Befimmo

HALF-YEARLY FINANCIAL REPORT 2018

Key Events

- Opening of the first Silversquare @Befimmo coworking space in the Triomphe building
- Change in fair value of the property portfolio of -0.30% over the first semester of the fiscal year (excluding the amount of investments and acquisitions)
- Half-yearly EPRA earnings of €1.91 per share, in line with forecasts
- Half-yearly net result of €1.51 per share
- Net asset value of €57.28 per share
- Dividend forecast confirmed (€3.45 gross per share) for the 2018 fiscal year

Thursday 19 July 2018 | 5.40 PM | Regulated information

Half-yearly accounts for the period from 01.01.2018 to 30.06.2018

Summary

The first half of the year was marked by the opening of the first Silversquare @Befimmo coworking centre (4,000 m²) in the Triomphe building (Brussels, decentralised). This first opening, 7 months after the creation of the Silversquare @Befimmo joint venture, demonstrates the strength of the partnership. The goal is to develop a coworking network.

Befimmo has also completed the acquisition from AXA Belgium of a 99-year leasehold on the Arts 56 building (21,000 m², Brussels, Leopold district), for some €114 million. Befimmo's know-how and capability to offer its occupants workplaces that combine efficiency with comfort (including a range of services, facilities and coworking spaces), will eventually add value in the building.

In the first half of the year, Befimmo invested €29.2 million in works in its portfolio. In addition to ongoing redevelopment and renovation projects, such as Brederode Corner, Eupen and the development of projects in the North area, this amount includes Befimmo's multi-annual plan for optimising the energy performance of its buildings.

As at 30 June 2018, the fair value of the portfolio was €2,630.0 million compared with €2,494.4 million at 31 December 2017. The value of the portfolio (excluding the amount of acquisitions and investments) remained broadly stable over the first half of the year (a change of -0.30%, or -€8 million).

EPRA earnings per share were €1.91 at 30 June 2018 (€1.92 at 30 June 2017), in line with the outlook, and the net result was €1.51 per share.

The net asset value was €57.28 per share as at 30 June 2018.

At 30 June 2018, Befimmo's loan-to-value ratio (LTV) stood at 42.16%. The average annualised cost of financing was 1.97% as at 30 June 2018. At the end of the half-year, the weighted average duration of the debt was 4.76 years.

Befimmo confirms the dividend forecast of €3.45 gross per share for the fiscal year 2018.

The definitions of the real-estate indicators are to be found in Appendix 1 of this Report.

Since 3 July 2017, the "Alternative Performance Measures (APM)" of the European Securities Markets Authority (ESMA) have been applicable. The APMs within this Report are identified with a footnote at the first mention of the APM in this Report. The full list of APMs, their definition, their utility and the related reconciliation tables are included in Appendixes 2 & 3 to this Report and are published on the Befimmo website: http://www.befimmo.be/en/investors/publications/alternative-performance-measures

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The Board of Directors met on 18 July 2018 to prepare the consolidated half-yearly financial statements as at 30 June 2018.

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

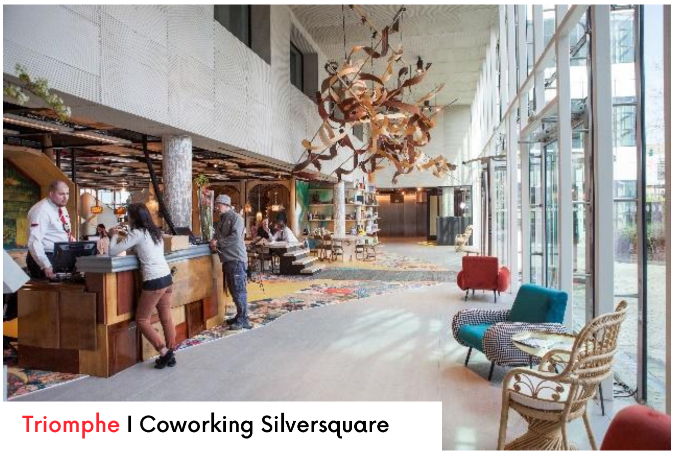
Interim management report

Key events of the half-year

Opening of the first Silversquare @Befimmo coworking centre in the Triomphe building

In April 2018, Silversquare @Befimmo opened its first centre Triomphe (Brussels, decentralised), a one of a kind coworking space. Arranged in the lobby and the first floor of the building, the Triomphe centre offers 4,000 m² of coworking space, available as open and private spaces, rooms for meetings, conferences and gatherings, and offering a range of services to meet the needs of all occupants.

As a reminder, Befimmo concluded in September 2017 a strategic partnership with the company Silversquare, Belgian coworking pioneer. The Silversquare @Befimmo partnership is a response to the desire to gain a foothold in the world of tomorrow and to take account of the present and future needs of office occupants. Silversquare @Befimmo plans to develop a coworking network.



Triomphe I Coworking Silversquare

Completion of the acquisition of the Arts 56[1]

In January 2018, Befimmo completed the acquisition from AXA Belgium of a 99-year leasehold on the Arts 56 building, for an amount of some €114 million[2].

The Arts 56 building, totalling 21,000 m² of office space, is currently let to a dozen leading tenants on the basis of 3/6/9-year leases. The occupancy rate is 98%. The gross annual rent amounts to €5.2 million (a gross current yield of 4.5%).

[1] Please see the press release of 29 January 2018 for more information (http://www.befimmo.be/en/investors/publications/press-releases).
[2] In line with the fair value determined by an independent real-estate expert.

Property report[3]

Property key figures

	30.06.2018	31.12.2017
Fair value of portfolio (in € million)	2 630.0	2 494.4
Gross initial yield on properties available for lease	5.92%	6.19%
Gross potential yield on properties available for lease	6.25%	6.52%
Spot occupancy rate of properties available for lease	94.05%	94.44%
Weighted average duration of current leases up to next break	7.11 years[(a)]	7.31 years
Weighted average duration of current leases up to final expiry	7.72 years	7.88 years
Reversion rate of properties available for lease	-11.15%[(b)]	-10.78%
EPRA Vacancy Rate[(c)]	5.61%	5.43%
EPRA Net Initial Yield (NIY)	5.58%	5.82%
EPRA Topped-up NIY	5.74%	5.97%

(a) Exluding the WTC 2, the weighted average duration of leases up to next break would be 7.88 years as at 30 June 2018.
(b) Exluding the WTC 2 the reversion would be -5.83% as at 30 June 2018.
(c) Corresponding to the availability rate of properties available for lease.

3 The definitions of the real-estate indicators are included in Appendix 1 of this Report.

Ongoing projects

The ZIN project, an innovative and multifunctional site in preparation

In the first half of the year, Befimmo applied for a permit for the ZIN project, located in the North area of Brussels. This project relates to the redevelopment of Towers 1 and 2 of the WTC.

ZIN relates to the development of a multifunctional site covering about 110,000 m² above ground, including 80,000 m² of office space, 14,000 m² of housing, 16,000 m² of hotels, as well as hospitality and retail space.

The project will fundamentally change the dynamics of the North area, which is already evolving towards a multifunctional district. ZIN will be fully integrated into its urban ecosystem and will be open to the city.

