRA earnings (loss building contribution)	-0.07	-0.15	-0.14
Capital gain on investment value	0.84		
Cumulated impact on distribution capacity	0.77	0.62	0.48

The capital gains realised in relation to the investment value (the sum of the capital gain realised on the latest fair value and unrealised gains previously recognised) would help to cover the absence of contributions to EPRA earnings of the properties sold over a period of more than four years, sufficient time to make new investments creating value in line with the strategy.

Note that this scenario is not included in the calculation of the EPRA earnings forecast for the next three years.

Borrowings and LTV

In normal operation, Befimmo's LTV ratio would be around 50%, as Befimmo takes care to control the use of its borrowing capacity. Finally, the forecast nominal net debt was €1,310 million at the end of 2019.

Taking into account the assumption of dynamic portfolio management (example of a sale of €100 million of assets – see paragraph above), the LTV ratio would be reduced by around 2% (based on forecasts as of 31 December 2018).

Dividend forecast for the 2019 fiscal year

The assumptions used for making forecasts indicate that, at constant perimeter, EPRA earnings of about €3.36 per share should be achieved in the 2019 fiscal year.

All other things being equal and based on these forecasts, Befimmo foresees a gross dividend of €3.45[1] per share for the 2019 fiscal year. It may again be paid via an interim dividend of €2.59 gross per share in December 2019 and a final dividend of €0.86 gross per share in May 2020. Based on a share price of €48.55 and based on the net asset value of €56.42 as at 31 December 2018, this dividend would give a gross yield of 7.11% on share price and 6.11% on net asset value.

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

1. Subject to a decision of Ordinary General Meeting.

Statutory Auditor's report

ON THE CONSOLIDATED FINANCIAL FORECASTS OF BEFIMMO SA

As a statutory auditor of the company, we have prepared the present report on the forecasts of the EPRA earnings (as defined in August 2011 and amended in November 2016 in the report "Best Practices Recommendations" of the European Public Real Estate Association) for the 12 months periods ending 31 December 2019, 31 December 2020 and 31 December 2021 ("the Forecast") of Befimmo sa, included in the paragraph "Outlook and Dividend Forecast" of their Annual Financial Report 2018 as approved by the Board of Directors on 8 March 2019 of the company.

The assumptions included in the paragraph "Outlook and Dividend Forecast" result in the following forecasts of the EPRA earnings for the accounting years 2019-2021:

EPRA Earnings: in KEUR for the 12 months periods ending:

- 31 December 2019: 84,532
- 31 December 2020: 79,966
- 31 December 2021: 80,719

BOARD OF DIRECTOR'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

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

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

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

Since the Forecast and the assumptions on which they are based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the forecasts. Any differences may be material.

OPINION

In our opinion:

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

(ii) the basis of accounting used for these forecasts is consistent with the accounting policies applied by Befimmo sa for the consolidated financial statements of 2018, with the exception of the application of IFRS 16 as of accounting year 2019.

Brussels, 28 March 2019

Ernst & Young Réviseurs d'Entreprises SCRL
Statutory auditor
represented by

Christel Weymeersch[2]
Partner

2. Acting on behalf of a SPRL.

BEFIMMO ON THE STOCK MARKET

GATEWAY
Brussels airport

Befimmo share

KEY FIGURES

	31.12.2018	31.12.2017
Number of shares issued	*25 579 214*	*25 579 214*
Average number of shares during the period	*25 579 214*	*25 579 214*
Highest share price (in €)	54.60	55.74
Lowest share price (in €)	46.70	50.31
Closing share price (in €)	48.55	53.55
Number of shares traded[1]	12 356 776	15 277 286
Average daily turnover[1]	48 458	59 911
Free float velocity[1]	66.25%	78.66%
Distribution ratio (in relation to the EPRA earnings)	93.74%	92.25%
Gross dividend[2] (in € per share)	3.45	3.45
Gross yield[3]	7.11%	6.44%
Return on share price[4]	-2.93%	6.98%

EVOLUTION OF THE SHARE PRICE

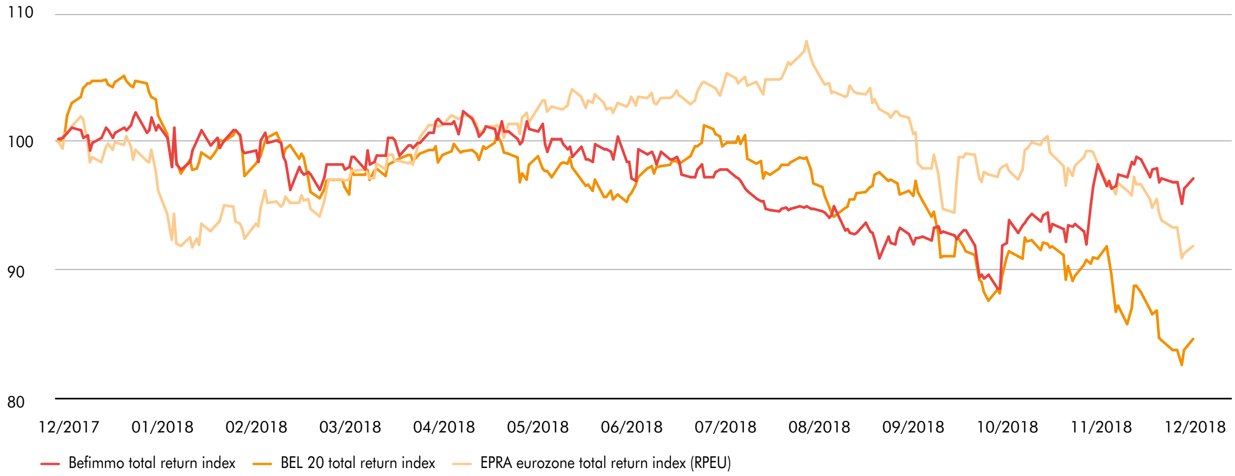
The Befimmo share closed on 31 December 2018 at €48.55, as against €53.55 one year previously. Assuming the reinvestment of the dividend distributed in 2018, the annual return on share price amounts to -2.93%.

Over the 23 years since its listing, the share has offered a total annualised return of 6.83%[5].

As at 31 December 2018, the Befimmo share was trading with a discount of 13.95%. Befimmo's market capitalisation stood at €1,241,870,840.

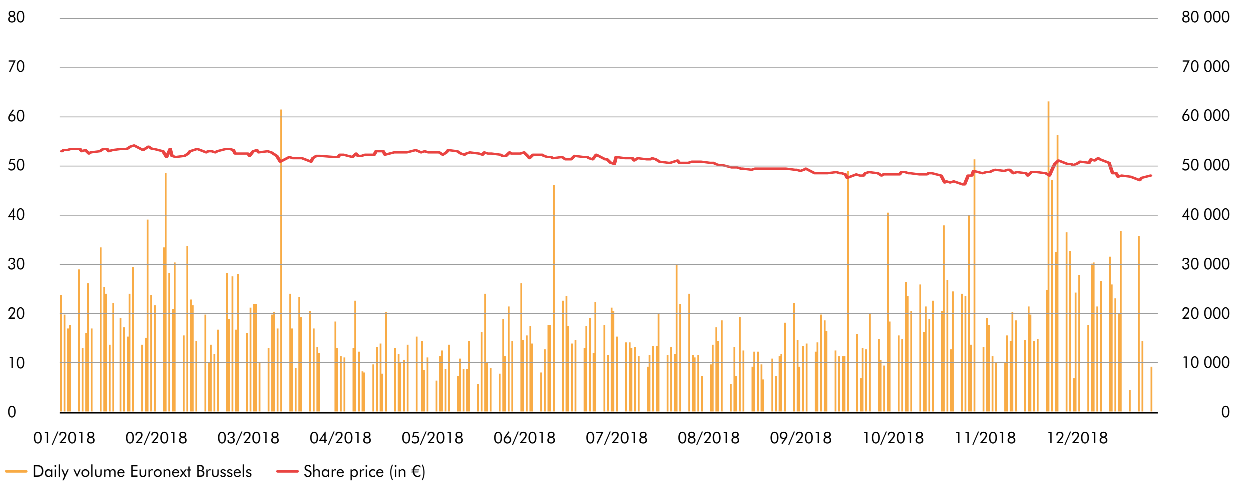
Based on transactions recorded on all market platforms, the Befimmo share offers good liquidity, with an average daily volume of around 48,458 shares, which corresponds to a free-float velocity of the order of 66.25% over the year.

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

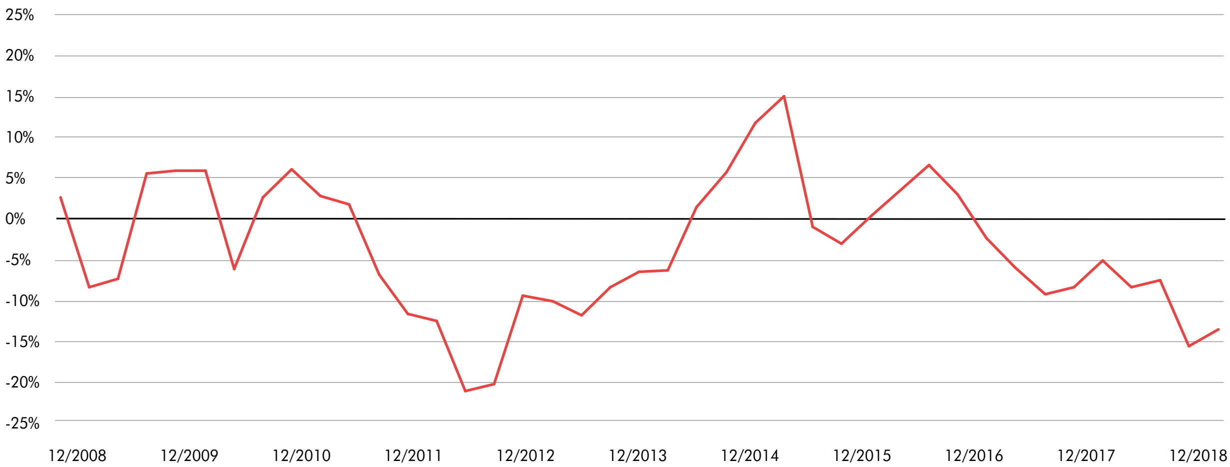


1. Source: Kempen & Co. Based on trading on all platforms.
2. Subject to a withholding tax of 30%.
3. Gross dividend divided by the closing share price.
4. Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment.
5. Assuming the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

SHARE PRICE AND VOLUMES (FROM 01.01.2018 TO 31.12.2018)



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



On a 10-year period, the Befimmo share listed on average with a discount of 3.87% in relation to the net asset value.

Dividend for the 2018 fiscal year

DISTRIBUTION OF THE INTERIM DIVIDEND

As announced in October 2018, Befimmo paid out an interim dividend for the 2018 fiscal year as from 20 December 2018. This interim dividend amounted to €2.59 gross per share and was paid out in cash upon presentation of coupon No 36.

FINAL DIVIDEND OF THE 2018 FISCAL YEAR

The agenda of the Ordinary General Meeting of shareholders to be held on 30 April 2019, at which the accounts for the 2018 fiscal year are to be approved, will include a proposal for the distribution of a final dividend of €0.86 gross[1] per share.

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

Shareholding structure

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

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

www.befimmo.be

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

SHAREHOLDING

DECLARANTS	NUMBER OF SHARES (DECLARED) THE DAY OF THE STATEMENT	BASED ON THE TRANSPARENCY DECLARATIONS OR BASED ON THE INFORMATION RECEIVED FROM THE SHAREHOLDER	IN %
AXA Belgium SA	2 741 438	27.09.2016	10.7%
Ageas and affiliated companies	2 647 540	27.09.2016	10.4%
BlackRock Inc.	769 229	13.12.2016	3.0%
Other shareholders under the statutory threshold	19 421 007	31.01.2019	75.9%
Total	25 579 214		100%

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

Calendar of the 2019 fiscal year

Ordinary General Meeting of the fiscal year closing as at 31 December 2018	Tuesday 30 April 2019
Payment of the final[2] dividend of the 2018 fiscal year on presentation of coupon No 37	
- *Ex-date*	*Wednesday 8 May 2019*
- *Record date*	*Thursday 9 May 2019*
- *Payment date*	*Friday 10 May 2019*
Interim statement as at 31 March 2019	Thursday 9 May 2019[3]
Publication of the half-yearly results and online publication of the Half-Yearly Financial Report 2019	Thursday 18 July 2019[3]
Interim statement as at 30 September 2019	Thursday 24 October 2019[3]
Payment of the interim[4] dividend of the 2019 fiscal year on presentation of coupon No 38	
- *Ex-date*	*Wednesday 18 December 2019*
- *Record date*	*Thursday 19 December 2019*
- *Payment date*	*Friday 20 December 2019*
Publication of the annual results as at 31 December 2019	Thursday 13 February 2020[3]
Online publication of the Annual Financial Report 2019	Friday 27 March 2020
Ordinary General Meeting of the fiscal year closing as at 31 December 2019	Tuesday 28 April 2020
Payment of the final[2] dividend of the 2019 fiscal year on presentation of coupon No 39	
- *Ex-date*	*Wednesday 6 May 2020*
- *Record date*	*Thursday 7 May 2020*
- *Payment date*	*Friday 8 May 2020*

1. 30% withholding tax.
2. Subject to a decision of Ordinary General Meeting.
3. Publication after closing of the stock exchange.
4. Subject to a decision of the Board of Directors.

THE ART OF CREATING NEW BUSINESS OPPORTUNITIES

ALEXANDRE PONCHON AND AXEL KUBORN, CO-FOUNDERS AND PARTNERS OF SILVERSQUARE

In our view, Befimmo and Silversquare are a happy marriage between two office property players sharing the same vision and common values, but with complementary expertise: Befimmo as a major owner of office space and Silversquare as a manager and facilitator of these spaces. The future of office space lies in flexibility, and Befimmo has fully grasped this. That's why we are creating together the first network of mixed office buildings, combining conventional office space with coworking spaces. Our goal is to extend this network to 30 collaborative workspaces spreading from the north of Belgium to the south of Luxembourg in 5 to 10 years.

NOWADAYS, BIG COMPANIES WANT TO TAKE ADVANTAGE OF THE ENTREPRENEURIAL SPIRIT AND FLEXIBILITY OF START-UPS AND FREELANCERS THROUGH COWORKING.

THE TEAM

BEFIMMO TEAM BUILDING

The 3 pillars of our HR philosophy

Befimmo is above all a stable and highly involved team. The Company's values: Professionalism, Commitment, Team Spirit and Humanity are practiced on a daily basis. They are also at the heart of each of the three pillars of Befimmo's HR philosophy.

3 HR PILLARS

TALENTS

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?

WELLBEING

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

COMMUNITY

At Befimmo, the concept of 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.

Talent

BEFIMMO TEAM BUILDING

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 Corporate 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

- Gender parity at Befimmo and in its Management Committee (50-50%).
- Explicit opposition to any form of discrimination, 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.

FOCUS ON 2018

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

86 team members[1]
all employed on a permanent contract

8 new staff members
3 men and 5 women, average age 33 (EPRA new hire rate: 9.30%)

3 departures
2 men and 1 woman, with one retirement, one resignation and one dismissal, average age 44 (EPRA turnover rate: 3.49%)

50/50
gender diversity

94 %
of staff are motivated

97 %
would recommend Befimmo as an employer to an acquaintance

94 %
of the team members think that their origin, sex, age, beliefs or sexual orientation have no impact on how they are appreciated by Befimmo

5.9 years
average seniority

-1.03 %
wage gap for managers[2]

40
average age

100 %
all staff appraised every year

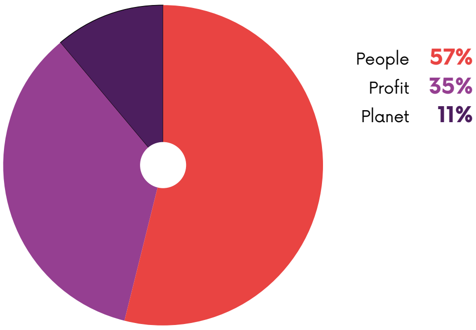
4 cases
of internal mobility in 2018

43 hours
of training per person, with an average budget of €1,575/year (including IT & languages)

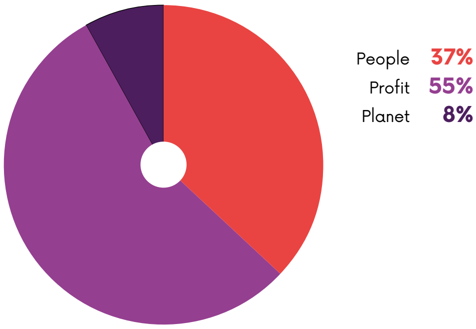
1. Excluding the Management Committee and consultants.
2. The exercise was conducted on the managers, which is the only population to offer a high level of comparability in terms of level of responsibility.

BREAKDOWN OF TRAINING HOURS, EXCLUDING LANGUAGE AND IT TRAINING

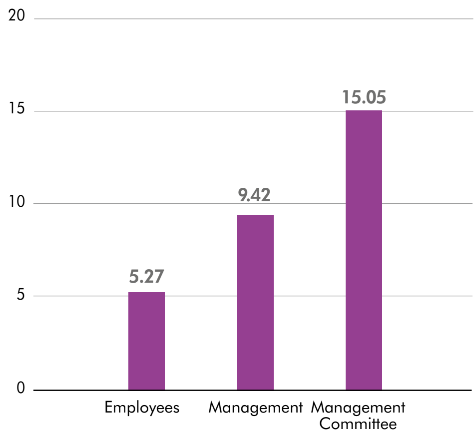
Manager



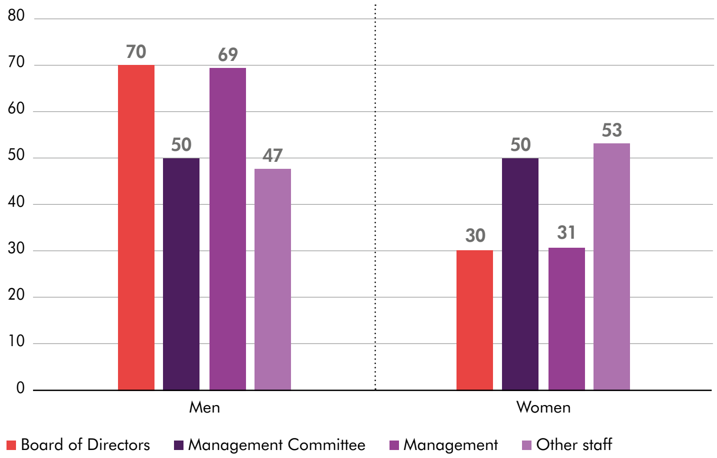
Employee



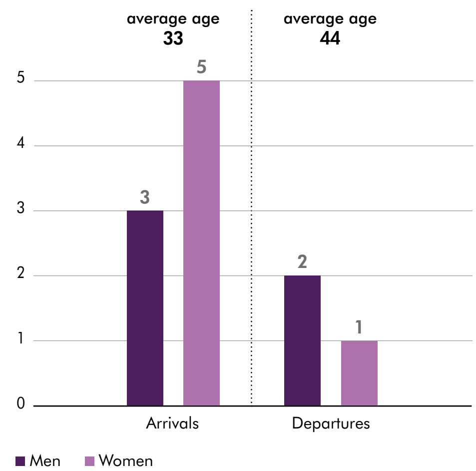
AVERAGE SENIORITY (YEARS)



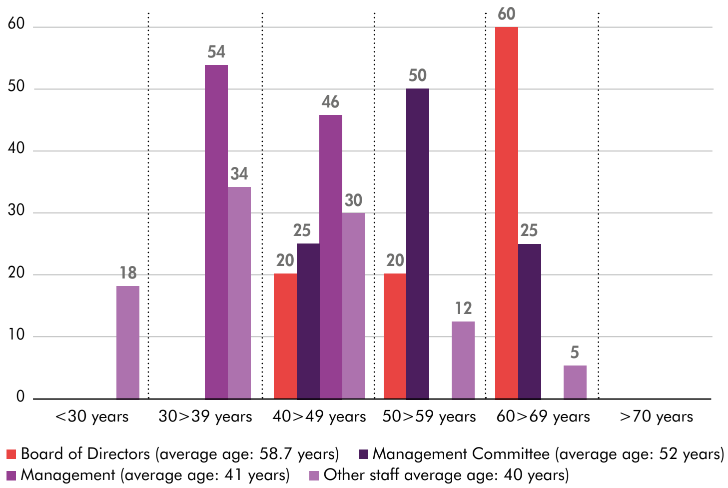
BREAKDOWN MEN/WOMEN (%)



ARRIVALS/DEPARTURES (UNITS)



BREAKDOWN (%)



BEFIMMO TEAM BUILDING

Wellbeing

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.

ENSURING THE HEALTH AND SAFETY OF THE TEAM

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

BEFIMMO TEAM BUILDING

79 %
of the team claims to be successful in maintaining a good work-life balance

0 complaints
about employment

94 %
of the team thinks Befimmo is concerned about their wellbeing

4 first-aiders
who are given annual refresher training by Befimmo

5 occupational accidents
three of which while commuting to work, and no cases of occupational disease

2.55 %
"short-term" absenteeism rate (compared with the average rate of 2.78% for Belgium)
(EPRA absenteeism rate: 3.61%)

100 %
of the team feels safe in the office

1 advisor
level-1 prevention advisor and one annual risk study

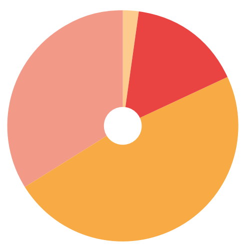
18 %
of the team used the Employee Assistant Programme which was implemented for the first time in 2018

0.00 %
Injury rate (EPRA)

0.11 %
Lost day rate (EPRA)

100 hours
of safety-related training in 2018 (e.g. training of first-responders, safety on site, BA4, first aid, etc.)

19 %
part-time at 31 December (contractual, part-time credit and partial parental leave) including 2 men and 14 women, with the same non-statutory benefits + 4 people who took advantage of a month of 100% parental leave during the year



Community

BEFIMMO TEAM BUILDING

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 8 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 priorities.
- 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 and clothing.
- A sporty and interactive challenge in September, when the whole team ran, walked or cycled for an association chosen by the team "camp de partage" and participation in the Brussels 20 km run under the umbrella of an association, selected every two consecutive years (this year the Equité not-for-profit association).
- Active membership in the Be-Face association, with sponsorship, collections and participation in workshops.

86 %
of the team think that Befimmo has enough internal communication

100 %
of the team are proud to work for Befimmo

86 %
of the team say that they can make suggestions to Befimmo

2/3
of the team are registered in our cross-cutting working groups and have received coaching in collective intelligence

What our associates say[1]...

Corporate culture: Family, Professional

Management: Listening, Accessible

Working environment: Team Spirit, Friendly

Opportunities for contributing to society: Many, Daily

Your job: Challenging, Educational

Be.Face

Shared Social Responsibility

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.

- 3rd 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 Plus

B+ is a committee created by our team and for our team.

In figures:

- 8 years in existence
- 8 organising members each year
- 6 events in 2018
- 3 collections in 2018 (clothing, food and the Red Cross fortnight)
- 2 blood donation sessions in 2018

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

Environmental impact of the team

ELECTRICITY CONSUMPTION (MWH AND KWH/PP[1])

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.

In 2017 and 2018, Befimmo monitored the electricity consumption of the private areas of its new space to ensure that certain new measures (LED lighting, outsourcing of part of the IT infrastructure, etc.) were effective. The results given in the table hereafter demonstrate how effective they are. Electricity consumption fell by 45% in 2018 (106.1 MWh) in relation to 2015 (192.3 MWh).

GAS CONSUMPTION (MWH AND KWH/PP[1])

Gas consumption for heating spaces occupied by the team was significantly higher in 2018 (109.9 MWh) than in 2017 (90.4 MWh), an increase of 22%.

This change is due in particular to an imbalance in the installations and to specific requests from certain other users of the building to increase the temperature in certain areas.

The installation of new data analysis software for the regulation systems, planned for 2019, will probably mitigate this situation.

CO EMISSIONS

CO_2e emissions linked to Befimmo's corporate business, i.e. the IT activities of its staff, were evaluated according to the carbon balance method[2]. 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 53 kg/employee in 2013 and fell to 31 kg in 2018, i.e. a cut of 41% in 2018 in relation to 2013[3].

GOEMARE
Brussels decentralised

CO_2E EMISSIONS LINKED TO BEFIMMO'S OWN ACTIVITIES (TONNES CO_2E, KG CO_2E/M^2 AND TONNES CO_2E/PP)

	UNITS	2016	2017	2018	
Befimmo "corporate" space	m²	2 150	1 668	1 668	V
# people (PP)	#	72	74	78	V
Total emissions related to direct energy	**t CO_2e**	**265**	**239**	**261**	V
Of which total emissions for heating	t CO_2e	34	17	21	V
Emissions PP (heating)	t CO_2e	0.5	0.2	0.3	V
Emissions per m² (heating)	kg CO_2e/m^2	n.a.[4]	10.2	12.4	V
Of which emissions from diesel cars[5]	t CO_2e	225	212	221	V
Of which emissions from petrol cars[5]	t CO_2e	6	11	20	V
Total emissions related to indirect energy	**t CO_2e**	**36**	**17**	**18**	V
Of which total emissions electricity [surface Goemaere]	t CO_2e	19	17	18	V
Of which total emissions electricity [surface Goemaere works]	t CO_2e	4.5	n.a.[4]	n.a.[4]	V
Of which total emissions electricity [surface Triomphe]	t CO_2e	13.3	n.a.[4]	n.a.[4]	V
Emissions PP	t CO_2e	0.5	0.2	0.2	V
Emissions per m²	kg CO_2e/m^2	n.a.[4]	10.3	10.9	V
Total emissions related to travel, paper consumption and garbage	**t CO_2e**	**73**	**46**	**35**	V
Short-haul flights	t CO_2e	2.6	1.5	1.4	V
Long-haul flights	t CO_2e	67.3	41.1	25.2	V
High-speed train	t CO_2e	0.3	0.8	0.8	V
Paper consumption	t CO_2e	2.8	2.3	2.2	V
Of which vehicle emissions other than Befimmo	t CO_2e	0.5	0.5	1.0	V
Of which emissions linked to the production of garbage	t CO_2e	-	-	4.4[6]	V

MOBILITY - CO_2E EMISSIONS RELATED TO TRANSPORT (TONNES CO_2E)

Befimmo reduced the overall rate of average emissions per vehicle (CO_2e/km) of its fleet by 6% in 2018 in relation to 2016. This decrease is the result of applying an updated car policy to vehicles purchased new or replaced.

Vehicle-related CO_2e emissions rose from 231 tonnes in 2016 to 241 tonnes in 2018, despite a reduction in the number of vehicles in the fleet of almost 14%. This 4% increase in CO_2e emissions is due mainly to an increase in the number of petrol vehicles at the expense of diesel 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.

A Mobility Unit composed of representatives from the CSR, Environment and HR departments was set up in 2017 to propose innovative projects in a rethink of the team's mobility.

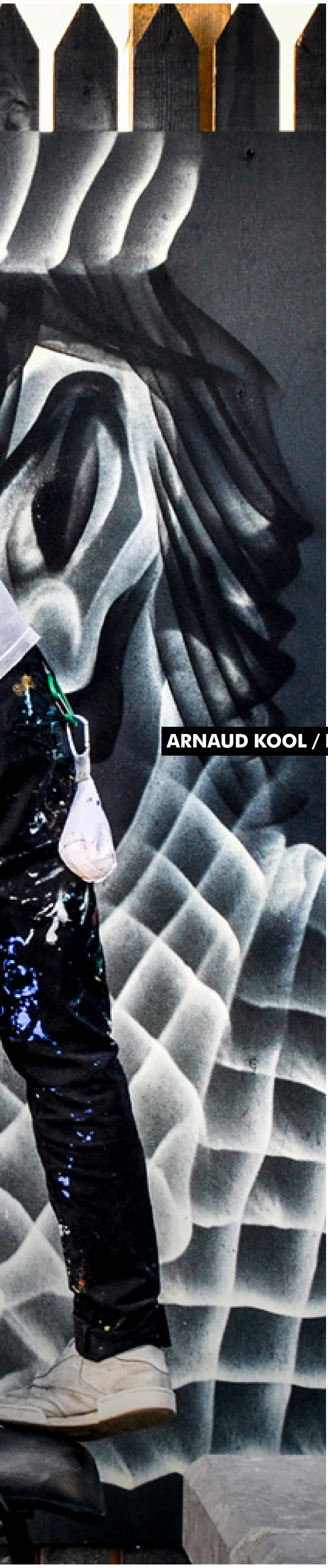
Two projects emerged:

- **B-Test:** interested team members are given the opportunity to try out any type of alternative mobility at Befimmo's expense for 6 months (public transport, shared cars, scooters, bicycles, etc.).
- **B-Switch**: team members are given the opportunity to share their Befimmo parking space with a colleague and, in return, are provided with an Ahooga folding electric bike for all or part of their commuting trips. Under this project 30 staff members have received a superb bike. This is a win-win project in every respect!

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

1. PP: Per person, i.e. all full-time equivalents (FTEs) and members of the Management Committee.
2. Methodology developed by ADEME (the French environment and energy management agency).
3. The conversion factor used to calculate CO_2e emissions related to paper consumption is 0.919 kg CO_2e/kg of paper (source Bilan Carbone V7.6).
4. As the Company temporarily moved into the Triomphe building during the Goemaere renovation, no figures are available for 2016.
5. This table showing emission factors linked to means of transport can be found in the methodology, in Appendix VI of the Report.
6. For the first time in 2018, the total emissions include the emissions linked to the garbage of Befimmo corporate (that was not included in the past).

THIS TYPE OF URBAN ART, OVER AND ABOVE ITS COLOUR AND DYNAMISM, CREATES TRUE FEELINGS OF BONDING, RESPECT AND WELLBEING WITH USERS IN THE NEIGHBOURHOOD.



THE ART OF BRINGING LIGHT AND LIFE TO THE CITY

ARNAUD KOOL / PAINTER AND ILLUSTRATOR, CREATOR OF THE QUATUOR FRESCO

Befimmo selected me to create a 120-metre fresco on the hoarding of the Quatuor project in the North area of Brussels. This type of site inevitably causes a number of nuisances, and Befimmo's goal was to create a dialogue with the inhabitants and other users in the neighbourhood. The original idea was a carte blanche on my vision of the city of the future, and Befimmo provided everything I needed to create my work ... and much more! I especially wanted to bring colour, faces and landscapes to this evolving neighbourhood, and I was very well received while doing the work. Positive reactions were above and beyond what we hoped for, and they were unanimous, from residents, workers, the press, schools and tourists who came to see the project.

CORPORATE GOVERNANCE STATEMENT

ARTS 56
Brussels Leopold district

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

Principles

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

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

The Governance Charter was last updated on 14 February 2019 to update the share ownership structure and the list of Befimmo holdings.

www.befimmo.be/en/who-we-are/corporate-governance/our-corporate-governance

Management structure

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

Principles

In accordance with the articles of association of Befimmo, 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 526ter of the Code of Company Law. 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 Directors who are independent within the meaning of the Code of Company Law and the Belgian Corporate Governance Charter;
- and a majority of Directors not linked to the Company's shareholders.

As regards the composition of the Board, the Company values complementary skills, experience and know-how and complies with the provisions of article 518-bis of the Code of Company Law regarding gender diversity to be achieved on the Board in 2018.

At 31 December 2018 the Board of Directors was composed of ten 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 Management Committee, were nevertheless allowed to continue to hold their current mandate until it expired. In accordance with those provisions, since the Annual General Meeting of 26 April 2016, the Board of Directors of Befimmo has been composed solely of natural persons.

COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2018

At 31 December 2018, the Board consisted of ten Directors, specifically:

- one executive Director;
- nine non-executive Directors, including five independent Directors meeting the criteria of article 526ter of the Code of Company Law 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 it was transformed into a Limited-Liability Company, therefore began a directorship in a separate legal entity. However, the Company considered it appropriate to take account of the mandates of the Directors who previously sat on the Board of Directors of the 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 526ter of the Code of Company Law), the Company takes account of the number of terms served and the 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 2018

The mandates of the following Directors expired at the end of the Ordinary General Meeting of 24 April 2018:

- Mr Alain Devos ;
- Mr Etienne Dewulf.

The same Ordinary General Meeting renewed the mandates of:

- Mr Alain Devos, as a Director for a further term of three years, expiring at the end of the Ordinary General Meeting of 2021;
- Mr Etienne Dewulf, as an Independent Director for a further term of four years, expiring at the end of the Ordinary General Meeting of 2022;

From left to right: Kurt De Schepper, Hugues Delpire, Sophie Malarme-Lecloux, Alain Devos, Benoît De Blieck, Sophie Goblet, Benoît Godts, Anne-Marie Baeyaert, Wim Aurousseau, Etienne Dewulf

The same Ordinary General Meeting definitively appointed Mrs Anne-Marie Bayaert as an Independent Director and appointed Mr Wim Aurousseau as a Director.

A brief description of the career of each of the Directors as well as the list of the mandates - other than those held in the BE-REIT - that they held over the five previous calendar years, are given below.

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

PROPOSALS FOR APPOINTMENTS AND REAPPOINTMENTS AT THE 2018 ORDINARY GENERAL MEETING

The mandate of Mr Hugues Delpire expires at the Ordinary General Meeting of 30 April 2019.

It will be suggested at the General Meeting of 30 April 2019 to:

- appoint Mr Vincent Querton as an Independent Director, for a term of 2 years, expiring at the Ordinary General Meeting of 2021. Mr Vincent Querton satisfies the independence criteria laid down by article 526 of the Code of Company Law for assessing the independence of Directors. The FSMA has approved the proposed appointment.

Mr Querton (1961) 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).

- renew the mandate of Mr Benoît De Blieck, as Executive Director, for a period of 3 years, expiring at the Ordinary General Meeting of 2022;
- renew the mandate of Mr Benoit Godts, as Director, linked to a shareholder, for a period of 2 years, expiring at the Ordinary General Meeting of 2021.

COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2018

POSITION ON THE BOARD	FIRST APPOINTED	EXPIRY OF CURRENT MANDATE	BOARD MEETINGS ATTENDED OVER THE FISCAL YEAR 2018
Alain Devos Chairman, non-executive Director	December 2012[1]	April 2021	20
Benoît De Blieck Executive Director	December 2012[2]	April 2019	20
Wim Aurousseau Non-executive Director, linked to a shareholder	April 2018	April 2020	4[3] meetings out of 14 (since 26 April 2018)
Anne-Marie Baeyaert Independent non-executive Director	April 2018	April 2020	17
Sophie Goblet Independent non-executive Director	April 2013	April 2021	19
Sophie Malarme-Lecloux Independent non-executive Director	April 2015	April 2021	17
Hugues Delpire Independent non-executive Director	December 2012[4]	April 2019	19
Kurt De Schepper Non-executive Director, linked to a shareholder	April 2014	April 2020	19
Etienne Dewulf Independent non-executive Director	December 2012[5]	April 2022	20
Benoît Godts Non-executive Director, linked to a shareholder	December 2012[6]	April 2019	18[7]

1. Mr Alain Devos was first appointed Director of the former Managing Agent of Befimmo in October 2002.
2. Mr Benoit De Blieck was first appointed Director of the former Managing Agent of Befimmo in August 1999.
3. Under the rules to prevent conflicts of interest, contained in the Company's corporate governance charter, Mr Wim Aurousseau did not attend 6 Board meetings, during which certain redevelopment projects, tenders and public contracts were discussed.
4. Mr Hughes Delpire was first appointed Independent Director of the former Managing Agent of Befimmo in March 2011.
5. 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.
6. Mr Benoit Godts was first appointed Director of the former Managing Agent of Befimmo in November 1995.
7. Under the rules to prevent conflicts of interest, contained in the Company's corporate governance charter, Mr Benoît Godts did not attend 2 Board meetings, during which certain investment tenders were discussed.

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 positions 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, as shown in the list below.

Other positions held at 31 December 2018

Mr Alain Devos is Managing agent of Alain Devos SPRL; Director of Equilis SA; 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 2018, held during the period 2014-2018

Mr Alain Devos was permanent representative of Alain Devos SPRL; CEO of AG Real Estate SA; Non-Managing agent of A3 Management; Managing agent of Allfin Group; Member of the Advisory Board of VK Group.

MR BENOÎT DE BLIECK (1957)

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

Other position held at 31 December 2018

Mr Benoît De Blieck is Chairman of Beway, a subsidiary of Befimmo, Managing agent of BDB Management SPRLu; Director of the Professional Union of Real-Estate Sector (UPSI); Fellow member of the Royal Institution of Chartered Surveyors (FRICS).

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

Directorships expired as at 31 December 2018, held during the period 2014-2018

Nihil

MR WIM AUROUSSEAU (1971)

Mr Wim Aurousseau (Kortvoortbaan 25, 2970 Schilde) has been an independent Director of Befimmo since 24 April 2018. Mr Aurousseau has a degree in applied economics and finance (University of Antwerp) and in financial analysis (ICHEC). He has extensive experience in asset management and business management, particularly in the banking and insurance sector in Belgium (KBC Securities, Bank Van Breda, Swiss Life Belgium and Delta Lloyd Life).

He has been Chief Investment Officer of AXA Belgium SA since November 2013.

Other positions held at 31 December 2018

Director of Home Invest Belgium.

MRS ANNE-MARIE BAEYAERT (1961)

Mrs 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 at Best & Osterrieth, Antwerp, a shipping agency that is currently part of the Herfurth group, as Customer Service Representative. In 1985, she continued her career at Katoen Natie Group, where she held a number of positions, first as general manager transport division (1985-1995), general manager noordkasteel (1995-1998) and later as managing director bulkterminals (1998-2001).
Mrs Baeyaert also has international experience since, 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 port operations & repair for Katoen Natie Group. Mrs Baeyaert has been managing owner of Resigrass since 2013.

Other positions held at 31 December 2018

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 Waterwegen & Zeekanaal NV (Willebroek) and manager of Resigrass SPRL and Cozy Lounge SPRL.

Directorships expired as at 31 December 2018, held during the period 2014-2018

Director of several companies of 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. 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 2018

Director of not-for-profit association Réseau Entreprendre

Directorships expired as at 31 December 2018, held during the period 2014-2018

Nihil

MRS SOPHIE MALARME-LECLOUX (1970)

Mrs Sophie Malarme-Lecloux (rue du Plagniau 16, 1330 Rixensart) has been an Independent Director of Befimmo since 28 April 2015 and member of the Appointment and Remuneration Committee since 26 October 2016.

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 10 years of experience as a director.

Other positions held at 31 December 2018

Founder and manager of FreeBe SPRL and Director of CBO Territoria SA (France).

Directorships expired as at 31 December 2018, held during the period 2014-2018

Director of Orpea SA (France); Director of Trufilux and Sofilec (Sofina Group).

M. HUGUES DELPIRE (1956)

Mr Hugues Delpire (chemin de Grand'Peine 5, 1400 Nivelles) has been an Independent Director of Befimmo and member of the Audit Committee since March 2011; he has been chairing the Committee since 28 April 2015. Mr Delpire is a sales engineer and graduate of the Brussels Tax College. He began his career in 1979 at Zurich Assurances Belgique and became head of the finance department in 1987. From 1991 to 1997 he acted as administrative and financial director and member of the steering committee of the international group BTP, listed on the stock exchange as Besix. After taking part in the structuring of Artesia Banking Corporation (Bacob, Paribas Belgique and AP Assurances) as administrator and financial director of the Insurance cluster, as managing director he launched the activities of AXA Real Estate Investment Manager Benelux. Since December 2000, he has been Managing Director and chief legal & finance officer of the Decathlon group. Since January 2015, he works as Director and Advisor to Decathlon SA and Mobilis SA, and as business consultant to the Mulliez Family Association. Alongside this business career, Mr Delpire also taught finance in several Belgian universities for more than 15 years.

Other positions held at 31 December 2018

Chairman of the board of directors and chairman of the audit committee of Alcopa SA; Director of Auchan Coordination Services (ACS) SA, Member of the supervisory board of Decathlon International Shareholding Plan SCA; Manager of Kivalgo sprl; Member of the audit committee of AGAPES SA.

Directorships expired as at 31 December 2018, held during the period 2014-2018

Director-General, member of the supervisory board of Decathlon SA; Managing Director of Weddell SA; Chairman of the board of directors of Alsolia SA; Director of OGEA SAS; Director of Alcodev SA; Member of the supervisory board of Decaval, a French corporate investment fund.

M. 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 2018

Mr De Schepper is Manager of Kadees BVBA.

Directorships expired as at 31 December 2018, held during the period 2014-2018

Mr Kurt De Schepper was a member of the board of directors of AG Real Estate SA; 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.

M. ETIENNE DEWULF (1955)

Mr Etienne Dewulf (rue du Ruisseau, 1970 Wezembeek-Oppem) has been an Independent Director of Befimmo and a member of its Appointment and Remuneration Committee since March 2011; he has been chairing that Committee since 13 May 2014. Mr Dewulf is a graduate in commercial and financial science (ICHEC). He began his career in sales functions at GB-INNO-BM (1981-1983) and Materne Confilux (1983-1985), before moving into corporate banking at Crédit Général (1985-1987). He then found his vocation in the building industry, where he held a number of positions 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 daily management, mainly in real estate and construction.

