

APPENDIX I: GLOSSARY

BeAMA

Belgian Asset Managers Association/Association Belge des Asset Managers.

Break

The first option to terminate a lease agreement by giving due notice.

BREEAM (BRE Environmental Assessment Method)

BREEAM is the first environmental assessment method for buildings. It is a benchmark for best practice in sustainable design. It has become the most widely used benchmark of a building's environmental performance (www.breeam.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.

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 as much cash flow as possible while enjoying certain advantages. It is controlled by the FSMA and submitted to specific regulations.

CAP

A CAP is a financial derivative instrument belonging to the options family. Purchasing a CAP provides protection against rising interest rates, to a preset maximum level (strike price). It therefore enables us to take advantage of declining rates. Purchasing a CAP involves the payment of a premium.

CBD (Central Business District)

The business areas in central Brussels, comprising the Centre, Leopold, Louise, South and North districts.

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\$ 95 trillion in assets.

Code 2009

Belgian Code of Corporate Governance issued on 12 March 2009 by the Corporate Governance Commission. The Code includes practices and provisions to be followed by Belgian listed companies. The 2009 Code replaces the previous version of 2004, and can be accessed on the GUBERNA website (www.guberna.be/fr).

COLLAR

A COLLAR is a combination of financial derivatives comprising the purchase of a CAP and sale of a FLOOR. This combination offers protection against rising interest rates (through the purchase of the CAP) with a premium fully or partially subsidised by the sale of a FLOOR (which involves a commitment to pay a minimum interest rate).

Current rent

Annual current annual rent at the closing date plus rent on leases signed, as reviewed by the real-estate experts.

DCF (Discounted Cash Flow)

Method for evaluating cash flows.

Debt ratio

$$\frac{[\text{Liabilities} - \text{provisions} - \text{other financial liabilities (permitted hedging liability instruments)} - \text{deferred tax liabilities} - \text{accruals}]}{[\text{total balance sheet assets} - \text{permitted hedging instruments, booked to the assets side of the balance sheet}]}$$
 This ratio is calculated in accordance with the Royal Decree of 13 July 2014.

Economic Hinterland

Periphery of Brussels.

EIRIS

EIRIS is a world leading provider of research into corporate environmental, social and governance performance.

E Level

A building's maximum primary energy consumption level.

EMS (Environmental Management System)

An EMS is a framework for managing environmental performance. It describes the policies and objectives to be implemented and monitored, challenges to be managed, and how the operation of various systems and strategies should be analysed and assessed.

EPB (Energy Performance of Buildings)

This index, based on EU Directive 2002/91/EC, expresses the amount of energy needed to meet the various needs of a building in normal use. It is calculated on the basis of the various factors influencing energy demand (insulation, ventilation, solar and internal gains, heating system, etc.).

EPRA

With over 200 active members, EPRA (European Public Real-Estate Association – www.epra.com) is the voice of European listed real-estate companies and represents €250 billion in real-estate assets.

EPRA Earnings

EPRA earnings is defined by EPRA as “Recurring earnings from core operational activities”. It generally corresponds to the Company’s recurring cash flow.

EPRA NAREIT/Europe

EPRA, in collaboration with FTSE and NAREIT, provides a benchmark of global listed real estate. The FTSE EPRA/NAREIT index is divided into eight areas covering the major global investment markets. The EPRA NAREIT/Europe index covers listed real estate in Europe.

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

Fair value is obtained by deducting the average costs for transactions established by independent real-estate experts from the “investment value”. These costs amount to (i) 2.5%¹ for property worth more than €2.5 million and (ii) 10% (Flanders) or 12.5% (Wallonia and Brussels) for property worth less than €2.5 million. These values are established in application of standard IAS 40 which requires investment property to be booked at “fair value”.

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.

Gross yield

The gross yield is equal to the gross dividend divided by the share price at the end of the fiscal year.

Hedging ratio

Hedging ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAP)/total borrowings.

1. Average level of costs paid on transactions recorded by the experts on the Belgian market. This accounting method is described at length in the BeAMA press release of 8 February 2006.

IAS (International Accounting Standards)

International accounting standards developed by the International Accounting Standards Board.