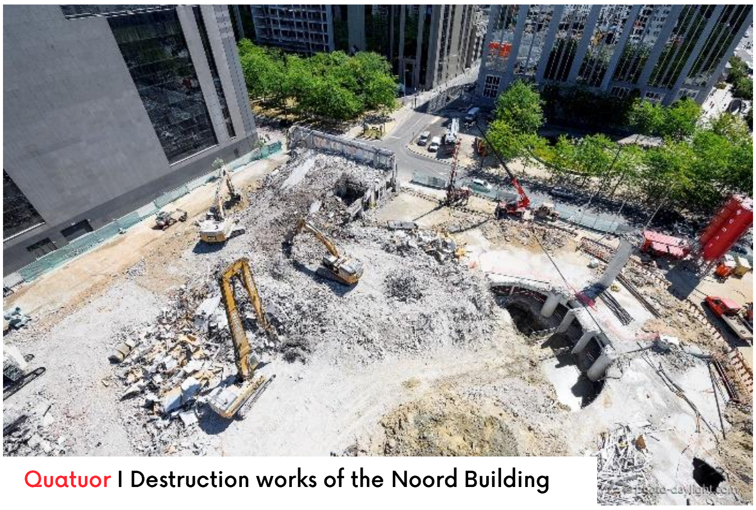
It is an innovative project in terms of its architecture, design and sustainability. Circularity and well-being are key elements of the project. The planned office building is fully in line with the principles of the new world of work and will be very flexible in use.

The construction should take place from 2019 to 2023.

UP4NORTH

Befimmo is a co-founder of the Up4North association, comprising eight owners of properties in the North area. Up4North has the mission of giving a new impetus to the neighbourhood. The Up4North project aims to recreate diversity in the neighbourhood by connecting large businesses and start-ups, culture and associations, residents and visitors, as well as local, national and international players.

To set this dynamic in motion, Befimmo has temporarily made available several floors of the WTC 1 building where many players (architects, contractors, artists, students, etc.) are working together. Today, they are collaborating towards the same objective of participating - according to their skills - in the project of reinventing the neighbourhood. During the first half of the year several other initiatives came to fruition, notably the creation of an urban garden on the base of the WTC, a "living archive" space, exhibitions (IABR), the opening of a Fablab and event spaces, etc. (http://www.labnorth.be/en)



Quatuor I Destruction works of the Noord Building

A new life for 41 tonnes of materials

The Quatuor project site (60,000 m²) in the North area is under way. Thanks to the cooperation with the non-profit association ROTOR, 41 tons of reusable building materials have already been recovered from the demolition site.

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

For more information on the project, please see pages 22, 24 and 25 of the Annual Financial Report 2017.

Over the first half of the fiscal year, Befimmo invested €29.2 million in its portfolio. The main renovation and construction projects are listed in the table below. For more information on these projects, please consult pages 22 to 25 of the Annual Financial Report 2017, which is available on the Befimmo website (www.befimmo.be).

	Rental space	Location	Start of the works	Completion	Type	BREEAM certification	Investment realised in 2018 (in € million)	Total investment realised until 31 December 2017	Total investment (in € million)
Committed ongoing projects							***11.4***		
Brederode Corner	7 000 m²	Brussels CBD, Centre	Q1 2018	Q1 2020	Renovation	Excellent	1.3	2.4	20
Eupen - Rathausplatz	7 200 m²	Eupen, Wallonia	Phase 1: Q1 2017 Phase 2: Q4 2018	Phase 1: Q3 2018 Phase 2: Q4 2019	Renovation and construction	-	3.5	10.6	14
Quatuor	60 000 m²	Brussels CBD, North	2018	2020	Demolition Noord Building and construction Quatuor	Excellent/ Outstanding	6.6	14.2	157
Ongoing projects to be committed							***8.4***		
Paradis Express	35 000 m²	Liège, Wallonia	2019	2021	Construction	Excellent	0.6	4.1	82 [(a)]
ZIN	110 000 m²	Brussels CBD, North	2019	2023	Demolition and construction	Outstanding	6.9	10.8	- [(b)]
WTC IV	53 500 m²	Brussels CBD, North	Implementation of the permit	According to commercialisation	Construction	Outstanding	0.9	19.0	140
Other works (coworking included)							***9.4***		
Total							**29.2**		

[(a)] "All-in" construction cost of the project (including other functions than offices)
[(b)] Befimmo introduced a permit request for the ZIN project in the first half of 2018, and is currently finalizing the project. The cost of construction of the project will be published later.

Property portfolio

Change in fair values[4] of the property portfolio

Fair value of Befimmo's consolidated portfolio by geographical area

Offices	Change over the semestre[a] (in %)	Proportion of portfolio[b] (30.06.2018) (in %)	Fair value (30.06.2018) (in € million)	Fair value (31.12.2017) (in € million)	Fair value (30.06.2017) (in € million)
Brussels CBD and similar[c]	1.94%	55.1%	1 448.8	1 327.7	1 289.8
Brussels decentralised	-13.60%	3.0%	79.3	87.0	88.5
Brussels periphery	-20.01%	4.3%	112.8	137.8	143.6
Flanders	-2.38%	18.1%	476.3	487.7	490.5
Wallonia	3.65%	7.7%	202.9	195.8	196.8
Luxembourg city	3.43%	4.3%	113.8	109.9	102.7
Properties available for lease	*-0.54%*	*92.5%*	*2 433.9*	*2 345.9*	2 311.9
Properties that are being constructed or developed for own account in order to be leased	*3.19%*	*7.5%*	*196.1*	*148.5*	*165.2*
Investment properties	**-0.30%**	**100.0%**	**2 630.0**	**2 494.4**	2 477.1
Total	**-0.30%**	**100.0%**	**2 630.0**	**2 494.4**	2 477.1

(a) The change over the half-year is the change in fair value between 1 January 2018 and 30 June 2018 (excluding the amount of acquisitions and investments).
(b) The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 30 June 2018.
(c) Including the Brussels airport zone, in which the Gateway building is situated.

As at 30 June 2018, the fair value of Befimmo's consolidated portfolio was €2,630.0 million, as against €2,494.4 million as at 31 December 2017.

This change in value incorporates:

- the renovation or redevelopment works carried out in the portfolio;
- the investments made (among other things the integration in the portfolio of the Arts 56 building);
- the changes in fair value booked to the income statement (IAS 40).

Accordingly, the value of the portfolio (excluding the amount of acquisitions and investments) was overall stable over the first half of the fiscal year (change of -0.30% or, -€8 million).

Comment on changes in value during the first half of the 2018 fiscal year

The valuation of the consolidated portfolio of Befimmo was globally confirmed during the first half of the 2018 fiscal year.

The strategic properties available for lease benefited from continued pressure on yields, while the buildings available for lease with leases approaching expiry and those located in the periphery and decentralised area of Brussels, accounting for 7% of Befimmo's portfolio, underwent value adjustments.

[4] 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.