Other positions held at 31 December 2018

Mr Etienne Dewulf is honorary chairman of the Professional Union of the Real-Estate Sector (UPSI); Permanent representative of Cassiopee SPRL; Director of holding company Thomas & Piron (mandate via Cassiopee SPRL); Honorary Chairman of the ASBL Association des Entrepreneurs Belges de Grands Travaux; Director of the ASBL Association Paroles d'Ados; Director of Maison de la Route et du Génie Civil SCSA and director of Foncière Kerkedelle SA (the company was liquidated in December 2017).

Directorships expired as at 31 December 2018, held during the period 2014-2018

Mr Etienne Dewulf was a director of the Confédération Construction et de Bavière Développement SA. SPRL Etienne Dewulf was also managing director of Foncière Invest SA, Coeur de Ville SA and Thomas & Piron Bâtiment SA, and Director of Bureau Cauchy SA and BTA Construct SA.

M. 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 Immo Nation SPPICAV.

Other positions held at 31 December 2018

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 2018, held during the period 2014-2018

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

PROCEDURE FOR THE APPOINTMENT OF DIRECTORS AND RENEWAL OF THEIR DIRECTORSHIPS

Directors are appointed and their directorships renewed by the General Meeting of Shareholders of Befimmo, 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 to be renewed, as appropriate;
- 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 adequate plans are put in place for the succession of the Directors. It ensures that any appointment of a Director or renewal of a directorship, whether for an executive or non-executive Director, will allow the work of the Board and its specialist committees to continue, and maintain a balance of skills and experience therein.

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

ELECTION AND ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Election of the Chairman of the Board of Directors

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

The terms of reference of the Board of Directors explicitly state that the same person may not hold the positions 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 Board of Directors of Befimmo is empowered to perform all acts necessary or useful for the achievement of the Company's corporate purpose, 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 authorized 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 Management 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 shall be valid only if at least half of its members are present or represented. If this condition is not met, a new meeting must be convened which, provided at least three Directors are present or represented, may make valid deliberations and resolutions on the topics on the agenda of the preceding meeting;
- every decision of the Board is taken by absolute majority of the Directors present or represented and, where one or more of them abstain, by a majority of the other Directors. In the event of a tied vote, the person chairing the meeting has the casting vote;
- in exceptional cases, duly justified by urgency and the corporate interest, the Board of Directors may pass resolutions by means of a written decision. This procedure may however not be used to close the annual accounts or for any use of the authorised share capital.

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

ACTIVITIES OF THE BOARD OF DIRECTORS DURING FISCAL YEAR 2018

The Board of Directors met 20 times during the fiscal year 2018. 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;
- taking a strategic stake in the shareholding of Silversquare Holding SA;
- the terms of the most important rental offerings and major lease renewals;
- construction, redevelopment and renovation projects (notably the ZIN project and the Quatuor project);
- 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 debt placement;
- the payment of an interim dividend;
- the rotation of the independent real-estate experts;
- the implementation of a whistleblowing procedure as part of the Company's compliance policy;
- 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.

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 2009 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 Management 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 four 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.

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

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

The Board of Directors conducted a new self-assessment in 2018 led by its Chairman. The Directors completed a detailed questionnaire and assessed the implementation of the areas for improvement that they had identified during the last assessment, carried out in 2015[1]. The Chairman of the Board of Directors then met each Director individually to gather additional comments and fine-tune the written responses.

The key findings of this assessment, discussed at the Board meeting on 21 November 2018, can be summarised as follows:

- the composition of the Board and of the specialist Committees, the skills of their members and the role they perform comply with the applicable corporate governance provisions (the 2009 Code and Article 526 quater of the Code of Company Law, REIT regulation, etc.);
- the Board is satisfied with its operation, the information provided by management, and contacts with it and with the Board's two specialist Committees;
- the Chairman of the Board of Directors carries out his duties in a professional manner, fostering a stimulating climate of quality discussions, in which all the Directors have the opportunity to express their views. Decisions are taken by consensus and in the interests of the Company;
- the Directors made suggestions regarding the conduct of meetings and areas to which the Board could pay more attention.

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 Appointments Committee and a Remuneration Committee (the Appointments Committee and the Remuneration Committee may be combined) and lay down their tasks, powers and composition in accordance with the provisions of the law and recommendations of the Belgian Corporate Governance Code on the composition and functioning of these committees.

The Board lays down the terms of reference of these Committees, and designates the members and chairmen of the Committees from among the Board members, on a proposal of the Appointment and Remuneration Committee. When making these appointments, the Board 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 of Directors has established two specialist standing Committees: the Audit Committee and the Appointment and Remuneration Committee. The composition, duties and operating methods of these committees are described in their respective terms of reference, available on the Befimmo website and summarized hereafter.

https://www.befimmo.be/en/who-we-are/corporate-governance/our-corporate-governance

1. The Board of Directors carried out its last self-assessment at the end of fiscal year 2015. The main conclusions of the self-assessment report were published on page 132 of the Annual Fiscal Report 2015.

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 526ter of the Code of Company Law.

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 2018, the composition of the Audit Committee was as follows:

- Hugues Delpire, Independent Director and Chairman of the Audit Committee;
- Sophie Goblet, 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 Management Committee in ensuring the accuracy and truthfulness of the accounts and financial information of Befimmo. 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 legal duties. It delivers opinions and recommendations to the Board of Directors and Management 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 are also be forwarded to the Board of Directors.

Operation and activities during fiscal year 2018

The Committee met eleven times in fiscal year 2018.

Mr Delpire and Mr Godts attended all the meetings; Mrs Goblet attended ten meetings. The following main issues were addressed:

- 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 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.;
- process for distribution of an interim dividend for fiscal year 2018;
- review of the organisation of Internal Audit ;
- relations with the Statutory Auditor, check of the independence, assessment and appointment of the Statutory Auditor for Befimmo and its subsidiaries;
- financial analyses and accounting and organisational issues related to the strategic acquisition of the shareholding in Silversquare Holding 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, implementation of a Whistleblowing procedure under the legislation combating market abuse 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 conclusions of his report are published in the 2017 Annual Financial Report (page 98).

APPOINTMENT AND REMUNERATION COMMITTEE

Composition

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

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

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

If the Chairman of the Board of Directors of Befimmo 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 Management Committee.

As at 31 December 2018, the composition of the Committee was as follows:

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

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 Management 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 Management 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 specialized Board's Committees, the CEO and the other members of the Management Committee, and on any periodic revisions of that policy;
- the individual remuneration of the non-executive Directors, members of the Board's Committees, the CEO and the other members of the Management 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 Management Committee, and the assessment of performance in relation to those targets;
- on the proposals made each year by the Management Committee on the overall budget for rises (apart from indexing) in the fixed remuneration for the Company's staff, and on the overall budget for the variable remuneration of the staff.

The Committee also prepares the remuneration report, which is included in Befimmo'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) gives an oral report to the Board of Directors on the exercise of its duties and, in particular, submits the Committee's opinions and recommendations to the Board for decision.

Operation and activities during fiscal year 2018

During fiscal year 2018, the Committee met seven times. Mr Dewulf and Mr Devos attended all meetings. Mrs Malarme-Lecloux attended six meetings. Its meetings covered the following files and main topics:

- drafting of the remuneration report published in the Annual Financial Report 2018;
- changes in the Company payroll from 1 January 2019 and budget with a view to the awarding of variable remuneration (bonuses) for fiscal year 2018;
- proposals for the composition of the Board of Directors, taking account of the need to ensure that profiles are complementary in terms of knowledge and experience, and of the gender diversity targets;
- proposals for appointments and reappointments to the Board of Directors for submission to the Ordinary General Meeting;
- assessment and determination of the performance targets and criteria for the Managing Director and other members of the Management Committee;
- benchmarking of the remuneration of the members of the Executive Committee with the support of an external consultant;
- ongoing monitoring of developments in the regulatory framework and governance recommendations.

Self-assessment

In accordance with the 2009 Code and its own terms of reference, the Committee assesses, every three years at least, 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 Appointments and Remunerations Committee conducted a new self-assessment in 2018, led by its Chairman. The committee members completed a detailed questionnaire and assessed the implementation of the areas for improvement that they had identified during the previous assessment, carried out in 2015. The Chairman of the Appointments and Remunerations Committee then held a meeting for a discussion among its members, to gather additional comments and to fine-tune the written answers to the questionnaire. The key findings of this assessment, discussed among the members and then presented to the Board of Directors, can be summarised as follows:

- the composition of the Committee, the skills of its members and the role it performs comply with the applicable corporate governance provisions (Code of Company Law, the 2009 Code and the REIT regulation);
- combining "appointments" and "remunerations" into a single committee is still an ideal formula, in the light of Befimmo's structure;
- the dossiers handled by the Committee are relevant and treated professionally, and the Chairman of the Committee carries out the coordination function properly;
- the Committee decided to develop additional key HR indicators, the follow-up of which will be regularly updated so that they can be incorporated into its work and discussions during the course of the year.

MANAGEMENT COMMITTEE

The Board of Directors established at the end of 2016 a Management Committee pursuant to article 524bis of the Code of Company Law, to which it delegated its management powers under article 19 of the Befimmo articles of association.

The delegation to the Management Committee does not cover:

- determining strategy or overall policy;
- acts reserved by law or the articles of association to the Board of Directors;
- in addition to the matters reserved by law or the articles of association to the Board of Directors, acts and decisions that the Board of Directors has decided to keep within the scope of its competence and which are listed in the terms of reference of the Management Committee and in the terms of reference of the Board of Directors.

In accordance with article 14 of the BE-REIT law, the members of the Management Committee are all classed as Executive Officers and are natural persons.

The Management Committee is a decision-making body with collective responsibility and operation.

The Management Committee periodically reviews its terms of reference (which describe its functions and mode of operation) and proposes any amendments it deems necessary for approval by the Board of Directors. The terms of reference are available on the Company website.

https://www.befimmo.be/en/who-we-are/corporate-governance/our-corporate-governance

Martine Rorif, Benoit De Blieck, Laurent Carlier, Aminata Kaké

COMPOSITION

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

At 31 December 2018, the Committee had four members:

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

BENOÎT DE BLIECK

Mr De Blieck (1957) 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 2018

Mr Benoît De Blieck is Chairman of Beway, a subsidiary of Befimmo, Managing agent of BDB Management SPRLu; Director of the Professional Union of Real-Estate Sector (UPSI); Fellow member of the Royal Institution of Chartered Surveyors (FRICS).

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

Directorships expired as at 31 December 2018, held during the period 2014-2018

Nihil

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 Factor 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, Laurent Carlier has been Chief Financial Officer at Befimmo. He also performs the Risk Management function.

Other positions held at 31 December 2018

Mr Laurent Carlier is Director of the following subsidiaries of Befimmo: Beway SA, Fedimmo SA, Befimmo Property Services SA, Axento SA and Vitalfree SA, Silversquare Holding SA, Silversquare Stéphanie SA, Silversquare Europe SA, Silversquare Louise SA and Silversquare Luxembourg SA and is Managing Director of Meirfree SA. In addition, he is Chairman of the Board of Directors of the asbl BE-REIT Association, Co-Chairman of the UPSI Investors Committee and a member of the EPRA Accounting & Reporting Committee. He is also manager of Silversquare Partnership sprl and of L&L Services sprl.

Directorships expired as at 31 December 2018, held during the period 2014-2018

Mr Laurent Carlier was a director of the not for profit association Financial Executives Institute of Belgium.

MARTINE RORIF

Mrs Martine Rorif (1965) is a construction engineer, specializing 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 2018

Mrs Rorif is also Director of the following subsidiaries of Befimmo: Fedimmo SA, Meirfree SA, Axento SA, Befimmo Property Services SA, Silversquare Holding SA and Silversquare Luxembourg SA. She is Managing Director of the following companies: Vitalfree SA and Beway SA, which are also Befimmo subsidiaries. She is also Co-president of the "Commission Investisseurs" of the UPSI and cofounder of the Cercle Belge des Femmes de l'Immobilier.

Directorships expired as at 31 December 2018, held during the period 2014-2018

Nihil

AMINATA KAKÉ

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) and an Executive Master in Real Estate (Solvay Brussels School of Economics and Management, 2016). 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 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 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 2018

Mrs Kaké is a director of the ASBL Belgian Association of Listed Companies (FEB) and of Hu-Man a.s.b.l.

Directorships expired as at 31 December 2018, held during the period 2014-2018

Nihil

DUTIES

The role of the Management Committee is:

- to make proposals to the Board of Directors on strategy an overall policy;
- to implement the strategy decided by the Board of Directors, including decisions to acquire or dispose of rights in rem to buildings or shares of real-estate companies;
- to handle the operational management of the Company and to report on it to the Board of Directors.

The Management Committee submits any transaction to the initiative of the Board of Directors, even if it falls within the scope of the powers delegated to the Committee, where it deems necessary on account of its nature, the risks involved or the parties concerned.

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 Management 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;
- current or potential major litigation;
- regular monitoring of all matters falling within the competence of the Board of Directors.

FUNCTIONING

The Management Committee is a decision-making body with collective responsibility and operation: its decisions are taken by consensus of its members who collectively share responsibility for them. If 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 Management 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 Management Committee.

In 2018, the Management Committee met once a week on average.

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

As at 31 December 2018 the heads of the departments are Nicolas Billen[1] (Chief Investment Officer), Cédric Mali[1] (Chief Commercial Officer), Mr Arnaud d'Ydewalle (Head of Project Management),
Mr Nicolas Nelis (Head of Project Development), 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 Sylvie De Mûelenaere (Head of Legal),
Mr Vincent Meulders (Head of Controlling), Mr Stéphane dos Santos (Chief Accountant), Mr Ludovic Wendel (IT Program Manager), Mr Denis Van de Wiele (Head of Compensation & Benefits) and Mrs Sarah Sougné (Recruitment & Talent Manager).

The Business Development activity is managed by Werner Joris[2].

1. SPRL.
2. BVBA.

Diversity policy

Befimmo complies with the provisions of article 518bis of the Code of Company Law with regard to gender diversity within the Board of Directors and the recommendations of the Belgian Corporate Governance Code (2009 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 Management Committee, and the self-assessment process of its various bodies and Committees. These are designed to foster complementary skills, experience, knowledge and profiles in the composition of these bodies, in addition to the expertise and professional integrity required for the exercise of 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 Management Committee, which is composed of two female and two male members. It is also reflected in the biographies of the Directors (see page 122-124) and the members of the Management Committee (see page 130-131), which shows that they have complementary career paths, professional experience and skills.

Remuneration report

REMUNERATION POLICY

During fiscal year 2009/2010, the Appointment and Remuneration Committee drafted a document describing the remuneration policy for the Company's Directors and members of the Management Committee. This document was prepared for the first time by the Board of Directors on 15 October 2010 and most recently approved by the Ordinary General Meeting of 24 April 2018. It is an integral part of the Corporate Governance Charter and is published on the Befimmo website.

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

In strict compliance with this framework, the policy is designed to reward those involved in running the Company in a way that allows it to attract, retain and motivate selected staff, taking account of the Company's characteristics and challenges, while properly and effectively managing risk and keeping the various remuneration costs under control.

The Company aims to pay its staff at a level that compares well with the remuneration paid by other companies of Comparable size and business for similar positions. To keep informed of market pay levels, it participates in benchmarks organised by specialist consultants and social administration agencies. It also occasionally consults these specialists for reasons unconnected with benchmark operations.

The Appointment and Remuneration Committee makes proposals on any periodic reviews of the remuneration policy, which are submitted to the Board of Directors for approval.

The remuneration report is included in each year's Annual Financial Report. It sets out the main principles of the remuneration policy and how they were applied during the year in question, and includes detailed information on the remuneration of the Directors and members of the Management Committee. Any significant deviation from the remuneration policy during the fiscal year, and any significant changes to the policy are also mentioned in the remuneration report.

The Company's General Meeting of Shareholders holds a separate vote each year on the remuneration report.

CHANGE IN THE REMUNERATION POLICY

Befimmo has no plans to change its remuneration policy for the next two fiscal years.

PROCEDURE

The remuneration of the non-executive Diretors of Befimmo SA is set by the General Meeting of Befimmo SA, on a proposal of its Board of Directors, which in turn receives proposals from the Appointment and Remuneration Committee. The relevant proposals of the Appointment and Remuneration Committee are based on benchmark analyses of companies comparable to Befimmo in terms of size and business, and studies conducted by external consultants on the remuneration of directors of Belgian listed companies.

The non-executive Directors of Befimmo SA receive, in that capacity, a fixed annual remuneration and attendance tokens for meetings of Befimmo's Board of Directors and its specialist Committees that they attend as members or Chairman.

They do not receive any performance-related pay, such as bonuses or long-term incentives, nor do they receive any benefits in kind or benefits from pension schemes.

In accordance with the law, Directors may be dismissed summarily, without compensation.

The Managing Director of Befimmo SA is the only executive Director of Befimmo SA and is not remunerated in that capacity.

He also chairs the Befimmo SA Management Committee and holds the position of Chief Executive Officer (CEO); in that capacity he receives remuneration under a management agreement.

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

- Fixed portion: The amount of the "all-in" fixed annual remuneration is determined on the basis of comparisons with fixed remunerations on the market for a comparable position in a comparable company. The fixed annual remuneration is payable monthly, in twelfths, in arrears, after deducting the cost of insurance such as the pension plan and hospitalisa- tion insurance, and representation expenses.
  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, by how much.
- Variable portion: the target amount of the annual variable remuneration, corresponding to a quality service that meets expectations in terms of results, professionalism and motivation, is predetermined by the Board of Directors when setting the objectives. It is a combination of personal qualitative objectives and financial and qualitative targets for Befimmo SA, to which a weighting is applied. The Board avoids setting performance criteria that could encourage the CEO to give preference to short-term goals that influence his variable remuneration and would have an adverse impact on the Company in the medium and long term.

  The Board also determines the maximum amount of variable remuneration, which may be awarded only if the performance targets are exceeded.

  In determining how much variable remuneration to award, at the end of each calendar year the Board of Directors, on a proposal of the Appointment and Remuneration Committee, assesses the CEO's performance during the fiscal year in question against the targets for that year. The payment of any variable remuneration awarded is staggered over time: the deferred portion of the remuneration is subject to the achievement of predetermined performance criteria that are objectively measurable over three years.

  Befimmo reimburses expenses incurred by the CEO in the course of his daily management, on presentation of supporting documents to the Chairman of the Board of Directors or any other person the Chairman 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 for which he bears the cost of consumption, the CEO does not receive any benefits in kind.

The Board of Directors of Befimmo SA also decides on the recruitment, promotion and fixed and variable remuneration of each of the other members of the Management Committee of Befimmo SA, on a proposal of the Appoint- ment and Remuneration Committee, after first consulting the CEO. They are paid as self-employed persons under a management agreement with Befimmo SA. Their remuneration consists of a fixed portion and a variable portion.

- Fixed portion: the amount of the "all-in" fixed remuneration of the other members of the Management Committee is determined on the basis of information on levels of pay offered for comparable positions 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 representation expenses. Any change in the fixed remuneration of the other members of the Management Committee is decided by the Board of Directors on a reasoned recommendation of the CEO and the Appointment and Remuneration Committee.
- Variable portion: the target amount of the variable annual remuneration corresponding to a quality performance meeting expectations, in terms of results, professionalism and motivation. This amount is predetermined by the Board of Directors when the targets are set. These are a combination of personal qualitative targets (performance of special

duties, performance of their team or department) and financial and qualitative targets for Befimmo SA, to which a weighting is applied. The Board avoids setting criteria that could encourage the other members of the Management 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 other members of the Management Committee during the fiscal year in question against the targets set for them for that year. The payment of any variable remuneration awarded is staggered over time: the deferred portion of the remuneration is subject to the achievement of predetermined performance criteria that are objectively measurable over three years.

Befimmo reimburses the expenses incurred by the other members of the Management Committee in the course of their duties, upon presentation of supporting documents sent 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) and for which they bear the cost of consumption, the other members of the Management Committee do not receive any benefits in kind.

POSITIONS HELD IN SUBSIDIARIES

The Directors and members of the Management Committee 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. Unless otherwise agreed between the parties, the termination of the agreement between Befimmo SA and the CEO or other member of the Management Committee will also terminate any positions held[1] by the CEO or other member of the Management Committee in the subsidiaries of Befimmo SA.

REMUNERATION AND BENEFITS IN 2018 AND 2019

The remuneration and benefits listed hereafter are in accordance with the provisions of the above-mentioned law of 6 April 2010, the 2009 Code and the Company's remuneration policy described above. There is no share option plan or share benefit plan for the non-executive Directors, CEO or other members of the Management Committee.

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.

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

NON-EXECUTIVE DIRECTORS - REMUNERATION FOR THE 2018 FISCAL YEAR

IN €	FIXED ANNUAL REMUNERATION	ATTENDANCE TOKENS			
	BOARD OF DIRECTORS	BOARD OF DIRECTORS	AUDIT COMMITTEE	APPOINTMENT AND REMUNERATION COMMITTEE	
Alain Devos	50 000	75 000		10 500	135 500
Anne-Marie Baeyaert	20 000	42 500			62 500
Sophie Goblet	20 000	47 500	20 000		87 500
Sophie Malarme-Lecloux	20 000	42 500		9 000	71 500
Wim Aurousseau[1]	13 333	10 000			23 333
Etienne Dewulf	20 000	50 000		14 000	84 000
Hugues Delpire	20 000	47 500	27 500		95 000
Kurt De Schepper	20 000	47 500			67 500
Benoît Godts	20 000	45 000	22 000		87 000
Total for Directors	203 333	407 500	69 500	33 500	713 833

OBJECTIVES AND PERFORMANCE CRITERIA FOR THE CEO AND MEMBERS OF THE MANAGEMENT COMMITTEE FOR FISCAL YEARS 2018 AND 2019

On a proposal of the Appointment and Remuneration Committee, on 2 March 2018 the Board of Directors laid down the following recurring criteria – related to the performance of the Company – for assessing the performance of the CEO, and the applicable weighting:

- current net result per share (30%);
- operating margin (15%);
- occupancy rate of properties (15%);
- financing costs (20%);
- human-resource management (20%).

Supplementary objectives, in relation to the above-mentioned main targets and specifically related to fiscal year 2018, were set for the CEO. The target amount for his variable annual remuneration for fiscal year 2018 was set at €200,000, with a ceiling of €250,000.

The Board of Directors set the same recurring criteria for assessing the collective performance of the other members of the Management Committee. Additional personal targets were set for each of them, in line with their specific operational responsibilities. The overall maximum target variable remuneration was set at €305,000 (total amount for the other three members of the Management Committee) with a maximum of €400,000 if the targets are exceeded.

At its meeting of 8 March 2019, the Board of Directors, on a proposal of the Appointment and Remuneration Committee, decided to award the CEO and the other members of the Management Committee variable remuneration for fiscal year 2018 on the basis of the above-mentioned assessment criteria, of the amounts set out in the table hereafter.

MANAGEMENT COMMITTEE - REMUNERATION FOR THE 2018 FISCAL YEAR

IN €	FIXED REMUNERATION	VARIABLE REMUNERATION[2]	POST-EMPLOYMENT BENEFITS	TOTAL	CONTRACTUEL SEVERANCE GRANT
Managing Director					
SPRLu BDB Management[3]	213 589	100 000		313 589	263 592
Benoît De Blieck[4]	265 395	150 000	71 007	486 403	486 408
Other members of the Management Committee	872 581	360 000	157 932	1 390 513	1 220 000
Total Management Committee	1 351 565	610 000	228 939	2 190 504	

1. Directorship began on 24 April 2018.
2. The payment of the variable remuneration is staggered over a period of 3 years, pursuant to the rules set up in the remuneration policy.
3. 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.
4. These sums include the remuneration gained by M. Benoît De Blieck as Managing Director of Befimmo SA.

In accordance with Befimmo's remuneration policy, the payment of the variable remuneration awarded is staggered over time and the portion of the time-deferred remuneration is subject to the achievement of predetermined performance criteria that are objectively measurable over three years, as follows:

- 50% of the variable remuneration earned in 2018 is paid in 2019;
- 25% of the variable remuneration is deferred for one year and will be payable in 2020 provided that the performance indicators for the Company's results are sustained throughout 2018 and 2019;
- the remaining 25% of the variable remuneration will be payable in 2021, again provided that performance is sustained throughout 2018 to 2020.

For fiscal year 2019, the award of variable remuneration to the CEO and other members of the Management Committee will depend on their achieving the same recurring criteria as those set for 2018, with the same weighting. Additional personal objectives, in relation to the above-mentioned targets, were also set in keeping with the specific operational responsibilities of the CEO and each of the other members of the Management Committee.

The target 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 Management Committee: a target variable remuneration of €320,000 with a maximum of €400,000.

After appraisal, the payment of any variable remuneration awarded will also be staggered over time and the portion of the time-deferred remuneration is subject to the achievement of predetermined and objectively measurable performance criteria over three years.

TERMS OF SEVERANCE GRANTS

Pursuant to article 554(4) of the Code of Company Law and the recommendations of the Belgian Corporate Governance Code, Befimmo's remuneration policy provides that any severance grant may not in principle exceed 12 months' remuneration (fixed and variable, based on the 12 months preceding termination) or 18 months (on a reasoned opinion of the Appointment and Remuneration Committee). If the Company were to make an agreement providing for severance grants exceeding these limits, this exemption clause regarding severance grants would require prior approval at the first Ordinary General Meeting following the conclusion of that agreement.

Should Befimmo SA terminate the contract between a member of the Management Committee and Befimmo SA before expiry, and 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. Unless otherwise agreed between the parties, the termination of the agreement between Befimmo SA and a member of the Management Committee will also terminate any positions held by that member in the subsidiaries of Befimmo SA.

The management agreements between Befimmo SA and Mr De Blieck and between Befimmo Property Services and BDB Management SPRLu set a consolidated contractual severance grant of €750,000 (consolidated total), broken down as follows: €486,408.08 in the agreement between Mr Benoît De Blieck and Befimmo SA and €263,591.92 in the agreement between BDB Management SPRLu and Befimmo Property Services SA.

The grant is equivalent to 12 months' total target remuneration (fixed and variable). Befimmo therefore did not avail itself of the above exemptions.

Under the management agreements concluded between Befimmo SA and the other members of the Management Committee, and on a reasoned opinion of the Appointment and Remuneration Committee, severance pay was set by contract 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. The reader is referred in this regard to paragraph 7(18) of the Belgian Code of Corporate Governance (the 2009 Code), which provides in particular that a grant exceeding 12 months' pay may be set in an executive's contract to reflect the number of years of service in his or her previous position. In accordance with the above-mentioned article 554(4), this provision was approved of the Ordinary General Meeting of 25 April 2017.

RIGHT OF RECOVERY

The Company has not provided for a right to recover all or part of any variable remuneration awarded to the CEO or other members of the Management Committee on the basis of incorrect information.

Corporate social responsibility

Befimmo's Corporate Social Responsibility is fully integrated into its strategy.

The Directors of Befimmo set and approve the budgets and major decisions on Corporate Social Responsibility, especially at strategy meetings and at the meetings scheduled every quarter when the results are published.

Befimmo's Corporate Social Responsibility is also fully integrated into its day-to-day management.

At strategic level, the Corporate Social Responsibility (CSR) team consists of five people, including three members of the Management 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 is responsible for developing and monitoring the Social Responsibility Action Plan, releasing sufficient human resources, and organising the annual management review.

➔ "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 its level of control of those risks and organising "control of control". It 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 a Management 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, project development, 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 departments, general secretariat, and communication, corporate social responsibility, human resources and ICT departments.

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 Management Committee; in this context, it has a power to subdelegate, 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). Management control is the responsibility of the controlling team. The CFO (Laurent Carlier) is responsible for the risk-management function. The Internal Auditor (Pierre-Olivier Schmitz) is in charge of internal auditing, with the external support of BDO Risk Advisory.

For the annual closure, the Company's Directors and members of the Management 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 position are defined and that the procedures are observed, notably for annual performance appraisal and pay review.

EXTERNAL PLAYERS

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

ORGANISATION OF INTERNAL CONTROL

The Audit Committee, composed of a majority of Independent Directors, has a specific duty in terms of follow-up of internal control and of corporate risk management.

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

ETHICS

The Board of Directors has drafted and approved a Corporate governance charter and a code of ethics. These documents can also be consulted on the Company's website.

https://www.befimmo.be/en/who-we-are/corporate-governance/our-corporate-governance

➔ "Ethics"

RISK ANALYSIS AND CONTROL ACTIVITIES

In late 2018 - early 2019, the management team commissioned an external consultant to help conduct a full review of the Befimmo SA risk matrix. The list of identified risks was validated and the risks were then assessed on the basis of the following criteria: their potential impact, the extent to which they are under control and the company's appetite for each risk. This risk matrix provides the 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 Compliance Officer. This update is then presented to and discussed in the Management 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 COMMUNICATION

The process of establishing financial information is organised as follows: a retro planning chart sets out the tasks to be completed for the quarterly, half-yearly and annual closures of the Company and its subsidiaries, with deadlines. The Company has a checklist of steps to be followed by the various departments involved in the process. 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:

- coherence 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 Management Committee.

A timetable of periodic publications for the year is proposed by the Management 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 Management 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 EVALUATION OF INTERNAL CONTROL

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

- by the internal audit service, carried out on the basis of cooperation between an internal auditor and a team of outsourced internal auditors: in the course of fiscal year 2018, two internal audits were conducted on "The distinction between investments and operational expenses in real estate" and "Monitoring registered shareholding";
- by an audit mission on "Property insurance" which was entrusted to an external consultant;
- the Audit Committee: over fiscal year 2018, the Audit Committee reviewed the quarterly closures and the specific accounting methods. It reviewed Befimmo's ongoing legal proceedings and main risks and considered the recommendations of internal auditing and made an analysis of the acquisition of Silversquare;
- 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 regard, notably through that Committee's reporting.

The internal audit regulations weren't updated during fiscal year 2018.

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 Company Law, it checks and certifies the accounting information in the annual accounts. Secondly, in accordance with the law, it cooperates with the FSMA's controls. The FSMA may also ask it to confirm the accuracy of other information sent to the FSMA.

The Befimmo General Meeting of 25 April 2017 appointed Ernst and Young Reviseurs d'Entreprises SCRL 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 Christel Weymeersch, Partner, Business Auditor, for three fiscal years. In 2016, the Company's Statutory Auditor was Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL, with its registered office at the Gateway Building Luchthaven nationaal 1/J in 1930 Zaventem, entered in the trade register under number 0429.053.863, RPM Brussels, represented by Mr Rik Neckebroeck, business auditor.

The Statutory Auditor's fees for fiscal year 2018 amounted to €66,398.96 excluding VAT. In fiscal year 2018 it also provided additional services as part of its statutory duties for a fee of €25,211.17 excluding VAT. Outside its statutory role, during fiscal year 2018, Ernst & Young and affiliated companies provided services related to other non-auditing duties for a fee of €42,715 excluding VAT.

Ernst & Young, represented by the same auditor, has also been appointed as Statutory Auditor of most Befimmo subsidiaries. The fees of the Statutory Auditor for auditing the financial statements for fiscal year 2018 of Fedimmo, Befimmo Property Services, Meirfree and Vitalfree totalled €47,209.96 excluding VAT.

Auditing for the Luxembourg subsidiary, Axento SA, is performed by Ernst & Young SA, with its registered office at avenue John F. Kennedy 35E, 1855 Luxembourg, entered in the Luxembourg register of commerce and companies under number B 47.771 and with establishment licence No 00117514, represented by Mr René Ensch, Partner. The fees for auditing the accounts of Axento SA for fiscal year 2018 amounted to €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" has been adhered to with regards to the Statutory Auditor's services.

REAL-ESTATE EXPERTS

In accordance with the obligation to rotate the mandates of the real-estate experts, pursuant to the Royal Decree on BE-REITs of 13 July 2014, new expert mandates have been given to Mr Rod P. Scrivener (National Director – JLL – Avenue Marnix 23, 1000 Brussels), Mr Rob Vaes (National Director – JLL – Avenue Marnix 23, 1000 Brussels) and Mr Christophe Ackermans (Head of Valuation - Cushman & Wakefield, company under Dutch Law, acting through its Bel-gian branch Wissinger & Associés SA – rue Royale 97, 1000 Brussels). This assignment will cover the next three years, from 1 January 2018 to 31 December 2020.

Due to a change within the JLL team, the mandate previously exercised by Mr Rob Vaes, was given to Mr Christophe Ackermans (Partner, Head of Valuation Belgium of Cushman & Wakefield) as from 1 October 2018. Mr Ackermans carried out his first valuation as at 31 December 2018. His mission will end at the end of the ongoing mandate, on 31 December 2020.

M. Rod P. Scrivener will also be coordinating these expert mandates.

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

The fees of the independent real-estate experts are calculated on the basis of the number of properties assessed, their size (in m²) or their rental situation (single or multiple tenants). The fees are not related to the fair value of the properties.

For 2018, the fees paid to these experts for their quarterly valuations amounted to:

- JLL – Rod P. Scrivener: €80,000 excluding VAT;
- JLL – Rob Vaes: €38,250 excluding VAT;
- C&W – Christophe Ackermans: €117,876 excluding VAT.

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

- JLL: N/A;
- PWC: €4,395 excluding VAT (valuation of the Arts 56 building).

FINANCIAL SERVICE

The Company's financial service is provided by ING Belgium, which received remuneration of €67,444.30 (including VAT) on that account in 2018. This remuneration is variable and based on the amount of the dividend paid.

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 2018, 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.

In 2017, Befimmo launched an innovation campaign, which is still ongoing, and consists in 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. Total resources spent on R&D are equal to €481,073.

Rules for preventing conflicts of interest

PRINCIPLES

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

- the applicable legal provisions, common to listed companies, as per articles 523, 524 and 524ter of the Code of Company Law;
- 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 of prior notification to the FSMA of certain transactions planned with persons covered by that provision, to carry out such operations at normal market conditions and to make them public;
- and also by the additional rules specified in its charter of corporate governance.

These rules and their application in fiscal year 2018 are described below.

ARTICLES 523 AND 524TER OF THE CODE OF COMPANY LAW

Pursuant to article 523 of the Code of Company Law, if a Director has a direct or indirect interest that conflicts with a decision or transaction that falls to the Board of Directors, he must notify the other members before it is discussed by the Board. His statement, and the reasons for the conflicting interest affecting him, must be included in the minutes of the meeting of the Board of Directors in which the decision is to be taken. The Company's Statutory Auditor must be informed and the Director concerned may not participate in the discussions of the Board of Directors relating to the transactions or decisions concerned, or take part in the vote. The relevant minutes are then reproduced in the management report.

Pursuant to article 524ter of the Code of Company Law, the same rules apply, mutatis mutandis, to members of the Management Committee for deliberations and decisions regarding operations within the competence of this Commit- tee. The terms of reference of the Management Committee also state that it is to place the item or dossier involving the conflict of interest on the agenda of the next meeting of the Board of Directors for deliberation and decision.

Articles 523 and 524ter of the Code of Company Law provide for some exceptions to its application, in particular with regard to routine transactions concluded subject to normal market guarantees for transactions of the same type.

ARTICLE 524 OF THE CODE OF COMPANY LAW

If a listed company is considering a transaction with an affiliated company (subject to certain exceptions), article 524 of the Code of Company Law requires the establishment of an ad hoc Committee consisting of three independent Directors; this Committee, assisted by an independent expert, must provide a reasoned assessment of the proposed transaction to the Board of Directors, which may take its decision only after reading the report.

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

ARTICLE 37 OF THE LAW OF 12 MAY 2014 ON BE-REITS AND ARTICLE 8 OF THE ROYAL DECREE OF 13 JULY 2014 CONCERNING BE-REITS

This article requires in particular, subject to certain exceptions, public BE-REITs to inform the FSMA in advance of any transaction that they propose to carry out with an affiliated company, a company in which the BE-REIT has a shareholding[1], other shareholders of a company within the perimeter[2] of the BE-REIT, or the Directors, managers or members of the Management Committee of the public BE-REIT. The Company must establish that the proposed transaction is in its interest and is in line with its strategy, and the transaction must be carried out under normal market conditions. If the transaction involves a property, the independent real-estate expert must determine its fair value, which is the minimum price at which the asset may be sold or the maximum at which it may be bought. The BE-REIT must inform the public at the time the transaction is entered into and comment on this information in its annual financial report.

ADDITIONAL RULES PROVIDED FOR 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 523 OF THE CODE OF COMPANY LAW

If Befimmo intends to carry out a transaction that is not covered by article 523 of the Code of Company Law 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 imposes the following requirements:

- that Director must declare his interest to the other Directors before the transaction is discussed in the Board meeting;
- his declaration and the reasons why article 523 of the Code of Company Law does not apply must be set down in the minutes of the Board meeting at which the decision is to be taken;

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

- the Director concerned must refrain from being present at the Board's debate on the transaction or taking part in the relevant vote;
- whenever it would be contrary to the interests of Befimmo 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 MANAGEMENT COMMITTEE

This policy also applies mutatis mutandis to transactions between the Company and its subsidiaries and the members of the Management 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 523 of the Code of Company Law relating to conflicts of interest. In particular, the Director concerned must immediately notify the Chairman of the Board of Directors and the Managing Director of any such situation.

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

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

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

If necessary, this procedure should be combined with article 523 of the Code of Company Law where applicable (for example, because the Director has a financial interest conflicting with that of the Company for the transaction to be entered into by a company other than Befimmo). In the latter case, all of the relevant extracts from the minutes of the Board of Directors must also be reproduced in the management report.

Befimmo has not detected any other potential conflict of interest.

OBLIGATORY INFORMATION PURSUANT TO THE CODE OF COMPANY LAW (ARTICLES 523, 524 AND 524TER)

Over fiscal year 2018, one decision gave rise to the application of article 523 of the Code of Company Law.

At its meeting of 2 March 2018, the Board of Directors discussed (i) the determination of variable remuneration of the Managing Director of the Company, Mr Benoît De Blieck, and of the other members of the Management Committee for fiscal year 2017, 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 2018. In accordance with article 523 of the Code of Company Law, Mr De Blieck did not take part in the discussions or decision of the Board of Directors on his remuneration and the determi-nation of his performance criteria. The relevant extract from the minutes is reproduced below.

Extract from the minutes of the meeting of the Board of Directors of Befimmo of 2 March 2018

"1.1.1 Notification of a conflict of interests and application of article 523 of the Code of Company Law

Before the discussion on this agenda item opened, Mr Benoît De Blieck, Managing Director, announced that there was a potential conflict of interests of a financial nature within the meaning of article 523 of the Code of Company Law. He said that the conflict of interests arose from the fact that the decision related to the setting of his remuneration as Managing Director and executive officer of Befimmo SA for fiscal years 2017 and 2018. The Board of Directors took note of this statement and noted that the Managing Director left the meeting during the discussions and decisions relating to the above-mentioned items.

(Mr Benoît De Blieck, Ms Rorif, Mr Carlier and Ms Kaké leave the meeting).

1.1.2 Appraisal and determination of the variable remuneration of the CEO for fiscal year 2017 - Performance criteria and target variable remuneration for fiscal year 2018

The Chairman of the Appointment and Remuneration Committee presented the proposals of the Appointment and Remuneration Committee for the variable remuneration of the Managing Director for fiscal year 2017 and the performance criteria and amounts of variable remuneration for fiscal year 2018. These proposals take into account the results of the BE-REIT and the achievement of both quantitative and qualitative targets.

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

- *approved the proposal of the Appointment and Remuneration Committee to award Mr Benoît De Blieck, for his work as Managing Director of Befimmo SA in 2017, variable remuneration of €150,000; furthermore, based on the assessment of the performance criteria specific to Befimmo Property Services SA, a proposal will be made to the Board of Directors of Befimmo Property Services to grant a variable remuneration of €100,000 to its Managing Director, BDB Management SPRLU, represented by its Manager and permanent representative, Mr Benoît De Blieck; this brings the total variable remuneration to €250 k for fiscal year 2017;*
- *set the key objectives and performance criteria for the award of the Managing Director's variable remuneration for fiscal year 2018: net current result per share (30%), operating margin (15%), property occupancy rate (15%), financing cost (20%) and human resources management (20%); set 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 2018 as follows: a target variable remuneration of €200,000 with a maximum of €250,000 if the targets are exceeded; this amount includes any variable remuneration awarded to him by Befimmo SA and/or one its subsidiaries.*

In line with the remuneration policy, the variable portion of the remuneration earned by the Managing Director 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 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).

Pending the completion of the benchmarking that is in progress, the fixed remuneration of the Managing Director remains unchanged in relation to fiscal year 2017."

Over fiscal year 2018, no decision or transaction gave rise to the application of 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, no dossier required the application of that article.

TRANSACTIONS NOT COVERED BY THE STATUTORY PROVISIONS ON CONFLICTS OF INTEREST BUT COVERED BY BEFIMMO'S CHARTER OF CORPORATE GOVERNANCE

Pursuant to the rules for the prevention of conflicts of interest contained in the Corporate Governance Charter:

- Mr Benoît Godts, Director linked to AG Real Estate SA, did not take part in the discussions or decisions relating to a tender considered by Befimmo;
- Mr Wim Arousseau, Director linked to AXA Belgium SA, did not take part in the discussion or decisions relating to a tender, to one public tender, and to one redevelopment project considered by Befimmo.