IBGE (Leefmilieu Brussel/Bruxelles Environnement)

The Brussels-Capital Region authority responsible for environmental protection.

IFRS (International Financial Reporting Standards)

International financial reporting standards developed by the International Accounting Standards Board.

Investment value

The investment value is defined by the expert as the most likely value under normal conditions of sale between the fully informed and consenting parties, on the date of valuation, before deducting conveyancing costs.

IRR (Internal Rate of Return)

The IRR is the annualised internal rate of return.

IRS (Interest Rate Swap)

An interest rate swap contract (most commonly fixed against floating or vice versa) is a commitment between two parties to exchange financial flows based on a particular notional amount, frequency and duration.

IRS “payer”

An IRS (fixed rate) payer is an IRS for which a fixed rate is paid to the counterparty in exchange for a floating rate.

IRS “receiver”

An IRS (fixed rate) receiver is an IRS for which a floating rate is paid to the counterparty in exchange for a fixed rate.

ISO 14001

The international environmental management standard ISO 14001 defines internationally accepted requirements for environmental management systems. It focuses on a process of continuous improvement in the implementation of environmental objectives within companies and other institutions. These may have their environmental management systems certified according to ISO 14001 by independent auditors.

K level

A building's overall primary thermal insulation level.

KPI (Key Performance Indicator)

Key performance indicators are figures that are used to measure the progress that an organisation has made in implementing its main objectives.

Law of 6 April 2010

Law on market practices and consumer protection.

Law of 20 December 2012

Law on the exercise of certain rights of shareholders in listed companies.

Law of 12 May 2014

Law on B-REITs.

LTV (Loan-to-value)

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

Leasehold

Temporary right in rem entitling its holder, for at least 27 years and up to 99 years, to the full use of a property belonging to another owner, in consideration of the payment to the owner of an annual fee in cash or in kind, known as the “ground rent”, in consideration of its right of ownership. Throughout the duration of the leasehold, the leaseholder exercises all the rights deriving from the ownership of the property, but may not do anything that reduces its value.

Market capitalisation

Closing stock price multiplied by the total number of shares outstanding at that date.

NAV (Net Asset Value)

Net asset value of the shareholder's equity.

Net current result

EPRA earnings + result of sale of properties.

Net result

Result established in accordance with IFRS accounting standards. It is the profit or loss for the period.

Occupancy rate

Current rent/(current rent + estimated rental value for vacant space).

Operating margin

Operating result before result on portfolio divided by the rental income (excluding spreading of gratuities).

Pay-out ratio

The pay-out ratio is calculated by dividing the gross dividend by EPRA earnings.

Property management

Property management is the supervision of the activities of technical maintenance, accounting for rents and accounting for property-related charges, to be passed on to tenants.

Pure Player

An investor specialising in a single geographical or business segment.

Rating

Befimmo's credit rating assigned by the Standard & Poor's rating agency.

Record date

The record date is the date on which a shareholder must hold securities in order to be entitled to payment of the dividend for the securities held at that date.

REIT (Real-Estate Investment Trust)

Fixed-capital investment company in the United States.

Reversion rate of the rent

Reversion rate = $1 - \frac{\text{current rent} + \text{estimated rental value for vacant premises}}{\text{estimated rental value for total space}}$.

RICS

Royal Institution of Chartered Surveyors (www.rics.org).

Royal Decree of 14 November 2007

Royal Decree on the obligations of financial option writers admitted to trading on a regulated market.

Royal Decree of 7 December 2010

Royal Decree on Sicafis.

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.

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.

Vigeo

Vigeo was founded in 2002 and has established itself as the leading European expert in the rating and counselling audit of organisations with regard to their approaches, practices and performances on environmental, social and governance (“ESG”) issues. For more information, go to the website www.vigeo.com.

Weighted average duration (of leases)

The weighted average duration of leases is the sum of the (annual current rent for each lease multiplied by the term remaining up to the first break in the lease) divided by the total current rent of the portfolio.

Withholding tax

Dividends are income taxable in Belgium. In most cases, the withholding tax deducted from such income is in most cases the final tax payable.