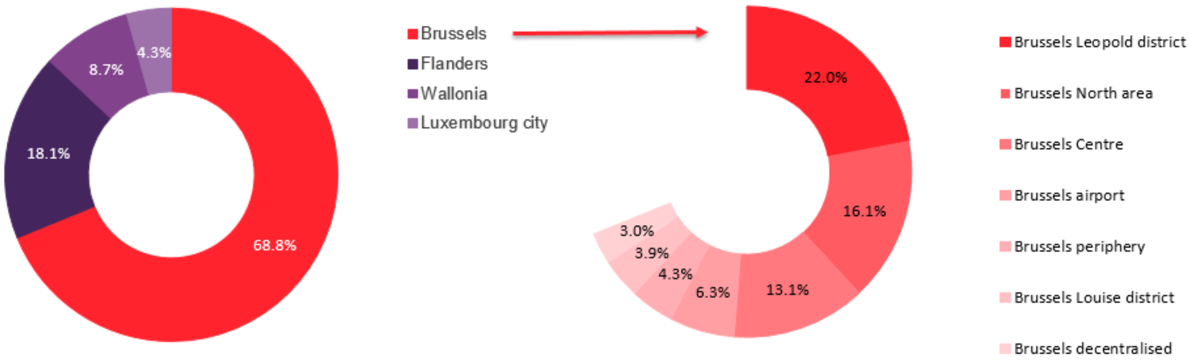
Tenants (as at 30.06.2018)

Public sector	Weighted average duration up to next break (in years)	Percentage of the current contractual gross rent (in %)
Federal		52.7%
Flemish Region		1.8%
Belgian public sector	***8.13***	***54.5%***
European Commission		6.1%
European Parliament		3.3%
Representations		1.0%
European public sector	***6.68***	***10.4%***
Total public-sector tenants	**7.90**	**64.9%**

Private sector - top 5	Weighted average duration up to next break (in years)	Percentage of the current contractual gross rent (in %)
BNP Paribas and affiliated companies		5.2%
Deloitte Services & Investments NV		4.9%
Beobank (Crédit Mutuel Nord Europe)		2.1%
Docler Holding		1.3%
KPMG Luxembourg		1.1%
Total private-sector top 5 tenants	**8.66**	**14.6%**

Other tenants	Weighted average duration up to next break (in years)	Percentage of the current contractual gross rent (in %)
+/- 230 tenants	3.53	20.5%
Total of portfolio	**7.11**	**100%**

Geographical breakdown[5]



New rentals and lease renewals

During the first half of the 2018 fiscal year, Befimmo signed new leases and lease renewals for 13,262 m² of space, with offices accounting for 12,337 m² and 925 m² being commercial or multi-purpose, compared with 40,625 m² in the first half of the 2017 fiscal year.

It should be noted that the figures of the first half of the 2017 fiscal year took into account two major transactions: (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 development contract for works, to provide a new courthouse (approximately 7,200 m²) in Eupen.

Befimmo agreed several leases after the end of the half year. In particular, it leased 1,056 m² of office space for a 6/9-year period in its Guimard building (5,514 m²) located in the Leopold district of Brussels.

These new leases were agreed on terms that are in line with the assumptions made when preparing the three-year outlook, as published in the Annual Financial Report 2017.

Befimmo is pursuing its objective of securing the loyalty of its rental customers by continuing to focus on satisfying their needs and offering them, among others, buildings that are technically top range.

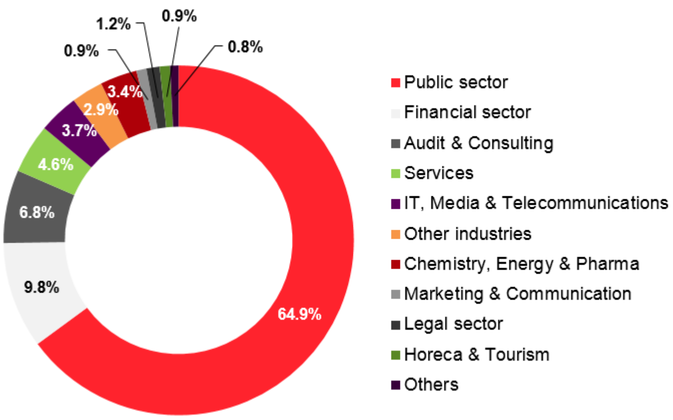
[5] The proportions are expressed on the basis of the fair value of the investment properties as at 30 June 2018.

Spot occupancy rate and weighted average duration of leases

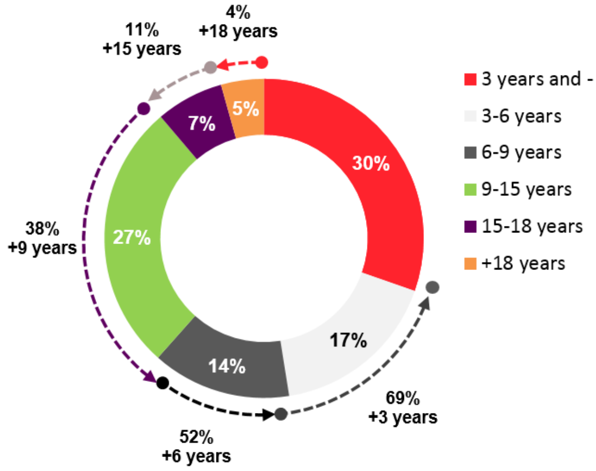
The spot occupancy rate of properties available for lease was 94.05% at 30 June 2018, as compared with the rate of 94.44% as at 31 December 2017.

The weighted average duration of the leases until their next maturity was 7.11[6] years as at 30 June 2018, as compared with 7.31 years as at 31 December 2017. The weighted average duration of leases until their final expiry date was 7.72 years as at 30 June 2018.

Tenants[7]

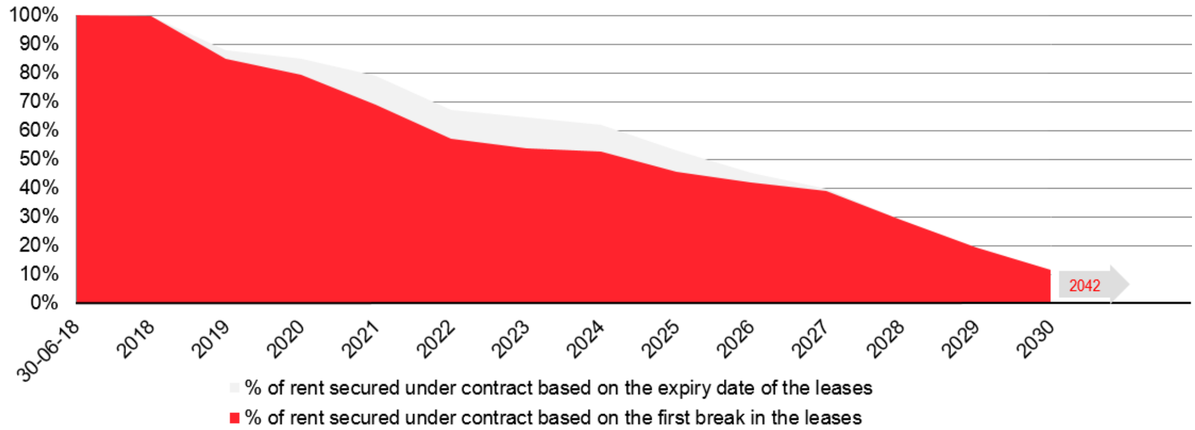


Duration of leases[7]



Percentage of rent guaranteed under contract on the basis of the remaining term of the leases in the consolidated portfolio[8]

(gross current rent from lease agreements) (in %)



6 Exluding the WTC 2, the weighted average duration of leases up to next break would be 7.88 years as at 30 June 2018.
7 The proportions are expressed on the basis of the current contractual gross rent as at 30 June 2018.
8 Rents for future years calculated on the basis of the present situation, assuming that each tenant leaves at the next break and that no further lease is agreed in relation to the current contractual gross rent as at 30 June 2018.

Overall rental yield

	Properties available for lease		Investment properties[a]	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Gross initial yield	5.92%	6.19%	5.50%	5.85%
Gross potential yield	6.25%	6.52%		

[a] Taking into account the properties that are being constructed or developed for own account in order to be leased.