RULES TO PREVENT MARKET ABUSE

PRINCIPLES

The Corporate Governance Charter embodies rules designed to prevent market abuses, applicable to the Directors, members of the Management 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), intended 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.

www.befimmo.be/en/who-we-are/corporate-governance/our-corporate-governance

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 transac-tion would amount to insider trading. If so, he or she will be advised not to carry out the transaction. These rules are appli-cable to all Directors, members of the Management Commit-tee, employees and certain consultants working on a regular basis with Befimmo. Furthermore, the Directors and members of the Management Committee must notify the FSMA of transactions conducted on their own account relating to the Company shares within three business days of the transaction concerned being carried out[1].

During so-called "prohibited" periods (a certain period preceding the publication of Befimmo's annual, half-yearly and quarterly results), Directors, members of the Man-age-ment 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

To date, Befimmo has not implemented a share ownership plan or stock option plan or granted such shares or options to members of its bodies or its employees.

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

Shares held by the directors and members of the management committee

At 31 December 2018, the following non-executive Directors (or their permanent representatives) and members of the Management Committee of Befimmo held Befimmo shares:

- Mr Laurent Carlier (320 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 the 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. These clauses could nevertheless be used in that context.

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°) €334,464,491.53, if the planned capital increase is a capital increase by cash subscription including a preferential subscription right for shareholders of the Company as provided for by articles 592 and following of the Code of Company Law;

  2°) €66,892,898.30, if the planned capital increase is a capital increase by cash subscription including a priority allocation right for the shareholders of the Company as provided by the BE-REIT Law;

  3°) €66,892,898.30, 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 authorized capital by more than €334,464,491.53.

This authorisation was granted for five years as from the date of publication (on 13 May 2016) of the minutes of the General Meeting of 26 April 2016 in the annexes to the Belgian Official Gazette. It may be renewed by a decision of the General Meeting. The use of the clause may lead to a significant increase in shareholders' equity, higher than the above-mentioned amount since the issue price of the new shares set by the Board of Directors includes an issue premium.

An amount of €37,162,714.82 was used 27 September 2016 in connection with the capital increase in cash with cancellation of the preferential rights of existing shareholders and granting a priority allocation right (a situa- tion referred to in point 2) cited above): the unused balance of the authorised capital for this type of increase therefore amounts to €29,730,183.48. Following this operation, the total unused balance of the authorised capital at the time of writing is €297,301,776.71.

- 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 13 May 2016);
- in accordance with articles 620 and following of the Code of Company Law 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 legal limits). This authorisation is valid for five years from 26 April 2016 and is also renewable for identical periods;
- again pursuant to article 11 of the articles of association of Befimmo, the Board of Directors is also "authorised to dispose of the Company's own shares that it has acquired in the following cases: 1) on the stock market or off the stock market where these shares are admitted for trading on a regulated market pursuant to article 4 of the Code of Company Law; 2) when the disposal takes place in a stock exchange or as a result of a public sale offer addressed to all shareholders under the same conditions, in order to prevent serious and imminent damage to the Company (this second authorisation being valid, however, for a period of three years from the date of publication of the minutes of the meeting of 22 June 2011- namely 5 July 2014 - and has not since been renewed; 3) in all other cases allowed by the Code of Company Law".
- 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 point out that, in accordance with 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 shareholders' meeting at midnight (Belgian time): - by registration of the shares in the company's registered shares register, or - by registration of the shares in the account of an authorised holder or settlement institution. The 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 intention to take part 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 provisions of the articles of association were not conceived with takeover bids in mind but, by laying down formalities for admission to the General Meeting, they may have an indirect influence to that effect.

- 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: Bank Degroof Petercam, BECM, Belfius, BNP Paribas Fortis, ING, KBC, Agricultural Bank of China (Luxembourg) and Société Générale S.A (Belgian branch).

  Moreover, the agreement on the private bond placement made in the United States in May 2012 and the different European private placements, include a similar clause entitling investors, under conditions, to request early redemption of their notes further to a change of control. All these change-of-control clauses have been approved by the General Meeting.

Shareholding, structure and organisation

SHAREHOLDING

SHAREHOLDING[1]	IN %
AXA Belgium SA	10.7
Ageas and affiliated companies	10.4
BlackRock Inc.	3.0
Other shareholders under the statutory treshold	75.9

Shareholders do not have different voting rights.

STRUCTURE AND ORGANISATION

At 31 December 2018, the Company had the following subsidiaries:

- Fedimmo SA, a Belgian BE-REIT, which is 100% owned by Befimmo;
- Beway SA, a Belgian BE-REIT, which is 100% owned by Fedimmo;
- 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;
- Befimmo Property Services SA, a Belgian Limited-Liability Company which is 100% owned by Befimmo; and

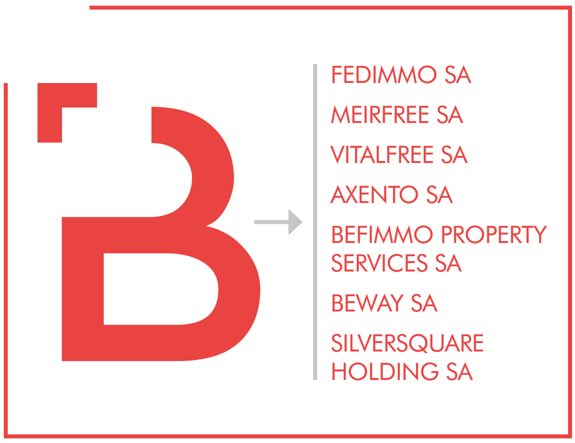
Furthermore Befimmo jointly controls:

- Silversquare Holding SA, a limited liability company under Belgian law, 61% owned. Silversquare Holding SA is the parent company of Silversquare Europe SA, Silversquare Louise SA, Silversquare Luxembourg SA, Silversquare Partnership SPRL and Silversquare Stéphanie SA.

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

The following companies have a shareholding in Befimmo:

- Ageas and affiliates, which hold 10.4% of Befimmo's shares;
- AXA Belgium SA, which holds 10.7% of Befimmo's shares.



1. As at 31 January 2019, based on the transparency declarations or based on the information received from the shareholder.

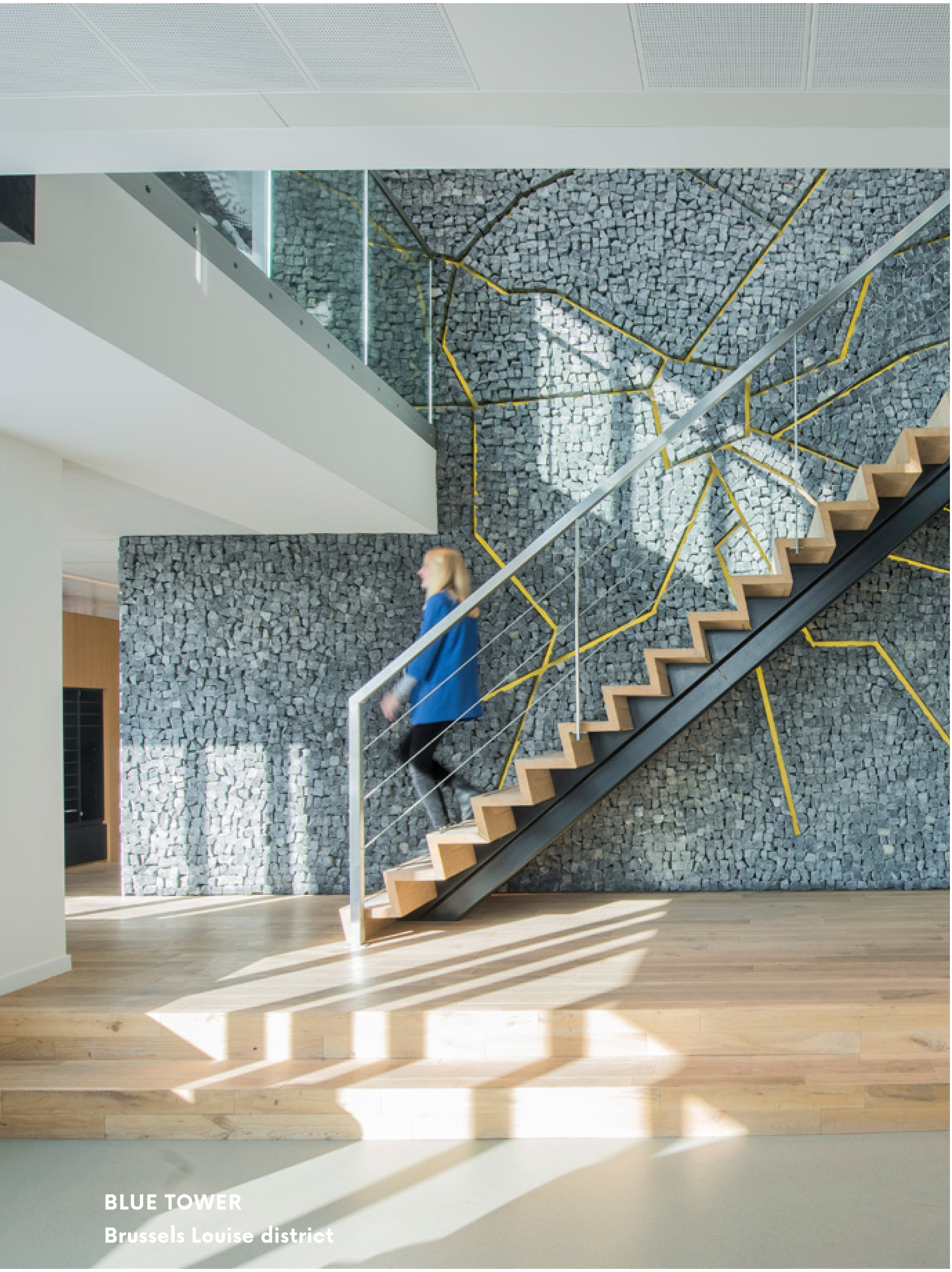

IKAROS BUSINESS PARK
Brussels periphery

WORKING WITH BEFIMMO WAS AN INTERESTING WAY FOR US TO EXPLORE WORKING ON URBAN DEVELOPMENT AND URBAN RENEWAL ON THE GROUND WITH ALL THE PLAYERS.

THE ART OF IMAGINING THE CITY OF TOMORROW

ROELAND DUDAL, PARTNER AT ARCHITECTURE WORKROOM BRUSSELS (AWB), LABNORTH MEMBER

As an owner/investor in the North area, Befimmo gave us the opportunity to really immerse ourselves in the neighbourhood. To that end, it provided vacant spaces in the WTC 1 building; empty spaces, not only for our temporary offices, but also to provide an exhibition space for the international cultural event "You Are Here" and for holding debates. As supporters of the concept of a «think and do tank» on urban design, our aim was to organise the urban space differently, with a focus on the long term and sustainability, which Befimmo places high on its agenda. Urban renewal is no longer something you design on a sheet of paper. All the players must work together on the ground. The old mono-functional separate thinking in urban development is giving way to multi-functional shared thinking involving all the players, to tackle the challenges of tomorrow. A shared city is a city with shared productive greenery, urban parks and agriculture, affordable housing, and services for everyone, with mixed-use workspaces and shared mobility, in which we can switch from one mode of transport to another without allotting 70 to 80% of the space to a single private mode of transport. Doing more with less space.



BLUE TOWER
Brussels Louise district

Consolidated statements

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Consolidated statement of total comprehensive income (in € thousand)

		Notes	31.12.18	31.12.17
I.	(+) Rental income	5	144 067	143 161
III.	(+/-) Charges linked to letting	6	- 501	- 729
NET RENTAL RESULT			**143 566**	**142 431**
IV.	(+) Recovery of property charges	7	9 771	6 364
V.	(+) Recovery of rental charges and taxes normally paid by tenants on let properties	8	30 852	30 122
VII.	(-) Rental charges and taxes normally paid by tenants on let properties	8	-29 068	-28 166
VIII.	(+/-) Other revenue and charges for letting	9	716	1 661
PROPERTY RESULT			**155 837**	**152 412**
IX.	(-) Technical costs	7	-12 160	-10 758
X.	(-) Commercial costs	7	- 1 998	- 1 055
XI.	(-) Charges and taxes on unlet properties	7	-2 723	-2 270
XII.	(-) Property management costs	7	- 2 618	- 2 728
XIII.	(-) Other property charges	7	-6 360	-5 101
	(+/-) Property charges		-25 858	-21 912
PROPERTY OPERATING RESULT			**129 978**	**130 499**
XIV.	(-) Corporate overheads	10	-14 282	-12 199
XV.	(+/-) Other operating income and charges	11	- 447	- 1 252
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**115 249**	**117 048**
XVI.	(+/-) Gains and losses on disposals of investment properties	12	343	21 798
XVIII.	(+/-) Changes in fair value of investment properties	13	- 5 514	13 429
OPERATING RESULT			**110 078**	**152 275**
XX.	(+) Financial income	14	889	622
XXI.	(-) Net interest charges	14	- 18 911	- 17 625
XXII.	(-) Other financial charges	14	-2 522	-2 747
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	14	- 5 901	5 186
	(+/-) Financial result		-26 446	-14 564
PRE-TAX RESULT			**83 632**	**137 711**
XXV.	(-) Corporate tax	15	- 785	- 1 642
	(-) Corporate tax		- 566	-1 642
	(-) Deferred taxes		- 219	-
	(+/-) Taxes		- 785	-1 642
NET RESULT		**16**	**82 847**	**136 070**
BASIC NET RESULT AND DILUTED (€/share)		**16**	**3,24**	**5,32**
Other comprehensive income - actuarial gains and losses - non-recyclable		35	111	357
TOTAL COMPREHENSIVE INCOME			**82 958**	**136 427**

Consolidated statement of financial position (in € thousand)

ASSETS		Notes	31.12.18	31.12.17
I.	**Non-current assets**		**2 700 743**	**2 532 477**
A.	Goodwill	17	14 217	14 281
B.	Intangible assets	19	899	-
C.	Investment properties	18	2655 324	2494 360
D.	Other property, plant and equipment	19	1 021	2 436
E.	Non-current financial assets	20	27 497	19 498
F.	Finance lease receivables	21	1 784	1 902
II.	**Current assets**		**34 398**	**26 651**
B.	Current financial assets	20	10 004	1 874
C.	Finance lease receivables	21	139	136
D.	Trade receivables	22	21 454	21 067
E.	Tax receivables and other current assets	23	52	1 688
F.	Cash and cash equivalents	24	591	254
G.	Deferred charges and accrued income	25	2 157	1 632
TOTAL ASSETS			**2 735 140**	**2 559 128**

SHAREHOLDERS' EQUITY AND LIABILITIES		Notes	31.12.18	31.12.17
TOTAL SHAREHOLDERS' EQUITY			**1 443 214**	**1 448 504**
I.	**Equity attributable to shareholders of the parent company**		**1 443 214**	**1 448 504**
A.	Capital	26	357 871	357 871
B.	Share premium account	26	792 641	792 641
C.	Reserves	26	276 104	228 172
D.	Net result for the fiscal year[1]		16 597	69 820
LIABILITIES			**1 291 926**	**1 110 624**
I.	**Non-current liabilities**		**760 478**	**505 008**
A.	Provisions	29	728	3 673
B.	Non-current financial debts	27	735 519	484 255
	a. Credit institution		297 319	153 553
	c. Other		438 200	330 702
	EUPP		356 957	165 966
	USPP		77 714	161 916
	Guarantees received		3 529	2 820
C.	Other non-current financial liabilities	28	21 881	17 080
D.	Trade debts and other non-current debts	30	2 130	-
F.	Deferred Tax - Liabilities	15	219	-
II.	**Current liabilities**		**531 448**	**605 616**
A.	Provisions	29	5 039	5 592
B.	Current financial debts	27	443 012	517 832
	a. Credit institution		13 674	47 332
	c. Other		429 338	470 500
	EUPP		-	15 000
	USPP		89 838	-
	Commercial papers[2]		339 500	455 500
C.	Other current financial liabilities	28	2 140	5
D.	Trade debts and other current debts	30	54 289	52 359
E.	Other current liabilities	31	4 099	2 491
F.	Accrued charges and deferred income	32	22 870	27 337
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			**2 735 140**	**2 559 128**

[1] The difference between the "Net result for the fiscal year" in the Consolidated statement of financial position and the "Net result" in the Consolidated statement of comprehensive income.

[2] Commercial paper must be booked to current liabilities in accordance with IAS 1. The Company nevertheless has confirmed bank lines at more than one year as a back-up for the short-term commercial paper.

Consolidated cash flow statement

(in € thousand)

	Notes	31.12.18	31.12.17
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR		**254**	**153**
Operating activities (+/-)			
Net result for the period		82 847	136 070
Result on disposal of investment properties		- 343	-21 798
Financial result (excl. changes in fair value of financial assets and liabilites)		20 545	19 750
Interest paid		-20 231	-21 832
Taxes		785	1 642
Taxes paid		-1 073	-1 233
Items with no effect on cash flow to be extracted from earnings			
Fair value adjustment for investment buildings (+/-)		5 514	-13 429
Fair value adjustment on non-current financial assets/liabilities booked to earnings (+/-)		5 901	-5 186
Loss of (gain in) value on trade receivables (+/-)		141	199
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)		1 384	647
Adjustments of provisions (+/-)		-2 896	2 877
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS		**92 573**	**97 707**
Change in assets items[1]		963	9 346
Change in liabilities items[2]		-2 603	-1 695
CHANGE IN WORKING CAPITAL REQUIREMENTS		**-1 640**	**7 651**
CASH FLOW FROM OPERATING ACTIVITIES		**90 934**	**105 357**
Investments (-) / Disposals (+)			
Investment properties			
Investments		-50 134	-39 306
Disposals		1 052	122 450
Acquisition investment property ARTS 56 (amount in cash)		-114 366	-
Acquisitions of redevelopment projects		-1 813	-24 348
Other property, plant and equipment		- 867	-1 211
Acquisition holding in Silversquare		-7 035	-
CASH FLOW FROM INVESTMENT ACTIVITIES		**-173 162**	**57 585**
Financing (+/-)			
Increase (+)/Decrease (-) in financial debts	34	-20 392	17 444
European private bond placements	34	191 500	70 000
Reimbursement retail bond April 2011	34	-	-162 000
Hedging instruments and other financial assets	34	- 295	986
Final dividend Befimmo previous fiscal year		-21 998	-23 021
Interim dividend Befimmo fiscal year		-66 250	-66 250
CASH FLOW FROM FINANCING ACTIVITIES		**82 565**	**-162 842**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**337**	**101**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**24**	**591**	**254**

[1] This relates mainly to the changes in the headings "II.D. Trade receivables", "II.E Tax receivables and other current assets" and "II.G Deferred charges and accrued income" on the assets side of the balance sheet.
[2] This relates mainly to the changes in the headings "II.D. Trade debts and other current debts" and "II.F Accrued charges and deferred income" on the liabilities side of the balance sheet.

Consolidated statement of changes in equity (in € thousand)

	Capital	Share premium account	Reserves	Net result of the fiscal year	Total shareholders' equity
Notes	**26**	**26**	**26**	**16**	
EQUITY AS AT 31.12.16	**357 871**	**792 641**	**219 134**	**31 702**	**1 401 349**
Appropriation of the result	-	-	31 702	-31 702	-
Dividend distributed	-	-	*-23 021*	-	*-23 021*
Befimmo 2016 final dividend	-	-	*-23 021*	-	*-23 021*
Dividend distributed	-	-	-	-66 250	-66 250
Befimmo 2017 interim dividend	-	-	-	*-66 250*	*-66 250*
Total comprehensive income	-	-	357	136 070	136 427
EQUITY AS AT 31.12.17	**357 871**	**792 641**	**228 172**	**69 820**	**1 448 504**
Appropriation of the result	-	-	69 820	-69 820	-
Dividend distributed	-	-	-21 998	-	-21 998
Befimmo 2017 final dividend	-	-	*-21 998*	-	*-21 998*
Dividend distributed	-	-	-	-66 250	-66 250
Befimmo 2018 interim dividend	-	-	-	*-66 250*	*-66 250*
Total comprehensive income	-	-	111	82 847	82 958
EQUITY AS AT 31.12.18	**357 871**	**792 641**	**276 104**	**16 597**	**1 443 214**

Notes to the consolidated financial statements

1. GENERAL BUSINESS INFORMATION

Befimmo ("the Company", registered with Banque Carrefour des Entreprises under number 0455.835.167) is a public regulated Real-Estate Investment Trust under Belgian law (public B-REIT). It is organised as a "Société Anonyme" (limited-liability company). Its registered office is at Chaussée de Wavre 1945, 1160 Brussels (Belgium).

The Company closes its fiscal year at 31 December. Befimmo has a 100% direct or indirect interest in its subsidiaries Axento SA (registered with the Luxembourg Trade and Companies Register under number B 121993 in the Grand Duchy of Luxembourg), Befimmo Property Services SA (registered with Banque Carrefour des Entreprises under number 0444.052.241), Beway SA (registered with Banque Carrefour des Entreprises under number 0631.757.238), Fedimmo SA (registered with Banque Carrefour des Entreprises under number 0886.003.839), Meirfree SA (registered with Banque Carrefour des Entreprises under number 0889.229.788) and Vitalfree SA (registered with the Banque Carrefour des Entreprises under number 0899.063.306). All the Befimmo subsidiaries close their fiscal years at 31 December. In December 2018, Befimmo bought a 61.34% stake in Silversquare Holding SA (registered with the Banque Carrefour des Entreprises under number 0806.423.356) and 11%[1] in the company Silversquare Louise SA (registered with the Banque Carrefour des Entreprises under number 0893.166.397), a subsidiary of Silversquare Holding SA. At 31 December 2018, Befimmo jointly controlled Silversquare Holding SA under a contractual agreement and incorporates the accounts using the equity method. Despite holding a majority stake of 61% in Silversquare Holding SA, Befimmo did not have sole control at 31 December 2018 and therefore Silversquare Holding SA and its subsidiaries are not included in the consolidation as at 31 December 2018. Befimmo does have sole control from 1 January 2019.

The Company is presenting consolidated financial statements as at 31 December 2018. The Board of Directors of Befimmo SA adopted the financial statements for this fiscal year on 13 February 2019 and authorised their publication on 11 March 2019. The Company's business consists of providing office buildings, meeting rooms and coworking spaces, and providing associated services.

At 31 December 2018, the premises provided consisted of quality office buildings and coworking spaces in Belgium, mainly in Brussels, other Belgian towns and cities, and the Grand Duchy of Luxembourg, two thirds of which are let to public institutions and the remainder to multinationals and Belgian companies.

The Company is listed on Euronext Brussels.

The description of key events after the close is detailed on page 38 of the management report.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Company's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union. Except where otherwise specified, they are denominated in thousands of euros, rounded to the nearest thousand. Accounting policies have been applied consistently to the fiscal years presented, except where explicitly stated otherwise.

In preparing its consolidated financial statements as at 31 December 2018, the Company has analysed and, where appropriate, applied the following new or amended standards and interpretations which entered force during the fiscal year opening on 1 January 2018:

- IFRS 9 - Financial Instruments and related amendments that restructure the treatment of financial instruments. This standard replaces IAS 39 - *Financial instruments: Recognition and Measurement.* IFRS 9 contains new provisions on the classification and measurement of financial instruments, the impairment of financial assets and general hedge accounting and the treatment in equity of changes in the credit risk of debt. Note 39 to the financial statements includes the reconciliation table of financial assets and liabilities of the opening balance as at 1 January 2018. The comparative year ending on 31 December 2017 has not been restated.
  The application of IFRS 9 has no material impact on Befimmo's consolidated financial statements.
- IFRS 15 - Revenue from Contracts with Customers which develops the principles of recognition and measurement of revenue by replacing IAS 18 and IAS 11 and related interpretations. The revenue generated by the group comes mainly from leases that are excluded from the scope of IFRS 15. The principles of IFRS 15 are nonetheless applicable to non-rental components that may be included in leases or in separate agreements, such as maintenance services charged to the lessee. Since these non-rental

[1] Before the end of 2018, Befimmo sold to Silversquare Holding SA 1.5% of its stake in Silversquare Louise SA.

components are relatively limited and mainly represent services recognised in a progressive manner, under both IFRS 15 and IAS 18 and IAS 11, IFRS 15 has no material impact on the financial statements. The proceeds of the coworking activity are also accounted for in a linear manner when the services are provided, except in special cases.
- Amendments to IAS 40 - *Transfers of investment property*. The application of these amendments has no impact on the financial statements as at 31 December 2018 or on any further information to be provided.
- IFRIC 22 - *Foreign Currency Transactions and Advance Consideration*. This interpretation of IAS 8 and IAS 21 has no impact on the financial statements as at 31 December 2018 or any further information to be provided.
- Amendments to IFRS 2 - *Classification and Measurement of Share-Based Payment Transactions*. The application of these amendments has no impact on the financial statements as at 31 December 2018 or on any further information to be provided.
- Amendments to IFRS 4 - *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts.* The application of these amendments has no impact on the financial statements as at 31 December 2018 or on any further information to be provided.
- Improvements to IFRS (2014-2016). Applying these improvements to IFRS 1 - *First-time adoption of IFRS*, IFRS 12 - *Disclosure of interests in other entities* and IAS 28 - *Investments in Associates and Joint Ventures - IFRS* has no impact on the financial statements as at 31 December 2018 or any further information to be provided.

Furthermore, the Company has chosen not to apply early the following new or amended standards or interpretations published before the date that the consolidated financial statements were closed, but with a date of entry into force later than the fiscal year closing at 31 December 2018, namely:
- IFRS 16 - Leases which replaces IAS 17 and the related interpretations and which requires the recognition in the lessee's balance sheet of the rights and obligations arising from all leases, with limited exceptions. As regards the lessor, the changes introduced by this new standard are limited. IFRS 16 is applicable for annual periods beginning on or after 1 January 2019. Note 40 to the financial statements sets out the impact on the consolidated statement of financial position at year-end 2018 of the lease agreements of the group as lessee.
- IFRIC Interpretation 23 - *Uncertainty over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IFRS 9 - *Prepayment Features with Negative Compensation* (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19 - *Plan Amendment, Curtailment or Settlement* (effective for annual periods beginning on or after 1 January 2019 but not yet adopted at European level).
- Amendments to IAS 28 - *Long-term Interests in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2019).
- Improvements to IFRS (2015-2017), in particular IFRS 3 and IFRS 11 regarding previously held interests in a joint operation, IAS 12 on the income tax consequences of payments for financial instruments classified as equity instruments and IAS 23 regarding borrowing costs that are included in the cost of the asset (effective for annual periods beginning on or after 1 January 2019 but not yet adopted at European level).
- Conceptual framework for financial reporting - Amendments to references to this Conceptual Framework in IFRS (effective for annual periods beginning on or after 1 January 2020 but not yet adopted at European level).
- Amendments to IFRS 3 - Definition of a Business (effective for annual periods beginning on or after 1 January 2020 but not yet adopted at European level). These amendments, which clarify the concept of a "business" for the purposes of applying IFRS 3, could have an impact on future acquisitions, though the classification of past acquisitions is not reconsidered because the amendments are applicable on a forward-looking basis.
- Amendments to IAS 1 and IAS 8 - *Definition of Material* (effective for annual periods beginning on or after 1 January 2020 but not yet adopted at European level).
- IFRS 17 - *Insurance Contracts* (effective for annual periods beginning on or after 1 January 2021 but not yet adopted at European level).

2.2. GENERAL PRINCIPLES

2.2.1. General principles of consolidation

For reading the consolidated financial statements, the following definitions apply:

Subsidiary

A subsidiary is an entity controlled by the Company, in accordance with IFRS 10, i.e. where it:
- has power over the entity;
- is entitled to, or is exposed to, variable returns, because of its relationship with the entity, and
- is able to exercise is power to influence the returns it obtains from the entity.

In assessing power over the entity, consideration is given to potential substantive voting rights, such as call options relating to the entity's securities.

Subsidiaries are consolidated by full incorporation from the date on which the Company obtains control. They are de-consolidated on the date on which that control ceases.

Joint venture

A joint venture is an entity of which the Company and one or more other shareholders have joint control under a contractual arrangement.

A holding in a joint venture is accounted using the equity method from the date on which the Company has joint control, and until such time as that control ceases.

Business combinations

A business combination is an entity over which the Company has significant influence but no controlling or joint controlling interest. It is accounted using the equity method.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with business combinations and joint ventures are eliminated in proportion to the Company's interest in such entities.

Unrealised losses are eliminated in the same way as unrealised gains, but only if there is no indication of any impairment.

2.2.2. General valuation principles

Most of the group's assets and liabilities are carried at fair value in the IFRS balance sheet.
The balance sheet assets consist primarily of investment properties, valued by independent experts and carried at fair value. Most other asset items are short-term, so their carrying amount is almost equivalent to their fair value.

The balance sheet liabilities consist mainly of financial borrowings. Borrowings at floating rates have a carrying amount close to their fair value, while some fixed-rate borrowings are recognised at fair value (estimated by calculating an update of future flows). This exception (fair-value option) was chosen for the United States private placement (USPP) debt only, which has its own specific interest-rate and exchange-rate hedging also assessed at fair value. Alternatively, they are carried in the accounts at amortised cost (this applies to the European private placements and the debts related to the assignment of future rents and future usufruct fees). The other liabilities items are short-term, so their carrying amount is almost equivalent to their fair value.

2.2.3. Business combinations and goodwill

Where the Company takes control of a "business" as defined in IFRS 3 – *Business Combinations*, the assets, liabilities and any identifiable liabilities of the business acquired are recorded separately at fair value.

The difference between fair value of the consideration transferred to the vendor and the share of the fair value of the net asset acquired, is booked under goodwill on the assets side of the balance sheet.

If that difference is negative (often termed negative goodwill or badwill), after confirmation of the values, it is booked straight to the income statement.

If the Company already had an interest in the acquired entity prior to the control (step acquisition), including an investment in a business combination or joint venture accounted for using the equity method, the difference between the fair value of the existing interest and the book value of the stake is recorded in the income statement at the date that control was obtained. The goodwill is then calculated as the difference between:

- The sum of the consideration transferred to the seller, if any, to obtain an additional controlling interest and the fair value of the existing interest; and
- The share in the fair value of the net assets acquired.

When the acquired subsidiary is not wholly owned, the Company may, on a case-by-case basis, measure the minority interests at their fair value at the acquisition date, rather than as their share in the net assets acquired. In this case, the acquisition accounting shows the full goodwill.

Costs related with acquisition, such as fees paid to consultants, are expensed directly. Goodwill is subject to an impairment test carried out at least once a year in accordance with IAS 36 – *Depreciation of Assets*.

2.2.4. Foreign currency

Foreign currency transactions

Foreign currency transactions are recorded initially at the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are then remeasured at closing rate when the financial statements are prepared. Any losses or profits from remeasurement are recognised in the income statement.

Profits or losses arising from foreign currency transactions are recorded in the income statement under "Financial result".

2.3. INTANGIBLE ASSETS

Intangible assets are recognised only when it is probable that the expected future economic benefits associated with the asset will flow to the group and its cost can be measured reliably. They are initially measured at cost, then evaluated by subtracting accumulated depreciation and impairment losses from that cost.

Intangible assets are amortised using the straight-line method to allocate the cost over the best possible estimate of the useful life of the asset. The useful life and amortisation method of intangible assets are reviewed at least at each financial year end.

The useful life of software is 3 years.

2.4. INVESTMENT PROPERTIES

2.4.1. General principles

Except in the case of a business combination where the assets acquired are measured at fair value, investment properties are initially measured at cost, including transaction costs and non-deductible VAT. For buildings acquired through a merger, split or contribution of a branch of activity, which are not business combinations, taxes due on the potential capital gains on the companies absorbed are included in the cost of the assets. After initial recognition, investment property is carried at fair value. Fees and charges on an acquisition and any change in the fair value of the properties during the year are recognised directly in the income statement. The adjustment of fees and charges related to a subsequent change in the fair value of a property or to the realisation of a property is determined indirectly when allocating reserves.

Properties that are being constructed or developed for own account in order to be leased are also valued at fair value.

The group values its property portfolio at fair value as determined by experts. The expert bases his valuation mainly on the present value of the net rental income in accordance with the International Valuation Standards, established by the International Valuation Standards Committee, as set out in the expert's report. The fair value of a building is its investment value, including registration fees and other transaction costs (also known as "deed-in-hands value") as calculated by an independent expert, minus a standard allowance of 10% (Flanders) or 12.5% (Wallonia and Brussels) for buildings with an investment value of less than €2.5 million, and 2.5% for buildings with an investment value of more than €2.5 million. This 2.5%[1] allowance represents the average transaction costs actually paid in these transactions and is derived from an analysis by independent experts of a large number of transactions observed on the market. This rule is also applied for determining the fair value of property located in the Grand Duchy of Luxembourg.

The independent expert establishes the investment value of the property portfolio in detail at the end of each fiscal year. At the end of each quarter, the expert updates the valuation in line with market developments and the specific characteristics of the properties. Any gain or loss arising from a change in fair value is posted in the income statement, including those arising from the first valuation.

2.4.2. Commissions paid to real-estate agents and other transaction costs

The initial carrying value of the assets includes the fees for the acquisition of investment properties. The same applies to the purchase of shares in a property company, a contribution in kind of a property in consideration for new shares, or a contribution of assets through a merger with or takeover of a property company. However, when the transaction establishes a business combination, the costs associated with the transaction are expensed directly in the income statement.
Commissions relating to property rentals are recorded as costs in the income statement.

2.4.3. Works carried out on investment properties

The accounting treatment of works carried out on investment properties depends on the type of work concerned:

Improvement works

This is occasional work to improve the functionality of a building or significantly improve comfort, in order to increase the rent and the estimated rental value.

The cost of this work is capitalised within the asset's carrying amount provided and to the extent that the independent expert recognises an appreciation in the value of the property as a result of the work done.

Example: installation of an air-conditioning system where one did not previously exist.

Major renovation works

This is work done at the end of a building's life cycle to carry out a thorough renovation of the building using modern techniques, generally retaining the existing structure.

These costs are capitalised within the asset's carrying amount.

In accordance with IAS 23 – *Borrowing Costs*, borrowing costs are capitalised and charged to the balance sheet under the heading "investment property", provided that the building in question does not generate income during this period. By the same logic,

[1] This accounting treatment is detailed in the statement issued by BeAMA on 8 February 2006 and confirmed in the notice of the BE-REIT Association of 10 November 2016.

withholding taxes, levies and other property charges on projects (properties that are being constructed or developed for own account) that are not earning income are recognised on the assets side of the balance sheet.

Maintenance and repair

Expenditure relating to maintenance and repair work which does not add any extra functionality to or increase the standard of comfort of the building is recorded as costs in the income statement.

2.4.4. Investment property occupied by owner

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

If the Company occupies only a minimal part of the property it owns, the whole property is recognised as an investment property at fair value.

2.5. OTHER PROPERTY, PLANT AND EQUIPMENT

Other tangible assets are recorded at cost, less accumulated depreciation and impairment losses. This cost includes all direct costs and appropriate allocation of indirect costs incurred to bring the asset to working condition for its intended use.

The straight-line depreciation method is applied through the estimated useful life of the assets. The useful life and depreciation method are reviewed at least at each fiscal year end.

Useful life is defined as follows per main type of asset:
- Computer equipment: 3 years;
- Furniture and office equipment: 5 years;
- Office fixtures and fittings: 5-10 years[1];
- Finance-leased equipment: duration of contract.

2.6. FINANCIAL ASSETS

Financial assets are classified in the balance sheet as current or non-current financial assets, according to whether they are to be realised within twelve months at the balance sheet date.

2.6.1. Financial assets at amortised cost

These are non-derivative financial assets that satisfy the following two conditions laid down by IFRS 9 - *Financial instruments*:
- The cash flows associated with these financial assets consist solely of repayments of capital and interest payments on the capital; and
- These financial assets are held in accordance with an economic model designed to collect cash flows earned under contract.

In the consolidated financial statements, these are mainly trade receivables and cash.

Cash includes cash in hand and cash with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash, have maturity dates at acquisition of three months or less, and are subject to an insignificant risk of change in value.

These financial assets are measured at amortised cost, which is the nominal value minus an appropriate reserve for expected bad debt in accordance with the principles of IFRS 9.

2.6.2. Financial assets at fair value through profit or loss

These assets include:
- financial assets that do not satisfy the two conditions above; and
- any financial assets that management decides to recognise under the fair value option under the conditions laid down by IFRS 9.

These two categories of financial assets are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value are booked to the income statement in the period in which they arise.
In the consolidated financial statements, these are primarily derivatives with a positive fair value.

2.7 DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments to hedge its exposure to interest-rate and exchange-rate risks arising from the financing of its activities. The Company does not hold or issue derivative financial instruments for proprietary trading purposes.

The derivatives the Company uses are not, however, treated as hedge accounting as per IFRS 9. As a result, derivative financial instruments are recognised at fair value through profit or loss.

They are presented in the balance sheet as non-current and current financial assets when their fair value is positive and as other non-current and current financial liabilities when their fair value is negative.

[1] The useful life for office fixtures and fittings was previously considered at 10 years.

2.8. PROPERTIES HELD FOR SALE

A property is classified as held for sale if it meets the criteria in IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*. A property held for sale is valued in the same way as any other investment property but is shown under a specific heading of the balance sheet, namely "Assets held for sale".

2.9. IMPAIRMENT OF ASSETS

The Company reviews the carrying amount of intangible and tangible assets other than investment property at each balance sheet date to determine whether there is any indication of impairment, in which case an impairment test is carried out.

Such a test is carried out systematically every year on the cash-flow generating units (CGUs) or groups of CGUs to which the goodwill has been allocated in the context of a business combination.
An impairment test consists of comparing the carrying amount of an asset or CGU (group of CGUs) with its recoverable amount being the higher of its fair value less costs to sell or its value in use. The value in use is the present value of the estimated future cash flows from the use of an asset or CGU (group of CGUs).

If the carrying amount of an asset or CGU (group of CGUs) exceeds its recoverable amount, the excess is recognised as an impairment loss recorded directly in costs and charged as a priority as a reduction in the goodwill for the CGU (group of CGUs).

An impairment loss is reversed if the recoverable amount of the asset or CGU (group of CGUs) exceeds the carrying amount, with the exception of impairment of goodwill, which is never reversed.

2.10. CAPITAL

Costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends are recognised as a liability when they are declared by the General Meeting of Shareholders. Own shares held are recorded at their historical value as a debit in the "Own shares (-)" equity account.

2.11. PROVISIONS

A provision is recognised in the balance sheet when the following three conditions are met:
- there is a present obligation, legal or constructive, as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.12. FINANCIAL LIABILITIES

Financial liabilities are classified in the balance sheet as current or non-current financial assets, according to whether they are to be realised within twelve months at the balance sheet date.

Financial liabilities are measured at amortised cost, with the exception of derivative instruments (see section 2.7 above) and financial liabilities for which management has opted for the fair value option under the conditions laid down by IFRS 9, in particular in the case of an accounting mismatch related to derivative instruments used for economic hedging of financial debt.

In the latter case, the financial debt is also measured at fair value like the economic hedging derivative. However, where applicable, changes in the fair value of the financial debt that are associated with the fluctuation of Befimmo's own credit risk are recorded in equity (other comprehensive income) without being recycled through profit or loss.

2.12.1. Financial debt

In general, borrowings are initially recognised for the amount of the proceeds received, net of transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the net proceeds and the redemption value is recognised in the income statement using the effective interest method.

Furthermore, loans denominated in foreign currencies are subject to economic hedging of the exchange rate (and possibly of the interest rate risk) through cross-currency swaps. In this case, the management opts for recognising loans at fair value in order to avoid an accounting mismatch with the derivative instruments used as an economic hedge.

2.12.2. Other financial liabilities

These are derivative financial instruments recognised at fair value through profit or loss and which are used in the context of an economic hedge of financial debts (see section 2.7 above).

2.12.3. Trade and other payables

Trade and other payables are stated at amortised cost.

2.13. EMPLOYEE BENEFITS

The Company operates two types of supplementary pension scheme concurrently.

A. Defined-contribution supplementary pension scheme

This group insurance involves employer contributions only. The fixed contributions paid under this new group insurance are recognised as expenses as they fall due, and as such are included in personnel costs.

Under the current Belgian legal framework, from a technical point of view, this scheme has to be treated as a defined-benefits plan, as the employer is legally bound to guarantee a minimum return for its employees.

B. Defined-benefits supplementary pension scheme

The pension plan is funded by contributions paid by the Company to the insurance company and by payment to the same insurance company of defined contributions into a group insurance.

The supplementary defined-benefit pension scheme is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on his or her years of service and remuneration.

Under the old pension scheme, the fixed group insurance contributions are paid by the Company and by employees (above a certain remuneration level) to an insurance company. Contributions are recognised as expenses as they fall due, and as such are included in personnel costs.

The amount presented in the balance sheet for defined-benefit pension schemes is based on actuarial calculations (using the projected unit credit method). It is the present value of the defined benefit obligation minus the fair value of the plan assets.

If this amount is positive, a provision will be recorded on the liability side of the balance sheet, representing at this time the complement of the amount the Company would have to pay to its employees at their retirement. Conversely, if the amount is negative, in principle an asset is recognised in the balance provided that the Company can benefit in future by over-funding the plan in this way (asset ceiling). The current service cost during the fiscal year, together with the financial cost of the obligations and the expected yield rate of the plan assets and the financial cost of the asset ceiling are recognised in the net result for the fiscal year.