Reversion

The reversion rate gives an indication of the impact on current rents of a sudden termination of the leases in the portfolio and simultaneous reletting of it 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 not representative of the potential for value creation in the Befimmo portfolio.

As at 30 June 2018, the reversion rate of the properties available for lease[9] amounts to -11.15%, compared with -10.78% as at 31 December 2017.

The EPRA earnings forecasts[10] presented over the next three fiscal years take account of a potential reversion of rents on the expiry of the current leases.

Reversion of rents (as at 30.06.2018)

	Gross current rent from lease agreements (in € thousand)	Proportion of rents (in %)	Weighted residual average duration up to next break (in years)	Reversion (in %)
Brussels centre (CBD) and assimilated	86 596	58.7%	6.5	-15.70%
Brussels decentralised	6 190	4.2%	4.4	-1.72%
Brussels periphery	9 343	6.3%	2.7	2.54%
Wallonia	9 908	6.7%	17.5	-8.30%
Flanders	30 128	20.4%	8.3	-9.68%
Luxembourg city	5 483	3.7%	1.7	-2.36%
Properties available for lease	**147 647**	**100.0%**	**7. 11**	**-11.15%**

[9] Exluding the WTC 2, the reversion would be -5.83% as at 30 June 2018.
[10] For more information, please consult Befimmo's Annual Financial Report 2017 on pages 77 to 83.

Office property markets

All of the following information, covering Brussels and Luxembourg, comes from Cushman & Wakefield's databases, analyses and market reports as at 30 June 2018.

CUSHMAN & WAKEFIELD

The Brussels office market

Take-up

As at 30 June 2018, the take-up in the Brussels office market amounted to 144,025 m² compared with 211,986 m² in the same period last year. This is more than 30% down in relation to 2017.

Most demand comes from the private sector, which accounts for 86% of the activity. The coworking sector is continuing to expand, with more than 25,000 m² of take-up since 1 January 2018.

The main transactions were:

- The pre-letting of 12,000 m² by Plastic Omnium in decentralised Brussels;
- The letting of 10,000 m² by the French Community of Belgium in the Green Island building in the North area;
- The expansion by 6,000 m² of the German representation to the European Union in the Lex 65 building in the Leopold district;
- Various leases by coworking operator Fosbury & Sons covering a total of 17,500 m².

Recent hand-overs and future projects

As at 30 June 2018, there were two major hand-overs in Brussels:

- The PassPort building, located at Brussels Airport, all 28,000 m² being leased to various occupants including KPMG, Tribes and Microsoft;
- The Belliard 40 building, located in the Leopold district, 17,700 m², 66% of which is occupied by tenants such as Aedifica, CEFIC and Spaces.

By the end of 2018, 127,000 m² of new offices are expected to come onto the Brussels market, 121,000 m² of which are speculative. While developers are still cautious, however, there has been an increase in speculative projects, as the economic recovery takes hold, the vacancy rate is at its lowest level since 2007 and only about 30,000 m² in "Grade A" buildings are still currently available.

For the period 2019-2021, there are many projects since more than 400,000 m² of new developments are under way, of which 187,000 m² is speculative. Other projects may swell these numbers, although developers and owners await some pre-letting before beginning construction.

Evolution of rental vacancies

The gradual fall in vacancy rates continued down to 8.23% at the end of June 2018, the lowest level since 2007.

While the downward trend is visible in almost all areas, there are still wide variations between the Brussels sub-markets. For instance, the CBD (the Leopold, centre, North, South and Louise sub-markets) has a vacancy level of only 5.3% while the decentralised area and periphery stand at 13.1% and 14.8% respectively. Tenants' attraction to central locations that are easily accessible by public transport, plays a decisive role in the low vacancy rate in the CBD.

Another significant factor is that less than 35,000 m² of space are still available in the most recent buildings (less than 5 years old) of the grade A segment. These spaces are concentrated in less than 10 buildings, evidence of tenants' interest in occupying the best quality buildings on the market.

The slow and steady fall in vacancies observed since 2012 may bottom out, however, by the end of the year, with the expected hand-overs. Accordingly, the vacancy rate might rise above the 8.50% mark by the end of 2018.

Evolution of rents

After the increase in "prime" rent observed in 2017 which saw values rise from €275/m²/year to €305/m²/year, there has been no significant change since 1 January 2018. A slight increase in prime rent is expected by the end of 2018 up to €315/m²/year. The decentralised and periphery sub-markets are charging lower prime rents, of €190 and €185/m²/year respectively.

Average rents remain stable, at around €160/m²/year for the Brussels market as a whole, and no significant change is expected by the end of the year.

Office investment market

A record office investment volume of €1.027 billion was recorded in Brussels during the first half of 2018, mainly on the back of a few significant transactions:

- Egmont I & II, in central Brussels, bought by Korean investors for €369 million;
- PassPort, at Brussels Airport, bought by AXA and Korean investors for €131 million;
- Arts 56, in the Leopold district of Brussels, bought by Befimmo for €114 million;
- Botanic Tower, in the North area of Brussels, bought by Partners Group for €79 million.

Investors still have a large appetite for all types of products, from the safest to the most opportunistic. Investment volumes are expected to remain high over the coming months as some significant transactions are still in the pipeline. There is a certain scarcity of products on the Brussels market, however.

Fierce competition between investors, linked to interest rates that are still at historically low levels, has put high pressure on prime yield rates in recent months. Prime yields for CBD properties on conventional (3/6/9-year) leases were 4.40%, the lowest level ever recorded on the Brussels market. Prime yields for buildings with long-term leases (at least 15 years) were 3.65%.

Prime yields are still expected to come under slight pressure by the end of the year, when they could attain 4.25% for buildings on 3/6/9-year leases and 3.50% for buildings on long-term leases. Yields are expected to stabilise from 2019, in line with the monetary policy of the European Central Bank.

Office market in Luxembourg

Take-up

The take-up recorded during the first half of the year 2018 reaches 100,000 m² in Luxembourg, as against 140,000 m² last year. Note that this volume of take-up is similar to the average for the past 5 years. Luxembourg continues to perform well in the office market, aided by one of the strongest economies in Europe and extremely positive employment prospects.Nearly 160 transactions were recorded since the beginning of the year, one of the highest ever recorded figures in Luxembourg.

Recent hand-overs and future projects

44,000 m² of new office space were handed over during the first half of 2018 in Luxembourg, of which 30.000 m² pre-let. By the end of the year, an additional 230,000 m² should come onto the market, of which only 34,000 m² of speculative projects (including Altitude in Leudelange, Impulse at the station and Moonlight in Belair).

For the period 2019-2020, 214,000 m² are expected on the market, only 43,000 m² of which are speculative, mainly at Cloche d'Or and Esch-Belval.

Evolution of rental vacancies

The Luxembourg market has one of the lowest vacancy rates in Europe, estimated at just 3.3% at the end of 2018, as against 4% at the end of 2017.The vacancy rate has fallen steadily since 2010 when it was close to 8%, thanks in particular to a scarcity of speculative projects in recent years and the strong performance of the Luxembourg economy.

Evolution of rents

Prime rents have not moved since 1 January 2018, although they are still being pushed up, mainly as a result of the low vacancy rate. Prime rents currently stand at €50/m²/month (€600/m²/year) in the CBD, the highest level ever seen in Luxembourg. Prime rents amount to €36/m²/month in the Station district and €35/m²/month in Kirchberg. Prime rents are the lowest in the periphery, although they too are under pressure, at €24/m²/month. Some neighbourhoods should see their rents rise slightly in the coming months in view of the good performance of the market.

Office investment market

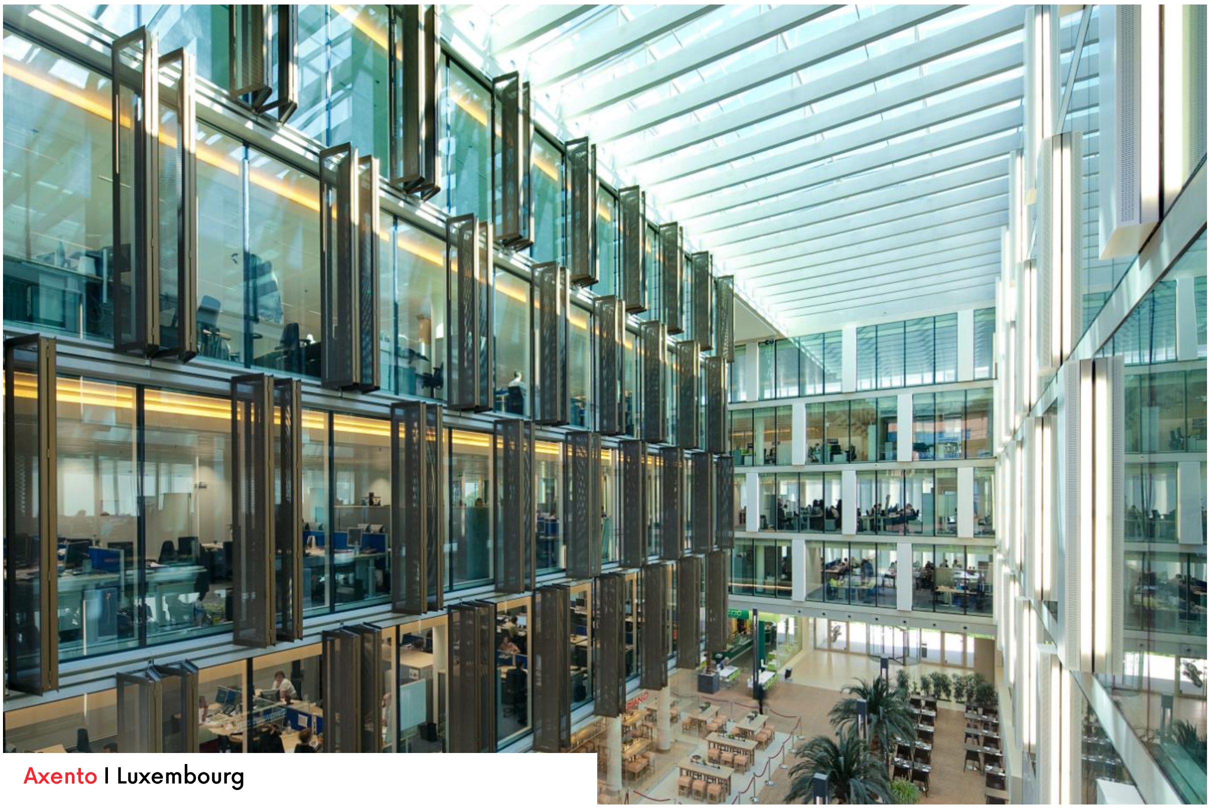
As a result of the country's good economic performance, a healthy owner-occupier market and the European Central Bank's monetary policy, the office investment market continues to perform strongly. Since early 2018, some €530 million have been invested in Luxembourg, one of the highest figures recorded over the past five years.

The main transactions over the half-year include:

- The acquisition of the Aerogolf Center at the airport for €100 million by Fidelity Investment;
- The acquisition of Espace Kennedy B for €50 million by Alides;
- The acquisition of the E-Building in Munsbach for €39 million by Maple Knoll.

The market should continue to perform well, given the country's strong economic fundamentals and the growing interest of foreign investors in the country.

In view of the economic and monetary climate as well as the increasing competition between investors, prime yields, or the rate of return, continue to be under pressure. At the end of 2017, prime rates of return in Luxembourg stood at 4.3%, compared with 4.5% at the end of 2016. They are now at 4.2% and are expected to remain stable over the coming months.



Axento I Luxembourg

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 30th June 2018.

Context

In accordance with Chapter III, Section F of the law of 12th of May 2014 on B-REITs, Befimmo has instructed an independent valuer to provide an opinion of value for its portfolio as at 30th June 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 mainly in Brussels and its hinterland. The part leased on multiple short term leases is valued by Rod Scrivener and the remainder by Rob Vaes. 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 30th June 2018 amounts to a total of

€ 2,696,308,000

(Two billion six hundred ninety six million three hundred and eight 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 30th June 2018 amounts to a total of

€ 2,629,997,581

(Two billion six hundred twenty nine million nine hundred ninety seven thousand five hundred eighty one 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 5.92%. Should the vacant accommodation be fully let at estimated rental value, the initial yield is 6.25% for the same portfolio.

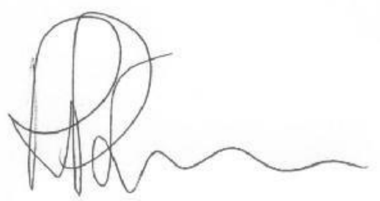
The occupation rate of the portfolio with properties available for lease is 94.05%.

The average level of passing and contractual rent is currently approximately 11.15% above the current estimated rental value of the portfolio with properties held for letting.

The property portfolio comprises:

Offices	**Fair Value (€ millions)**	**(in %)**
Properties available for lease	*2 433.9*	*92.5%*
Brussels centre (CBD)	1 448.8	55.1%
Brussels decentralised	79.3	3.0%
Brussels periphery	112.8	4.3%
Wallonia	202.9	7.7%
Flanders	476.3	18.1%
Luxembourg City	113.8	4.3%
Properties that are being constructed or developed for own account in order to be leased	*196.1*	*7.5%*
Total	**2 630.0**	**100.0%**