Actuarial gains and losses arising from changes in assumptions or related experience, performance of plan assets (net interest amount excluded) as well as the potential impact of the asset ceiling (net interest amount excluded) are recognised directly in equity via the other items of comprehensive income.

2.14. INCOME

Rental income from operating leases is recognised in income on an accrual basis over the lease term.

Rental gratuities and other incentives granted to customers are recognised over the first firm period of the lease term, on a straight-line basis. This spreading is offset under the heading "Other operating income and expenses" of the income statement.

Revenue from maintenance services, management services, etc. (included in leases or in separate agreements) are recognised when the services are provided, which corresponds to a linear recognition over the year. The same applies to income from the coworking business.

2.15. GAIN OR LOSS ON SALES OF INVESTMENT PROPERTY

The result on disposals of investment property represents the difference between sales proceeds net of transaction costs and the latest reported fair value of the property sold. The result is realised at the time of the transfer of risks and rewards.

2.16. INCOME TAXES

Income taxes for the fiscal year include both current tax and deferred tax. Taxes are recorded in the income statement except where they relate to items recorded directly in equity, in which case they too are recorded in equity.

Current tax is the expected tax payable on the taxable income of the year, and any adjustment to tax payable (or receivable) in respect of previous years. It is calculated using tax rates enacted at the balance sheet date.

Deferred taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. This tax is measured using the tax rates expected to apply when the asset is realised or the liability settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable earnings will be available against which deductible temporary differences or tax losses can be utilised.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND MAIN SOURCES OF UNCERTAINTY REGARDING ESTIMATES

3.1. SIGNIFICANT JUDGEMENTS REGARDING THE COMPANY'S ACCOUNTING POLICIES

For buildings on a long-term let, with limited exceptions, the Company considered that hardly any of the risks and benefits inherent in the ownership of the assets have been transferred to the tenant and, therefore, that these contracts are simple lease agreements pursuant to IAS 17 – *Leases*.

3.2. MAIN SOURCES OF UNCERTAINTY REGARDING ESTIMATES

Estimate of the fair value and of the value in use of investment property

The fair value and, if appropriate, the value in use of investment property are estimated by independent experts in accordance with the principles set out in the significant accounting policies.

Disputes and uncertainties

The Company is a party to legal proceedings and may be involved in others in future. At the time of writing, Befimmo is involved, as defendant or plaintiff, in a number of legal proceedings which, on the whole (according to the information available to the Company at the date of this Report), are unlikely to have a major impact on Befimmo, as the potential losses are highly unlikely to materialise and/or are of insignificant amounts. Befimmo wishes to clarify that the legal proceedings relating to the award of the development contract for the provision of a building to house the Federal Public Service Finance ("Finance FPS") in Liege, brought in 2009, were dismissed in a decision handed down on 11 March 2019 by the Court of First Instance of Liège, sitting in chambers. Meanwhile, all the judicial appeals relating to the granting of the permits (before the Council of State) have been dismissed.

4. SEGMENT INFORMATION

Befimmo owns a property portfolio consisting entirely of offices[1].

In terms of geographical distribution (based on the fair value of the properties, excluding assets held for sale), most of Befimmo's property portfolio is located in Brussels (68.9%), the remaining 31.1% being in Flanders (17.9%), Wallonia (8.6%) and Luxembourg city (4.6%).

In the Brussels market, a distinction can be made between a number of sub-markets that have experienced different trends in recent years: CBD (Central Business District) and assimilated areas[2], Brussels decentralised and Brussels periphery.

The consolidated Befimmo portfolio is described in more detail in the "Property report" chapter of the management report.

	Brussels CBD and similar		Brussels decentralised		Brussels periphery	
(in € thousand)	**31.12.18**	**31.12.17**	**31.12.18**	**31.12.17**	**31.12.18**	**31.12.17**
INCOME STATEMENT						
A. Rental income	84 600	85 226	5 505	5 249	8 747	8 902
B. Property operating result	78 693	80 927	3 364	3 302	6 733	5 886
C. Change in fair value of investment properties	26 588	21 267	- 11 361	- 5 041	- 28 977	- 13 321
D. Gains and losses on disposal of buildings	-	21 525	-	-	-	-
E. SEGMENT RESULT (= B+C+D)	**105 281**	**123 719**	**- 7 998**	**- 1 739**	**- 22 244**	**- 7 436**
Percentage by segment	84.4%	74.7%	-6.4%	-1.0%	-17.8%	-4.5%
F. Corporate overheads						
G. Other operating income and charges						
H. Financial result						
I. Income tax						
NET RESULT (= E+F+G+H+I)						
	31.12.18	**31.12.17**	**31.12.18**	**31.12.17**	**31.12.18**	**31.12.17**
BALANCE SHEET						
Assets						
Goodwill	7 391	7 391	-	-	-	-
Investment properties and assets held for sale	1 630 468	1 455 847	81 668	87 027	116 546	137 814
of which investments and acquisitions during the year	*148 034*	*45 986*	*6 002*	*3 671*	*7 709*	*4 120*
Other assets	555	533	-	-	-	-
TOTAL ASSETS	**1 638 414**	**1 463 771**	**81 668**	**87 027**	**116 546**	**137 814**
Percentage by segment	59.9%	57.2%	3.0%	3.4%	4.3%	5.4%
TOTAL LIABILITIES						
TOTAL SHAREHOLDERS' EQUITY						
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY						

[1] Some retail businesses are nevertheless operating on the ground floor of some buildings, but to a very marginal extent.
[2] Including the Brussels Airport area where the Gateway building is located.

Wallonia		Flanders		Luxembourg city		Unallocated amounts		Total	
31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17
10 042	9 690	29 990	29 565	5 183	4 529	-	-	**144 067**	**143 161**
8 827	9 372	27 633	26 943	4 728	4 069	-	-	**129 978**	**130 499**
9 074	3 648	- 13 316	- 3 821	12 478	10 697	-	-	**- 5 514**	**13 429**
0	- 149	343	422	-	-	-	-	**343**	**21 798**
17 901	**12 870**	**14 660**	**23 545**	**17 206**	**14 766**	**-**	**-**	**124 806**	**165 726**
14.3%	7.8%	11.7%	14.2%	13.8%	8.9%	-	-	**100%**	**100%**
						- 14 282	- 12 199	**- 14 282**	**- 12 199**
						- 447	- 1 252	**- 447**	**- 1 252**
						- 26 446	- 14 564	**- 26 446**	**- 14 564**
						- 785	- 1 642	**- 785**	**- 1 642**
								82 847	**136 070**

31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17
1 329	1 329	5 497	5 561	-	-	-	-	**14 217**	**14 281**
228 985	215 306	475 100	488 450	122 556	109 916	-	-	**2 655 324**	**2 494 360**
4 606	*13 602*	*611*	*226*	*162*	*- 44*	-	-	***167 124***	***67 560***
1 368	1 505	-	-	-	-	63 675	48 449	**65 599**	**50 487**
231 683	**218 140**	**480 597**	**494 011**	**122 556**	**109 916**	**63 675**	**48 449**	**2 735 140**	**2 559 128**
8.5%	8.5%	17.6%	19.3%	4.5%	4.3%	2.3%	1.9%	**100%**	**100%**
						1 291 926	**1 110 624**	**1 291 926**	**1 110 624**
						1 443 214	**1 448 504**	**1 443 214**	**1 448 504**
						2 735 140	**2 559 128**	**2 735 140**	**2 559 128**

5. RENTAL INCOME

I. Rental income (in € thousand)	31.12.18	31.12.17
Rents	**145 029**	**138 666**
Guaranteed income	711	6 722
Cost of rent free periods	-2 448	-2 200
Concessions granted to tenants (incentives)	- 117	- 225
Indemnities for early termination of rental contracts	891	197
Rental income	**144 067**	**143 161**

This table sets out the various components of rental income. Besides rent, rental income also includes:

- guaranteed income, which was essentially composed of the rental guarantee granted by Codic Immobel in the context of Deloitte's take-up of the Gateway building;
- various items relating to the spread of rental gratuities granted and concessions to tenants, booked in accordance with IFRS standards, the effect of which is neutralised in heading XV of the income statement;
- compensation related to early termination of leases.

(in € thousand)	31.12.18	31.12.17
Less than one year	133 133	139 967
One to five years	414 184	405 321
More than five years	499 756	541 459
Rental income	**1 047 073**	**1 086 746**

This table gives details of future rents that Befimmo is certain to receive under ongoing lease agreements. These are unindexed rents that will be received before the next intermediate termination option provided for in the lease agreements.
The amounts Befimmo received for the annual indexing of rents were €2.7 million and €2.8 million for fiscal years 2018 and 2017 respectively. These amounts depend on the actual level of indexing.

The Befimmo standard lease

The vast majority of Befimmo SA's properties (not including those let to the Buildings Agency and occasionally certain other leases) are let under a standard lease, generally lasting nine years or more and allowing, as the case may be, for early termination at the end of the third or sixth year, subject to six months' notice before the end of the term.

The leases may not be terminated at any other time and may not generally be tacitly renewed.
Rent is generally payable quarterly or six-monthly in advance. Rents are indexed annually at the anniversary of the contract, with a minimum of the last rent (or, for Buildings Agency leases, the base rent).

In most cases, common and individual charges and insurance premiums are payable by tenants who, in order to cover the amount concerned, pay a quarterly (or half-yearly) provision at the same time as the rent. A statement of charges actually incurred is drawn up every year.

Generally speaking, all property and other taxes are also passed on to tenants.
When tenants enter the premises, a detailed inventory is drawn up by a surveyor. At the end of the lease, the tenants have to surrender the premises in the state described in the inventory, with allowance for normal wear and tear. The surveyor draws up a closing inventory. Tenants have to pay compensation covering the amount of any damage to or unavailability of the premises during repair work.

Tenants may not transfer the lease or sublet the premises without the explicit prior agreement of the lessor. Where Befimmo agrees to the transfer of a lease, the transferor and the transferee remain jointly and severally liable to Befimmo.

Each lease is registered.

As a guarantee of performance of their obligations under the lease, most tenants provide an irrevocable bank guarantee that can be called in on demand.

The Fedimmo standard lease

Most of Fedimmo SA's buildings are let to the Belgian Government under a standard lease.

Leases may not be terminated before expiry and are generally long-term. Unless notice is given before the expiry of the term, they are tacitly renewed for a period that varies according to the lease.

The rent is payable six-monthly during the period and is subject to annual indexing, with a minimum of the initial rent.

Rental charges are charged to the tenant under the special conditions and all taxes are payable solely by the tenant.

Inventories are drawn up on entry and departure by two experts, one designated by the lessor and the other by the tenant, with a view to determining the amount of any compensation for damage payable by the tenant to the lessor.
The Belgian Government, as tenant, and some representations, are not required to provide a rental guarantee. If the lease is transferred to anyone other than a Government department, a rental guarantee must be provided.

The premises may be sublet by the tenant only with the lessor's consent, unless to a Government department. If the lease is sublet or transferred, the tenant and sub-tenant or transferee remain jointly and severally bound by all the obligations under the lease agreement.

Leases are registered.

6. CHARGES LINKED TO LETTING

III. Charges linked to letting (in € thousand)	31.12.18	31.12.17
Rents payable on rented premises	- 360	- 530
Write-downs on trade receivables	- 372	- 390
Write-back of write-downs on trade receivables	231	191
Charges linked to letting	**- 501**	**- 729**

This tables includes the following amounts:
- rent paid for leased premises which were subsequently re-let to customers of the Company;
- write-downs and write-backs on write-downs on trade receivables, realised and unrealised.

(in € thousand)	31.12.18	31.12.17
At less than one year	540	536
One to five years	1 580	1 688
At more than five years	547	377
Rent paid	**2 667**	**2 601**

This table gives details of future payments that Befimmo is certain to make under ongoing lease agreements signed by Befimmo as lessee (rent of buildings).

The rents shown are assured. The above table takes no account of the annual indexing of the rents. Note that the amounts Befimmo received for indexing over the past two years are valued at less than €15,000.

7. REAL-ESTATE CHARGES AND RECOVERY OF REAL-ESTATE CHARGES

31.12.18 (in € thousand)

AT CHARGE		NET		RECOVERY
IX. Technical costs	**-12 160**		**9 771**	**IV. Recovery of property charges**
Recurrent	-6 004	-2 384	3 620	Recurrent
Repairs	-4 488	-1 408	3 079	Repairs
Total-guarantee charge	-1 042	- 693	348	Total-guarantee charge
Insurance premiums	- 475	- 282	193	Insurance premiums
Non recurrent	-6 156	-1 446	4 710	Non recurrent
Major repairs (building companies, architects, engineering offices,…)	-5 903	-1 455	4 448	Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 253	8	95	Recovery of damage expenses
			166	Compensation of damage by insureers
XII. Property management costs	**-2 618**	-1 176	1 441	Property management costs
Fees paid to (external) managers	-	1 441	1 441	Management fees received
(Internal) management fees of properties	-2 618	-2 618		
X. Commercial costs	**-1 998**	**-1 998**		
Letting fees paid to real-estate brokers	-1 561	-1 561		
Advertising	- 34	- 34		
Fees paid to lawyers and other experts	- 403	- 403		
XI. Charges and taxes on unlet properties	**-2 723**	**-2 723**		
XIII. Other property charges	**-6 360**	**-6 360**		
Property charges	**-25 858**	**-16 087**	**9 771**	**IV. Recovery of property charges**

31.12.17 (in € thousand)

AT CHARGE		NET		RECOVERY
IX. Technical costs	**-10 758**		**6 364**	**IV. Recovery of property charges**
Recurrent	-6 845	-3 016	3 829	Recurrent
Repairs	-5 207	-1 759	3 448	Repairs
Total-guarantee charge	-1 159	- 896	264	Total-guarantee charge
Insurance premiums	- 480	- 362	118	Insurance premiums
Non recurrent	-3 913	-2 665	1 248	Non recurrent
Major repairs (building companies, architects, engineering offices,…)	-3 774	-2 703	1 071	Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 138	38	45	Recovery of damage expenses
			131	Compensation of damage by insureers
XII. Property management costs	**-2 728**	-1 441	1 287	Property management costs
Fees paid to (external) managers	-	1 287	1 287	Management fees received
(Internal) management fees of properties	-2 728	-2 728		
X. Commercial costs	**-1 055**	**-1 055**		
Letting fees paid to real-estate brokers	- 779	- 779		
Advertising	- 66	- 66		
Fees paid to lawyers and other experts	- 211	- 211		
XI. Charges and taxes on unlet properties	**-2 270**	**-2 270**		
XIII. Other property charges	**-5 101**	**-5 101**		
Property charges	**-21 912**	**-15 549**	**6 364**	**IV. Recovery of property charges**

These tables set out, for fiscal years 2017 and 2018, the origins of the net real-estate charges borne by the Company.

The slight increase in the net charge is due to various non-recurring items in 2017 and 2018.

8. RENTAL CHARGES AND TAXES NORMALLY PAID BY TENANTS ON LET PROPERTIES

(in € thousand)	31.12.18	31.12.17
V. Recovery of rental charges and taxes normally paid by tenants on let properties	**30 852**	**30 122**
Rebilling of rental charges invoiced to the landlord	10 451	9 937
Rebilling of withholding taxes and other taxes on let properties	20 400	20 185
VII. Rental charges and taxes normally paid by tenants on let properties	**-29 068**	**-28 166**
Rental charges invoiced to the landlord	-7 897	-6 869
Withholding taxes and other taxes on let properties	-21 171	-21 297
Total	**1 784**	**1 956**

Most lease agreements provide for rental charges and taxes to be borne by the tenant. Under some leases, however, the terms provide for flat-rate billing of charges, which the owner pays at its own risk, or make the owner liable for certain taxes.

9. OTHER REVENUE AND EXPENDITURE LINKED TO RENTAL INCOME

This heading is mainly impacted, in 2018 and 2017, by the return of a reserve fund (non-recurring items).

10. CORPORATE OVERHEADS

XIV. Corporate overheads (in € thousand)	**31.12.18**	**31.12.17**
Staff costs	-6 802	-6 469
Staff costs (persons under a contract of employment)	*-3 820*	*-3 645*
Remuneration of Directors and members of the Management Committee	*-2 983*	*-2 823*
Operating and communication costs	-2 493	-2 641
IT costs	-2 179	-1 316
Fees (project research, real-estate experts, legal advice, etc.)	-2 201	-1 217
FSMA and Euronext costs	- 145	- 155
Taxes and non-recoverable VAT	- 461	- 402
Corporate overheads	**-14 282**	**-12 199**

The corporate overheads comprise all costs not directly chargeable to the management, upkeep and maintenance of the properties in the portfolio.

They include the staff costs of the Company's support teams (remuneration, social contributions, etc. of persons under a contract of employment, working in a business support function)[1], remuneration of the members of the Management Committee and the Directors' remuneration, operating costs (office rents, office supplies, etc.), communication and IT costs, and fees paid to various external consultants (legal, technical, financial, fiscal, real estate, etc.), notably in the context of specific projects unrelated to the properties in the portfolio.

The Statutory Auditor's fees for fiscal year 2018 amounted to €66,389.96 excluding VAT. In fiscal year 2018 it also provided additional services as part of its statutory duties for a fee of €25,211.17 excluding VAT. Outside its statutory role, during fiscal year 2018, Ernst & Young and affiliated companies provided services related to other non-auditing duties for a fee of €42,715 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 2018 of Fedimmo, Befimmo Property Services, Meirfree and Vitalfree totalled €47,209.96 excluding VAT.

Auditing for the Luxembourg subsidiary, Axento SA, is performed by Ernst & Young SA, with its registered office at Avenue John F. Kennedy 35E, 1955 Luxembourg, entered in the Luxembourg register of commerce and companies under number B 47.771 and with establishment licence No 00117514, represented by Mr René Ensch, Partner. The fees for auditing the accounts of Axento SA for fiscal year 2018 amounted to €10,500 excluding VAT.

This heading also includes costs related to the listing of the Company on a public stock exchange (Euronext Brussels) and the costs of the Financial Services and Markets Authority (FSMA) and taxes inherent to the status of Real-Estate Investment Trust.

[1] The personnel costs of the Company's real-estate teams are recorded under Property charges.

Company staff		31.12.18	31.12.17
Number of persons under a contract of employment		86	81
Of which:			
Real-estate team	Number of persons under a contract of employment	54	52
Support team	Number of persons under a contract of employment	32	29
Average full-time equivalent during the year		77.52	74.26
Of which:			
Real-estate team	Average full-time equivalent during the year	49.59	47.96
Support team	Average full-time equivalent during the year	27.93	26.30

11. OTHER OPERATING INCOME AND CHARGES

XV. Other operating income and charges (in € thousand)	31.12.18	31.12.17
Spread of rent free periods	- 447	-1 260
Others	-	8
Other operating income and charges	**- 447**	**-1 252**

This heading includes recurring compensation for the effect of spreading rental gratuities granted. Spreading of rental gratuities and concessions, recorded in accordance with IFRS standards under rental income, is neutralised here, so that the effect is zero on the Company's net result. The other items under this heading are non-recurring.

12. GAINS OR LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES

XVI. Gains and losses on disposals of investment properties (in € thousand)	31.12.18	31.12.17
Net sale of properties (selling price - transaction costs)	998	120 212
Book value of properties sold	- 655	-98 415
Gains and losses on disposals of investment properties	**343**	**21 798**

In fiscal year 2017, Befimmo granted a 99-year leasehold on the Brederode complex in the Brussels CBD, and Fedimmo sold the buildings in avenue Emile Digneffe in Liège and Bevrijdingslaan in Ninove.

In the course of fiscal year 2018, Fedimmo sold the building at Kortrijksestraat 2 in Harelbeke.

The amount shown under the heading "Carrying value of properties sold" includes the amount of the latest fair value of the properties that left the portfolio and the amount of any goodwill allocated to the properties that left the portfolio.

13. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

XVIII. Changes in fair value of investment properties (in € thousand)	31.12.18	31.12.17
Positive changes in fair value of investment properties	118 918	93 447
Negative changes in fair value of investment properties	-124 432	-80 018
Changes in fair value of investment properties	**-5 514**	**13 429**

The change in fair value of the investment properties excludes investments, acquisitions and disposals. The “Property report” chapter of the management report contains more information on changes in value.

14. FINANCIAL RESULT

	(in € thousand)	31.12.18	31.12.17
(+)	**XX. Financial income**	**889**	**622**
(+)	Interests and dividends received	723	454
(+)	Fees for finance leases and similar	166	168
(+)	Net gains realised on sale of financial assets	0	-
(+/-)	**XXI. Net interest charges**	**-18 911**	**-17 625**
(-)	Nominal interest on loans	-16 025	-16 749
(-)	Reconstitution of the face value of financial debts	- 445	- 222
(-)	Other interest charges	- 56	- 60
(+)	Proceeds of authorised hedging instruments	10 464	11 048
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*10 464*	*11 048*
(-)	Charges of authorised hedging instruments	-12 850	-11 642
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*-12 850*	*-11 642*
(-)	**XXII. Other financial charges**	**-2 522**	**-2 747**
(-)	Bank charges and other commissions	-2 522	-2 747
(-)	Net losses realised on sale of financial assets	0	- 1
(+/-)	**XXIII. Changes in fair value of financial assets and liabilities**	**-5 901**	**5 186**
(+/-)	Authorised hedging instruments	- 405	-16 104
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*- 405*	*-16 104*
(+/-)	Others	-5 496	21 290
(+/-)	**Financial result**	**-26 446**	**-14 564**

The financial result (excluding changes in the fair value of financial assets and liabilities) was -€20.5 million as at 31 December 2018, compared with -€19.7 million as at 31 December 2017.

The increase in "Financial income" is mainly related to positive interest earned on issues of commercial paper.

"Net interest charges" were up €1.3 million in relation to fiscal year 2017. This change is explained by the increase in average financial debt of 11% or €110.1 million (up from €993.6 million at 31 December 2017 to €1,103.8 million at 31 December 2018), largely offset by a decrease in the average cost of financing (2.01% as against 2.08% one year earlier) and interest falling due for development projects.

The change in fair value of the financial assets and liabilities was -€5.9 million for fiscal year 2018. The item "Permitted hedging instruments" includes losses recorded on the forward products (-€5.6 million, including CVAs and DVAs) and losses recorded on option products (-€0.8 million, including CVAs and DVAs), acquired under the Company's hedging policy. The changes in the value of the cross currency swaps, arranged to hedge the currency risk associated with the conclusion of the USPP, amounted to +€5.9 million (including CVAs and DVAs). The sub-heading "Other" mainly reflects the gains/losses recorded on the USPP debt (carried at fair value). In 2018, an unrealised capital loss of -€5.6 million was recorded.

During fiscal year 2017, the "Permitted hedging instruments" item was impacted mainly by gains on forward products of +€6.0 million (including CVAs and DVAs) and losses recorded on the CCS amounting to -€22.4 million (including CVAs and DVAs). The sub-heading "Other" reflects the gains/losses recorded on the USPP debt (carried at fair value). In 2017, an unrealised capital gain of +€21.3 million was recorded.

The hedging instruments are listed in Note 33.B to these financial statements.

As required by IFRS 7 - *Financial Instruments: Disclosures*, the following table allows a distinction to be made between the types of financial assets and liabilities behind the financial charge or revenue reflected in the financial result of the fiscal year just closed.

(in € thousand)	Total		Financial assets or liabilities at fair value throught profit or loss		Financial assets valued at amortised cost[1]		Financial liabilities valued at amortised cost	
	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18	31.12.17
Financial income	**889**	**622**	-	-	889	622	-	-
Net interest charges	**-18 911**	**-17 625**	-9 318	-7 833	- 56	- 60	-9 537	-9 731
Other financial charges	**-2 522**	**-2 747**	0	- 1	-	-	-2 522 [2]	-2 747 [2]
Changes in fair value of financial assets and liabilities	**-5 901**	**5 186**	-5 901	5 186	-	-	-	-
Total result on financial assets/liabilities	**-26 446**	**-14 564**	**-15 219**	**-2 648**	**833**	**562**	**-12 059**	**-12 478**

15. INCOME TAXES

The income tax burden is broken down as follows:

XXV. Corporation tax (in € thousand)	31.12.18	31.12.17
Current taxes for fiscal year	-1 360	-1 762
Adjustment of current taxes from previous periods	794	121
Deferred tax	- 219	-
Corporation tax	**- 785**	**-1 642**

Befimmo is a limited-liability company with the status of a public REIT. This status entitles the Company to pay Belgian corporation tax (at the standard rate of 33.99% during 2017 and the standard rate of 29.58% during 2018) on a reduced tax base, i.e. mainly on its non-allowable expenses.

The subsidiaries Fedimmo SA and Beway SA, which have institutional REIT status, are therefore also subject to the same tax regime as Befimmo SA.

Befimmo Property Services SA, Meirfree SA and Vitalfree SA are subject to standard Belgian corporation tax. They are taxed at the standard rate of corporation tax (33.99% in fiscal year 2017 and at the standard rate of 29.58% in fiscal year 2018) on their tax base.

Axento SA is subject to standard Luxembourg corporation tax. It is subject to the standard rate of corporation tax on its tax base.

"Current taxes for the fiscal year" include the income burden expense for the current year. The decrease in current taxes for the fiscal year can be explained by the reduction in the rate of Belgian corporation tax of 4.41% and the lower tax base of Fedimmo. The amount included under "Adjustment of current taxes for previous years" concerns the reversal of a provision for miscellaneous tax risks.

During 2018, a "Deferred tax" was recorded for Axento for a total sum of €219,000, resulting from the recognition at fair value of properties located abroad as per IAS 40.
Deferred taxes (with no monetary or non-cash effect) are excluded from EPRA earnings.

[1] Until 31 December 2017 this category was named « Loans and receivables ».
[2] The amount relates mainly to the commitment fees paid on bank lines.

16. RESULT PER SHARE

Result for the fiscal year (in € thousand)	31.12.18	31.12.17
NUMERATOR		
Net result for the fiscal period	82 847	136 070
DENOMINATOR		
Shares not held by the group at the end of the period (in units)	25 579 214	25 579 214
Weighted average of shares in circulation during the period (in units)	25 579 214	25 579 214
Net result per share (basic and diluted) (in €)	**3,24**	**5,32**
Dividend for the fiscal year		
Interim dividend (gross)	66 250	66 250
Final dividend (gross)	21 998 [3]	21 998
Gross dividend for the fiscal year	**88 248**	**88 248**
Total gross dividend per share not held by the group	3,45	3,45

The result per share is calculated by dividing the net result by the weighted average of the number of shares outstanding during the relevant period.
Since Befimmo has no diluting instruments, the basic and diluted results are identical.

17. GOODWILL

Befimmo's acquisition of Fedimmo in 2006 generated goodwill from the positive difference between the acquisition cost (including transaction costs) and Befimmo's share of the fair value of the net asset acquired. This goodwill, recorded on the assets side of the consolidated financial statements, represents the future financial advantages associated with the synergies, optimisations and development prospects of a geographically diversified portfolio. A reduction in goodwill of €64 thousand was recorded on the sale of the property (Kortrijksestraat 2 in Harelbeke). The goodwill associated with the buildings sold was reversed and incorporated into the calculation of the result of the sale. The table below illustrates the change in value of the goodwill over the fiscal year:

(in € thousand)	31.12.18	31.12.17
COST		
Opening balance	**14 768**	**14 981**
Reductions linked to assets sold during the period	- 64	- 212
Closing balance	**14 704**	**14 768**
DECREASE IN VALUE		
Opening balance	**- 487**	**- 487**
Write-downs posted during the period	-	-
Closing balance	**- 487**	**- 487**
CARRYING AMOUNT		
Opening balance	**14 281**	**14 494**
Closing balance	**14 217**	**14 281**

The goodwill has been allocated to the groups of cash-flow generating units (CGUs) that will benefit from the synergies of the acquisition. In the case of the Fedimmo portfolio, this corresponds to the groups of properties broken down according to their geographical location. This breakdown of goodwill by geographical segment is illustrated in the table below.

Segment (in € thousand)	Goodwill	Carrying amount (including 100% goodwill and impairment of previous fiscal years)	Value in use	Impairment (of the fiscal year)
Brussels Centre	597	34 090	34 330	-
Brussels Leopold district	2 108	139 660	140 990	-
Brussels North area	4 685	275 534	277 620	-
Wallonia	1 329	48 393	48 480	-
Flanders	5 497	234 967	235 470	-
Total portfolio	**14 217**	**732 644**	**736 890**	**-**

[3] Subject to the approval by the Ordinary General Meeting of shareholders of 30 April 2019.

IMPAIRMENT TEST

Each time the accounts are closed, the goodwill is subject to an impairment test (conducted on the groups of buildings to which it was allocated on the basis of geographical segment), comparing the carrying amount of the groups of buildings (including the goodwill allocated at 100%) with their value in use. The value in use of the groups of buildings is assessed by the real-estate expert on the basis of a calculation for updating the cash flows generated by these buildings, based on assumptions in accordance with standard IAS 36 – *Impairment of Assets*.

This value in use is equivalent to the investment value of the properties. The result of this test carried out at 31 December 2018 (illustrated in the table above) shows that no impairment need be recorded as the value in use by segment is higher than the carrying amount.

SENSITIVITY TEST

The method for calculating the fair value of investment property by independent experts relies on making several specific assumptions, mainly the rate of updating the cash flows generated by the buildings and the residual value of each building.

The sensitivity was tested of the value of the goodwill to changes in the rates of updating the cash flows generated by the groups of buildings to which the goodwill was allocated. It appears that this rate has to rise by 15.03% before the value of the goodwill recorded begins to be impaired. A further 1% increase in the rate above that level would lead to an impairment of the value of the goodwill of €4,951 of the value of the goodwill.

18. INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE

As required by standard IAS 40, properties that are being constructed or developed for own account in order to be leased are included under Investment properties. This category covers properties under construction or undergoing a major renovation, or those which by their nature do not generate income (land).

C. Investment properties (in € thousand)	31.12.18	31.12.17
Proporties available for lease	2 455 813	2 345 878
Other - Properties that are being constructed or developed for own account in order to be leased	199 512	148 482
Investment properties	**2 655 324**	**2 494 360**

As at 31 December 2018, the heading "Other - Properties that are being constructed or developed for own account in order to be leased" includes the following buildings: Kortrijk (Ijzerkaai 26), Binche (rue de la Régence 31), World Trade Center Tower 1 (areas not covered by a lease), the Paradis Express land and the WTC 4, Quatuor and Brederode Corner projects.

(in € thousand)	
Carrying value as at 31.12.2016	**2 511 658**
of which: - Investment properties	*2 511 658*
*of which: **- Assets held for sale***	-
Acquisitions	24 230
Other investments	43 330
Disposals	- 98 287
Changes in fair value	13 429
Carrying value as at 31.12.2017	**2 494 360**
of which: - Investment properties	*2 494 360*
*of which: **- Assets held for sale***	-
Acquisitions	116 328
Other investments	50 797
Disposals	- 645
Changes in fair value	- 5 514
Carrying value as at 31.12.2018	**2 655 324**
of which: - Investment properties	*2 655 324*
- Assets held for sale	-

In early 2018, Befimmo acquired the Arts 56 building, located in the Léopold district - CBD, and in 2018 completed the acquisition of the space in tower 1 of the WTC 1 & 2 complex of which she she wasn't yet the owner. Acquisitions in 2017 focused mainly on the regrouping of the WTC 1 & 2 complex.

In 2018, €50.8 million were invested in works. The main investments were in the Quatuor project (€14.3 million), the ZIN project (€10.6 million), the Triomphe building (€5.1 million) and the renovation of the Brederode Corner building (€3.4 million). The first phase of the construction of the Courthouse in Eupen (€3.8 million in 2018) was completed in 2018 and the lease on that phase commenced.

In 2017, €43.3 million were invested in works. the main investments were in the construction of the Courthouse in Eupen (€7.0 million), the Quatuor project (€5.9 million) and the ZIN project (€3.5 million). The renovation of the Guimard building (€8.9 million in 2017) was completed during 2017 and the building is currently available for lease.

In 2018, Fedimmo sold the Kortrijksestraat 2 building in Harelbeke, Flanders.

During 2017, the Company sold two buildings: one in avenue Emile Digneffe in Liège (Wallonia) and the other in Bevrijdingslaan in Ninove (Flanders). It also granted a 99-year leasehold on the Brederode complex in the Brussels CBD.

The properties that left the portfolio in 2018 contributed €0.2 million to the property operating result.

Note 36 includes additional information on measuring the fair value of investment properties as per IFRS 13.

19. INTANGIBLE ASSETS AND OTHER TANGIBLE ASSETS

B. Intangible assets (en milliers €)	31.12.18	31.12.17
Intangible assets	899	-
Intangible assets	**899**	**-**

D. Other property, plant and equipment (in € thousand)	31.12.18	31.12.17
Property, plant and equipment for own use	1 021	2 436
Other property, plant and equipment	**1 021**	**2 436**

20. NON-CURRENT AND CURRENT FINANCIAL ASSETS

E. Non-current financial assets (in € thousand)	31.12.18	31.12.17
Financial assets at fair value through profit and loss	27 494	19 494
Investments in associates or companies linked through a shareholding	9 304	-
Authorised hedging instruments - level 2	18 189	19 494
Option - CAP	*2*	*41*
Forward - IRS	*7 815*	*6 487*
Forward - CCS	*10 373*	*12 966*
Others	4	4
Non-current financial assets	**27 497**	**19 498**

B. Current financial assets (in € thousand)	31.12.18	31.12.17
Financial assets at fair value through profit and loss	9 084	5
Authorised hedging instruments - level 2	9 084	5
Option - CAP	*-*	*0*
Forward - IRS	*138*	*5*
Forward - CCS	*8 946*	*-*
Loans and receivables	920	1 868
Current financial assets	**10 004**	**1 874**

The shareholding in Silversquare (under joint control, see note 1 above) is recognised under "Financial assets at fair value through profit or loss - Investments in associates or companies linked through a shareholding".

The heading "Financial assets at fair value through profit or loss – authorised hedging investments" reflects the valuation at fair value of the financial derivatives as per IFRS 9 – *Financial Instruments,* which have a positive value. Otherwise, their value is entered in the equivalent heading under liabilities (see note 28 to these financial statements. Befimmo does not practice hedge accounting for the financial hedging instruments it holds. Accordingly, these instruments are regarded as trading instruments as per IFRS and the difference in value recorded over the fiscal year is recognised in the income statement under section XXIII of the financial result – “Changes in fair value of financial assets and liabilities”. The derivatives were valued as at 31 December 2018 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13, as described in note 33 to these financial statements. The CVAs and DVAs of the financial hedging instruments are calculated on the basis of listed bonds or, alternatively, credit default swaps of counterparty banks and Befimmo bonds.

The fair value of the financial instruments is determined purely using (directly or indirectly) observable data, but which are not prices quoted on an active market. The IRS, CCS and cap contracts therefore belong to level 2 of the fair-value hierarchy, as defined in standard IFRS 13 – *Fair Value Measurement.*

The fair value of these contracts is determined at the balance sheet date. We receive this information from an independent specialist company. Befimmo also verifies it using checks of consistency with information received from counterparty financial institutions (fair value excluding CVAs and DVAs).

Finally, note that although the instruments in question are considered trading instruments under IFRS, they are intended solely for hedging the risk of changing interest and exchange rates, and not for speculative purposes.

The heading "Loans and receivables" includes various amounts to be recovered from counterparties of the Company. As at 31 December 2017, the main one is linked to the method of payment by the Walloon Region following the sale of the Mons I building in 2013.

21. FINANCE LEASE RECEIVABLES

This heading relates to finance lease agreements (as per standard IAS 17) and the subsoil of buildings and, at 31 December 2018, principally comprises the asset embodied in the building in Wandre. The fair value of this asset is €1.484 thousand, compared with its value at amortised cost of €1.368 thousand.

22. TRADE RECEIVABLES

Trade receivables arise through rents or billing of taxes or rental charges. The quantitative description of the principal risks (see note 33.A to these financial statements) includes a section on the credit risk, which analyses the Company's exposure to such debts in terms of the counterparty or of the maturity.

23. TAX RECEIVABLES AND OTHER CURRENT ASSETS

E. Tax receivables and other current assets (in € thousand)	31.12.18	31.12.17
Taxes	49	5
Others	3	1 682
Tax receivables and other current assets	**52**	**1 688**

At 31 December 2017, the amount of the sub-heading "Other" consists mainly of a receivable of €1.7 million which cancels out a provision related to litigation, existing prior to the acquisition of Ringcenter SA (Pavilion building), the outcome of which has no impact on the Company. The litigation ended in 2018 and the related receivable and provision were reversed.

24. CASH AND CASH EQUIVALENTS

F. Cash and cash equivalents (in € thousand)	31.12.18	31.12.17
Available values	591	254

As the Company is structurally indebted, available funds are limited, consisting mainly of positive balances in the Company's various bank accounts.

25. DEFERRED CHARGES AND ACCRUED INCOME - ASSETS

G. Deferred charges and accrued income (in € thousand)	31.12.18	31.12.17
Prepaid property charges	73	190
Prepaid interest and other financial charges	6	6
Others	2 078	1 436
Deferred charges and accrued income	**2 157**	**1 632**

This heading covers:
- prepaid property charges;
- prepaid interest and other financial charges;
- under the sub-heading "Other": mainly the financial receivables related to CCS concluded during the arrangement of the USPP (€0.6 million) and other IRS receivers (€0.9 million). The characteristics of these instruments are set out in the table in note 33 to these financial statements.

26. CAPITAL AND RESERVES

(in € thousand)			31.12.18	31.12.17
A. Capital			**357 871**	**357 871**
(+)		Subscribed capital	371 627	371 627
(-)		Costs of capital increase	-13 756	-13 756
B. Share premium account			**792 641**	**792 641**
C. Reserves			**276 104**	**228 172**
(+/-)	(b)	Reserve for the balance of changes in fair value of investment properties	149 261	145 955
(-)	(c)	Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-44 907	-45 500
(+/-)	(e)	Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS	-11 937	-20 321
(+/-)	(j)	Reserve for actuarial gains and losses for the defined benefit pension plan	202	91
(+/-)	(m)	Other reserves	21 113	21 113
(+/-)	(n)	Result brought forward from previous years	162 371	126 833

Reserves are presented before the appropriation of the result for the fiscal year. In addition to the appropriation of the previous year's result (€69.8 million) and the payment of the final dividend for 2017 (-€22.0 million), the reserves were also impacted in 2018 by the result directly recognised in equity as per IAS 19 R, representing the actuarial gains and losses of the defined-benefit pension scheme (impact of €0.1 million).

27. CURRENT AND NON-CURRENT FINANCIAL DEBTS

B. Non-current financial debts (in € thousand)	31.12.18	31.12.17
Credit institutions	297 319	153 553
Other	438 200	330 702
EUPP	*356 957*	*165 966*
USPP	*77 714*	*161 916*
Guarantees received	*3 529*	*2 820*
Non-current financial debts	**735 519**	**484 255**

B. Current financial debts (in € thousand)	31.12.18	31.12.17
Credit institutions	13 674	47 332
Other	429 338	470 500
Commercial papers	*339 500*	*455 500*
EUPP	-	*15 000*
USPP	*89 838*	-
Current financial debts	**443 012**	**517 832**

On a like-for-like basis, the Company has covered its financing needs until the end of the first quarter of 2020. Commercial paper must be booked to current liabilities as per IAS 1. The Company nevertheless has confirmed bank lines at more than one year as a back-up for the short-term commercial paper.

The headings “Credit institutions” (non-current and current) cover all the bank financing held by the Company. Therefore, these headings also include the three financing deals involving the assignment of future receivables or usufruct fees. At 31 December 2018, the Company had confirmed bank lines totalling €852.9 million, €249.8 million of which were in use. The remaining €603.1 million consisted of back-up lines for the commercial paper programme (€339.5 million) and a financing reserve of € 263.6 million.

The heading "Other - EUPP" includes debt related to European private placements of €357.0 million, of which €312.1 million are at fixed rates and €44.9 million at floating rates. The European private placements made in 2018 amount to €191.5 million.

The heading "Other - USPP" covers the USPP debt, arranged in May 2012, measured at fair value.

The heading “Other – Guarantees received” covers the amount of rental guarantees received in cash from tenants. Their carrying amount is equivalent to their fair value.
The heading “Other – Commercial paper” covers the outstanding commercial paper issued by the Company at the balance sheet date.
Under IFRS, the costs related to the bond issues and the private placements are smoothed over the term of the financing.

As mentioned under Significant Accounting Policies, the value of the assets and liabilities approximates to their fair value, except for:
- the financing relating to the assignments of receivables from future rents/future usufruct fees, structured at fixed rates, of a residual total at 31 December 2018 of €61.5 million; and

- fixed-rate European private placements.

The fixed rates and margins set for these long-term borrowings may no longer correspond to the current market rates and margins, giving rise to a difference between the carrying amount of the liabilities on the face of the balance sheet and their fair values. The table below compares, for information purposes, the carrying amount of the fixed-rate borrowings (excluding the USPP debt which is already carried at fair value) with their fair value at the end of fiscal year 2018.

The fair value of the assigned receivables for future rents/future usufruct fees and for the European private debt placement is estimated by updating the future expected cash flows using the 0-coupon yield curve for 31 December 2018, plus a margin to take account of the Company's credit risk (level 2).
The fair value of this financing is given in the table below as an indication.