Yours sincerely,
Brussels, 30th June 2018

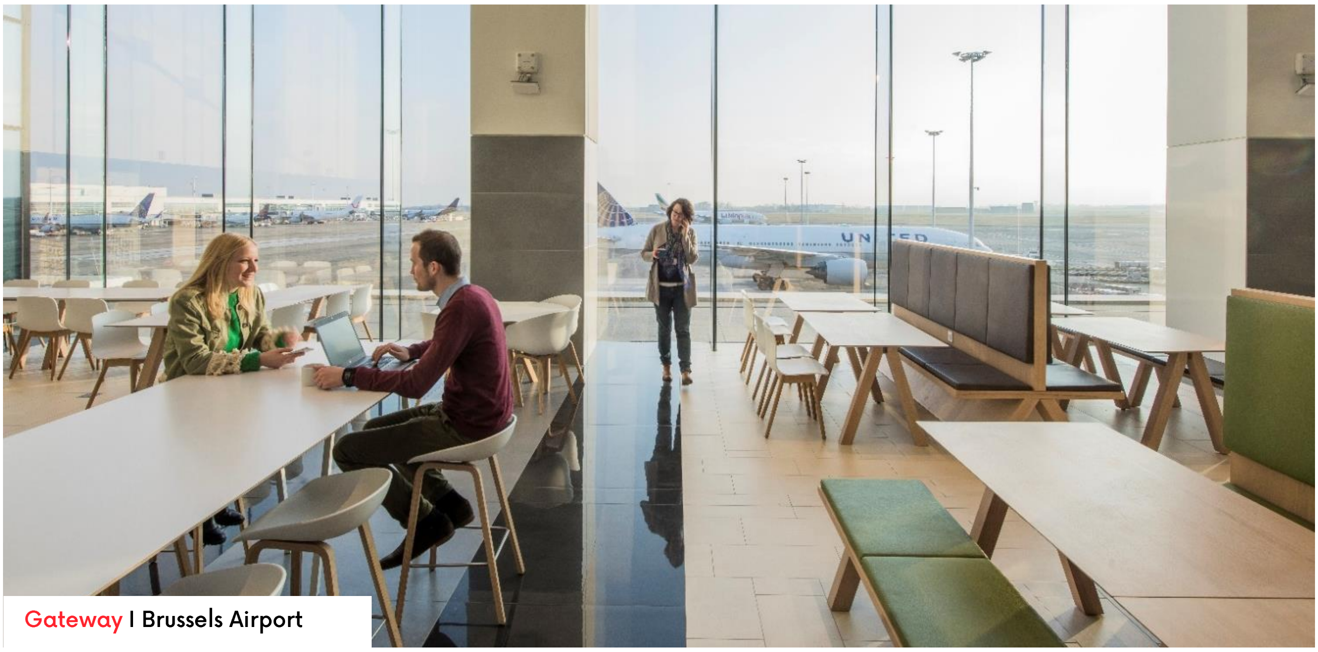


R.P. Scrivener FRICS
National Director, Head of Valuation and Consulting, On behalf of Jones Lang LaSalle

Financial report

	30.06.2018	31.12.2017
Shareholders' equity (in € million)	1 465.24	1 448.50
Net asset value (in € per share)	57.28	56.63
EPRA NAV[a] (in € per share)	57.71	57.03
EPRA NNNAV[a] (in € per share)	56.89	56.35
EPRA Like-for-Like Net Rental Growth[b] (in %)	2.81%	2.82%
Average (annualised) financing cost[c] (in %)	1.97%	2.08%
Weighted average duration of debts (in years)	4.76	4.73
Debt ratio according to the Royal Decree (in %)	44.31%	41.62%
Loan-to-value[d] (in %)	42.16%	39.61%
	30.06.2018 (6 months)	**30.06.2017 (6 months)**
Number of shares issued	*25 579 214*	*25 579 214*
Average number of shares during the period	*25 579 214*	*25 579 214*
Net result (in € per share)	1.51	3.69
EPRA earnings (in € per share)	1.91	1.92
Return on shareholders' equity[e] (in € per share)	3.15	7.00
Return on shareholders' equity[e] (in %)	5.61%	13.28%

[a] This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this Report.
[b] Trend of the rental income minus property charges at constant perimeter, calculated on the basis of the "EPRA Best Practices Recommendations".
[c] Including margin and hedging costs. This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this Report.
[d] Loan-to-value ("LTV"): [(nominal financial debts – cash)/fair value of portfolio]. This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this Report.
[e] Calculated over a 12-month period ending at the closing of the semestre, taking into account the gross dividend reinvestment, if applicable the participation in the capital increase. This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this Report.



Gateway I Brussels Airport

Financial results

Net asset value as at 30 June 2018

As at 30 June 2018, Befimmo total net asset value was €1,465.2 million

The net asset value is therefore €57.28[11] per share, as against €56.63 per share as at 31 December 2017.

	(in € per share)	(in € million)	Number of shares
Net asset value as at 31 December 2017	**56.63**	**1 448.5**	**25 579 214**
Final dividend of the 2017 fiscal year (payed in May 2018)		-22.0	
Net result as at 30 June 2018		38.7	
Other elements of comprehensive income - actuarial gains and losses on pension obligations		0.03	
Net asset value as at 30 June 2018	**57.28**	**1 465.2**	**25 579 214**

The calculation methods of the EPRA NAV and NNNAV are detailed on page 65 of this Report.

[11] The half-yearly accounts are subject to a limited review, while the annual accounts are audited.

Trend of results

Condensed consolidated income statement

(in € thousand)	30.06.2018	30.06.2017
Net rental result	71 539	71 994
Net rental result excluding spreading	*71 121*	*70 859*
Spreading of gratuities/concessions	*417*	*1 135*
Net property charges[(a)]	-5 345	-5 317
Property operating result	**66 194**	**66 677**
Corporate overheads	-6 586	-5 389
Other operating income & charges	- 417	-1 127
Operating result before result on portfolio	**59 190**	**60 161**
Operating margin[(a)]	***82.7%***	***83.6%***
Gains or losses on disposals of investment properties	-	22 144
Net property result[(a)]	**59 190**	**82 305**
Financial result (excl. changes in fair value of financial assets and liabilities)[(a)]	-9 984	-10 552
Corporate taxes	- 466	- 588
Net result before changes in fair value of investment properties and financial assets and liabilities[(a)]	**48 740**	**71 164**
Changes in fair value of investment properties	-8 037	17 207
Changes in fair value of financial assets and liabilities	-1 994	6 098
Changes in fair value of investment properties & financial assets and liabilities	**-10 031**	**23 305**
Net result	38 708	94 469
EPRA earnings	48 740	49 020
Net result (in € per share)	**1.51**	**3.69**
EPRA earnings (in € per share)	**1.91**	**1.92**

[(a)] This is an Alternative Performance Measure. For more information, please consult Appendix 2 to this Report.

Events with an impact on the perimeter of the Company

The Company's perimeter changed during the first six months of fiscal year 2018, mainly as a result of the Arts 56 building joining the portfolio in January 2018.

In 2017, it also changed mainly as a result of Befimmo granting a 99-year lease on the Brederode complex.

Analysis

The condensed consolidated income statement includes the data published as at 30 June 2018. The result analysis is based on a comparison with the data as at 30 June 2017.

Net rental result is stable (-0.6%) year-on-year. The impacts related to (i) the end of the leases of the Vlaamse Gemeenschap (Noordbuilding) and Sheraton (Brederode Corner building) and (ii) the granting of a leasehold on the Brederode complex (in 2017) are offset by the addition to the portfolio of the Arts 56 building and a like-for-like net rental income[12] up 2.57% on the same period last year.

Net property charges also remained stable in relation to last year, with non-recurring items recorded in both 2017 and 2018 offsetting one another overall.

Corporate overheads amounted to €6.6 million compared with €5.4 million end of June 2017. This change is explained mainly by the expansion of the team, IT costs and project study costs.

The **Operating result before result on portfolio** was €59.2 million for the first half of the fiscal year (-1.6%).

The reader is reminded that the **Gains or losses on disposals of investment properties** of €22.1 million recorded in the first quarter of 2017 is 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) improved from -€10.6 million in 2017 to -€10.0 million in 2018. This improvement is due mainly to a fall in the interest rates on the Company's financing and the activation of interim interest on investment projects.

As at 30 June 2018, the **Net result** was €38.7 million as against €94.5 million as at 30 June 2017. The change in fair value of the investment properties (excluding the amount of acquisitions and investments) amounted to -€8.0 million, or -0.30% as at 30 June 2018, as against €17.2 million as at 30 June 2017. The change in the fair value of the financial assets and liabilities was -€2.0 million, as against €6.1 million one year earlier.