(in € thousand)	Level in IFRS	Fair value	Book value
EUPP	2	319 193	312 056
Assignment of receivables from future rents/ future usufruct fees	2	66 911	61 456

28. OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

C. Other non-current financial liabilities (in € thousand)	31.12.18	31.12.17
Authorised hedging instruments	21 881	17 080
Financial hedging instruments at fair value through profit and loss - level 2	21 881	17 080
Option - COLLAR	*475*	*418*
Forward - IRS	*21 406*	*15 315*
Forward - CCS	*-*	*1 347*
Other non-current financial liabilities	**21 881**	**17 080**

C. Other current financial liabilities (in € thousand)	31.12.18	31.12.17
Authorised hedging instruments	2 140	5
Financial hedging instruments at fair value through profit and loss - level 2	2 140	5
Option - SWAPTION	*320*	*-*
Forward - IRS	*69*	*5*
Forward - CCS	*1 751*	*-*
Other current financial liabilities	**2 140**	**5**

The headings "Other non-current financial liabilities" and "Other current financial liabilities" reflect solely the fair value of the financial instruments, as per IFRS 9 – *Financial Instruments*, which have a negative value: Otherwise, their value is recognised in the equivalent category of the assets (see note 20 to these financial Statements). Befimmo does not practice hedge accounting for the financial hedging instruments it holds. Accordingly, these instruments are regarded as trading instruments as per IFRS and the difference in value recorded over the fiscal year is recognised in the income statement under section XXIII of the financial result – "Changes in fair value of financial assets and liabilities". The derivatives were valued as at 31 December 2018 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13, as described in note 33 to these financial statements. The CVAs and DVAs of the financial hedging instruments are calculated on the basis of listed bonds or, alternatively, credit default swaps of counterparty banks and Befimmo bonds.

The fair value of the financial instruments is determined purely using (directly or indirectly) observable data, but which are not prices quoted on an active market. The IRS, CCS and collar contracts therefore belong to level 2 of the fair-value hierarchy, as defined in IFRS 13 – *Fair Value Measurement*.
The fair value of these contracts is determined at the balance sheet date. The Company receives this information from an independent specialist company. Befimmo also verifies it using checks of consistency with information received from counterparty financial institutions (fair value excluding CVAs and DVAs).
Finally, note that although the instruments in question are considered trading instruments under IFRS, they are intended solely for hedging the risk of changing interest and exchange rates, and not for speculative purposes.

29. PROVISIONS

A. Non-current provisions (in € thousand)	31.12.18	31.12.17
Pensions	2	2
Others	726	3 670
Non-current provisions	**728**	**3 673**

A. Current provisions (in € thousand)	31.12.18	31.12.17
Others	5 039	5 592
Current provisions	**5 039**	**5 592**

The sub-heading "Pensions" represents the difference between the up-to-date value of the pension obligation and the fair value of the assets.

Changes in the "Other" sub-headings (current and non-current) are due mainly to the closure of the litigation, which existed prior to the acquisition of Ringcenter SA (Pavilion building) and which has no impact on the accounts of the Company (a receivable of an equivalent amount was recorded in the accounts - note 23 to these financial statements). The other provisions recorded in the sub-heading relate, in particular, to ongoing litigation, compliance work and a rental guarantee granted in connection with the granting of a leasehold on the Brederode complex.

30. TRADE AND OTHER PAYABLES

D. Trade debts and other current debts (in € thousand)	31.12.18	31.12.17
Other	54 289	52 359
Suppliers	*18 482*	*18 660*
Tenants	*10 883*	*9 950*
Tax, salaries and social charges	*24 924*	*23 749*
Trade debts and other current debts	**54 289**	**52 359**

D. Trade debts and other non current debts (in € thousand)	31.12.18	31.12.17
b. Others	2 130	-
Trade debts and other non current debts	**2 130**	**-**

The "Other" heading of Trade and other current payables consists of three subheadings:

- suppliers: this covers the amounts owed to various suppliers of goods and service providers;
- tenants: relates to amounts received as deposits for provisions for common charges prepaid by tenants;
- taxes, remuneration and social charges: consists mainly of the amounts of debts related to taxes and withholding charges owed by the Company. As at 31 December 2018, an amount of €15.7 million alone accounted for the withholding tax payable on the interim dividend paid out in late December 2018.

31. OTHER CURRENT LIABILITIES

This item consists mainly of debts payable related to coupons for Befimmo shares and the attendance tokens of the Directors of the Company.

32. ACCRUED CHARGES AND DEFERRED INCOME

F. Accrued charges and deferred income (in € thousand)	31.12.18	31.12.17
Property income received in advance	15 191	21 606
Interest and other financial charges accrued and not yet due	7 575	5 541
Others	104	190
Accrued charges and deferred income	**22 870**	**27 337**

This heading consists principally of:

- income from property received in advance, in accordance with the terms of the leases, including the amounts of rents received for subsequent periods;
- financial interest and charges accrued but not yet due, notably on the fixed-rate financing (€4.6 million) and on financial hedging instruments (€2.0 million).

33. QUANTITATIVE DESCRIPTION OF THE MAIN RISKS OF THE FINANCIAL ASSETS AND LIABILITIES

The quantitative description of the main risks below complements the chapter on "Risk factors" on page 8 of the Report.

A. CREDIT RISK

Please see page 45 of the management report for a breakdown of Befimmo's portfolio of tenants.

The following tables show the maximum amounts of the Company's exposure to credit risk, at the balance sheet date, by category of counterparty.

31.12.18 (in € thousand)	TOTAL	Bank	Corporate	State	Other
Non-current financial assets					
E. Non-current financial assets	**27 497**	18 189	9 307	-	1
F. Finance lease receivables	**1 784**	-	-	1 229	555
Current financial assets					
B. Current financial assets	**10 004**	9 704	300	-	-
C. Finance lease receivables	**139**	-	-	139	-
D. Trade receivables	**21 454**	2 981	13 392	5 081	-
E. Other current assets	**3**	-	3	-	-
F. Cash and cash equivalents	**591**	589	-	-	1
Total financial assets	**61 472**	**31 464**	**23 002**	**6 450**	**557**

31.12.17 (in € thousand)	TOTAL	Bank	Corporate	State	Other
Non-current financial assets					
E. Non-current financial assets	**19 498**	19 494	3	-	1
F. Finance lease receivables	**1 902**	-	-	1 368	533
Current financial assets					
B. Current financial assets	**1 874**	526	-	1 347	-
C. Finance lease receivables	**136**	-	-	136	-
D. Trade receivables	**21 067**	2 184	12 292	6 592	-
E. Other current assets	**1 682**	-	1 681	1	-
F. Cash and cash equivalents	**254**	253	-	-	1
Total financial assets	**46 413**	**22 458**	**13 976**	**9 445**	**535**

All the financial assets in the above table are in the "Loans and receivables" category, as per IAS 39, except for the heading "Financial hedging instruments" (regarded as trading instruments under IFRS) and holdings in associates or companies linked through a shareholding, which account for most of the "Non-current financial assets" and "Current financial assets", and which are recognised at fair value through the profit and loss. Note that the fair value of the financial instruments takes account of Befimmo's credit risk against its counterparty banks and that of its counterparties against Befimmo, as per IFRS 13. The financial assets in the table above, except for the heading Financial hedging instruments, belong to level 2 as per IFRS 13. The stake in Silversquare belongs to level 3 as per IFRS 13.

To limit the counterparty risk, in the context of its property rental business and also for investment or disinvestment transactions or works, Befimmo has received the following guarantees:

(in € thousand)		31.12.18	31.12.17
Rental guarantees for leases	Blocked accounts/bank guarantees	16 916	11 739
Rental guarantees for leases	Guarantees received in cash	3 529	2 820
Guarantees for investment works	Blocked accounts	36 089	25 581
Guarantees received at the close of the fiscal year		**56 534**	**40 140**

Befimmo regularly monitors the recovery of its debts. The details of due dates for trade debts at the balance sheet date are as follows:

Aging balance of trade receivables (in € thousand)	> 3 months	1 to 3 months	< 1 months	Unexpired	Total
Receivables	1 845	1 547	2 545	17 146	**23 083**
Total write-off	-1 602	- 8	- 3	- 17	**-1 629**
Reserve following "Expected credit loss model IFRS 9"	*- 2*	*- 2*	*- 3*	*- 17*	***- 23***
Write-off	*-1 600*	*- 7*	-	-	***-1 606***
As at 31.12.18	**244** [1]	**1 538**	**2 543**	**17 129**	**21 454**

The Company checks, on an annual basis, that the total impairment loss recorded (€1,629 thousand) remains higher than that returned by the expected loss model defined by IFRS 9 (€23 thousand).

Aging balance of trade receivables (in € thousand)	> 3 months	1 to 3 months	< 1 months	Unexpired	Total
Non-doubtful debtors	262	962	741	18 991	**20 955**
Doubtful debtors	1 849	6	5	-	**1 861**
Provisions for doubtful debtors	-1 739	- 5	- 5	-	**-1 749**
As at 31.12.17	**372** [1]	**963**	**742**	**18 991**	**21 067**

Befimmo bears the final risk of trade debts.

A debt repayment plan can be arranged for certain tenants in arrears. At the end of 2018, there were no significant repayment plans.

Furthermore, write-downs of €371,752 were recorded during fiscal year 2018 (as against €389,681 in 2017); while €230,750 of write-downs were written back in 2018 (as against €190,819 in 2017).

B. RISKS RELATED TO FINANCE, FINANCIAL HEDGING INSTRUMENTS AND THEIR VALUATION

Please see page 74 of the management report for a description of Befimmo's financial structure and especially its policy of refinancing and interest-rate and currency hedging.

(in € thousand)	31.12.18	31.12.17
Variable-rate borrowings	286 467	134 003
Bilateral credit lines	*241 565*	*89 131*
EUPP	*44 902*	*44 872*
Fixed-rate borrowings	445 524	347 432
USPP	*77 714*	*161 916*
Assignment of receivables from future rents/ future usufruct fees	*55 754*	*64 422*
EUPP	*312 056*	*121 094*
Guarantees received	3 529	2 820
B. Non-current financial debts	**735 519**	**484 255**
Variable-rate borrowings	347 473	497 386
Bilateral credit lines	*7 973*	*41 886*
Commercial papers	*339 500*	*455 500*
Fixed-rate borrowings	95 539	20 446
Assignment of receivables from future rents/ future usufruct fees	*5 701*	*5 446*
EUPP	-	*15 000*
USPP	*89 838*	-
B. Current financial debts	**443 012**	**517 832**
Total borrowings	**1 178 531**	**1 002 087**

In the course of 2018, Befimmo carried out several operations:
- renegotiation and extension of bank loans for the sum of €62.5 million with a maturity of 5 years and €40 million with a new maturity of 7 years;
- renegotiation of a financing line of indefinite duration (subject to 23 months notice) of €50 million;
- arrangement of new financing lines for €40 million with a maturity of 5 years and €18 million with a maturity of 4 years;
- early cancellation of a bank line maturing in 2019 for an amount of €75 million.

1. Most of this amount is owed by public institutions.

In 2018 the Company also arranged two fixed-rate European private placements of debt totalling €191.5 million over 8 years (€125 million in March and by a €66.5 million in November).

On this basis, and all other things being equal, the Company has covered its financing needs until the end of the first quarter of 2020.

As at 31 December 2018, the funding available to the Company consisted primarily[1] of:

- various bilateral credit lines totalling €852.9 million, with maturities in November/December 2020 (€125 million), February/June 2021 (€155 million), February/September/December 2022 (€235.4 million), February/June/ October 2023 (€182.5 million), February 2024 (€115 million) and December 2025 (€40 million). Two bank lines are subject to annual depreciation of respectively €2.6 million in 2019 and 2020, €11.6 million in 2021, €11.6 million in 2022 and €4.5 million in 2023;
- a United States private placement (USPP) at fixed rates in US dollars and pounds sterling arranged in May 2012 for an amount equivalent to €150.3 million maturing in 2019 (€82.77 million) and 2020 (€67.49 million);
- fixed-rate European private bond placements in euros totalling €312.75 million, of which €10 million matures in 2022, €3 million matures in 2023, €12 million matures in 2024, €19 million matures in 2025, €198.75 million matures in 2026 and €70 million matures in 2027;
- a floating-rate European private placement in euros totalling €45 million, maturing in April 2022;
- various fixed-rate loans, with a residual total of €61.5 million, corresponding to the assignment of future rents or usufruct fees (unindexed) on four buildings in the Fedimmo portfolio and two in the Befimmo portfolio.

In order to reduce its financing costs, Befimmo has a commercial paper programme for up to €600 million. At 31 December 2018, €339.5 million were in use for short-term issues under this programme. This programme has backup facilities consisting of the various credit lines described above.

[1] The amounts given are the notional amounts, excluding the impact of smoothing the cost of issuing debt.

In addition, the application of the interest rate hedging policy, described on page 74 of the management report, has led the Company to acquire the following financial hedging instruments (as at 31 December 2018) from financial institutions:

			CURRENCY		€				
	Level in IFRS	Class in IFRS	Notional amount (millions)	Interest rate	Notional amount (millions)	Interest rate	Period of hedge		Reference interest rate
CAP bought	2	Option			15	0.75%	Jan. 2015	Jan. 2020	Euribor 3 months
CAP bought	2	Option			30	0.50%	July 2015	July 2020	Euribor 3 months
CAP bought	2	Option			25	0.85%	July 2015	July 2020	Euribor 3 months
CAP bought	2	Option			20	1.15%	Jan. 2016	Jan. 2022	Euribor 3 months
FLOOR[1] sold	2	Option			20	0.55%	Jan. 2016	Jan. 2022	Euribor 3 months
Collar Swaption	2	Option			30	0.75%/1.25%	July 2019	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			20	1.58%	Jan. 2018	July 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.41%	Dec. 2017	Sept. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.57%	Dec. 2017	Sept. 2022	Euribor 3 months
Payer's IRS	2	Forward			15	1.40%	July 2014	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.72%	Jan. 2016	Jan 2024	Euribor 3 months
Payer's IRS	2	Forward			15	1.08%	Sept. 2015	Sept. 2024	Euribor 3 months
Payer's IRS	2	Forward			20	0.84%	Oct. 2015	Oct. 2024	Euribor 3 months
Payer's IRS	2	Forward			20	0.81%	Oct. 2015	Oct. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.17%	June 2018	Dec. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.71%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.80%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.65%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			30	0.66%	Apr. 2018	Jan. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.71%	Aug. 2018	Feb. 2025	Euribor 3 months
Payer's IRS	2	Forward			20	0.92%	Aug. 2018	Aug. 2026	Euribor 3 months
Payer's IRS	2	Forward			30	0.91%	Oct. 2015	Oct. 2025	Euribor 3 months
Payer's IRS	2	Forward			30	0.85%	Feb. 2016	Feb. 2026	Euribor 3 months
Payer's IRS	2	Forward			25	0.69%	Apr. 2017	Jan. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.82%	Feb. 2017	Feb. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.95%	Apr. 2018	Oct. 2027	Euribor 3 months
Payer's IRS	2	Forward			15	0.88%	Nov. 2017	Nov. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.77%	Oct. 2017	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	0.82%	Oct. 2017	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.10%	Jan. 2025	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			30	1.14%	Jan. 2025	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.25%	Feb. 2025	Feb. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.21%	Jan. 2025	Apr. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.21%	Dec. 2024	June 2028	Euribor 3 months
Payer's IRS	2	Forward			25	1.12%	Jan. 2025	July 2028	Euribor 3 months
Payer's IRS	2	Forward			50	0.87%	Dec. 2018	Dec. 2028	Euribor 3 months
Payer's IRS	2	Forward			15	0.84%	May 2014	May 2019	Euribor 3 months
Receiver's IRS	2	Forward			15	0.84%	Feb. 2017	May 2019	Euribor 3 months
Receiver's IRS	2	Forward			15	0.84%	Nov. 2017	May 2019	Euribor 3 months
Receiver's IRS	2	Forward			25	0.69%	Apr. 2018	Jan. 2020	Euribor 3 months
Receiver's IRS	2	Forward			25	0.82%	Apr. 2018	Jan. 2020	Euribor 3 months
Payer's IRS	2	Forward			25	1.51%	July 2012	July 2021	Euribor 3 months
Receiver's IRS	2	Forward			25	1.51%	March 2017	July 2021	Euribor 3 months
Payer's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 months
Receiver's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	0.42%	Jan. 2016	July 2024	Euribor 3 months
Receiver's IRS	2	Forward			25	0.42%	Oct. 2017	July 2024	Euribor 3 months
Receiver's IRS	2	Forward			65	0.81%	March 2018	March 2026	Euribor 3 months
CCS[2]	2	Forward	75 USD	4.83%	56	2.77%	May 2012	May 2019	Fix USD for Fix EUR
CCS[2]	2	Forward	22 GBP	4.90%	26	2.76%	May 2012	May 2019	Fix GBP for Fix EUR
CCS[2]	2	Forward	90 USD	5.05%	67	2.92%	May 2012	May 2020	Fix USD for Fix EUR

The hedging policy is implemented by recurring purchases of option or IRS type hedging instruments. The reader is reminded that the CCS were concluded in March 2012 to hedge the currency risk related to the conclusion of the USPP, denominated in pounds sterling and US dollars.

As at 31 December 2018, the hedging ratio was 92.7%.

[1] The sale of a floor implies a commitment to pay a minimum interest rate. Befimmo sells a floor only at the same time as it buys a cap, for the same notional amount and equivalent maturity. The combined purchase of a cap and sale of a floor is a collar.
[2] The interest rates in euros include margins for the CCS. The rates are applicable from 1 June 2015.

The situation of the hedging instruments as at 31 December 2017 is set out below.

			CURRENCY		€				
	Level in IFRS	Class in IFRS	Notional amount (millions)	Interest rate	Notional amount (millions)	Interest rate	Period of hedge		Level in IFRS
CAP bought	2	Option			25	2.00%	Jan. 2013	Jan. 2019	Euribor 3 months
CAP bought	2	Option			25	2.25%	Jan. 2014	Oct. 2018	Euribor 3 months
CAP bought	2	Option			15	1.30%	May 2014	May 2018	Euribor 3 months
CAP bought	2	Option			15	0.75%	Jan. 2015	Jan. 2020	Euribor 3 months
CAP bought	2	Option			15	0.30%	Jan. 2015	Jan. 2019	Euribor 3 months
CAP bought	2	Option			30	0.50%	July 2015	Jul. 2020	Euribor 3 months
CAP bought	2	Option			25	0.85%	July 2015	Jul. 2020	Euribor 3 months
CAP bought	2	Option			20	1.15%	Jan. 2016	Jan. 2022	Euribor 3 months
FLOOR[1] sold	2	Option			20	0.55%	Jan. 2016	Jan. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.41%	Dec. 2017	Sept. 2022	Euribor 3 months
Payer's IRS	2	Forward			25	1.57%	Dec. 2017	Sept. 2022	Euribor 3 months
Payer's IRS	2	Forward			20	1.58%	Jan. 2018	Jul. 2022	Euribor 3 months
Payer's IRS	2	Forward			15	1.40%	July 2014	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward			15	1.08%	Sept. 2015	Sept. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.50%	Jan. 2016	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.49%	Jan. 2016	Apr. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.47%	Jan. 2016	July 2024	Euribor 3 months
Payer's IRS	2	Forward			25	0.41%	Jan. 2016	Apr. 2025	Euribor 3 months
Payer's IRS	2	Forward			25	0.72%	Jan. 2016	Jan. 2024	Euribor 3 months
Payer's IRS	2	Forward			20	0.84%	Oct. 2015	Oct. 2024	Euribor 3 months
Payer's IRS	2	Forward			30	0.91%	Oct. 2015	Oct. 2025	Euribor 3 months
Payer's IRS	2	Forward			20	0.81%	Oct. 2015	Oct. 2024	Euribor 3 months
Payer's IRS	2	Forward			20	0.79%	Feb. 2016	Feb. 2025	Euribor 3 months
Payer's IRS	2	Forward			30	0.85%	Feb. 2016	Feb. 2026	Euribor 3 months
Payer's IRS	2	Forward			25	0.59%	Nov. 2016	Nov. 2025	Euribor 3 months
Payer's IRS	2	Forward			30	0.58%	Jan. 2016	Jan. 2026	Euribor 3 months
Payer's IRS	2	Forward			25	0.82%	Feb. 2017	Feb. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.69%	Apr. 2017	Jan. 2027	Euribor 3 months
Payer's IRS	2	Forward			25	0.30%	June 2017	Dec. 2026	Euribor 3 months
Payer's IRS	2	Forward			25	0.77%	Oct. 2017	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			25	0.82%	Oct. 2017	Jan. 2028	Euribor 3 months
Payer's IRS	2	Forward			15	0.88%	Nov. 2017	Nov. 2027	Euribor 3 months
Payer's IRS	2	Forward			40	3.90%	Jan. 2016	Jan. 2018	Euribor 3 months
Receiver's IRS	2	Forward			40	3.90%	Jan. 2016	Jan. 2018	Euribor 3 months
Payer's IRS	2	Forward			25	1.51%	July 2012	July. 2021	Euribor 3 months
Receiver's IRS	2	Forward			25	1.51%	March 2017	July 2021	Euribor 3 months
Payer's IRS	2	Forward			25	0.42%	Jan. 2016	July 2024	Euribor 3 months
Receiver's IRS	2	Forward			25	0.42%	Oct. 2017	July 2024	Euribor 3 months
Payer's IRS	2	Forward			15	0.84%	May 2014	May 2019	Euribor 3 months
Receiver's IRS	2	Forward			15	0.84%	Feb. 2017	May 2019	Euribor 3 months
Receiver's IRS	2	Forward			15	0.84%	Feb. 2017	May 2019	Euribor 3 months
Payer's IRS	2	Forward			20	0.11%	Jan. 2016	Jan. 2018	Euribor 3 months
Receiver's IRS	2	Forward			20	0.11%	Apr. 2017	Jan. 2018	Euribor 3 months
Receiver's IRS	2	Forward			30	0.12%	Jan. 2016	Jan. 2018	Euribor 3 months
Payer's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 months
Receiver's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 months
CCS[2]	2	Forward	75 USD	4.83%	56	2.77%	May 2012	May 2019	Fix USD for Fix EUR
CCS[2]	2	Forward	22 GBP	4.90%	26	2.76%	May 2012	May 2019	Fix GBP for Fix EUR
CCS[2]	2	Forward	90 USD	5.05%	67	2.92%	May 2012	May 2020	Fix USD for Fix EUR

Befimmo does not practice hedge accounting for the financial hedging instruments it holds. These instruments are therefore regarded as trading instruments under IFRS, and changes in their fair value are booked directly and entirely to the income statement. Although the instruments in question are considered trading instruments under IFRS, they are intended solely for hedging the risk of rising interest rates, and not for speculative purposes.

The fair value of hedging instruments is defined using data that are indirectly observable, but which are not prices quoted on an active market. The IRS, CCS, cap and collar contracts therefore belong to level 2 of the fair-value hierarchy, as defined in standard IFRS 13 – *Fair Value Measurement*.

The fair value of these contracts is determined at the balance sheet date. The derivatives were valued as at 31 December 2018 taking account of the credit value adjustments (CVAs) and debit value adjustments (DVAs) as per IFRS 13. The CVAs and DVAs of the financial hedging instruments are calculated on the basis of listed bonds or, alternatively, credit default swaps of counterparty banks

[1] La vente d'un FLOOR implique l'engagement de payer un taux d'intérêt minimum. Befimmo n'effectue la vente d'un FLOOR que simultanément à l'achat d'un CAP, pour un même notionnel et une durée équivalente. La combinaison de l'achat d'un CAP et de la vente d'un FLOOR constitue un COLLAR.
[2] Les taux d'intérêts en € sont marges incluses pour les CCS. Les taux sont applicables à partir du 1er juin 2015.

and listed Befimmo bonds.

Befimmo receives this information from an independent specialist company. Befimmo also verifies it using checks of consistency with information received from counterparty financial institutions (fair value excluding CVAs and DVAs).

The fair values of the various classes of hedging instruments are set out below:

(in € thousand)		Balance sheet item as of 31.12.2018	
Classification by IFRS	Level in IFRS	I.E.b. Assets at fair value through the result	I.C. & II.C.Other current and non current financial liabilities
Option	2	2	- 795
Forward	2	7 953	-21 475
CCS	2	19 319	-1 751
		27 273	**-24 021**

(in € thousand)		Balance sheet item as of 31.12.2017	
Classe selon IFRS	Niveau selon IFRS	I.E.b. Actifs à la juste valeur via le résultat	I.C. & II.C. Autres passifs financiers non courants et courants
Option	2	41	- 418
Forward	2	6 493	-15 320
CCS	2	12 966	-1 347
		19 500	**-17 085**

The Company does not offset the value of its financial instruments booked to the assets and liabilities in the balance sheet. The financial assets and financial liabilities shown in the financial situation are therefore gross amounts.
The ISDA agreements with the counterparties for financial instruments provide for the offsetting between financial hedging instruments carried on the assets side and those carried on the liabilities side of the balance sheet in the event of default. No collateral has been exchanged between the parties.

The potential effect of offsetting financial hedging instruments is summarised below:

Effect of enforceable netting agreements (in € thousand)	I.E.b. Assets at fair value through the result		I.C. & II.C.Other current and non current financial liabilities	
	31.12.18	**31.12.17**	**31.12.18**	**31.12.17**
Total financial hedging instruments recognised in balance sheet	27 411 [3]	19 538	24 107 [3]	17 179
Enforceable netting	-16 636	-12 716	-16 636	-12 716
Net amount	**10 775**	**22 416**	**7 472**	**6 544**

The USPP debt included in balance sheet item IBc is recognised at fair value (level 2). The fair value option under IFRS 9 was adopted, the debt being covered by specific interest-rate and exchange hedging and also measured at fair value. The fair value of the USPP debt is determined by updating future cash flows on the basis of the observed market interest rate curves (in US dollars and pounds sterling) at the closing date of these accounts, plus the credit margin. The notional amount determined in this way is converted at the closing exchange rate to obtain the fair value in euros.

In accordance with the Significant Accounting Policies, changes in the value of the derivatives held by the Company taking place during the accounting year are described in the following table:

(in € thousand)	Initial fair value	Acquisitions and disposals during the period	Changes in fair value in profit and loss account	Net losses realised on sale of financial assets	Final fair value
31.12.18 fiscal year	2 414	1 243	- 405	0	3 252
31.12.17 fiscal year	16 094	2 424	-16 104	-	2 414

As part of its hedging policy, the Company carried out various operations on hedging instruments over the fiscal year:
- the conclusion of a swaptions tunnel on a fixed-rate payer IRS covering the period 2019-2027 for a notional amount of €30 million;
- the restructuring of a payer IRS on a notional amount of €200 million, extending its maturity to 2026, 2027 and 2028;
- The arrangement of a receiver IRS for a notional amount of €65 million;
- The cancellation of two payer IRSs for a total notional amount of €50 million;
- The arrangement of a payer IRS for a notional amount of 50 million €.

[3] The amounts €27,411 thousand and €24,107 thousand are excluding CVA/DVA.

On the basis of total borrowings as at 31 December 2018, a debt of €984.5 million (85.0% of total debt) is financed at fixed rates (conventional fixed rates or rates fixed by IRS). The remainder of the debt, €174.3 million, is financed at floating rates, but is fully hedged against rising interest rates by means of options instruments (caps and collars[1]).

Without any hedging, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €1.4 million (annual basis).
With the hedging arranged at 31 December 2018, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €0.2 million (annual basis).

C. FINANCIAL LIQUIDITY RISK

Please see page 8 of this Report for a description of the financial liquidity risk.

The weighted average duration of borrowings is 4.84[2] years. The tables below illustrate the maturities of the financial liabilities held by the Company.

LIABILITIES (31.12.18)	Total	< 1 year	Between 1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**735 519**	-	412 636	322 883
D. Trade debts and other non current debts	**2 130**	-	2 130	-
Current financial liabilities				
B. Current financial debts	**443 012**	443 012	-	-
D. Trade debts and other current debts	**30 603**	30 603	-	-
E. Other current liabilities	**4 099**	4 099	-	-
Total financial liabilities	**1 215 362**	**477 713**	**414 766**	**322 883**

LIABILITIES (31.12.17)	Total	< 1 year	Between 1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**484 255**	-	342 057	142 197
Current financial liabilities				
B. Current financial debts	**517 832**	517 832	-	-
D. Trade debts and other current debts	**29 945**	29 945	-	-
E. Other current liabilities	**2 491**	2 491	-	-
Total financial liabilities	**1 034 524**	**550 269**	**342 057**	**142 197**

The financial liabilities in the table above are of level 2 as per IFRS 13 and are carried at amortised cost, with the exception of the USPP debt, which is booked at fair value at the balance sheet date. As per IFRS 13, debt carried at fair value is of level 2.

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

[2] This calculation does not take account of maturities for which refinancing is already in place.

34. CHANGES IN DEBT RELATED TO FINANCING OPERATIONS

The following table is designed to improve disclosure on the change in debt related to financing transactions, whether or not this change comes from cash flow.

	I. E. et II.B. Non-current and current financial assets	I.C. et II.C. Other non-current and current financial liabilities	I.B. et II.B. Non-current and current financial debts	Net Liabilities
At 31 December 2016	**46 712**	**-25 336**	**-1 097 986**	**-1 076 609**
Changes due to cash flow from financing activities	**-986**		**74 556**	**73 570**
European private bond placements			-70 000	**-70 000**
Increase in financial debts			162 000	**162 000**
Hedging instruments and other financial assets			-17 444	**-17 444**
Stake in Silversquare - cash out	-986			**-986**
Changes due to items with no effect on cash flow	**-24 355**	**8 251**	**21 343**	**5 238**
Fair value adjustment on financial assets/liabilities booked to earnings (+/-)	-24 355	8 251	21 290	**5 186**
Stake in Silversquare - debt			53	**53**
At 31 December 2017	**21 371**	**-17 085**	**-1 002 087**	**-997 801**
Changes due to cash flow from financing activities	**7 329**	**-**	**-171 108**	**-163 778**
European private bond placements			-191 500	**-191 500**
Increase in financial debts			20 392	**20 392**
Hedging instruments and other financial assets	295			**295**
Stake in Silversquare - cash out	7 035			**7 035**
Changes due to items with no effect on cash flow	**8 800**	**-6 936**	**-5 336**	**-3 472**
Fair value adjustment on financial assets/liabilities booked to earnings (+/-)	6 670	-6 936	-5 636	**-5 901**
Stake in Silversquare - debt	2 130			**2 130**
Variation on activated debt-costs			300	**300**
At 31 December 2018	**37 501**	**-24 021**	**-1 178 531**	**-1 165 051**

35. EMPLOYEE BENEFITS

Changes were made to the Company’s supplementary pension scheme from fiscal year 2016:
Employees recruited from 1 January 2016 have a new supplementary pension scheme under a group defined-contribution insurance policy.

Employees in post on 31 December 2015 were offered the choice between continuing on the existing defined-benefits pension plan or switching to a new defined-contribution type group insurance from 1 January 2016. In accordance with the law, employees who opted for the new defined-contribution scheme benefit from dynamic management of the defined-benefits commitment for their past career. The supplementary defined-benefits pension plan is being retained for employees who opted to continue in it.

The assets covering the Company's commitments under the defined-benefit scheme were transferred from the pension fund of AG Real Estate OFP to an insurance company,

A. DEFINED-BENEFIT PLAN

This plan provides for the payment of a retirement pension and a survivor's pension. At the member’s request, benefits may be paid as a lump sum.
This pension plan is exposed to various risks, notably the interest rate risk, credit risk, liquidity risk, the risk associated with equity markets, currency risk, inflation risk, management risk, risk of changes in statutory pensions and the risk related to changing life expectancies.
An actuarial valuation is made every year in accordance with IAS 19 by independent actuaries.

The current value of the obligation and assets has evolved as follows:

Present Value of the Obligation	Fair Value of Plan assets	Total (Asset)/Deficit	Present Value of the Obligation	Effect of asset ceiling[1]	Net (Asset)/ Liability
As at 31 December 2016	**9 622**	**-9 365**	**257**	**0**	**257**
Service cost in profit and loss					
Current service cost (net of employee contributions)	119		119		119
Past service cost (including effect of curtailments)					
Settlement (gain)/loss					
Net interest on the net liability/(asset) in profit and loss					
Interest cost on Defined Benefit Obligation/income on plan assets/ interest on asset ceiling	168	- 161	6		6
Components of Defined Benefit Cost recognised in profit and loss	**287**	**- 161**	**125**	**0**	**125**
Actuarial (gain)/loss arising from					
Changes in demographic assumptions					
Changes in financial assumptions			0		0
Experience adjustments	- 269		- 269		- 269
Return on plan assets (excluding amounts in net interest)		- 92	- 92		- 92
Change in effect of the asset ceiling (excluding amounts in net interest)				2	2
Remeasurements of the net liability/(asset) in 'Other comprehensive income'	- 269	- 92	- 361	2	- 359
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**17**	**- 253**	**- 236**	**2**	**- 234**
Employee contributions	**6**	**- 6**	**0**		**0**
Employer contributions		**- 23**	**- 23**		**- 23**
Benefit payments from plan assets	**- 334**	**334**	**0**		**0**
Direct benefit payments by employer					
Cash flows	**- 328**	**305**	**- 23**	**0**	**- 23**
As at 31 December 2017	**9 311**	**-9 313**	**- 2**	**2**	**0**
Service cost in profit and loss					
Current service cost (net of employee contributions)	124		124		124
Past service cost (including effect of curtailments)					
Settlement (gain)/loss					
Net interest on the net liability/(asset) in profit and loss					
Interest cost on Defined Benefit Obligation/income on plan assets/ interest on asset ceiling	165	- 163	2		2
Components of Defined Benefit Cost recognised in profit and loss	**289**	**- 163**	**126**	**0**	**126**
Actuarial (gain)/loss arising from					
Changes in demographic assumptions					
Changes in financial assumptions	- 591		- 591		- 591
Experience adjustments					
Return on plan assets (excluding amounts in net interest)		311	311		311
Change in effect of the asset ceiling (excluding amounts in net interest)				178	178
Remeasurements of the net liability/(asset) in 'Other comprehensive income'	**- 591**	**311**	**- 280**	**178**	**- 102**
Defined benefit cost (total amount recognised in profit and loss and 'Other comprehensive income')	**- 302**	**148**	**- 154**	**178**	**24**
Employee contributions	7	- 7			
Employer contributions		- 24	- 24		- 24
Benefit payments from plan assets	- 30	30			
Direct benefit payments by employer					
Cash flows	**- 23**	**- 1**	**- 24**	**0**	**- 24**
As at 31 December 2018	**8 986**	**-9 166**	**- 180**	**180**	**0**

The cost of services provided is included under "Corporate overheads" in the IFRS income statement.

The effective rate of return of the assets for fiscal year 2018 is -1.60%, calculated by weighting the rates of return on the group insurances (classes 23 and 21). The plan assets are broken down as follows:

- Group insurance (class 21) : €2,344 thousand (present value of funded insurance benefits);
- Group insurance (class 23): €6,823 thousand, invested in funds with assets broken down as follows: 13% equities, 83% bonds, 3% cash and other investments.

The duration of the pension obligations for plan members is 14 years. The pension obligations are funded on the basis of the projected credit units method. The effective yield of the assets over the fiscal year was negative at -€148 thousand. For fiscal year 2017, it was positive at €253 thousand.

[1] If a net asset exists, i twill not be recognized.

The main actuarial assumptions are summarised below:

	31.12.18	31.12.17
Discount rate	2.00%	1.75%
Expected rate of salary increase	3.00%	3.00%
Expected yield rate of plan assets	1.75%	1.75%
Expected rate of pension increase	1.70%	1.70%
Mortality table	MR-5/FR-5	MR-5/FR-5

Befimmo expects to contribute an estimated €25 thousand for fiscal year 2019.

We also analysed the sensitivity of the pension obligation to changes in the various assumptions:

Parameters	Hypothesis	Impact on the present value of the obligation
Discount rate	0.50%	-10.25%
Discount rate	-0.50%	12.01%
Inflation rate	0.50%	11.75%
Inflation rate	-0.50%	-10.49%
Growth rate of wages	0.50%	9.68%
Growth rate of wages	-0.50%	-9.79%
Life expectancy	+1 an	3.92%

B. DEFINED-CONTRIBUTION PLAN

Employers do not bear any direct financial or actuarial risks in a defined-contribution pension plan. Nevertheless, they are still exposed to various risks, primarily the return risk (Belgian legislation requires employers to guarantee a minimum return that may exceed the return obtained by the insurance company).

Accordingly, in accordance with IAS 19, the present value of the obligation and of the assets of such a 'defined-contribution' pension plan have also been assessed and any resulting actuarial gains or losses have been recognised directly in equity. As at 31 December 2018, the amount concerned was €0 thousand, the present value of the obligation being valued at €1,763 thousand and the plan assets at €1,763 thousand.

The expected contributions for fiscal year 2019 are estimated at €725 thousand.

36. ASSESSMENT OF THE FAIR VALUE OF INVESTMENT PROPERTIES: DISCLOSURE AS PER IFRS 13

In line with IFRS, Befimmo values its property portfolio at fair value as determined by experts. The fair value of a building is its investment value, including registration fees and other transaction costs (also known as "deed-in-hands value") as calculated by an independent expert, minus a standard allowance of 10% (Flanders) or 12.5% (Wallonia and Brussels) for buildings with an investment value of less than €2.5 million, and 2.5% for buildings with an investment value of more than €2.5 million. This 2.5% allowance[1] is derived from an analysis by independent experts of a large number of transactions observed on the market, and represents the average transaction costs actually paid in these transactions. This rule is also applied for determining the fair value of property located in the Grand Duchy of Luxembourg.

A. MEASUREMENT OF FAIR VALUE AS AT 31 DECEMBER 2018

Investment properties (in € thousand)	Total	Level 3
Properties available for lease	**2 455 813**	**2 455 813**
Brussels CBD and similar	1 440 556	1 440 556
Brussels decentralised	81 668	81 668
Brussels periphery	116 546	116 546
Flanders	474 300	474 300
Wallonia	220 186	220 186
Luxembourg city	122 556	122 556
Properties that are being constructed or developed for own account in order to be leased	**199 512**	**199 512**
TOTAL INVESTMENT PROPERTIES	**2 655 324**	**2 655 324**

[1] Average level of expenses paid on transactions recorded by the experts on the Belgian market. This accounting treatment is detailed in the statement issued by BeAMA on 8 February 2006 and confirmed in the press release of the BE-REIT Association of 10 November 2016.

B. VALUATION TECHNIQUES USED FOR LEVEL 3

All properties in the portfolio were classified from the first application of IFRS 13 in category level 3 ("fair value based primarily on unobservable inputs") as defined by the standard.

The public BE-REIT's independent experts[2] use several valuation techniques to determine the fair value of the properties in the portfolio of which the main charactheristics are the following:

- The method of updating the future cash flows generated by the building: this technique requires the net rental income generated by the building to be valued on an annual basis for a given period. At the end of this period, a residual value is calculated taking into account the expected condition of the property. In Befimmo's panel of experts, this technique is applied in two variants:
  - A "conventional" method which estimates future income net of charges estimated by the expert, based on current leases and any assumptions about renegotiation, indexed annually according to an assumption based on market outlook and updated at a rate reflecting both the state of the property and financial markets and quality of the tenant. The residual value is calculated by capitalising an estimated income from reletting the building, minus an amount for works, rental vacancy and marketing costs estimated for reletting on the basis of the defined assumptions. The indexing rate used by the expert at 31 December 2018 for his projections is 1.80%.
  - A method known as "Term & Reversion", involving the calculation of the present value of contractually secure income at the valuation date, and the residual value at the end of current contracts. The present value of the income is calculated on the basis of non-indexed income updated at a rate that excludes inflation, while the residual value is calculated for each individual area, similarly to the conventional method, also updated at a rate that excludes inflation.
- The income capitalisation method: this method involves capitalising the estimated rental value of the building using a capitalisation rate in line with the property market. The capitalisation rate is chosen on the basis of an analysis of comparable market data, including publicly available information for the sector concerned. The rate is the expected rate of return for potential investors on the valuation date. The resulting value is then adjusted for the (positive or negative) differential between the hypothetical rent used and the rent from current leases, as well as assumptions about works and/or anticipated rental vacancies in the building on the expiry of the current leases.

These valuation methods are applied to the properties in the portfolio on the assumption that they are used optimally ("highest and best use") in terms of allocation (e.g. an office building with a higher potential value for retail use is valued taking account of the creation of potential value related to that reallocation).

In 2018, following the rotation of the expert, all properties in the portfolio were valued on the basis of the future cash flow updating method, with the exception of a single building valued on the basis of the income capitalisation method.

Furthermore, the experts also took account in their valuation of the location of the property, the age and condition of the building, the remaining term of the current leases and the vacancy rate (on the basis of signed leases). All this information can be consulted in the management report on pages 44 and 45.

In general, the results obtained using these various valuation methods are then compared with market benchmarks, particularly in terms of unit price per square metre or initial yields on ongoing leases.