EPRA earnings remained stable at €48.7 million as at 30 June 2018 compared with €49.0 million as at 30 June 2017. As the number of shares was constant over both periods, **EPRA earnings per share** were also stable at €1.91 as against €1.92 for the same period last year.

The **Net result per share** was €1.51.

[12] This is an Alternative Performance Measure. For more information, please see Appendix 2 to this Report.

Condensed consolidated balance sheet

(in € million)	30.06.2018	31.12.2017
Investment and held for sale properties	2 630.0	2 494.4
Other assets	82.5	64.8
Total assets	**2 712.5**	**2 559.1**
Shareholders' equity	1 465.2	1 448.5
Financial debts	1 125.8	1 002.1
non current	540.9	484.3
current[a]	584.9	517.8
Other debts	121.4	108.5
Total equity & liabilities	**2 712.5**	**2 559.1**
LTV	**42.16%**	**39.61%**

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

As at 30 June 2018, 97% of the assets side of the balance sheet consisted of investment properties carried at fair value, assessed 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 (€14.3 million), hedging instruments (€25.4 million) and trade receivables (€33.7 million).

Shareholders' equity accounts for 54% of sources of finance. Non-current financial debts comprise €171 million in bank debt, €291 million in a number of European private placements and the equivalent of €76 million (at fair value) in a United States private placement (USPP). Current financial debts consist mainly of €416 million in short-term commercial paper, for which the Company has confirmed banking lines of more than one year as a backup, and the equivalent of €89 million in a United States private placement, which will be repaid in less than 12 months.

Other liabilities consist mainly of hedging instruments (€21million), trade and other payables (€72 million; suppliers, pre-payments and withholding and other taxes) and accrued charges and deferred income (mainly €29 million in property income received in advance).

Financial structure and hedging policy

The financing arranged is designed to maintain the best possible balance between cost, maturity and diversification of funding sources.

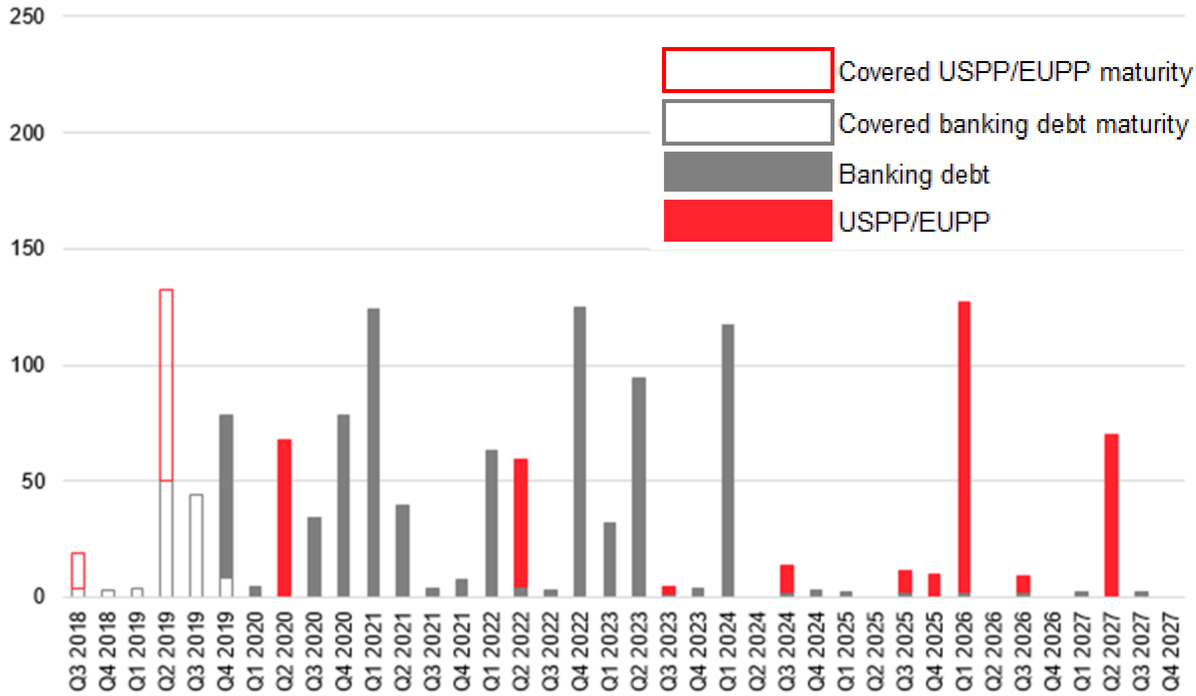
Financing arranged during the first half of the year

During the first half of the fiscal year, Befimmo carried out the following financial operations:

- a fixed-rate private placement of debt totalling €125 million over eight years;
- renegotiation and extension of a bank line for an amount of €62.5 million with a maturity of 5 years.

On this basis, and all other things being equal, the Company has covered its financing needs until the end of the third quarter of 2019.

Maturities of commitments by quarter (as at 30.06.2018) (in € million)

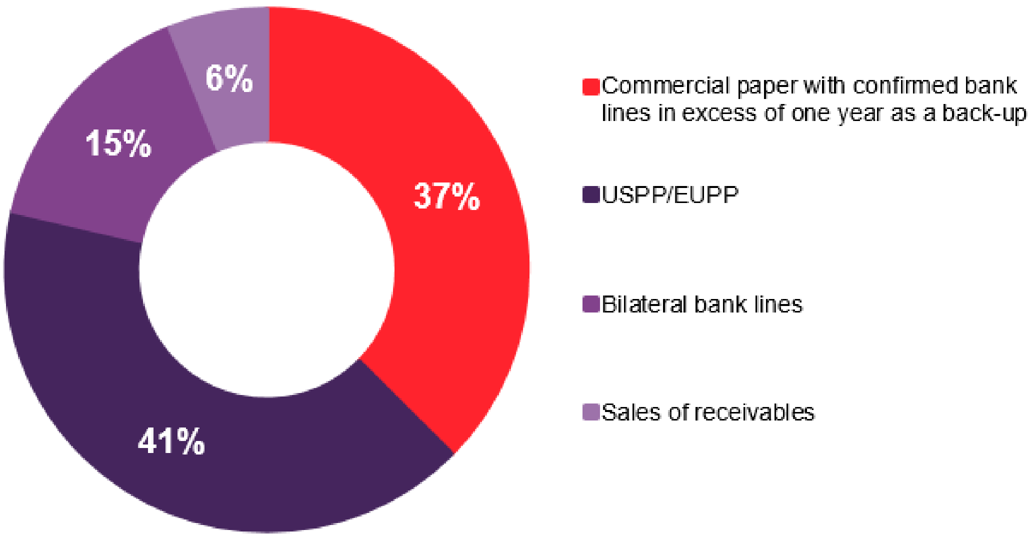


Main characteristics of the financial structure

As at 30 June 2018, Befimmo's financial structure had the following main characteristics:

- confirmed credit facilities for a total sum of €1,376.1 million (58.8% of which were bank loans), €1,108.9 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 44.31%[13] (compared with 41.62% as at 31 December 2017);
- an LTV ratio of 42.16%[14] (compared with 39.61% as at 31 December 2017);
- a weighted average duration of borrowings of 4.76 years (compared with 4.73 years as at 31 December 2017);
- 80.1% of total debt at fixed rates (including IRS);
- an average annualized financing cost (including hedging margin and costs) of 1.97% over the past half-year, compared with 2.08% for fiscal year 2017.