For projects under development, their value is generally calculated using the income capitalisation method, namely the capitalisation of an estimated rental value of the project after its renovation/construction is complete, possibly corrected by a rental gain or loss if the project is already pre-let, minus from the amount of work still to be done before the building can be handed over. When planned spaces are pre-let, the pre-let part and the lease term can be consulted on pages 36 to 38 of this Report. Additional information about these projects, such as the estimated construction time and the residual cost of the work, is also available on page 93 of this Report.

C. CHANGES IN VALUE OF THE PORTFOLIO OVER THE FISCAL YEAR (LEVEL 3)

(in € thousand)	
Opening balance as of 31 december 2017	**2 494 360**
Changes in fair value	- 5 514
Investments	50 797
Acquisitions	116 328
Disposals	- 645
Opening balance as of 31 december 2018	**2 655 324**

No transfers between levels (1, 2 and 3) were made during the year.

2 For further information, please also see the conclusions of the coordinating real-estate expert, on pages 64 and 65.

D. QUANTITATIVE INFORMATION REGARDING FAIR VALUE MEASUREMENT ON THE BASIS OF "UNOBSERVABLE INPUTS"

Quantitative information on the valuation of the fair value based on unobservable data (Level 3)

OFFICES	Fair value as at 31.12.18 (in € thousand)	Letting area (in m^2)	Valuation techniques	Unobservable data	Intervals	(weighted average)
Brussels CBD and similar	1 440 556	379 087	Cashflow discount	Annual rent	157 €/m^2 - 339 €/m^2	(182 €/m^2)
				Discount rate	1.00% - 5.50%	(2.92%)
				Capitalisation rate of the residual value	4.50% - 6.20%	(5.24%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Brussels decentralised	81 668	39 319	Cashflow discount	Annual rent	135 €/m^2 - 170 €/m^2	(156 €/m^2)
				Discount rate	6.00% - 7.06%	(6.79%)
				Capitalisation rate of the residual value	6.25% - 7.50%	(6.70%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Brussels periphery	116 546	101 989	Cashflow discount	Annual rent	84 €/m^2 - 147 €/m^2	(112 €/m^2)
				Discount rate	7.50% - 9.00%	(8.42%)
				Capitalisation rate of the residual value	7.50% - 9.00%	(8.41%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Flanders	474 300	212 770	Cashflow discount	Annual rent	59 €/m^2 - 276 €/m^2	(124 €/m^2)
				Discount rate	1.25% - 3.06%	(2.37%)
				Capitalisation rate of the residual value	5.61% - 8.78%	(6.89%)
		16 718	Capitalisation method[1]	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Wallonia	220 186	71 073	Cashflow discount	Annual rent	110 €/m^2 - 155 €/m^2	(142 €/m^2)
				Discount rate	1.75% - 3.78%	(3.49%)
				Capitalisation rate of the residual value	6.25% - 10.00%	(6.75%)
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Luxembourg city[1]	122 556	12 247	Cashflow discount	Annual rent	-	-
				Discount rate	-	-
				Capitalisation rate of the residual value	-	-
			Capitalisation method	Annual rent/ rental value	-	-
				Capitalisation rate	-	-
Property being const own account in orde	199 512	65 658	Capitalised net revenue less cost of the remaining work	Capitalised net income	2 609 €/m^2 - 5 067 €/m^2	(3 727 €/m^2)
				Annual rent	150 €/m^2 - 228 €/m^2	(188 €/m^2)
				Capitalisation rate	4.50% - 5.75%	(5.08%)
TOTAL	**2 655 324**	**898 861**				

E. SENSITIVITY OF THE VALUATION TO CHANGES IN KEY "UNOBSERVABLE INPUTS"

A change of + or -5% in the estimated rental values of properties in the portfolio would result in a change in the fair value of the portfolio of the order of +€121.4 million and -€121.6 million respectively.

A change of + or -50 basis points in the updating and capitalisation rates (used for both the income capitalisation method and the discounted future cash flows) would result in a change in fair value of the portfolio of the order of -€216.3 million and +€253.5 million respectively.

Note that the levels of estimated rental value and yield of buildings can influence one another. This correlation has not been taken into account in the above sensitivity test, however, which assumes that these two parameters rise and fall independently.

F. VALUATION PROCESS

To meet the requirements for preparing the Company's quarterly financial statements, the property portfolio is also valued on a quarterly basis as follows:

- At the end of the quarter, the Company sends the experts detailed information on the transactions carried out during the quarter, mainly in terms of rentals (area let, rents agreed, duration of leases, investments to be made, etc.) but also of any acquisitions or disposals of properties.
- The Company then meets each expert to discuss the information provided and their perceptions of the property market, and answer any questions that the experts might have about properties in the portfolio.

[1] According to the Royal Decree of 13 July 2014, the public B-REIT has the option of not disclosing information for a category/segment that contains only one building.

- The experts then incorporate this information into their valuation models. Based on their experience of the market and any transactions (leases, acquisitions, etc.) taking place on the market, they retain or adjust the valuation parameters used in their models, mainly in terms of estimated rental values, rates of return (discount and/or capitalisation rates), assumptions about rental vacancies or investments to be made in the buildings.
- The experts then give their individual valuations of the property portfolio based on these calculations. These are then subject to various checks in Befimmo's investment department, to help the Company understand the assumptions used by the experts in their calculations. These assumptions are also shared with the Befimmo management team.
- The summary table of the individual property valuations is passed on to the accounts department to enter the quarterly revaluation of the portfolio in the accounts.
- The values recorded are subject to checks by the Audit Committee and the auditors before Befimmo's Board of Directors closes the financial statements.

37. COMMITMENTS AS AT 31 DECEMBER 2018

37.1. COMMITMENTS TO THIRD PARTIES

37.1.1. Commitments to tenants

Befimmo undertakes, under various leases, to bear the costs of light renovation work amounting initially to €2.1 million excluding VAT and up to €0.18 million excluding VAT a year for a further 11 years.

Befimmo has given an undertaking to the Buildings Agency, under a public development contract, to let a courthouse at Rathausplatz in Eupen to the Federal Department of Justice for an overall base rent of €910 thousand. The Buildings Agency has an option to purchase the building on the expiry of the 25-year lease.

Befimmo undertakes, under the lease it has signed, to make available to Beobank in the course of third quarter of 2020, an area of some 22,000 m^2 of office space in the Quatuor building under construction.
Befimmo undertakes, under the lease it has signed, to make available to Mc Kinsey in the course of first quarter of 2020, an area of some 7,000 m^2 of office space in the Brederode Corner, currently undergoing renovation.

The Belgian Government has an option to purchase the new Finance Centre, Paradis Tower in Liège, on the expiry of the 27.5-year lease.
The Flemish Community has a preferential right, for the duration of its lease, in the event of the sale of the leasehold on the building at rue aux Choux in Brussels.

BNP Paribas Fortis has a preferential right, for the duration of its respective leases, in the event of the sale of the leasehold on the properties located in the Meir in Antwerp and Vital De Costerstraat in Leuven.
Furthermore, some tenants have preferential rights to rent the space in the buildings they occupy.

3.7.1.2. Commitments to purchasers of properties to be sold

Fedimmo signed a preliminary sales agreement subject to a suspensory condition of obtaining a permit for its building at 26 Ijzerkaai in Kortrijk. Fedimmo has also signed sales agreements on its buildings at Grote Markt 10 in Menen and Kasteelstraat 15 in Izegem, both subject to suspensory conditions.

Fedimmo has signed a Head of Terms subject to a suspensory condition for the sale on completion of the L2 residential building and related car parks of the Paradis Express project in Liège.

37.1.3. Purchase undertaking

As part of the equity investment in Silversquare Holding in December 2018, Befimmo has granted a put option on the remaining shares held by the shareholders. It also has a call option on those same shares.

Befimmo has received the usual guarantees from the shareholders for this type of transaction.

37.1.4. Commitments to approved building contractors and design teams

Commitments entered into by Befimmo and its subsidiaries with approved building contractors:
Befimmo's main contractual commitments with approved building contractors and design teams amount to some €143.8 million including VAT. These commitments relate mainly to the Brederode Corner, Eupen-Rathausplatz and Ikaros 1-3/5-7 buildings, and the Quatuor and Paradis Express projects.

Commitments made by Befimmo Property Services on behalf of Befimmo or subsidiaries:
The main commitments entered into by Befimmo Property Services relate to the various contracts for maintenance, upkeep and total guarantee, cleaning and guarding of the buildings it manages on behalf of Befimmo and its subsidiaries. These commitments vary in length depending on the contracts and account for some €5.1 million including VAT annually. These services are mostly billed to tenants under the heading of common charges.

37.1.5. Letting mandates

Befimmo, Fedimmo and Axento have given undertakings, in the context of leases and/or sales, to pay fees to various agents in line with standard market practice.

37.1.6. Commitments to third parties

Befimmo, Fedimmo and Axento might decide to make binding rental or investment offers that are still valid at the closing date of the fiscal year.

37.1.7. Commitment to the Flemish authorities

Befimmo has undertaken to design, build and provide under an 18-year lease an office building of some 70,000 m² to the Flemish authorities.

37.1.8. Other commitments

Befimmo and Fedimmo are also committed for periods of one to three years under specific contracts such as property surveying services (for the quarterly valuation of the property portfolio), property management services for the Axento building, contracts for the provision of services in certain buildings, contracts for leasing parking spaces to third parties, and insurance policies.

37.2. RESTRICTIONS ON ASSIGNMENT

None of the buildings in the Company’s portfolio is mortgaged or subject to any other restriction on realisation or assignment, save only the standard provisions contained in several loan agreements. These restrictions have no impact on the value of the properties concerned.

Similarly, none of Befimmo’s property assets is subject to any restriction on the recovery of its income.
However, to enable Befimmo and Fedimmo to take advantage of attractive financing terms, future rents of five buildings have been assigned to a financial institution and the future usufruct fees for one building have been assigned to a financial institution. Ownership of these buildings may not therefore be transferred without the prior consent of the assignee of the rent or the early repayment of the financial liability. These are the Poelaert building and the Pavilion complex in Befimmo's portfolio and four buildings in Fedimmo's portfolio: Avenue des Arts, rue du Gouvernement Provisoire and rue Lambermont in Brussels and Majoor Vandammestraat in Knokke.

37.3. GUARANTEES GIVEN

(in € thousand)		31.12.18	31.12.17
Guarantees for investment work	Bank guarantee	5 149	5 249
Guarantees issued at the close of the fiscal year		**5 149**	**5 249**

In the context of the building of the new Finance Centre, Paradis Tower in Liège, Fedimmo issued a guarantee for the sum of €5.4 million in favour of the Buildings Agency, to guarantee the performance of the development contract concluded on 31 March 2009 for the provision of a building to house the Federal Public Finance Service in Liège. 50% of this guarantee was released in early January 2015. The remaining 50% will be released upon final hand-over of the building.
Beway issued a bank guarantee for the sum of €500,000 in favour of BAC to cover its commitments under the leasehold agreement for the Gateway building.
Befimmo issued a guarantee for €1.04 million, in favour of the Buildings Agency, to cover the proper execution of the development contract to provide a courthouse for the Federal Public Justice Service located in Rathausplatz in Eupen.

In 2017, Befimmo issued a guarantee for €0.9 million in favour of the Ministry of the Brussels-Capital Region to cover the proper execution of the work in kind constituting the urban planning charge to be carried out for the implementation of the planning permit for the Quatuor project. The work concerns the renovation of the Reine Marie Henriette children's home at 14 rue de la Flèche in Brussels.

38. RELATED-PARTY TRANSACTIONS

The table below sets out the remuneration of the Directors and members of the Management Committee of Befimmo SA.

Post-employment benefits are described in the note on employee benefits.
The Company did not grant any other long-term benefits during fiscal years 2017 or 2018.

FISCAL YEAR 31.12.18 (in €) **Name**	**Short-term benefits (salaries, bonuses)**[1]	**Post-employment benefits (pension, etc.)**
Alain Devos	135 500	
Anne-Marie Baeyaert	62 500	
Sophie Goblet	87 500	
Sophie Malarme-Lecloux	71 500	
Wim Aurousseau (as from 24 April 2018)	23 333	
Etienne Dewulf	84 000	
Hugues Delpire	95 000	
Kurt De Schepper	67 500	
Benoît Godts	87 000	
Benoît De Blieck/SPRLu BDB Management	728 984	71 007
variable portion	*250 000*	
Other members of the Management Committee	1 232 581	157 932
variable portion	*360 000*	
Total	**2 675 398**	**228 939**

FISCAL YEAR 31.12.17 (in €) **Name**	**Short-term benefits (salaries, bonuses)**[1]	**Post-employment benefits (pension, etc.)**
Alain Devos	131 000	
Annick Van Overstraeten (end of mandate on 14 February 2017)	3 333	
Barbara De Saedeleer (as from 14 February 2017 and end of mandate on 12 September 2017)	35 000	
Sophie Goblet	80 500	
Sophie Malarme-Lecloux	66 000	
Benoît Godts	78 500	
Etienne Dewulf	80 500	
Guy Van Wymersch-Moons (end of mandate on 31 October 2017)	46 667	
Kurt De Schepper	65 000	
Hugues Delpire	80 000	
Benoît De Blieck/SPRLu BDB Management	727 335	72 657
variable portion	*250 000*	
Other members of the Management Committee	1 209 566	154 255
variable portion	*335 000*	
Total	**2 603 401**	**226 912**

[1] Short-term benefits are fixed and variable remuneration, and any other miscellaneous components and benefits (including social charges).

39. RECONCILIATION TABLES BETWEEN THE CATEGORIES PROVIDED FOR IN IAS 39 AND IFRS 9

The Company applies IFRS 9 for its consolidated financial statements beginning on or after 1 January 2018. The comparative year from 1 January 2017 to 31 December 2017 follows the provisions of IAS 39.

IFRS 9 distinguishes four types of financial assets: (i) "financial assets measured at amortised cost", (ii) "financial assets recognised at fair value through profit or loss", (iii) "Financial assets at fair value through other comprehensive income - debt" and (iv) "financial assets at fair value through other comprehensive income - capital". Befimmo's financial assets are classified in category (i) or (ii). The determination of the classification is based on two criteria: the Company's economic model for managing financial assets; and the characteristics of the cash flows under contract of the financial assets.

31.12.17 (in € thousand)	IAS 39 Book value	IAS 39 Category	IFRS 9 Book value	IFRS 9 Category
Non-current financial assets				
E. Non-current financial assets	19 498		19 498	
b. - Assets at fair value through profit and loss	19 494	FV PL	19 494	FV PL
e. - Others	4	L&R	4	AC
F. Finance lease receivables	1 902	L&R	1 902	AC
Current financial assets				
B. Current financial assets	1 874		1 874	
b. - Assets at fair value through profit and loss	5	FVPL	5	FVPL
d. - Loans and receivables	1 868	L&R	1 868	AC
C. Finance lease receivables	136	L&R	136	AC
D. Trade receivables	21 067	L&R	21 067	AC
E. Other current assets	1 682	L&R	1 682	AC
F. Cash and cash equivalents	254	L&R	254	AC

	IAS 39
FV PL	Financial assets at fair value through profit and loss
L&R	Loans and receivables

	IFRS 9
FV PL	Financial assets at fair value through profit and loss
AC	Financial assets at amortized cost

In terms of financial liabilities, the categories remain unchanged, namely (i) "financial liabilities measured at amortised cost", (ii) "financial liabilities recognised at fair value through the income statement".

31.12.17 (in € thousand)	IAS 39 Book value	IAS 39 Category	IFRS 9 Book value	IFRS 9 Category
Non-current liabilities				
B. Non-current financial debts	484 255		2 344 445	
a. - Credit institutions	153 553	AC	153 553	AC
c. - Other	330 702		2 190 892	
EUPP	165 966	AC	1 103 986	AC
USPP	161 916	FV PL	551 993	FV PL
Guarantees received	2 820	AC	534 913	AC
C. Other non-current financial liabilities	17 080	FV PL	17 080	FV PL
Current liabilities				
B. Current financial debts	517 832		517 832	
a. - Credit institutions	47 332	AC	47 332	AC
c. - Other	470 500	AC	470 500	AC
C. Other current financial liabilities	5	FV PL	5	FV PL
D. Trade debts and other current debts	52 359	AC	52 359	AC
E. Other current liabilities	2 491	AC	2 491	AC

	IAS 39
FV PL	Financial liabilities at fair value through profit and loss
AC	Financial liabilities at amortized cost

	IFRS 9
FV PL	Financial liabilities at fair value through profit and loss
AC	Financial liabilities at amortized cost

Although the implementation of IFRS 9 has an impact on the categorisation of financial assets and liabilities, it has no impact in terms of valuation.

40. APPLICATION OF IFRS 16 *LEASES* FROM 1 JANUARY 2019

The Company did not anticipate the application of IFRS 16 *Leases* in the consolidated financial statements at 31 December 2018. It will be applied for the first time in the accounts at the opening of fiscal year 2019 on the basis of the "modified retrospective approach".
The standard has no impact on the accounting treatment or classification of leases in relation to Befimmo tenants in its capacity as lessor. IFRS 16, on the other hand, does have an impact on the recognition of leases in its capacity as lessee. The Company will use the exemption provided for in the standard for low-value assets and short-term leases.

The impact on Befimmo of applying IFRS 16 at 1 January 2019 can be estimated at:
- the right of use on the balance sheet assets: €5 million
- the lease liability on the balance sheet liabilities: €5 million

which represents 0.2% of the balance sheet total and a negligible impact on the debt ratio.

The expected impact, on a like-for-like basis, of the full consolidation of Silversquare into Befimmo's accounts as from 1 January 2019 will be greater, though relatively limited in relation to the size of Befimmo. For leases currently concluded by Silversquare with third party owners, a right of use and a liability of around €20 million will be recognised in the Befimmo’s consolidated financial statements.

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEETING OF BEFIMMO SA FOR THE YEAR ENDED 31 DECEMBER 2018

As required by law and the Company's by-laws, we report to you as statutory auditor of Befimmo sa (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of financial position as at 31 December 2018, the consolidated statement of total comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2018 and the notes to the consolidated financial statements (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 25 April 2017, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 31 December 2019. We performed the audit of the Consolidated Financial Statements of the Group for the second consecutive year.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

UNQUALIFIED OPINION

We have audited the Consolidated Financial Statements of Befimmo sa, which consists of the consolidated statement of financial position as at 31 December 2018, the consolidated statement of total comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2018 and he notes to the consolidated financial statements, which show a consolidated balance sheet total of € 2.735.140 thousand and of which the consolidated income statement shows a profit for the year of € 82.847 thousand.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2018, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

BASIS FOR THE UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Valuation of the investment properties

- Description of the matter and audit risk:

Investment property amounts to a significant part (97,1%) of the assets of the Group.

In accordance with the accounting policies and IAS 40 standard "Investment property", investment property is valued at fair value, and the changes in the fair value of investment property are recognized in the income statement. The fair value of investment properties belongs to the level 3 of the fair value hierarchy defined within the IFRS 13 standard "Fair Value Measurement", some parameters used for valuation purposes being based on unobservable data (discount rate, future occupancy rate, ...).

- Summary of audit procedures performed

As external appraisers carry out an estimate of the fair value of the investment properties of the Group, we have assessed their valuation reports (with the support of real estate valuation specialists of our firm). More precisely, we have:

> assessed the objectivity, the independence and the competence of the external appraisers,
> tested the integrity of source data (contractual rentals, maturities of the rental contracts, ...) used in their calculations, reviewed the models,
> assumptions and parameters used in their reports (discount rates, future occupancy rates, ...).

Finally, we have assessed the appropriateness of the information on the fair value of the investment properties disclosed in note 18 of the Financial Statements.

Valuation of financial instruments

- Description of the matter and audit risk:

Befimmo sa uses interest rate swaps (IRS), options and cross currency swaps (CCS) to hedge its interest rate and foreign currency risk on its variable rate debts. The measurement of the derivatives at fair value is an important source of volatility of the result. As a matter of fact, in accordance with IFRS 9 "Financial Instruments: Recognition and Measurement", these derivatives are valued at fair value (considered to belong to the level 2 of the fair value hierarchy defined by IFRS 13 "Fair Value Measurement"). The changes in fair value are recognized in the income statements. The audit risk appears on the one hand in the valuation of these derivatives.

- Summary of audit procedures performed

We have compared the fair values of the derivatives (with the support of internal exports within our practice) with the valuations calculated by an external party and validated as such by Befimmo sa, and compared them to the values communicated by the financial counterparties and the credit risk adjustments. We have assessed the most important assumptions and the calculations.

Finally, we have assessed the appropriateness of the information on the financial instruments disclosed in the notes 20, 28 and 33B of the Financial Statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This responsibility involves implementing internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements and other information included in the annual report.

RESPONSIBILITIES OF THE AUDITOR

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report, and to report on any matters.

ASPECTS RELATING TO BOARD OF DIRECTOR'S REPORT AND OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report on the Consolidated Financial Statements is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report on the and other information included in the annual report, being:

- Key figures
- Financial report
- EPRA best practices
- Subsequent Key Events after Year-End Closing
- Financial report
- Appendix III: Alternative Performance Measures

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide reasonable assurance regarding the Board of Directors' report and other information included in the annual report.

INDEPENDENCE MATTERS

Our auditor's office has not performed any services that are not compatible with the audit of the Consolidated Financial Statements and has remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the disclosures to the Consolidated Financial Statements.

OTHER COMMUNICATIONS

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 28 March 2019

Ernst & Young Bedrijfsrevisoren CVBA
Statutory auditor
Represented by
Christel Weymeersch
Partner*
*Acting on behalf of a BVBA/SPRL
19CW0082

Statutory statement of comprehensive income

(in € thousand)

		31.12.18	31.12.17
I.	(+) Rental income	83 890	84 722
III.	(+/-) Charges linked to letting	- 510	- 706
NET RENTAL INCOME		**83 380**	**84 016**
IV.	(+) Recovery of property charges	8 713	5 447
V.	(+) Recovery of rental charges and taxes normally payable by tenants on let properties	22 283	21 721
VII.	(-) Charges and taxes normally paid by tenants on let properties	-20 159	-19 558
VIII.	(+/-) Other revenue and charges for letting	716	1 655
PROPERTY RESULT		**94 934**	**93 282**
IX.	(-) Technical costs	-10 114	-8 877
X.	(-) Commercial costs	-1 904	- 995
XI.	(-) Charges and taxes on unlet properties	-2 923	-2 947
XII.	(-) Property management costs	-3 066	-2 691
XIII.	(-) Other property charges	-4 214	-3 187
	(+/-) Property charges	**-22 221**	**-18 696**
PROPERTY OPERATING RESULT		**72 713**	**74 586**
XIV.	(-) Corporate management costs	-9 094	-7 679
XV.	(+/-) Other operating income and charges	- 684	-1 174
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**62 935**	**65 733**
XVI.	(+/-) Gains or losses on disposals of investment properties	-	21 525
XVIII.	(+/-) Changes in fair value of investment properties	-26 106	-20 350
OPERATING RESULT		**36 829**	**66 908**
XX.	(+) Financial income	45 336	141 831
XXI.	(-) Interest charges	-17 741	-16 035
XXII.	(-) Other financial charges	-2 503	-2 726
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	21 186	-52 596
	(+/-) Financial result	**46 278**	**70 473**
PRE-TAX RESULT		**83 107**	**137 381**
XXIV.	(-) Corporation tax	- 260	-1 302
	(+/-) Taxes	**- 260**	**-1 302**
NET RESULT		**82 847**	**136 079**
TOTAL BASIC NET RESULT AND DILUTED PER SHARE		**3,25**	**5,32**
Other comprehensive income - actuarial gains and losses - non-recyclable		111	357
TOTAL COMPREHENSIVE INCOME		**82 958**	**136 436**

Pursuant to Article 105 of the Code of Company Law, the Auditor's report on the statutory accounts is not published in this Report as only an abridged version of the statutory accounts is presented. The Statutory Auditor’s report gives unqualified approval to the statutory accounts of Befimmo SA.

Statutoy statement of financial position

(€ thousand)

ASSETS		31.12.18	31.12.17
I.	**Non-current assets**	**2 458 209**	**2 192 936**
B.	Intangible assets	753	-
C.	Investment properties	1 447 243	1 311 296
D.	Other property, plant and equipment	1 015	2 169
E.	Non-current financial assets	1 008 700	878 991
F.	Finance lease receivables	498	480
II.	**Current assets**	**242 629**	**324 443**
B.	Current financial assets	223 913	304 205
D.	Trade receivables	15 786	15 826
E.	Tax receivables and other current assets	625	2 664
F.	Cash and cash equivalents	311	195
G.	Deferred charges and accrued income	1 993	1 553
TOTAL ASSETS		**2 700 838**	**2 517 378**

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.18	31.12.17
SHAREHOLDERS' EQUITY		**1 443 210**	**1 448 500**
A.	Capital	357 871	357 871
B.	Share premium account	792 641	792 641
C.	Reserves	276 101	228 159
D.	Net result for the fiscal year	16 597	69 829
LIABILITIES		**1 257 628**	**1 068 878**
I.	**Non-current liabilities**	**727 717**	**469 488**
A.	Provisions	728	3 673
B.	Non-current financial debts	702 977	448 735
	a. Credit institution	266 163	119 250
	c. Other	436 814	329 485
	USPP	*77 714*	*161 916*
	EUPP	*356 957*	*165 966*
	Guarantees received	*2 143*	*1 603*
C.	Other non-current financial liabilities	21 881	17 080
D.	Trade debts and other non-current debts	2 130	-
II.	**Current liabilities**	**529 911**	**599 390**
A.	Provisions	5 026	5 579
B.	Current financial debts	449 477	521 818
	a. Credit institution	10 527	44 327
	c. Other	438 950	477 491
	Commercial papers	*339 500*	*455 500*
	EUPP	*-*	*15 000*
	USPP	*89 838*	*-*
	Other	*9 613*	*6 991*
C.	Other current financial liabilities	2 140	5
D.	Trade debts and other current debts	48 505	44 947
	b. Other	48 505	44 947
E.	Other current liabilities	4 050	2 468
F.	Accrued charges and deferred income	20 712	24 574
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2 700 838**	**2 517 378**

Pursuant to Article 105 of the Code of Company Law, the Auditor's report on the statutory accounts is not published in this Report as only an abridged version of the statutory accounts is presented. The Statutory Auditor's report gives unqualified approval to the statutory accounts of Befimmo SA.

Note on statutory shareholders' equity

Pursuant to Article 105 of the Code of Company Law, the Auditor's report on the statutory accounts is not published in this Report as only an abridged version of the statutory accounts is presented. The Statutory Auditor's report gives unqualified approval to the statutory accounts of Befimmo SA.

Please see the chapter "Appropriation of result" on page 76 of the management report.

The changes in equity before and after the proposed appropriation of the result for fiscal year 2018 are as follows:

(en milliers €)	A. Capital	a. Subscribed capital (+)	b. Costs of capital increase (-)	B. Share premium account	C. Reserves	b. Reserve for the balance of changes in fair value of investment properties (+/-)
31.12.2017 SHAREHOLDERS' EQUITY (Before appropriation of result)	**357 871**	**371 627**	**- 13 756**	**792 641**	**228 159**	**145 955**
Appropriation of result 2017 in the reserves					**69 829**	3 306
Payment of the final dividend of the 2017 fiscal year					**- 21 998**	
31.12.2017 SHAREHOLDERS' EQUITY (After appropriation of result)	**357 871**	**371 627**	**- 13 756**	**792 641**	**275 990**	**149 261**
Interim dividend of the 2018 fiscal year						
Other comprehensive income					**111**	
31.12.2018 SHAREHOLDERS' EQUITY (Before appropriation of result)	**357 871**	**371 627**	**- 13 756**	**792 641**	**276 101**	**149 261**
Appropriation of result 2018 in the reserves[1]					**16 597**	- 2 934
Payment of the final dividend of the 2018 fiscal year[1]					**- 21 998**	
31.12.2018 SHAREHOLDERS' EQUITY (After appropriation of result)	**357 871**	**371 627**	**- 13 756**	**792 641**	**270 700**	**146 327**

1 Subject to the approval of the Ordinary General Meeting of 30 April 2019.

c. Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties (-)	e. Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS (+/-)	j. Reserve for actuarial gains and losses for the defined benefit pension plan (+/-)	m. Other reserves (+/-)	n. Result brought forward from previous years (+/-)	D. Result for the fiscal year	TOTAL SHAREHOLDERS' EQUITY
- 34 444	**- 20 321**	**91**	**21 113**	**115 764**	**69 829**	**1 448 500**
1 661	8 384			56 478		
				- 21 998		
- 32 782	**- 11 937**	**91**	**21 113**	**150 243**	**-**	
					- 66 250	
		111				
- 32 782	**- 11 937**	**202**	**21 113**	**150 243**	**16 597**	**1 443 210**
- 3 399	- 4 158			27 088		
				- 21 998		
- 36 181	**- 16 094**	**202**	**21 113**	**155 333**	**-**	

Note also that, since BE-REITs are not required to set up a legal reserve, the legal reserves in place when the Company became subject to the SICAFI (and later BE-REIT) regime are transferred to a reserve available under the heading 'Other reserves'.

The table below is presented after appropriation of the result to reserves.

Shareholders' equity that can not be distributed according to article 617 of the Company Code (in € thousand)		31.12.18	
Net assets		**1 443 210**	
(+)	Paid-up capital or, if greater, subscribed capital	371 627	
(+)	Share premium account unavailable for distribution according to the articles of association	733 884	1
(+)	Reserve of the positive balance of the changes in fair value of the investment properties	146 327	2
(-)	Reserves for estimated transaction costs resulting from hypothetical disposal of investment properties	- 36 181	
(+/-)	Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	- 16 094	3
(+/-)	Reserve for actuarial gains and losses of the defined benefit pension plan	202	
TOTAL NON-DISTRIBUTABLE SHAREHOLDERS' EQUITY		**1 199 765**	
BALANCE		**243 445**	

Obligation to distribute dividends according to the Royal Decree of 13.07.2014 concerning BE-REITs (in € thousand)		31.12.18	
NET RESULT		**82 847**	
(+)	Depreciation	1 139	
(+)	Writedowns	347	
(-)	Writeback of writedowns	- 202	
(+/-)	Other non-cash elements	1 399	
(+/-)	Result on the disposal of property assets	-	
(+/-)	Changes in fair value of investment properties	4 515	3
CORRECTED RESULT (A)		**90 045**	
(+/-)	Realised gains and losses[4] on property assest during the year		
(-)	Realised gains and losses[4] on property assets during the year, exonerated from the obligation to distribute if reinvested within 4 years	-	
(+)	Realised gains on property assets previously exonerated from the obligation to distribute and that were not reinvested within 4 years	-	
NET GAINS ON REALISATION OF PROPERTY ASSETS NON-EXONERATED FROM THE DISTRIBUTION OBLIGATION (B)		**-**	
TOTAL (A+B) X 80%		**72 036**	
DECREASE IN BORROWINGS (-)		**-**	
OBLIGATION TO DISTRIBUTE		**72 036**	

The pay-out ratio (in relation to EPRA earnings) for 2018 is 93.75%, compared with 92.25% in 2017.

1 The amount of €733,884 thousand included in the calculation under Article 617 represents the non-distributable issue premiums. The difference of €58,758 thousand in relation to the total amount of issue premiums was made distributable by the approval of the Meeting.
2 Calculated on the basis of the fair value of the properties, including changes in the fair value of the investment properties of the subsidiaries.
3 Including the change in the fair value of the USPP debt, offset by changes in the fair value of the associated Cross-Currency Swaps.
4 In relation to the acquisition value, plus capitalised renovation costs.

General information

TABLE OF CONTENTS

Identification

NAME

Befimmo SA, a public BE-REIT (SIR/GVV) incorporated under Belgian law.

REGISTERED OFFICE

Chaussée de Wavre 1945 in 1160 Auderghem.
Tel.: +32 (0)2 679 38 60
The registered office may be transferred by decision of the Board of Directors to any place in Belgium.

LEGAL FORM

Société Anonyme (Limited-Liability Company).

FOUNDING

Befimmo SA was founded on 30 August 1995 as a Limited-Liability Company under the name "Woluwe Garden D" by a deed executed before Gilberte Raucq, notary public in Brussels. The Company was later converted into a Société en Commandite par Actions (Partnership Limited by Shares), with the name "Befimmo", on 24 November 1995, again by a deed executed before notary Gilberte Raucq.

On 20 December 2012, the Extraordinary General Meeting of shareholders of Befimmo met to approve the transformation of the Partnership structure into a Limited-Liability Company. On that date, the Company was converted back into a Limited-Liability Company under the same name of "Befimmo" by a deed executed before notary Damien Hisette. For further information, please see the Annual Financial Report 2012.

The articles of association have been amended several times, most recently on 24 avril 2018. The coordinated articles of association are available on the Befimmo SA website: www.befimmo.be/en/who-we-are/about-befimmo/group-structure.

www.befimmo.be

DURATION

Befimmo SA has been established for an unlimited duration.

REGISTER OF CORPORATE BODIES

Befimmo SA is entered in the Register of Corporate Bodies under number 0 455 835 167.

RECORDING PLACE

Brussels.

COMPANY 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:
- 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;
- shares with voting rights issued by real estate companies whose more than 25% of the share capital is held directly or indirectly by the company;
- option rights on real estate;
- shares of public regulated real estate companies or institutional regulated real estate companies, provided in the latter case that more than 25% of the share capital is held directly or indirectly by the company;
- the rights arising from contracts giving one or more goods in finance-lease to the company or providing other similar rights of

use;

- shares in public and institutional real estate investment companies;
- 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;
- 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;
- 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 corporate 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");
- real estate certificates referred to in article 5, § 4, of the Act of 16 June 2006 ;
- 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.

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.

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).

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 corporate purpose as well as all acts that are useful or necessary for the realisation of its corporate 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 Commercial Court, at the registered 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 Commercial Court.
- The annual accounts as well as the relative reports of Befimmo SA are sent every year to registered shareholders as well as to any other person requesting a copy.
- They are also available on the Befimmo website: www.befimmo.be/en/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.

Registered capital

ISSUED CAPITAL

As at 31 December 2018, the registered capital totalled €371,627,206.35.

It is represented by 25,579,214 fully paid no-par-value shares.

AUTHORISED CAPITAL

The Board of Directors is authorised to increase the share capital, in one or several stages, on the dates and pursuant to the terms and conditions resolved by him, by an amount of maximum:

1°) €334,464,491.53 if the capital increase to carry out is a capital increase by contribution in cash, which includes a preferential subscription right for the shareholders of the Company, as foreseen in articles 592 and following of the Code of Company Law;

2°) €66,892,898.30 if the capital increase to carry out is a capital increase by contribution in cash, which includes an irreducible allocation right for the shareholders of the Company, as foreseen in article 26, §1 of the law of 12 May 2014 related to BE-REITs;

3°) €66,892,898.30 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 €334,464,491.53.

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 13 May 2016 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 2018, the authorised capital amounts €297,301,776.71.

CHANGES TO THE CAPITAL SINCE 31.12.2014

The following table shows the changes in capital since 31 December 2014.
The complete history of changes to capital is set out in article 50 of the articles of association.

	Amount (in €)	Number of shares
As at 25 November 2014	323 252 293.66	22 249 554
As at 16 December 2014	329 413 170.03	22 673 609
As at **31 December 2014**	**329 413 170.03**	**22 673 609**
As at 15 December 2015	334 464 491.53	23 021 293
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**

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:

Declarants	Number of shares (declared)	Date of the statement	(in %)
AXA Belgium SA	2 741 438	27.09.2016	10.7%
Ageas and affiliated companies	2 647 540	27.09.2016	10.4%
BlackRock Inc.	769 229	13.12.2016	3.0%
Other shareholders under the statutory threshold	19 421 007	31.01.2019	75.9%
Total	**25 579 214**		**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 registered 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 Commercial Court, at Befimmo's registered 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).

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, 100% of the shares of Beway SA and 61% of the shares of Silversquare Holding SA (the parent company of Silversquare Europe SA, Silversquare Louise SA, Silversquare Luxembourg SA, Silversquare Partnership SPRL and Silversquare Stéphanie SA).

Name and qualifications of the real-estate experts[1]

In accordance with the obligation to rotate the mandates of the real-estate experts, pursuant to the Royal Decree on BE-REITs of 13 July 2014, new expert mandates have been given to Mr Rod P. Scrivener (National Director - JLL), Mr Rob Vaes (National Director – JLL) 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). This assignment will cover the next three years, from 1 January 2018 to 31 December 2020.

Due to a change within the JLL team, the mandate previously exercised by Mr Rob Vaes, was given to Mr Christophe Ackermans (Partner, Head of Valuation Belgium of Cushman & Wakefield) as from 1 October 2018. Mr Ackermans will carry out his first valuation as at 31 December 2018. His mission will end at the end of the ongoing mandate, on 31 December 2020.

M. Rod P. Scrivener will also be coordinating these expert mandates.

These are independent expert real-estate with specialist knowledge of the market and active in companies which enjoy a first-class international reputation.

Group structure

FEDIMMO SA
MEIRFREE SA
VITALFREE SA
AXENTO SA
BEFIMMO PROPERTY SERVICES SA
BEWAY SA
SILVERSQUARE HOLDING SA

Befimmo's subsidiaries are Belgian companies, except for Axento SA, which is a Luxembourg company.

Public BE-REIT

Since 2014, Befimmo is a BE-REIT (SIR/GVV). The BE-REIT pursues the same goals as a Real Estate Investment Trusts (REIT) put in place in several countries (REIT (USA), SIIC (France) and FBI (Netherlands)).

The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute a large part of its cash flow as possible while enjoying certain advantages.

The BE-REIT is monitored by the Financial Services and Markets Authority (FSMA) and subject to specific regulations. The main rules are as follows:

- it must have the status of "Société Anonyme" or "Société en Commandite par Actions";
- it must be listed on the stock exchange;
- borrowings may not exceed 65% of total assets at market value;
- there are strict rules relating to conflicts of interest;
- it must keep accounting according to IFRS standards, with notably the assignment at market value of the property portfolio;
- the real-estate assets must be valued every quarter by independent experts;
- the risk must be diversified: no more than 20% of the assets may be invested in only one property complex;

1. Fore more information, please consult page 140 and 141 of this Report.

- a reduced base for corporation tax provided that at least 80% of "cash flows" are distributed (calculated on the basis of article 13 of the Royal Decree of 13 July 2014);
- a withholding tax[2] 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 Beway 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.

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 OF THE REGISTRATION DOCUMENT

Mr Benoît De Blieck, Managing Director, and Mr Laurent Carlier, Chief Financial Officer of the Company, declare for and on behalf of Befimmo SA, that to the best of their knowledge:

(a) the financial statements, prepared in accordance with the applicable accounting standards, give an accurate picture of the assets, financial situation and the results of the Company and the businesses included in the consolidation;

(b) the Annual Financial Report contains an accurate account of the development of the business, results and situation of the Company and the businesses included in the consolidation, as well as the description of the main risks and uncertainties which the Company is facing.

Mr De Blieck and Mr Carlier declare that, to the best of their knowledge, there is no omission likely to affect the import of information in this Report.

STATEMENT REGARDING THE DIRECTORS AND THE MEMBERS OF MANAGEMENT COMMITTEE

The Board of Directors of Befimmo SA hereby declares that:

- none of the Directors or members of the Management Committee has been convicted in relation to fraudulent offences for the previous five years;
- none of the Directors or members of the Management 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 Management Committee by statutory or regulatory authorities;
- no Director or member of the Management 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;

2. Withholding tax rate applicable from 1 January 2017.

- no contract of employment or management agreement has been concluded with the Directors or the members of the Management Committee providing for benefits upon termination of employment, save as mentioned in the section "Corporate Governance Statement" on page 137 of this Report;
- the Directors and members of the Management Committee do not hold shares in Befimmo SA, except for Mr Laurent Carlier (320 shares) and Mr Benoît Godts (1,109 shares);
- so far no options over Befimmo SA shares have been granted.

INFORMATION FROM THIRD PARTIES[1]

The real-estate experts Rod P. Scrivener (JLL) and Christophe Ackermans (Cushman & Wakefield) have agreed that their assessment methods and the conclusions of the real-estate expert reports may be included in this Annual Financial Report.

The Statutory Auditor has agreed to the inclusion of its report of 28 March 2019 in this Annual Financial Report on the consolidated accounts closed as at 31 December 2018, of its report on forecasts of 28 March 2019.

Deloitte has agreed to the inclusion of its limited review on selected environmental performance indicators of 25 March 2019.

The Company confirms that the information taken from the reports of the independent real-estate experts, and of the Statutory Auditor have been faithfully reproduced and that, to the best of the Company's knowledge and as far as it can ascertain in the light of the data published by these third parties, nothing has been omitted that would make the information reproduced inaccurate or misleading.

All of the information in the "Office property market" chapter comes from Cushman & Wakefield's databases, analyses and market reports.

HISTORICAL FINANCIAL INFORMATION REFERRED TO BY REFERENCE

The Annual Financial Reports of the past five years, which includes the annual statutory and consolidated accounts and the Statutory Auditor's reports, as well as the Half-Yearly Financial Reports can be consulted on the website of the Company: www.befimmo.be.

The Annual Financial Reports related to the two previous fiscal years are incorporated by reference.

INFORMATION REFERRED TO BY REFERENCE	DOCUMENTS	SECTIONS
Financial information	Annual Financial Report 2017	▪ Key figures (pp. 9-11) ▪ Financial report (pp. 56-65) ▪ Property report (pp. 26-55) ▪ Financial statements (pp. 128-179)
	Annual Financial Report 2016	▪ Key figures (pp. 18-19) ▪ Financial report (pp. 49-55) ▪ Property report (pp. 29-48) ▪ Financial statements (pp. 145-192)
Dividend	Annual Financial Report 2017	▪ Key figures (p. 9)
	Annual Financial Report 2016	▪ Key figures (p. 18)
Investments	Annual Financial Report 2017	▪ Key events of the 2017 fiscal year (pp. 22-23) ▪ Ongoing projects (pp. 24-25) ▪ Property report (pp. 26-55)
	Annual Financial Report 2016	▪ Key events of the fiscal year (p. 43) ▪ Ongoing projects (pp. 24-28) ▪ Property report (pp. 29-48)
Main markets	Annual Financial Report 2017	▪ Office property markets (pp. 35 – 41) ▪ Segment information (pp. 142-143)
	Annual Financial Report 2016	▪ Office property markets (pp. 40 – 45) ▪ Segment information (pp. 158-159)
Operations with related parties	Annual Financial Report 2017	▪ Corporate governance statement (pp. 89-117, in particular the remuneration report, pp. 102-107) ▪ Related-party transactions (p. 171)
	Annual Financial Report 2016	▪ Corporate governance statement (pp. 117-144, in particular the remuneration report, pp. 130-134) ▪ Related-party transactions (p. 185)

1. Please consult the chapter "Corporate governance statement – Other stakeholders" on pages 109 and 110 of the Report for the identity of the Statutory Auditor and the real-estate experts.

REGISTRATION DOCUMENT

The Annual Financial Report 2018 is a registration document under article 28 of the law of 16 June 2006. This Report was approved on 25 March 2019 (in French) by the FSMA pursuant to article 23 of the law of 16 June 2006. The approval by the FSMA does not contain any assessment regarding the quality and the situation of the Company.

Corporate Social Responsibility

GENERAL INFORMATION

CONTACT PERSON & FURTHER INFORMATION

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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 88 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 2017 fiscal year. It follows the Annual Financial Report 2018. The perimeter is as at 31 December 2018.

REPORTING PERIMETER AND CHANGES SINCE 1 JANUARY 2017

The floor area of the Company's portfolio was changed during fiscal year 2018 by the following events: acquisition of the Arts 56 building in Brussels; the sale of the Harelbeke building.

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 Beway SA. As at 31 December 2018, Befimmo didn't hold the exclusive control of Silversquare Holding SA yeat and consequently does not appear in the reporting perimeter. Befimmo's commitments to sustainable development apply to its whole portfolio. We would point out, however, that the policy implemented by Befimmo at operational level cannot be applied in the same way to the Fedimmo portfolio.

The Environmental Management System (EMS) covers the activities under Befimmo's direct control. Initially, the operational aspects of the EMS are being deployed for the common areas of the buildings. This does not preclude the implementation of activities for aspects over which Befimmo has less direct influence, notably tenants management of private areas.

EXTERNAL ASSURANCE

Befimmo commissioned Deloitte to carry out a limited assurance review. Data marked with the V symbol have been audited by Deloitte as part of this limited assurance review. The Deloitte report can be found in Appendix VI of this Report.

METHODOLOGY

The reporting methodology is described in Appendix VI of this Report.

FURTHER INFORMATION

Befimmo's website www.befimmo.be provides additional information that may be a helpful supplement to the Social Responsibility parts of this Annual Financial Report. This includes:

- explanatory sheets of the strategic axes;
- the CSR policy (March 2018);
- the "Social Responsibility" chapter from previous Annual Financial Reports;
- previous Annual Financial Reports;
- the ISO 14001 certificate;
- the BREEAM certificates;
- external stakeholders' answers to questionnaires.

Appendices

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Appendix I: Glossary

BEAMA

Belgian Asset Managers Association/Association Belge des Asset Managers.

BE-REIT ASSOCIATION

This professional association was founded by all Belgian BE-REITs (SIR/GVV) (also known as Belgian Real Estate Investment Trusts). Its purpose is to represent and promote the interests of the Belgian REIT sector towards various stakeholders.

BE-REIT (SIR/GVV)

The concept of BE-REIT was created in 2014 and pursues the same goals as a Real-Estate Investment Trusts (REIT) put in place in several countries (REIT (USA), SIIC (France) and FBI (Netherlands)). The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute a large part of its cash flow while enjoying certain advantages. It is controlled by the FSMA and submitted to specific regulations.

BREAK

The first option to terminate a lease agreement by giving due notice.

BREEAM (BRE ENVIRONMENTAL ASSESSMENT METHOD)

BREEAM is the first global environmental performance and sustainability assessment method for buildings. It is a benchmark for best practice in sustainable design. It has become the most widely used benchmark of a building's environmental performance (www.breeam.com).

BREEAM DESIGN

Refurbishment and renovation work. The extraction and use of resources to create materials and products during renovation (and construction) work are among the greatest causes of direct environmental impact in the real-estate sector. Ecological impact, such as loss of biodiversity, greenhouse-gas emissions and waste, can be effectively reduced by recycling and dismantling.
One requirement of BREEAM certification, which Befimmo systematically implements for its major renovation projects, is to keep up-to-date data on the use of natural resources and recycled materials. But a building's environmental performance is also determined at the Design stage. The adoption of an eco-design approach from the initial phase, in consultation with the architects and consultancy bureaux, also extends the building's potential commercial life.

BREEAM IN-USE

BREEAM In-Use certification is in line with the requirement for continuous improvement of the ISO 14001 standard. This is a valuable tool that validates Befimmo's efforts to improve the sustainability of the buildings in its portfolio. The initial performance of the buildings is first measured, for the building itself (Asset) and for its management (Management).
Among other things, this certification requires consumption data to be monitored. The validation of the resulting data is an important step towards achieving correct benchmarking figures.

CAP

A CAP is a financial derivative instrument belonging to the options family. Purchasing a CAP provides protection against rising interest rates, to a preset maximum level (strike price). It enables to take advantage of declining rates. Purchasing a CAP involves the payment of a premium.

CBD (CENTRAL BUSINESS DISTRICT) AND SIMILAR

The Centre, Leopold, Louise and North districts, as well as the Brussels airport.

CCS (CROSS CURRENCY SWAP)

A CCS is a contract whereby two parties exchange streams of interest charges and notional amounts denominated in two different currencies. Exchange interest flows may be agreed as fixed-against-fixed, floating-against-floating or floating-against-fixed (or vice versa).

CDP (CARBON DISCLOSURE PROJECT)

CDP is an independent, non-profit organisation that aims to reduce greenhouse-gas emissions by businesses and cities. It achieves this by means of a global database of greenhouse-gas emissions. The organisation acts on behalf of many investors representing more than US$ 100 trillion in assets.

CODE 2009

Belgian Code of Corporate Governance issued on 12 March 2009 by the Corporate Governance Commission. The Code includes practices and provisions to be followed by Belgian listed companies. The 2009 Code replaces the previous version of 2004, and can be accessed on the GUBERNA website (www.guberna.be/fr).

COLLAR

A COLLAR is a combination of financial derivatives comprising the purchase of a CAP and sale of a FLOOR. This combination offers protection against rising interest rates (through the purchase of the CAP) with a premium fully or partially subsidised by the sale of a FLOOR (which involves a commitment to pay a minimum interest rate).

DCF (DISCOUNTED CASH FLOW)

Method for evaluating cash flows.

DEALING CODE

Document including the main legal duties and internal procedures applicable to the Directors, the members of the Management Committee and any other person who may dispose of inside information due to its implication in the preparation of a determined operation.

DEBT RATIO

[Liabilities - provisions - other financial liabilities (permitted hedging liability instruments) – deferred tax liabilities - accruals]/[total balance sheet assets – permitted hedging instruments, booked to the assets side of the balance sheet]. This ratio is calculated in accordance with the Royal Decree of 13 July 2014.

ECONOMIC HINTERLAND

Brussels, Brussels decentralised, and periphery of Brussels.

E LEVEL

A building’s maximum primary energy consumption level.

EMS (ENVIRONMENTAL MANAGEMENT SYSTEM)

An EMS is a framework for managing environmental performance. It describes the policies and objectives to be implemented and monitored, challenges to be managed, and how the operation of various systems and strategies should be analysed and assessed.

EPB (ENERGY PERFORMANCE OF BUILDINGS)

This index, based on EU Directive 2002/91/EC, expresses the amount of energy needed to meet the various needs of a building in normal use. It is calculated on the basis of the various factors influencing energy demand (insulation, ventilation, solar and internal gains, heating system, etc.).

EPRA (EUROPEAN PUBLIC REAL-ESTATE ASSOCIATION)

EPRA is the voice of European listed real-estate companies and represents more than €450 billion in real-estate assets (www.epra.com).

EPRA EARNINGS

Earnings from operational activities. For more information, consult page 80 of this Report. (Alternative Performance Measure)

ESTIMATED RENTAL VALUE (ERV)

The estimated rental value of vacant premises as reviewed by the real-estate expert.

EX-DATE

The date a coupon is detached.

FAIR VALUE

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

FLOOR

A FLOOR is a financial derivative instrument belonging to the options family. The sale of a floor earns a premium, though it means that the borrower foregoes the benefit of a fall in interest rates below a preset level (the strike price). See also the definition of the COLLAR.

FREE FLOAT

The percentage of shares held by the public. These are the shares for which Befimmo has received no transparency declaration from a third party or which are not held by Befimmo or its subsidiaries.

FSMA (FINANCIAL SERVICES AND MARKETS AUTHORITY)

The independent regulator of the financial and insurance markets in Belgium.

GRESB (GLOBAL REAL ESTATE SUSTAINABILITY BENCHMARK)

GRESB is an initiative to assess the environmental and social performance of public and private real-estate investments. The benchmark serves as a starting point for engagement and forms the basis for a collective effort towards a more resource efficient real estate industry (www.gresb.com).

GRI (GLOBAL REPORTING INITIATIVE)

GRI is the organisation behind the establishment of a globally recognised reporting standard on Social Responsibility. It is committed to its continuous improvement and application worldwide (www.globalreporting.org).

HEDGE RATIO

Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAP)/total borrowings.

IAS (INTERNATIONAL ACCOUNTING STANDARDS)

International accounting standards developed by the International Accounting Standards Board.

IBGE (LEEFMILIEU BRUSSEL/BRUXELLES ENVIRONNEMENT)

The Brussels-Capital Region authority responsible for environmental protection (www.environnement.brussels/).

IFRS (INTERNATIONAL FINANCIAL REPORTING STANDARDS)

International financial reporting standards developed by the International Accounting Standards Board.

INVESTMENT VALUE

The investment value is defined by the expert as the most likely value under normal conditions of sale between the fully informed and consenting parties, on the date of valuation, before deducting transaction costs.

IRS (INTEREST RATE SWAP)

An interest rate swap contract (most commonly fixed against floating or vice versa) is a commitment between two parties to exchange financial flows based on a particular notional amount, frequency and duration.

IRS "PAYER"

An IRS (fixed rate) payer is an IRS for which a fixed rate is paid to the counterparty in exchange for a floating rate.

IRS "RECEIVER"

An IRS (fixed rate) receiver is an IRS for which a floating rate is paid to the counterparty in exchange for a fixed rate.

ISO 14001

The international environmental management standard ISO 14001 defines the accepted requirements for environmental management systems. It focuses on a process of continuous improvement in the implementation of environmental objectives within companies and other institutions. These may have their environmental management systems certified according to ISO 14001 by independent auditors.

K LEVEL

A building's overall primary thermal insulation level.

LAW OF 6 APRIL 2010

Law on market practices and consumer protection.

LAW OF 12 MAY 2014

Law on BE-REITs (SIR/GVV).

LAW OF 22 OCTOBER 2017

Law on miscellaneous fiscal provisions, modifying the law of 12 May 2014 on BE-REITs.

LTV (LOAN-TO-VALUE)

LTV = [(nominal financial debts – cash)/fair value of portfolio]. (Alternative Performance Measure)

LEASEHOLD

Temporary right in rem entitling its holder, for at least 27 years and up to 99 years, to the full use of a property belonging to another owner, in consideration of the payment to the owner of an annual fee in cash or in kind, known as the "ground rent", in consideration of its right of ownership. Throughout the duration of the leasehold, the leaseholder exercises all the rights deriving from the ownership of the property, but may not do anything that reduces its value.

MARKET CAPITALISATION

Closing stock price multiplied by the total number of shares outstanding at that date.

NAV (NET ASSET VALUE)

Net asset value of the shareholder's equity.

NET RESULT

Result established in accordance with IFRS accounting standards. It is the profit or loss for the period.

OPERATING MARGIN

Operating result before result on portfolio divided by the rental income (excluding spreading of gratuities). (Alternative Performance Measure)

PAY-OUT RATIO

The pay-out ratio is calculated by dividing the gross dividend by EPRA earnings.

PRIVATE PLACEMENT

Funds raised from a limited number of (institutional) investors without soliciting the public.

PROPERTY MANAGEMENT

Property management is the supervision of the activities of technical maintenance, accounting for rents and accounting for property-related charges, to be passed on to tenants.

PURE PLAYER

An investor specialising in a single geographical or business segment.

RATING

Befimmo's credit rating assigned by the Standard & Poor's rating agency.

RECORD DATE

The record date is the date on which a shareholder must hold securities in order to be entitled to payment of the dividend for the securities held at that date.

REIT (REAL-ESTATE INVESTMENT TRUST)

Fixed-capital investment company in the United States.

RICS

Royal Institution of Chartered Surveyors (www.rics.org).

ROYAL DECREE OF 14 NOVEMBER 2007

Royal Decree on the obligations of financial option writers admitted to trading on a regulated market.

ROYAL DECREE OF 13 JULY 2014

Royal Decree on BE-REITs.

RPM

Register of corporate bodies.

SICAFI

Fixed-capital real-estate investment trust. The Sicafi regime was created in 1995 to promote collective investment in real estate.

SWAPTION

Option negotiated on an interest rate swap. It gives entitlement to contract a call swaption, to be able to enter into a "receiver's" IRS, or a put swaption, for which the counterparty can force Befimmo to enter into a "payer's" IRS.

TAKE-UP

Take-up of office space.

UPSI

Professional Union of the Real-Estate Sector (www.upsi.be).

VELOCITY

Velocity is an indicator of the speed of movement of shares on the regulated market and is calculated by dividing the total number of shares traded during the fiscal year by the average number of shares outstanding during the period.

WITHHOLDING TAX

Dividends are income taxable in Belgium. The withholding tax deducted from such income is in most cases the final tax payable.

Appendix II: Glossary of the real-estate indicators

GROSS CURRENT RENT FROM LEASE AGREEMENTS

The annualised total of the rents of current leases at the balance sheet date, not taking account of current gratuities or rents under leases commencing after the balance sheet date concerned.

GROSS INITIAL YIELD ON INVESTMENT PROPERTIES

The ratio between the gross current rent from lease agreements and the "deed-in-hands" value of investment properties.

GROSS INITIAL YIELD ON PROPERTIES AVAILABLE FOR LEASE

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

GROSS POTENTIAL YIELD ON PROPERTIES AVAILABLE FOR LEASE

The ratio between the potential rent and the "deed-in-hands" value of properties available for lease.

POTENTIAL RENT

The gross current rent from lease agreements as defined above, plus the estimated rental value of unoccupied space at the balance sheet date.

REVERSION OF PROPERTIES AVAILABLE FOR LEASE

The potential for revising the rents of the portfolio of properties available for lease in relation to the estimated rental value of the portfolio, expressed as a percentage and calculated using the following formula: the ratio between the total estimated rental value of properties available for lease and the potential rent of properties available for lease.

SPOT OCCUPANCY RATE OF PROPERTIES AVAILABLE FOR LEASE

The ratio between the estimated rental value of space occupied at the balance sheet date and the total estimated rental value of properties available for lease.

WEIGHTED AVERAGE DURATION OF CURRENT LEASES UNTIL THEIR NEXT BREAK

The ratio of (i) the sum of the gross current rents from lease agreements for each lease of properties available for lease multiplied by their respective remaining duration from the balance sheet date to their next break and (ii) the total gross current rent from lease agreements of properties available for lease.

WEIGHTED AVERAGE DURATION OF CURRENT LEASES UNTIL FINAL EXPIRY

The ratio of (i) the sum of the gross current rents from lease agreements for each lease of properties available for lease multiplied by their respective remaining duration from the balance sheet date to their final expiry date and (ii) the total gross current rent from lease agreements of properties available for lease.

Appendix III: Alternative Performance Measures

GLOSSARY OF THE "ALTERNATIVE PERFORMANCE MEASURES"

Alternative Performance Measure	Definition	Use
Net property charges	The sum of various property charges, net of amounts recoverable from tenants (corresponds to the sum of headings IV to XIII of the consolidated statement of total comprehensive income).	Gives an overview of all net property charges.
Other operating income and charges (excluding goodwill impairment)	Heading XV 'Other operating income and charges' minus any goodwill impairment.	Used to compare forecasts and actual figures in heading XV 'Other operating income and charges'. Any goodwill impairment is not budgeted.
Operating margin	'Operating result before result on portfolio' divided by 'Net rental result'.	Used to assess the Company's operating performance.
Net property result	'Operating result before result on portfolio' plus heading XVI 'Gains and losses on disposals of investment properties'.	Used to identify the operating profit before changes in the fair value of investment property.
Net property charges	'Financial result' minus heading XXIII 'Changes in fair value of financial assets and liabilities' and any gains or losses realised on financial assets and liabilities (i.e. close-out costs).	Used to compare forecasts and actual figures in the financial results.
Other operating income and charges (excluding goodwill impairment)	'Net result' minus heading XVIII 'Changes in fair value of investment property' and heading XXIII 'Changes in fair value of financial assets and liabilities'.	Used to identify the net result before changes in the fair value of investment property and of the financial assets and liabilities.
Operating margin	Net rental result of properties available for lease at constant perimeter for two consecutive periods. The 'Like-for-Like' scope is calculated on the basis of the EPRA definition.	Used to measure the change in rental income of properties available for lease at constant floor area for two consecutive periods.
Net property result	Nominal financial debt minus balance sheet heading II.F. 'Cash and cash equivalents', divided by the sum of balance sheet headings I.C. "Investment property" and II.A. 'Properties held for sale'. Nominal financial debts are the accounting financial debts excluding IFRS adjustments, in other words excluding the reassessment at fair value of financial assets and liabilities and the smoothing of debt issuance costs.	This is the debt ratio calculated on the basis of the fair value of the property portfolio.
Average (annualised) financing cost	Annualised interest paid over the reporting period, including the credit margin, the cost of the hedging instruments and liquidity cost, divided by the average nominal financial debt over the period concerned.	Used to measure the average cost of the Company's financial debt.
Return on shareholders' equity (in € per share) **Return on shareholders' equity (in %)**	The return obtained by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and the participation in operations to strengthen the Company's capital. The calculation is based on the average number of shares not held by the group over a 12-month period.	Used to measure the profitability over 12 months (in €/share) of a shareholder's investment on the basis of the value of shareholders' equity.
Average (annualised) financing cost	The internal rate of return earned by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and the participation in operations to strengthen the Company's capital. The calculation is based on the average number of shares not held by the group over a 12-month period.	Used to measure the profitability over 12 months (in %) of a shareholder's investment on the basis of the value of shareholders' equity.

RECONCILIATION TABLES OF THE "ALTERNATIVE PERFORMANCE MEASURES"

AVERAGE (ANNUALISED) FINANCING COST

(in thousand €)	31.12.2018	31.12.2017
Interest paid	22 137	20 661
Annualised interest paid (A)	22 137	20 661
Annualised nominal financial debts (B)	1 103 790	993 650
Average (annualised) financing cost (A/B)	**2.01%**	**2.08%**

LOAN-TO-VALUE

(in thousand €)	31.12.18	31.12.17
Nominal financial debts (A)	1 158 792	988 393
II. F. Cash and cash equivalents (B)	591	254
I. C. Investment properties (D)	2 655 324	2 494 360
II. A. Assets held for sale (E)	-	-
Fair value of portfolio at the closing date (C = D+E)	**2 655 324**	**2 494 360**
Loan-to-value (A-B)/C	**43.62%**	**39.61%**

NET RENTAL RESULT IN "LIKE-FOR-LIKE"

(in thousand €)	31.12.2018	31.12.2017
Net rental result (A)	143 566	142 431
Net rental result linked to change in perimeter (B)	5 850	1 403
Net rental result on properties not available for lease (C)	897	8 020
Net rental result in « Like-for-Like » (A-B-C)	**136 819**	**133 008**

NET RESULT BEFORE CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES AND FINANCIAL ASSETS AND LIABILITIES

(in thousand €)	31.12.2018	31.12.2017
Net result (A)	82 847	136 070
XVIII. Changes in fair value of investment properties (B)	-5 514	13 429
XXIII. Changes in fair value of financial assets and liabilities (C)	-5 901	5 186
Net result before changes in fair value of investment properties and financial assets and liabilities (A-B-C)	**94 263**	**117 455**

FINANCIAL RESULT (EXCL. THE CHANGES IN FAIR VALUE OF THE FINANCIAL ASSETS AND LIABILITIES AND CLOSE-OUT COSTS)

(in thousand €)	31.12.2018	31.12.2017
Financial result (A)	-26 446	-14 564
XXIII. Changes in fair value of financial assets and liabilities (B)	-5 901	5 186
Net losses realised on financial assets and liabilities: close-out costs (C)	-	-
Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs) (A-B-C)	**-20 545**	**-19 750**

NET PROPERTY RESULT

(in thousand €)	31.12.2018	31.12.2017
Operating result before result on portfolio	115 249	117 048
XVI. Gains or losses on disposals of investment properties	343	21 798
Net property result	**115 592**	**138 846**

OPERATING MARGIN

(in thousand €)	31.12.2018	31.12.2017
Operating result before result on portfolio (A)	115 249	117 048
Net rental result (B)	143 566	142 431
Operating margin (A/B)	**80.3%**	**82.2%**

OTHER OPERATING INCOME AND CHARGES (EXCLUDING GOODWILL IMPAIRMENT)

(in thousand €)	31.12.2018	31.12.2017
XV. Other operating income and charges (A)	- 447	-1 252
Goodwill impairment (B)	-	-
Other operating income and charges (excluding goodwill impairment) (A-B)	**- 447**	**-1 252**

NET PROPERTY CHARGES

(in thousand €)	31.12.2018	31.12.2017
IV. Recovery of property charges	9 771	6 364
V. Recovery of rental charges and taxes normally paid by tenants on let properties	30 852	30 122
VI. Costs payable by the tenant and borne by the landlord on rental damage and redecoration at end of lease	-	-
VII. Rental charges and taxes normally paid by tenants on let properties	-29 068	-28 166
VIII. Other revenue and charges for letting	716	1 661
IX. Technical costs	-12 160	-10 758
X. Commercial costs	-1 998	-1 055
XI. Charges and taxes on unlet properties	-2 723	-2 270
XII. Property management costs	-2 618	-2 728
XIII. Other property charges	-6 360	-5 101
Net property charges	**-13 588**	**-11 932**

APPENDIX IV: Extracts of the Articles of Association (Coordinated at 24 April 2018)

TITLE ONE: CHARACTER OF THE COMPANY – CORPORATE NAME – PARTNERS - REGISTERED OFFICE - TERM – OBJECT

ARTICLE 1: CHARACTER – CORPORATE NAME

The company took the legal form of a limited liability company (société anonyme/naamloze vennootschap), under the company name "BEFIMMO".

The company is a BE-REIT, as set forth in articles 2, 2° of the law of 12 May 2014 concerning BE-REITs (hereafter, the "BE-REIT law"), whose shares are admitted to trading on a regulated market and who raises its financial means, in Belgium or abroad, by means of a public offering of shares.

The company name is preceded or followed by the words "public regulated real estate company under Belgian law" or "public BE-REIT under Belgian law" and all the documents produced by the company contain the same words.

It is governed by the BE-REIT law and the royal decree of 13 July 2014 relating to BE-REITs (hereafter called the "BE-REIT RD") (this act and this royal decree being referred to together as the "BE-REIT regulation")."

The company is a public company that initiates a public offering as defined in article 438 of the Code of Company Law.

ARTICLE 2: REGISTERED OFFICE

The registered office of the company is located in 1160 Brussels, Chaussée de Wavre, 1945.

The registered office of the company may be transferred to any other location in Belgium by simple decision of the Board of Directors who has full powers to have the amendment of the articles of association resulting from such a change recorded in a notarial deed.

In case of extraordinary events of political, military, economic or social nature that could compromise the normal operation of the registered office or smooth communication between the registered office and a foreign country, the registered office of the company may temporarily be transferred in Belgium or abroad by simple decision of the Board of Directors until complete disappearance of such abnormal circumstances. This provisional measure shall, however, have no consequence whatsoever on the nationality of the company, which will remain Belgian despite such provisional transfer of the company's registered office.

The company may, by simple decision of the Board of Directors, establish branches or agencies in Belgium as well as abroad.

ARTICLE 3: TERM

3.1. The company was incorporated by means of a deed dated 30 August 1995 for an unlimited term.

3.2. Without prejudice to the causes of winding-up defined by the law, the company may be wound-up by the shareholders' meeting resolving in the same manner as for amending the articles of association and in compliance with the provisions of article 44 of the articles of association.

ARTICLE 4: PURPOSE

4.1. 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 share 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 share 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 corporate 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 5, § 4, of the Act of 16 June 2006 ;

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 Ope-rate"); 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 corporate purpose as well as all acts that are useful or necessary for the realisation of its corporate purpose.

ARTICLE 5: PROHIBITIONS

5.1. The company may not act as real estate developer in the meaning of the BE-REIT regulation.

5.2. Without prejudice to article 4.3 of the articles of association the company may not (a) provide credits nor (b) provide security interests or guarantees on behalf of third parties.

Regarding the application of the previous subparagraph, the proceeds owed to the company as a result of the disposal of assets shall not be taken into account provided that such proceeds are paid within usual periods.

This prohibition does not apply to loans, securities and guarantees granted by the company:

a) for the benefit of one or more companies in the perimeter, or to the companies referred to in article 4.1., (b), subparagraph 2, (vi), (vii), (viii), (ix) or (xi) of these articles of association in which the company holds more than 25% of the shares;

b) as part of the activities referred to in article 4.1., (c) and (d) of these articles of association and for the purpose of granting a bid bond or similar mechanism.

5.3. The company may not:

a) participate in a firm underwriting group or a guarantee syndicate;

b) lend financial instruments, with the exception of loans compliant to the provisions and conditions pursuant to the royal decree of 7 March 2006 on security loans granted by some investment companies;

c) acquire financial instruments issued by a private law company or association declared bankrupt that has concluded an amicable agreement with its creditors, that is the object of a judicial reorganisation procedure, that has obtained a suspension of payments, or with respect to which has been the object of a similar measure was taken abroad;

d) enter into agreements or provide for statutory provisions by which the voting rights in the companies in the perimeter to which it is entitled in accordance with the applicable law with a shareholding of 25% plus one share would be waived.

5.4. The company may not grant mortgages nor create pledges nor issue guarantees other than in the context of the financing of its activities or those of its companies in the perimeter.

The total amount covered by these mortgages, pledges or guarantees may not exceed 50% of the total fair value of the assets of the consolidated entity constituted by (i) the company, (ii) the companies that it consolidates in accordance with IFRS rules, and (iii) if it does not consolidate them in accordance with IFRS rules, the companies in the perimeter, consolidated in accordance with article 28, § 2 of the BE-REIT law.

No mortgage, pledge or guarantee on a given asset, granted by the company or by one of its companies in the perimeter may exceed 75% of the value of the encumbered relevant property.

This restriction is not applicable to companies in the perimeter of the company carrying out an activity referred to in article 4.1, c) and d) of the articles of association, provided that the total contractual risk to which the company is exposed as regards the concerned company in the perimeter and the activity carried out by the said company in the perimeter, is limited to the amount of the direct or indirect contribution undertaking of the company in the share capital of the concerned company in the perimeter, and the commitment of the company to directly or indirectly grant loans to the concerned company in the perimeter. In this case, the following are not taken into account to determine if the limit stipulated in subparagraph 2 of this article 5.4. is reached :

- mortgages, securities or guarantees granted encumbering the assets of the company in the perimeter or the shares of the company in the perimeter, in connection with the obligations of the company in the perimeter; as well as
- the value represented by the shareholding in the company in the perimeter, or, in case of consolidation, the assets of the concerned company in the perimeter, in the total fair value of the assets of the company.

TITLE TWO: SHARE CAPITAL

ARTICLE 6: CAPITAL

The capital is set at three hundred seventy-one million six hundred twenty-seven thousand two hundred six euros and thirty-five cents (371,627,206.35 EUR). It is represented by 25,579,214 shares without nominal value, numbered from one to 25,579,214, each representing an equal part of the capital, all fully paid-up.

ARTICLE 7: AUTHORISED CAPITAL

The Board of Directors is authorised to increase the share capital, in one or several stages, on the dates and pursuant to the terms and conditions resolved by him, by an amount of maximum:

1°) three hundred thirty-four million four hundred sixty-four thousand four hundred ninety-one euros and fifty-three cents (334,464,491.53 EUR) if the capital increase to carry out is a capital increase by contribution in cash, which includes a preferential subscription right for the shareholders of the Company, as foreseen in articles 592 and following of the Code of company Law;

2°)sixty-six million eight hundred ninety-two thousand eight hundred ninety-eight euros and thirty cents (66,892,898,30 EUR), if the capital increase to carry out is a capital increase by contribution in cash, which includes an irreducible allocation right for the shareholders of the Company, as foreseen in article 26, §2, 2° of the law of 12 May 2014 related to BE-REITs;

3°) sixty-six million eight hundred ninety-two thousand eight hundred ninety-eight euros and thirty cents (66,892,898,30 EUR) 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 three hundred thirty-four million four hundred sixty-four thousand four hundred ninety-one euros and fifty-three cents (334,464,491,53 EUR).

The preferential right of the shareholders cannot be limited or suppressed, following article 9 of the articles of association.

The Board of Directors is authorised to issue convertible bonds or subscription rights under the same conditions.

This authorisation is granted for a period of five years from the date of publication in the Annexes of the Belgian Official Gazette of the minutes of the General Meeting of 26 April 2016.

The authorisation is renewable.

Such capital increase(s) may be achieved by way of subscription in cash, by contributions in kind or by incorporation of reserves provided the rules set forth in the Code of Company Law and these articles of association pursuant to article 13 of the BE-REIT regulation. They can also occur by means of conversion of convertible bonds or the exercise of subscription rights – whether or not attached to another security – which may give rise to the creation of shares with voting right.

Whenever the share capital increases resolved pursuant to this authorisation involve an issue premium, the amount of such premium shall be allocated after possible deduction of costs by the Board of Directors to a blocked account which constitutes, like the share capital, the guarantee of third parties, and this issue premium shall, subject to its incorporation in the share capital by the Board of Directors as set forth above, only be reduced or suppressed by resolution of the shareholders' meeting taken in compliance with the quorum and majority requirements set forth in the Code of Company Law for a share capital reduction, by reimbursement to the shareholders or by the shareholders' release of the paying-up of their contribution.

ARTICLE 8: CAPITAL INCREASE

8.1. The capital of the company may be increased by resolution of the shareholders' meeting, resolving in accordance with articles 558 and, as the case may be, 560 of the Code of Company Law or by decision of the manager within the framework of the authorised share capital. However the company may not directly or indirectly subscribe to its own share capital increase.

8.2. Upon any capital increase, the manager determines the rate and conditions of issuance of new shares, unless the shareholders' meeting decides on it itself.

8.3. In case of issuance of shares without mention of nominal value under the accounting par value of the existing shares, the notice of shareholders' meeting must expressly mention this fact.

8.4. Should the share capital be increased with an issue premium, the amount of such premium must be fully paid-up upon subscription.

ARTICLE 9: CAPITAL INCREASE BY MEANS OF CASH CONTRIBUTION

9.1. In the event of a capital increase by means of cash contribution, and without prejudice to compliance with articles 592 to 598 of the Code of Company Law, the preferential right may only be restricted or denied on condition that an irrevocable priority allocation right is granted to existing shareholders upon allocation of the new shares.

This irrevocable priority allocation right has the following characteristics:

- it pertains to all newly issued shares;
- it is granted to shareholders on a pro rata basis of the portion of the capital represented by their shares at the time of the transaction;
- a maximum price per share is announced no later than the day before the opening of the public subscription period; and
- the public subscription period must, in such case, be a minimum of three market days ("jours de bourse").

9.2. Without prejudice to compliance with articles 595 to 599 of the Code of Company Law, article 9.1 of the articles of association does not apply in the case of cash contribution with restriction or denial of the preferential right combined with a contribution in kind with regard to an optional dividend distribution, provided the granting of the latter is effectively open to all shareholders.

ARTICLE 10: CAPITAL INCREASE BY MEANS OF CONTRIBUTION IN KIND - REORGANISATION

10.1. Capital increases by contribution in kind are subject to the rules set forth in articles 601 and 602 of the Code of Company Law.

10.2. Contributions in kind can also pertain to the right to dividend with regard to an optional dividend distribution, with or without complementary cash contribution.

10.3. Thereby, in accordance with the BE-REIT regulation, the following conditions must be complied with:

1° the identity of the contributor must be mentioned in the Board of Directors' report specified in article 602 of the Code of Company Law, as well as, as the case may be, in the notice to the shareholders' meeting that will decide on the capital increase;

2° the issue price cannot be lower than the lowest value between (a) a net value per share determined no later than four months prior to the contribution agreement or, at the company's choice, prior to the date of the deed of the capital increase and (b) the average stock exchange closing price over 30 days prior to such date.

Regarding the application of the previous sentence, it is allowed to deduct from the amount referred to under the subparagraph above the amount corresponding to the portion of undistributed gross dividend of which the new shares may be deprived, provided the Board of Directors specifically evidences in his special report the amount of accrued dividend to be deducted and describes the financial conditions of the transaction in the annual financial report;

3° unless the issue price or, in the case described under article 10.5, the conversion parity, as well as their terms, are determined and published no later than the business day following the conclusion of the contribution agreement, with mention of the term upon which the capital increase will take effect, the capital increase deed is executed within a maximum term of four months; and

4° the report referred to in 1° must also describe in detail the impact of the proposed contribution on the situation of the former shareholders, particularly regarding their part in the profit, the net value per share and the capital, as well as the impact in terms of voting rights.

10.4. Article 10.3 of the articles of association does not apply in case of contribution of the right to dividend with regard to an optional dividend distribution provided the granting of the latter is effectively open to all shareholders.

10.5. Article 10.3 of the articles of association applies mutatis mutandis to mergers, spin-offs and similar transactions as referred to in articles 671 to 677, 681 to 758 and 772/1 of the Code of Company Law. In the latter case, "date of the contribution agreement" must be understood as the date of deposit of the merger or spin-off project.

ARTICLE 10 BIS: CAPITAL INCREASE OF A COMPANY IN THE PERIMETER WITH THE STATUS OF INSTITUTIONAL BE-REIT

Pursuant to the BE-REIT regulation, in the event of a capital increase of a company in the perimeter with the status of institutional BE-REIT by means of a cash contribution at a price lower by 10% or more of the lowest value between (a) a net value per share determined no later than four months prior to the opening of the issuance and (b) the average of closing prices over the 30 calendar days preceding the opening day of the issuance, the Board of Directors shall write a report describing the economic rationale of the applied discount, the financial consequences of the transaction for Befimmo shareholders, and the advantages of the capital increase envisioned for Befimmo. This report, as well as the criteria and valuation methods used, shall be discussed by the auditor of Befimmo in a separate report.

It is allowed to deduct from the amount referred to under the subparagraph above the amount corresponding to the portion of undistributed gross dividend of which the new shares may be deprived, provided the Board of Directors specifically evidences the amount of accrued dividend to be deducted and describes the financial conditions of the transaction in the annual financial report of the company.

In the event the concerned company in the perimeter is not listed, the discount referred to in subparagraph 1 is only calculated based on a net value per share determined no later than four months earlier.

This article does not apply to capital increases subscribed in full by the company or by companies in the perimeter of which the company directly or indirectly holds the capital in full.

ARTICLE 11: REPURCHASE OF OWN SHARES

11.1. The company may, by virtue of the decision of the shareholders' meeting in compliance with articles 620 and 630 of the Code of Company Law, acquire or pledge its own shares that have been fully paid-up in cash.

11.2. The conditions for the disposal of securities acquired by the company are determined by the shareholders' meeting or by the Board of Directors as the case may be according to article 622 § 2 of the Code of Company Law.

11.3. The Board of Directors is authorised to dispose of the company's own shares acquired by the company in the following cases: 1) on the stock market or off-stock market when these shares are admitted to be listed on a regulated market in the meaning of article 4 of the Code of Company Law; 2) when the disposal takes place in a stock exchange of movable goods or as a result of a public sale offer directed to all shareholders under the same conditions, in order to prevent serious and imminent damage to the company, being understood that such authorisation is valid for a period of three years from the date of publication of the minutes of the meeting of 22 June 2011 and that it is renewable for identical periods; 3) in all other cases permitted for by the Code of Company Law."

11.4. Rights and authorisations described in this article extend to acquisitions and disposals of shares of the company by one or several subsidiaries directly controlled by the company as described in the Code of Company Law.

ARTICLE 12: CAPITAL REDUCTION

The company may reduce its capital in compliance with the applicable legal provisions.

TITLE THREE: SECURITIES

ARTICLE 13: NATURE AND FORM

13.1 With the exception of founders' shares and similar securities, and subject to specific provisions of the BE-REIT regulation, the company may issue the securities referred to in article 460 of the Code of Company Law, in accordance with regulations therein.

13.2. Shares are registered shares or dematerialised shares, within the limits set forth by the law.

All shares are fully paid-up and are without indication of nominal value.

13.3. A register of registered shares is kept at the registered office, as the case may be and if the law allows it, in an electronic form; it is available for consultation by all shareholders. Certificates evidencing a person's registration shall be delivered to the shareholders.

All transfers amongst the living or because of decease as well as any conversion of securities are recorded in this register.

13.4. Dematerialised shares are represented by an entry into the account in the holder's name at a recognised account holder or settlement institution.

13.5. The holder of dematerialised shares may, at any time, request the conversion of such shares, at his expense, into registered shares, and conversely.

ARTICLE 13 BIS: THRESHOLDS

Regarding the application of the statutory rules concerning the disclosure of important holdings in issuers whose shares are admitted to trade on a regulated market, the company has determined, in addition to the statutory thresholds, a threshold of three per cent (3%).

TITLE FOUR: ADMINISTRATION – CONTROL

ARTICLE 14: COMPOSITION OF THE BOARD OF DIRECTORS

14.1. The company is administered by a Board of Directors is composed of at least three directors, shareholder or not, appointed for four years or more by the general meeting and revocable at any time by this meeting. This board includes at least three independent directors as defined in article 526 ter of the Code of Company Law.

14.2. The Board of Directors elects a president from among its members.

14.3. The members of the board are eligible for re-election.

14.4. The directorship of the directors is remunerated.

14.5. If a legal person is appointed as director he must appoint a permanent representative during its nomination. This permanent representative mandate is given for the duration of the one of the legal person he's representing.

14.6. The members of the Board of Directors must fulfil the requirements of integrity and expertise provided for by the BE-REIT regulation and must not come within the scope of the case of prohibitions provided for by the BE-REIT regulation.

14.7. The Board of Directors can appoint one or more observers who can assist to all or part of the meetings of the board on the basis of the procedures to be decided by the board.

14.8. The directors are exclusively natural persons.

14.9. The appointment of the directors is subject to the prior approval of the Financial Services and Market Authority (FSMA).

ARTICLE 15: POWERS OF THE BOARD OF DIRECTORS

15.1. The Board of Directors of the company has all powers to accomplish all acts necessary or useful for the realisation of the company's purpose, with exception of the acts which the law or the articles of association have granted to the general meeting.

15.2. The Board of Directors establishes the annual and half-yearly reports in compliance with the applicable provisions and, in particular, the BE-REIT regulation.

The Board of Directors appoints one or several independent valuation experts, responsible for the valuation of the real estate of the company and its companies in the perimeter, in accordance with the BE-REIT regulation.

15.3 The Board of Directors may grant to each proxyholder all specific powers, limited to certain acts or to a series of specific acts, with the exception of powers that are entrusted to him by virtue of the Code of Company Law or the BE-REIT law and its implementing decrees.

15.4. The Board of Directors is authorised to determine the compensation of said proxyholder(s), which shall be withheld from the company's operating expenses.

The Board of Directors can revoke said proxyholder(s) at any time.

ARTICLE 16: DELIBERATION OF THE BO ARD OF DIRECTORS

16.1. The meetings of the Board of Directors are held in Belgium or abroad, at the place indicated in the notices. They may be held by means of conference call, videoconference or any other means that allows the directors to deliberate without meeting physically. The person chairing the meeting can appoint the secretary of the meeting, who is a director or not.

16.2. The Board of Directors meets upon convocation by the chairman, the vice-chairmen or two directors, done within at least 24 hours before the meeting.

16.3. Any director who is unable to attend may, by letter or other means of (tele)communication providing documentary confirmation of the nomination as proxy, empower another member of the Board to represent him and to vote in his stead at a specific meeting. A director may represent more of its colleagues and may issue, in addition to his own vote, as many votes as he received proxys.

16.4. Except in the case of "force majeure", the Board of Directors may only validly deliberate and validly resolve if at least half of the members of the board are present or represented. If this condition is not met, a new meeting must be convened, which will validly deliberate and validly resolve on items which are on the agenda of the previous meeting, provided that at least three directors are present or represented.

16.5. Decisions of the board shall be adopted by the absolute majority of the present or represented directors. In case of abstention of one or more directors, decisions are adopted by the majority of the other directors. In case of a tie vote, the person chairing the meeting shall have the casting vote.

16.6. In exceptional cases duly justified by urgency and the need to serve the interests of the company the decisions of the Board of Directors may be expressed by means of a circular. This procedure, however, may not be invoked to approve the annual accounts or release authorised capital.

Decisions must be taken by unanimous agreement of the directors. Their signature will be placed on one document or one different copies of the same document.

These resolutions will be equally valid as if they were taken during a meeting of the board, which are regularly convened and held, and will carry the date of the last signature placed by the directors on the abovementioned documents.

ARTICLE 17: MINUTES

The decisions of the Board of Directors are recorded in minutes signed by at least two of directors, as well as all directors who express an interest to do so.

ARTICLE 18: ADVISORY AND SPECIALISED COMMITTEE

18.1. The Board of Directors may establish one or more committees of which the members may be chosen from within or outside the board.

18.2. It nominates at least an audit committee, a nomination committee and a remuneration committee (the nomination committee and the remuneration committee may be combined) of which they implement the missions, the powers and the composition in accordance with applicable law.

ARTICLE 19: EXECUTIVE COMMITTEE

19.1. The Board of Directors may delegate its management powers and its representation in the context of this management to an executive committee, made up from within or outside the board, without this transfer being able to relate to the general policy of the company or to any acts reserved for the Board of Directors on the grounds of other provisions of the law or the articles of associations.

19.2. The Board of Directors implements the missions, the powers, fixed or variable emoluments, by overall charges overhead, of the persons designated for that purpose; where necessary, he dismisses them.

19.3. The decisions of the executive committee are recorded in minutes signed by at least two members of the executive committee and all the members of the executive committee who wish so.

19.4. The members of the executive committee are exclusively natural persons; they must fulfil the requirements of integrity and expertise provided for by the BE-REIT regulation and may not fall within the scope of the case of prohibitions provided for by the BE-REIT regulation.

ARTICLE 20: DAY-TO-DAY MANAGEMENT

20.1. The Board of Directors may confer the day-to-day management of the company as well as the representation of the company on one or several of its members, who will or won't carry the title of executive director, or to one or several appointed agents chosen within or outside the board.

With the exception of the so-called joint-signature clauses, the restrictions placed on the powers of representation for the needs of the day-to-day management are not binding on third parties, even if they are published.

Similarly, the managing director(s) of the day-to-day management may grant special powers to each authorised representative, but within the limits of the day-to-day management.

20.2. The managing director(s) of the day-to-day management must fulfil the requirements of reliability and expertise as described in the BE-REIT regulation and must not come within the scope of the cases of prohibitions set forth in the BE-REIT regulation.

ARTICLE 21: INTERNAL ORGANISATION AND QUALITY

21.1. The executive direction of the company must be carried out by at least two natural persons.

21.2 The members of the executive direction must fulfil the requirements of integrity and expertise provided for by the BE-REIT regulation and may not fall within the scope of the prohibitions provided for by the BE-REIT regulation.

21.3 The company is organised in compliance with article 17 of the BE-REIT law.

ARTICLE 22: REPRESENTATION OF THE COMPANY

22.1. The company is validly represented in all acts, including those in which a public officer or notary intervene, and before a court of law, by:

- two directors acting jointly, or
- within the limits of the powers granted to the executive committee, two members of the executive committee acting jointly, or
- within the limits of the day-to-day management, a managing director of this management.

22.2. The company shall moreover be validly bound by special proxyholders of the company acting within their powers.

22.3. The copies or extracts of the minutes of the general meetings of shareholders and of the meetings of the Board of Directors to be produced in court or in any other place, and notably each extract to be published in the annexes to the Belgian Official Gazette, are validly signed by a director, by a member of the executive committee, by a person in charge of the day-to-day management or a person explicitly authorised by the board.

Copies or extracts of the minutes of the meetings of the executive committee to be produced in court or elsewhere shall be validly signed by a member of the executive committee, by a person in charge of day-to-day management or by a person expressly authorised by the executive committee .

ARTICLE 23: PREVENTION OF CONFLICTS OF INTERESTS

23.1.T the company is structured and organised in such a way as to minimise the risk of the shareholders interests being prejudiced by conflicts of interests in accordance with the BE-REIT regulation.

23.2. The persons referred to in article 36 of the BE-REIT law may not act as counterparty in a transaction with the company or with one of its companies in the perimeter nor obtain any benefit in such a transaction, unless the transaction is in the interest of the company, fits in the scope of its strategy and is realized under normal market conditions.

23.3. The company must inform the FSMA prior to any transaction considered by the company if one of the following persons acts directly or indirectly as the counterparty or obtains any benefit in the transaction:

- persons who control or hold a shareholding in the company;
- persons with which the company, one of its companies in the perimeter, the promoter and other shareholders of a company in the perimeter are bound or have a shareholding connection;
- the promoter;
- the other shareholders of any company in the perimeter of the company;
- the directors, members of the management committee, managing directors, executive officers or representatives: of the company, of one of its companies in the perimeter, of the promoter, of the other shareholders of any company in the perimeter of the company and of a person who controls or holds shares in the company.

23.4. Information regarding the transaction mentioned in article 23.2 shall immediately be made public in the press release, if any, pertaining to such transaction. It shall be discussed in the annual financial report and by the statutory auditor in his report.

23.5. The aforementioned provisions shall not apply to:

- transactions for an amount less than the lowest amount between 1% of the consolidated assets of the company and 2,500,000 euros;
- the acquisition of movable goods by the company or one of its companies in the perimeter within the context of a public offering made by a third party issuer, for which a promoter or one of the persons referred to in article 37, § 1 of the BE-REIT law intervene as intermediaries as defined in article 2, 10° of the law of 2 August 2002;
- the acquisition or subscription, by the persons mentioned in article 37 § 1 of the BE-REIT law, of the company's shares issued pursuant to a resolution of the shareholders' meeting; and
- the transactions concerning liquid assets of the company or one of its companies in the perimeter , provided that the person who acts as counterparty has the capacity of intermediary as defined in article 2, 10° of the law of 2 August 2002 and that such transactions are executed in compliance with the market.

23.6. In addition to the preceding provisions, the directors shall comply with articles 523 and 524 of the Code of Company Law.

ARTICLE 24: CONTROL

24.1. The control of the financial situation, of the annual accounts and of the compliance of the transactions, to be recorded in the annual accounts, is entrusted to one or more auditors, member(s) of the Institute for Company Auditors.

Said auditor(s) is/are appointed by the shareholders' meeting for a renewable term of three years and may only be removed for serious grounds, under penalty of damages, as the case may be.

The shareholders' meeting determines the number of auditors and their remuneration.

Said auditor(s) control(s) and certify(ies) the accounting data stated in the annual accounts of the company and confirm(s), as the case may be, all of the information to be provided in accordance with the BE-REIT regulation.

24.2. Article 141, 2° of the Code of Company Law is not applicable to the company having the status of a BE-REIT, in accordance with article 55, § 1, second subparagraph, of the BE-REIT law.

24.3. In accordance with the BE-REIT regulation, the FSMA is entitled to any information or may complete on the spot searches and peruse all the company's documents.

TITLE FIVE: GENERAL MEETING OF SHAREHOLDERS

ARTICLE 25: COMPOSITION – POWERS

The general meeting is composed of all shareholders entitled to vote either in person or by proxyholder in compliance with the statutory provisions or the articles of association.

ARTICLE 26: MEETINGS

26.1. The annual general meeting shall take place on the last Tuesday of April at 10:30.

The agenda of the yearly general meetings includes at least the approval of annual accounts, the granting of discharge to the directors and auditor, and the approval of the remuneration report by the general meeting.

26.2. An extraordinary meeting may be convened each time it is in the company's interest.

It must be convened at the request of shareholders jointly holding one/fifth of the share capital.

26.3. The general meetings shall take place at the registered office or at any other location in Belgium, which shall be specified in the notice.

ARTICLE 27: NOTICES & INFORMATION

27.1. The general meeting, whether annual or extraordinary, is held following a notice by the Board of Directors or the auditor.

The notices contain all topics required by the Code of Company Law and by any other regulation.

27.2. The company shall provide shareholders with any information required by the Code of Company Law and by any other regulation.

ARTICLE 28: ADMISSION TO THE MEETING

28.1. Any shareholder may participate in a general meeting and exercise his right to vote:

(i)if his shares are registered in his name on the fourteenth day prior to the shareholders' meeting, at 24 hours (midnight, Belgian time), either:

by registration of the shares in the company's registered shares register;

by registration of the shares in the account of an authorised holder or settlement institution.

The aforementioned day and time shall be the recording date.

(ii) and if the company has been informed, no later than the sixth day prior to the date of the meeting, of the shareholders' desire to participate in the shareholders' meeting, as the case may be, directly by the shareholder for holders of registered shares or by a financial intermediary, authorised account holder or settlement institution for holders of dematerialised shares.

28.2. Any shareholder may, as of the date of notice and no later than six days prior to the date of the meeting, ask questions in writing, which will be answered during the meeting provided the concerned shareholder has complied to requirements for admission to the meeting.

ARTICLE 29: PARTICIPATION AND VOTING PROCEDURES FOR SHAREHOLDERS' MEETINGS

29.1 All shareholders may vote in person or through a proxy holder.

Proxy notifications to the company must be remitted in writing.

29.2. The proxy must be provided to the company no later than six days prior to the date of the meeting.

29.3. Any shareholder may vote by post using a form available from the company. The postal vote form must be received by the company no later than six days prior to the date of the meeting.

29.4. The joint owners, usufructuaries and bare owners, pledgee creditors and pledgee debtors must be represented respectively by one and the same person.

ARTICLE 30: OFFICE

All general meetings are chaired by the chairman of the Board of Directors. If the chairman is unable to attend, the meetings will be chaired by a director appointed by its colleagues, or by a member of the general meeting appointed by the latter.

The chairman appoints the secretary.

The chairman appoints two vote-takers amongst the shareholders.

ARTICLE 31: PRESENCE LIST

31.1. A register dedicated by the Board of Directors includes for each shareholder who expressed his desire to participate in the general meeting his name, surname or corporate name, address or registered office, the number of shares he held at the registration date, and a description of documents evidencing shareholding at such registration date.

31.2. The shareholder or his proxy holder ensures that all elements required, as the case may be, for the shareholder's identification are provided to the company.

ARTICLE 32: VOTING RIGHT OF THE SHAREHOLDERS

32.1. Each share entitles its holder to one vote.

32.2. In case of acquisition or pledging by the company of its own shares, the voting right of these securities shall be suspended.

32.3. Voting take place by raising hands or by calling names, unless the general meeting, by majority of votes, decides otherwise.

ARTICLE 33: DELIBERATIONS OF THE GENERAL MEETING

33.1. No meeting shall deliberate on items that were not specified in the agenda, unless all shareholders are present and unanimously approve of the new items.

33.2. Any draft amendment to the articles of association must first be submitted to the FSMA in accordance with article 8 of the BE-REIT regulation.

33.3. Except in cases set forth by the law or the articles of association, each resolution shall be adopted by a majority of votes irrespective of the number of shares represented at the meeting.

ARTICLE 34: MINUTES

34.1. The minutes of the general meetings include for each resolution the number of shares for which valid votes were expressed, the percentage of the capital represented by such votes, the total number of valid votes expressed, the number of votes expressed for and against each resolution, and, as the case may be, the number of abstentions.

34.2. The minutes of the general meetings are signed by the members of the office and the shareholders asking to do so.

34.3. Information referred to in article 34.1 is published by the company on its website within fifteen days of the general meeting.

34.4. Copies or excerpts to be submitted before a court of law or elsewhere must be signed by a director, by a member of the executive committee, by a person in charge of the day-to-day management or a person explicitly authorised by the board.

TITLE SIX: BONDHOLDERS' MEETING

ARTICLE 35: POWERS – NOTICES

The general bondholders' meeting is granted powers as determined by the Code of Company Law and convenes in accordance with the Code of Company Law.

ARTICLE 36: PARTICIPATION IN THE BONDHOLDERS' MEETING

Holders of registered bonds must inform the Board of Directors, no later than three business days prior to the date of the meeting, in writing (letter or proxy), of their intention to attend the bondholders' meeting and specify the number of bonds based on which they intend to vote.

Holders of dematerialised bonds shall deposit at the registered office or at any location specified in the notice, within the same term, a statement executed by the authorised account holder or settlement institution, certifying the unavailability of the bonds up to the date of the bondholders' meeting.

ARTICLE 37: CONDUCT OF THE BONDHOLDERS' MEETING – MINUTES

The bondholders' meeting renders resolutions according to provisions of the Code of Company Law.

The minutes of the bondholders' meetings are signed by the members of the office and by the bondholders who request to do so.

Copies and excerpts to be submitted before a court of law or elsewhere are signed by a director, by a person in charge of the day-to-day management or a person explicitly authorised by the board.

ARTICLE 38: REPRESENTATION

Any bondholder may be represented at the bondholders' meeting by a proxy holder, whether or not bondholder. The Board of Directors determines the form of the proxies.

TITLE SEVEN: COMPANY RECORDS - DISTRIBUTION

ARTICLE 39: COMPANY RECORDS

39.1. The company's fiscal year begins on 1st January and ends on 31st December.

39.2. On this last date, the books of the company are closed and the Board of Directors prepares a full inventory, as well as the annual accounts in accordance with the law on book-keeping and the annual accounts of the undertakings and the special provisions of the BE-REIT regulation.

39.3. The company bears, amongst others, the costs of incorporation, organisation and domiciliation, the costs for the service of the company shares, the costs related to the immovable goods operations and the investment transactions, the costs of technical management, supervision, maintenance, etc. of the immovable goods of the company, the accountancy and inventory costs, the costs stemming from the supervision of the accounts and the control of the company, the publication costs, that are inherent to the share offer, costs stemming from the establishment of periodical reports and the distribution of financial information, the management costs and the taxes and duties and rights due as a result of the business carried on by the company, or as a consequence of the activities of the company.

39.4. Furthermore, the Board of Directors establishes an inventory of the immovable goods owned by the company and its companies in the perimeter when the company proceeds to a share issue or a share buy-back other than on a regulated market.

ARTICLE 40: DISTRIBUTION

40.1. Article 616 of the Code of Company Law concerning the establishment of a reserve fund is not applicable to companies having the status of a regulated real-estate company by Belgian law in accordance with article 11, § 3, of the BE-REIT law.

40.2. The company shall, by way of remuneration of the capital, distribute an amount that shall correspond at least to the positive difference between (i) 80% of the amount determined according to the table in Chapter III of Annex C of the BE-REIT royal decree and (ii) the net decrease, in the course of the same financial year, of the indebtedness of the company as specified in article 13 of the BE-REIT royal decree.

40.3. The company shall simultaneously comply with the obligations regarding distributions that have been imposed on it or that may be imposed on it by the laws of any State that may be applicable to it and in particular the obligations regarding distribution that may be imposed on it by virtue of its acceptance of the status of "Société d'Investissements Immobiliers Cotée" ("SIIC") ("Listed Company for Real Estate Investments" – "LCREI") in accordance with article 208 - C of the "Code Général des Impôts français" ("General Code of French Taxes") on the ground of its transactions in France.

40.4. The balance shall be allocated in the manner resolved by the shareholders' meeting on proposal of the Board of Directors.

40.5. The company may distribute an optional dividend with or without cash complement.

40.6. Unclaimed dividends of registered shares and fees within the five years of their payment will expire.

ARTICLE 41: PROVISIONS REGARDING SHAREHOLDERS SUBJECT TO WITHHOLDING

41.1. For the purpose of the following paragraphs, the term 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") must be understood as any shareholder, other than a natural person, who directly or indirectly holds 10% or more of the rights to dividend distributed by the company and whose personal situation – or the situation of his shareholders who, prior to the payment of any distribution, directly or indirectly hold ten percent (10%) or more of the rights to dividend from the company – implies that the company is liable of a withholding equal to twenty percent (20%) (le 'Prélèvement' or the "Withholding",) as specified in article 208 C II ter of the "Code Général des Impôts français" ("General Code of French Taxes").

41.2. If the ten percent (10%) threshold of the capital of the company (to be understood as the possession of ten percent (10%) or more of the rights to dividend paid out by the company) is directly or indirectly exceeded, any shareholder other than a natural person ("Concerned Shareholder") ("Actionnaire Concerné") shall notify the company thereof and such shareholder shall be deemed an 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding").

In the event such shareholder states that he is not an 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding"), he must, within a short time period and at the latest ten business days prior to the payment of any distribution, evidence this at the request of the company and, if the company so demands, submit an acceptable and unreserved legal opinion issued by an internationally reputed tax firm with recognised expertise in the field of French tax law, stating that the shareholder is not an 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") and that distributions declared payable by the company do not render the company liable for the 'Prélèvement' ("Withholding"). The company may proceed to request any supporting document, additional data or the point of view of the French tax administration and, as the case may be, until satisfactory answers have been obtained, retain the distribution concerned.

Any 'Actionnaire Concerné' ("Concerned Shareholder") must within a short period of time inform the company of any modification in its tax position whereby it would acquire or lose the capacity of 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") by justifying such event, in the event of loss of this status, in the manner as indicated above.

41.3 Every 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") shall, at the time of payment of each distribution, become a debtor of the company for an amount that corresponds with the amount of the Withholding which the company by way of distribution of dividends, reserves premiums or 'returns deemed distributed' as defined in the General Code of French Taxes owes.

In the event that the company directly and/or indirectly would possess a percentage of the rights to a dividend that is at least equal to what is specified in article 208 C II ter of the General Code of French Taxes of one or more 'Sociétés d'Investissements Immobiliers Cotées' ("SIICs") as specified in article 208 C of the General Code of French Taxes ('SIIC Fille') and in which the SIIC Fille as a result of the capacity of the 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") would have settled the Withholding, the 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") must, as the case may be, indemnify the company, either for the amount that the company has paid out to the SIIC Fille, by way of compensation for the payment of the Withholding by the SIIC Fille, or, in the absence of a compensation to the SIIC Fille by the company, for an amount that is equal to the Withholding paid by the SIIC Fille, multiplied by the percentage of the rights to receive a dividend of the company in the SIIC Fille, in such a manner that the other shareholders of the company do not contribute in an economical manner to whichever fraction of the 'Prélèvement' ("Withholding") paid by whichever SIIC in the holding chain because of the 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") (the so-called 'Indemnisation Complémentaire' - "Additional Compensation").

The amount of this 'Indemnisation Complémentaire' ("Additional Compensation") shall be borne by all 'Actionnaires à Prélèvement' ("Shareholders Subject to Withholding") in proportion to their respective rights to dividends, divided by the total number of rights to dividends of the 'Actionnaires à Prélèvement' ("Shareholders Subject to Withholding").

The capacity of 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") is established at the time of payment of the distribution.

41.4. The company has the right to proceed to a set-off between its claim seeking damages from any 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") on the one hand and the amounts which the company must pay in favour of this shareholder on the other hand. In such a manner, the amounts retained from the company's profits exempted from corporation tax pursuant to article 208 C II of the General Code of French Taxes and which pursuant to each share must be paid out in the hands of the said 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") pursuant to the above-mentioned decision to distribute or to repurchase of shares in his favour, shall thus be reduced up to the amount of the Withholding due by the company for the distribution of these amounts and/or up to the 'Indemnisation Complémentaire' ("Additional Compensation").

The amount of each compensation due by an 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") shall be calculated in such a manner that the company, after payment thereof and taking account of possible application of tax laws, shall be placed in the same position as if the Withholding would not have become due.

The company and the 'Actionnaires Concernés' ("Concerned Shareholders") shall cooperate in good faith so that all reasonable measures shall be taken to reduce the amount of the Withholding (still) due and the compensation possibly resulting therefrom.

In the event (i) after the distribution of a dividend, reserves or premiums or 'produits réputés distribués' ("returns deemed distributed") as defined in the General Code of French Taxes levied on the profits of the company or on the profits of a SIIC Fille, exempted from corporation taxes pursuant to article 208 C II of the General Code of French Taxes, it would appear that a shareholder would be an 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") on the date of payment of the said amounts and (ii) in which the company or the SIIC Fille should have proceeded to the payment of the Withholding on the amounts thus paid, without said amounts having been the subject of the set-off specified in the first subparagraph of this paragraph, then the 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") shall be liable to pay to the company, by way of compensation for the damages that the latter sustains, and notwithstanding partial or full transfer of the shares that occurred in the meanwhile, an amount that is equal to, on the one hand, the Withholding which the company had to discharge for each share of the company that it held at the time of the payment of the distribution of dividends, reserves or premiums concerned, increased with every fine and interests and, on the other hand, as the case may be, the amount of the 'Indemnisation Complémentaire' ("the Additional Compensation") (the 'Indemnité' - the "Compensation").

The company shall be entitled, as the case may, be to proceed to a set-off to the appropriate extent between its claim on the ground of the "Compensation" ('l'Indemnité') and all amounts that may be payable at a later stage for the benefit of this 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") and such, as the case may be, without prejudice to the prior application in respect of the said amounts of the set-off specified in the first subparagraph of this paragraph. In the event the company, after realization of such a set-off, remains, on the ground of the "Compensation" ('l'Indemnité'), a creditor of the 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding"), it shall be entitled to proceed once again to a set-off to the appropriate extent with all amounts that later may be made payable for the benefit of this 'Actionnaire à Prélèvement' ("Shareholder Subject to Withholding") and this until said debt has been definitively settled.

ARTICLE 42: INTERIM DIVIDENDS

Dividends are paid out on the dates and at the places determined by the Board of Directors.

The latter may decide under his personal liability, in compliance with the law, on the payment of the advances on dividends; he determines the amount and the payment dates of such advance(s).

ARTICLE 43: ACCESS TO REPORTS

Annual and half-yearly financial reports, annual and half-yearly financial statements of the company as well as the auditor's reports are available on the company's website.

Additionally, the annual financial report is available in the form of a brochure sent to all registered shareholders and provided to any other shareholder upon request.

TITLE EIGHT: WINDING-UP – LIQUIDATION

ARTICLE 44: WINDING-UP

44.1. In the event of dissolution of the Company, for whatever reason and at any time, the liquidation shall be performed by liquidators appointed by the general meeting of shareholders. The liquidator(s) take office only after confirmation of their nomination by the Brussels Commercial Court. In the absence of nomination of one or more liquidators, the directors in office will be considered as liquidators with respect to third parties.

44.2. After winding-up, the company will be regarded as being in liquidation.

44.3. Unless otherwise provided in the instrument of appointment, the persons in charge of the liquidation have greater power for that purpose, which are granted by the Code of Company Law.

44.4. The general meeting of shareholders determines the liquidation mode and, as the case may be, the remuneration of the liquidators(s).

44.5. The liquidation of the company ends pursuant to the provisions of the Code of Company Law.

44.6. Except in case of merger, the net assets of the company will be, after clearing of all liabilities or deposit of the sums which are necessary for that purpose, allocated as a matter of priority to the reimbursement of the amount paid-up of the capital shares, and the remaining balance shall be distributed equally among all the shareholders of the company, proportionally to the number of shares they hold.

TITLE NINE: GENERAL PROVISIONS

ARTICLE 45: ELECTION OF DOMICILE

For the performance of these articles of association, every shareholder, managing director, member of the coordination committee, director, liquidator who is domiciled abroad, makes an election of domicile at the company's registered office where all communications, default notices, writs of summons or notifications can validly be served.

ARTICLE 46: JURISDICTION

For all lawsuits between the company, its shareholders, bondholders, managing director, member of executive committee and liquidators concerning the affairs of the company and the execution of the present articles of association, only the courts of the registered office of the company shall have jurisdiction, unless the company expressly waives such jurisdiction.

ARTICLE 47: GENERAL LAW

47.1. Parties agree to fully comply with the Code of Company Law, as well as with the BE-REIT regulation.

As a consequence, the provisions of said laws are deemed to be set forth in these articles of association, and all provisions conflicting with the imperative provisions of these laws are deemed non-existent, unless lawful departure.

47.2. Special mention is made, in accordance with articles 11, § 3 and 55, § 1, second subparagraph, of the BE-REIT law, that articles 111, 141, 2°, 439, 448, 477 and 616 of the Code of Company Law are not applicable.

TITLE TEN: SPECIAL PROVISION

ARTICLE 48: AMENDMENTS OF THE LAW

In case of amendments of the law, the Board of Directors is allowed to adapt these articles of association to the future legal texts that would amend these articles of association. This authorisation aims expressly at an amendment by notarial deed only.

Appendix V: Spread of the buildings of the consolidated portfolio[1] per subsidiary

AXENTO

GRAND-DUCHY OF LUXEMBOURG

Axento

BEFIMMO

BRUXELLES CENTRE

Brederode Corner	Poelaert
Central Gate	Rue au Choux
Empereur	
Montesquieu	

BRUSSELS LEOPOLD DISTRICT

Arts 56	Schuman 3
Joseph 2	Schuman 11
Guimard	View Building
Pavilion	Wiertz

BRUSSELS LOUISE DISTRICT

Blue Tower

BRUSSELS NORTH AREA

Quatuor	ZIN

BRUSSELS DECENTRALISED

Goemaere	Triomphe
La Plaine	

BRUSSELS PERIPHERY

Eagle Building	Ocean House
Fountain Plaza	Planet 2
Ikaros Park	Waterloo Office Park
Media	

FLANDERS

AMCA	Leuven - Vital Decosterstraat (leasehold)
Antwerpen - Meir (leasehold)	

BEWAY

BRUSSELS AIRPORT

Gateway

FEDIMMO

BRUSSELS CENTRE

Gouvernement Provisoire
Lambermont
Pachéco

1 For more information, please consult the buildings of the consolidated portfolio on pages 54 to 55 of this Report.

BRUXELLES LEOPOLD DISTRICT

Arts 28
Froissart
Science-Montoyer

BRUSSELS NORTH AREA

World Trade Center – Tower 3	WTC 4 (permit implemented)
ZIN	

WALLONIA

Ath	Liège Paradis tower - Rue Fragnée
Binche	Malmedy
Braine l'Alleud	Marche-en-Famenne
Eupen	Saint-Vith
La Louvière	Seraing
Paradis Express (land)	

FLANDERS

Bilzen	Lokeren
Brugge	Menen
Deinze	Nieuwpoort
Dendermonde	Oudenaarde
Diest	Roeselare
Diksmuide	Sint-Niklaas
Eekloo	Sint-Truiden
Haacht	Tervuren
Halle	Tielt
Herentals	Tienen
Ieper	Tongeren
Izegem	Torhout - Burg
Knokke-Heist	Torhout - Elisabethlaan
Kortrijk - Bloemistenstraat	Vilvoorde
Kortrijk - Ijzerkaai	

MEIRFREE

FLANDRE

Antwerpen – Meir

VITALFREE

FLANDRE

Leuven – Vital Decosterstraat

Appendix IV: Methodology

DIRECT ENERGY (GAS AND OIL), INDIRECT ENERGY (ELECTRICITY AND DISTRICT HEATING), WATER, GREENHOUSE GAS EMISSIONS

For its 2018 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 2016 to 2018) are published on the Company's website.

	TOTAL ABOVE-GROUND AREAS			
	2015	2016	2017	2018
Buildings 1 – 5 000 m²	176 593	178 053	176 777	169 891
Buildings 5 001 – 10 000 m²	145 379	138 600	131 947	132 260
Buildings > 10 000 m²	614 288	571 575	623 303	598 390
Total (m²)	**936 259**	**888 228**	**932 027**[1]	**900 547**

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 (water, gas and electricity). This centralisation of data and online real-time access to them allows us to remotely identify any malfunctioning technical installations, immediately take the necessary corrective action, assess the energy performance of each building and identify priority future investments to be considered.

With regard to the management of electricity consumption data, Befimmo is continuing to work on separating consumption for private and common areas of the buildings in which it has control over the energy supply contract. Regarding the buildings in which the supply contracts are not in Befimmo's name, the Environmental Technical Team directly asks tenants for consumption data and/or the renewal of the mandates needed for obtaining data via the network managers. This situation becomes marginal as Befimmo decided to manages the energy meters for new lease agreements, in order to ensure the guarantee of the origin of the consumed energy.

Since 2015, Befimmo has been systematically using statistical models to refine the detection of abnormal electricity, water and gas consumption. These models for predicting future consumption are based on the energy signature of the building and working hours.

1. The surfaces of the buildings sold during 2017 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 2018 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 2018, it stepped up and developed 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 each table correspond to the areas of the buildings in use during the reporting year.

CALCULATION AT CONSTANT PERIMETER

The calculation at constant perimeter (like-for-like [LfL]), expressed as a year-on-year percentage difference, helps to assess how an indicator changes over time. Indeed, by excluding variations due to changes in floor area (as a result of major renovations, acquisitions or sales), it is possible to analyse, compare and explain the results achieved in relation to the stated objectives. Note, however, that the calculation at constant floor area does not take account of changes in the occupancy of the buildings.

CALCULATION OF SPECIFIC CONSUMPTION (KWH/M^2 AND LITRES/M^2)

To ensure consistency in specific consumption and to ensure that it is properly representative, some buildings are excluded from the scope solely for the calculation of specific consumption. These are:

- buildings under construction and/or renovation;
- buildings not used as offices (for 2018, 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%[2] (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.

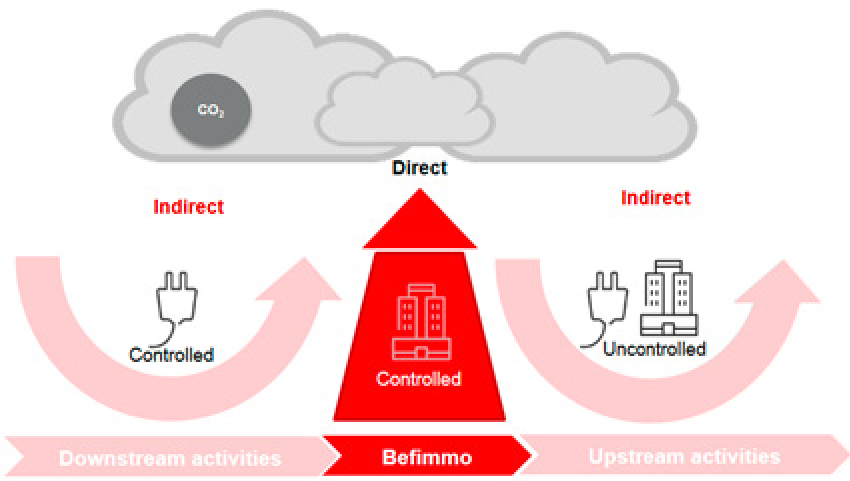
2. On the basis of the long-term lease agreements with the Buildings Agency, the occupancy rate of Fedimmo's buildings is considered to be 100%. It may nevertheless happen that, in certain special circumstances, that rate does not reflect the actual occupancy of the building and that the figures reported in these few cases are not representative.

REPORTING CO_2E EMISSIONS AND EMISSION FACTORS

When reporting CO2e emissions related to its activities, Befimmo follows the recommendations and methodology of the Greenhouse Gas Protocol[1] (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).



Furthermore, calculations of CO_2e emissions are reviewed and adjusted, including for historical data, on the basis of any new information provided by the tenants regarding their contracts for supplying energy for private areas.

For the calculation of uncontrolled indirect CO_2e emissions, i.e. related to the use in its tenants' private areas of non-renewable electricity or from unidentified/confirmed sources, Befimmo uses the emission factor provided and updated by the International Energy Agency (IEA).

CO_2E EMISSION FACTORS (G CO_2E/KWH)

TYPE	2015	2016	2017	2018
Gas[2]	188	188	188	188
Non-renewable electricity, Belgium[3]	226	172	172	172
Non-renewable electricity, Luxembourg[3]	281	2811	281	281
Green electricity	0	0	0	0
District heating[4]	43	43	0	0

CO_2E EMISSION FACTORS (KG CO_2E/LITRE) (KG CO_2E/KM)

TYPE	2015	2016	2017	2018	UNITS
Diesel	2.662	2.511	2.511	2.511	kg CO2e/litre
Petrol	2.425	2.264	2.264	2.264	kg CO2e/litre
Aircraft (short haul) economy	0.233	0.233	0.233	0.233	kg CO2e/km
Aircraft (long haul) economy	0.202	0.202	0.202	0.202	kg CO2e/km
Aircraft (short haul) business	n.a.	n.a.	0.468	0.468	kg CO2e/km
Aircraft (long haul) business	n.a.	n.a.	0.477	0.477	kg CO2e/km
Train	0.048	0.048	0.048	0.048	kg CO2e/km

1. www.ghgprotocol.org
2. Source : Engie Electrabel.
3. Source : IEA (International Energy Agency).
4. Source : Luxembourg city.

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 2015 to 2018;
- the electricity consumption data for private areas obtained directly from information received from tenants with a utility-company meter and unspecified own supply contracts are counted as non-renewable energy.

Where the type of supply contract is known, only contracts specified as "100% green" are considered renewable, and a zero CO_2e emission rate is applied.

Appendix VII: GRI Content Index[1]

GRI STANDARD	DISCLOSURE		PAGE, URL OR COMMENT	EXTERNAL ASSURANCE[2]	SDG
GRI 101: Foundation 2016					
GRI 102: General Disclosures 2016	1. Organizational profile				
	102-1	Name of the organization	208		
	102-2	Activities, brands, products, and services	Introduction,19		
	102-3	Location of headquarters	208		
	102-4	Location of operations	19,22,23,45,54		
	102-5	Ownership and legal form	208		
	102-6	Markets served	Introduction,19,22,23,45,54		
	102-7	Scale of the organization	43,46,54,107,155	✔ [3]	
	102-8	Information on employees and other workers	106,107,108		8
	102-9	Supply Chain	20,56 Dialogue		
	102-10	Significant changes to the organization and its supply chain	32,38,215		
	102-11	Precautionary principle or approach	56,57 CSR policy		
	102-12	External initiatives	28 Dialogue		
	102-13	Membership of associations	Dialogue		
	2. Strategy				
	102-14	Statement from senior decision maker	13		
	102-15	Key impacts, risks, and opportunities	6,10,12,19,20,21		
	3. Ethics and integrity				
	102-16	Values, principles, standards, and norms of behavior	18,105,138		16
	102-17	Mechanisms for advice and concerns about ethics	12,138,141,144		16
	4. Governance				
	102-18	Governance structure	119,138		
	102-19	Delegating authority	21,126,138 Strategic axes		
	102-20	Executive level responsibility for economic, environmental, and social topics	138		
	102-21	Consulting stakeholders on economic, environmental, and social topics	19,20,21		16
	102-22	Composition of the highest governance body and its committees	88,118		5,16
	102-23	Chair of the highest governance body	118,124,125		16
	102-24	Nominating and selecting the highest governance body	124,125		5,16
	102-25	Conflicts of interest	141,142		16
	102-26	Role of highest governance body in setting purpose, values, and strategy	125,126,138		
	102-27	Collective knowledge of highest governance body	108,138		4
	102-28	Evaluating the highest governance body's performance	125,126,138		
	102-29	Identifying and managing economic, environmental, and social impacts	20,21,128,138		16
	102-30	Effectiveness of risk management processes	128,138		
	102-31	Review of economic, environmental, and social topics	138		
	102-32	Highest governance body's role in sustainability reporting	138		
	102-33	Communicating critical concerns	106,112,138,144		
	102-35	Remuneration policies	128,133		
	102-36	Process for determining remuneration	128,133		
	102-37	Stakeholders' involvement in remunerations	128		16
	5. Stakeholder engagement				
	102-40	List of stakeholder groups	Stakeholders Dialogue		
	102-41	Collective bargaining agreements	106		8
	102-42	Identifying and selecting stakeholders	Stakeholders Dialogue		
	102-43	Approach to stakeholder engagement	Stakeholders Dialogue		
	102-44	Key topics and concerns raised	112 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 246 of the Annual Financial Report 2018.
3 External assurance only for the "Consolidated statement of financial position" (Annual Financial Report 2018 - Statutory Auditor's report on page 200).

GRI STANDARD	DISCLOSURE		PAGE, URL OR COMMENT	EXTERNAL ASSURANCE[2]	SDG
GRI 102: General Disclosures 2016	6. Reporting practice				
	102-45	Entities included in the consolidated financial statements	148 All entities are included.		
	102-46	Defining report content and topic boundaries	19,20,21 Stakeholders and CSR policy		
	102-47	List of material topics	19,20,21		
	102-48	Restatements of information	215,238		
	102-49	Changes in reporting	20,21,215 Stakeholders and CSR policy		
	102-50	Reporting period	215		
	102-51	Date of most recent report	215		
	102-52	Reporting cycle	215		
	102-53	Contact point for questions regarding the report	215,249		
	102-54	Claims of reporting in accordance with the GRI Standards	Introduction,215 This report has been prepared in accordance with the GRI Standards, Core option. GRI Reporting		
	102-55	GRI content index	242 GRI Reporting		
	102-56	External assurance	215		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19,20,21 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	19,20,21 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	19,20,21 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources		

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	68,154	✔ [2]	5,7,8,9
	201-2	Financial implications and other risks and opportunities due to climate change	190	✔ [2]	13
	201-3	Defined benefit plan obligations and other retirement plans	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	59,88,114 Use of resources	✔	7,8,12,13
	302-2	Energy consumption outside the organization	59,88 Use of resources	✔	7,8,12,13
	302-3	Energy intensity	59,88,114 Use of resources	✔	7,8,12,13
	302-4	Reduction of energy consumption	59,88 Use of resources	✔	7,8,12,13
	302-5	Reduction in energy requirements of products and services	59,88 Use of resources	✔	7,8,12,13
GRI 303: Water 2016	303-1	Water withdrawal by source	60,88 Use of resources	✔	6
	303-3	Water recycled and reused	60,88 Use of resources	✔	6,8,12
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	58,88,114,115 Use of resources	✔	3,12,13,15
	305-2	Energy indirect (Scope 2) GHG emissions	58,88 Use of resources	✔	3,12,13,15
	305-3	Other indirect (Scope 3) GHG emissions	58,88,114 Use of resources	✔	3,12,13,15
	305-4	GHG emissions intensity	58,88,238 Use of resources	✔	13,15
	305-5	Reduction of GHG emissions	58,88 Use of resources	✔	13,15
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	61,88 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	3% Use of resources		
	308-2	Negative environmental impacts in the supply chain and actions taken	56 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 246 of the Annual Financial Report 2018.
2 This data was audited by the Statutory Auditor (Annual Financial Report 2018, Statutory Auditor's report on page 200).

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	88,106,107		5,8
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	88,106,107,108		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	88,110,111		3,8
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	88,107		4,5,8
	404-2	Programs for upgrading employee skills and transition assistance programs	106,107,110,111		8
	404-3	Percentage of employees receiving regular performance and career development reviews	100% 88		5,8
GRI 405: Diversity and Inclusion 2016	405-1	Diversity of governance bodies and employees	88,108		5,8
	405-2	Ratio of basic salary and remuneration of women to men	88,106,107		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	27,112,113 Integration into the city		
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	0% Dialogue		5,8,16
	414-2	Negative social impacts in the supply chain and actions taken	0% 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	27		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	27		16
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	63		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		59,88 Use of resources	✔	7,8,12,13
CRE2:	Building Water Intensity 2016		60,88 Use of resources	✔	6,8,12
CRE3:	Greenhouse gas emissions intensity from buildings 2016		58,88 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		63,88 Use of resources	✔	4,6,7,8,10, 11,12,13

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 2018

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 2018 ("the Annual Financial Report"). The environmental, social, and governance indicators have been defined following the guidelines of the "Global Reporting Initiative" GRI Standards, EPRA Sustainability Best Practice Recommendations (sBPR) (3rd version September 2017) and GHG protocol guidelines scope I, II, III. The Data have been selected by Befimmo SA and are identified with the symbol ✓ in the tables[1] as mentioned on pages 88, and 115 of the Annual Financial Report.

The scope of our work has been limited to the Data covering the year ended 31 December 2018 and including the selected environmental, social and governance indicators of Befimmo SA and its subsidiairies Fedimmo SA, Axento SA and Beway SA. The limited review was performed on the Data gathered by Befimmo SA and retained in the reporting scope of the Annual Financial Report. Our conclusion as formulated below covers therefore only these Data and not all indicators presented or any other information included in the part "Corporate Social 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 "Corporate Social 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 "Corporate Social 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 238 to 241 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 2018 environmental, social and governance indicators identified with the symbol ✓ in the tables as mentioned on pages 88, and 115 of the Annual Financial Report;
- Conducting interviews with responsible officers;
- Examining, on a sample basis, internal and external supporting evidence and performing consistency checks on the consolidation of these data.

1 The complete and detailed tables are published on the website of Befimmo (www.befimmo.be).

CONCLUSION

Based on our limited review, as described in this report, we have not identified any significant misstatement that causes us to believe that the Data related to Befimmo SA identified with the symbol ✓ in the tables[2] as mentioned on pages 88, and 115 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, 25 March 2019
The independent auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Rik Neckebroeck

2 The complete and detailed tables are published on the website of Befimmo (www.befimmo.be)

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