Debt distribution (as at 30.06.2018)



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, €415.5 million of which was in use as at 30 June 2018 for short-term issues and €66.25 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.

[13] The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.
[14] Loan to value ("LTV") = [(nominal financial debts – cash)/fair value of portfolio]

Hedging the interest rate and exchange-rate risk

Befimmo holds a portfolio of instruments to hedge (i) the interest-rate risk, consisting of IRS, CAPs, SWAPTIONs[15] and COLLARs[16], and (ii) the exchange-rate risk on its fixed-rate United States private placement (USPP) by holding Cross Currency Swaps.

The package of instruments in place gives the Company a hedge ratio of 94.1%[17] as at 30 June 2018. The hedge ratio remains above 70% until the first quarter of 2020 included and above 50% until the second quarter of 2022 included.

As part of its hedging policy, Befimmo restructured a series of IRS during the first half of the year, thereby extending the duration of its hedging portfolio. The restructuring related to a total notional amount of €200 million, thereby creating an initial hedging base for fiscal years 2027 and 2028.

In addition, following the private placement of debt in March 2018, and in order not to freeze a fixed interest rate on too high a notional amount at a particular time, Befimmo concluded a SWAP issue on half the amount raised. In this same context, it also cancelled two short-term hedging instruments in order to maintain an equivalent short-term hedging ratio (two IRS for a total notional amount of €50 million).

Evolution of the portfolio of hedging instruments and fixed-rate debts (as at 30.06.2018)

Annual average		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
CAP	Notional (€ million)	160	92	47	20	0	-	-	-	-	-
	Average rate (in %)	1.15%	0.81%	0.87%	1.15%	1.15%	-	-	-	-	-
FLOOR	Notional (€ million)	20	20	20	20	0	-	-	-	-	-
	Average rate (in %)	0.55%	0.55%	0.55%	0.55%	0.55%	-	-	-	-	-
Fixed-rate financing (incl. IRS)	Notional (€ million)	856	840	828	792	753	696	629	560	431	293
	Average rate [(a)] (in %)	1.01%	1.03%	1.06%	1.05%	1.02%	0.95%	0.91%	1.02%	1.02%	1.08%

[(a)] Average fixed rate excluding credit margin and including options on swaps (SWAPTIONS) considered at the maximum rate.

15 Option negotiated on an interest rate swap. It gives entitlement to contract a call swaption, to be able to enter into a "payer's" IRS, or a put swaption, for which the counterparty can force Befimmo to enter into a "payer's" IRS.
16 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).
17 Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAP)/total borrowings.

EPRA Best Practices

Key performance indicators – definition & use

The Statutory Auditor verified that the EPRA ratios were calculated in accordance with the definitions and that the financial data used for the calculation of these ratios correspond with the accountancy data, as included in the consolidated financial statements.

EPRA indicators	EPRA definition[a]	EPRA use[a]		30.06.2018	30.06.2017
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.	in € thousand	48 740	49 020
			in € per share	1.91	1.92
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.	Incl. vacancy costs	16.83%	15.10%
			Excl. vacancy costs	14.22%	12.42%
EPRA Like-for-Like Net Rental Growth	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 of acquisitions and disposals)[b].	in %	2.81%	5.07%

EPRA indicators	EPRA definition[a]	EPRA use[a]		30.06.2018	31.12.2017
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value[c] 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.	in € thousand	1 476 274	1 458 774
			in € per share	57.71	57.03
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.	in € thousand	1 455 307	1 441 415
			in € per share	56.89	56.35
(i) EPRA Net Initial Yield (NIY)	Annualised rental income[d] based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value[c] 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.	in %	5.58%	5.82%
(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).		in %	5.74%	5.97%
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.	in %	5.61%	5.43%

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

Subsequent key event to the closing

Apart from routine management, there were no significant events to report subsequent to the closing.

Befimmo on the stock market

	30.06.2018 (6 months)	31.12.2017 (12 months)	30.06.2017 (6 months)
Number of shares issued	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
Highest share price (in €)	54.60	55.74	54.12
Lowest share price (in €)	51.50	50.31	50.31
Closing share price (in €)	52.80	53.55	52.06
Number of shares traded(a)	6 348 531	15 277 286	9 050 262
Average daily volume(a)	52 037	59 911	71 262
Free float velocity(a)	33%	79%	47%
Distribution ratio (in relation to the EPRA earnings)	-	92%	-
Gross dividend(b) (in € per share)	-	3.45	-
Gross yield(c)	6.53%	6.44%	6.63%
Return on share price(d)	8.28%	6.98%	-3.36%

(a) Source: Kempen & Co. Based on trading on all platforms.
(b) Subject to a withholding tax of 27% until December 2016 and of 30% as from January 2017.
(c) Gross dividend divided by the closing share price.
(d) Calculates over a 12-month period ending at the closing of the semestre, taking into account the gross dividend reinvestment, and, if applicable the participation in the capital increase.

Evolution of the Befimmo share

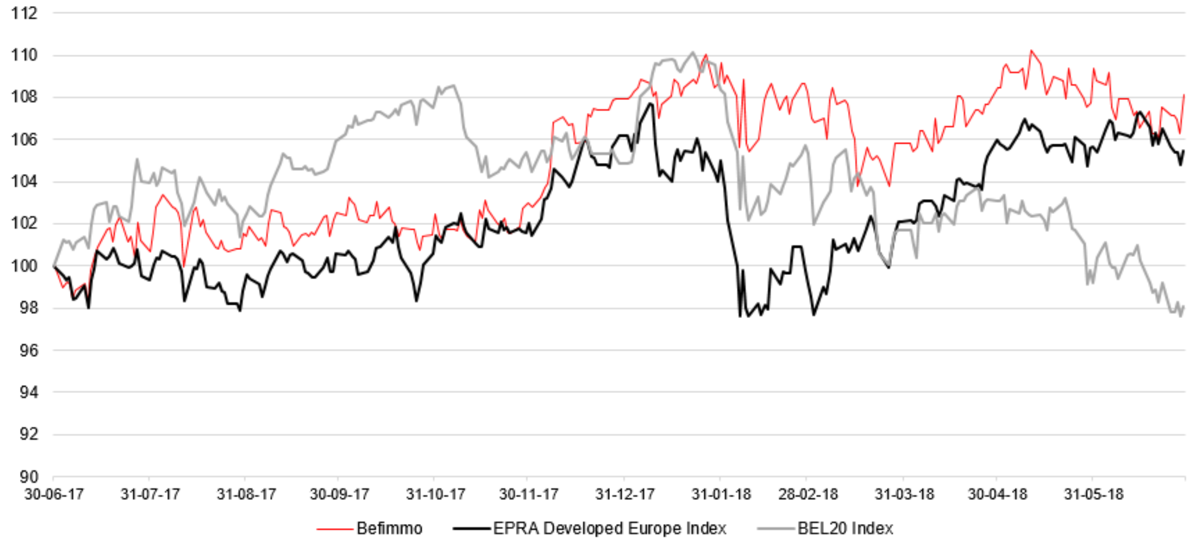
The Befimmo share closed at €52.80 on 30 June 2018, as against €53.55 at 31 December 2017. Befimmo's market capitalisation stood at €1.4 billion at 30 June 2018.

At this share price, the share returns a dividend yield of 6.53% and is being traded at a discount of -7.82% in relation to net asset value.

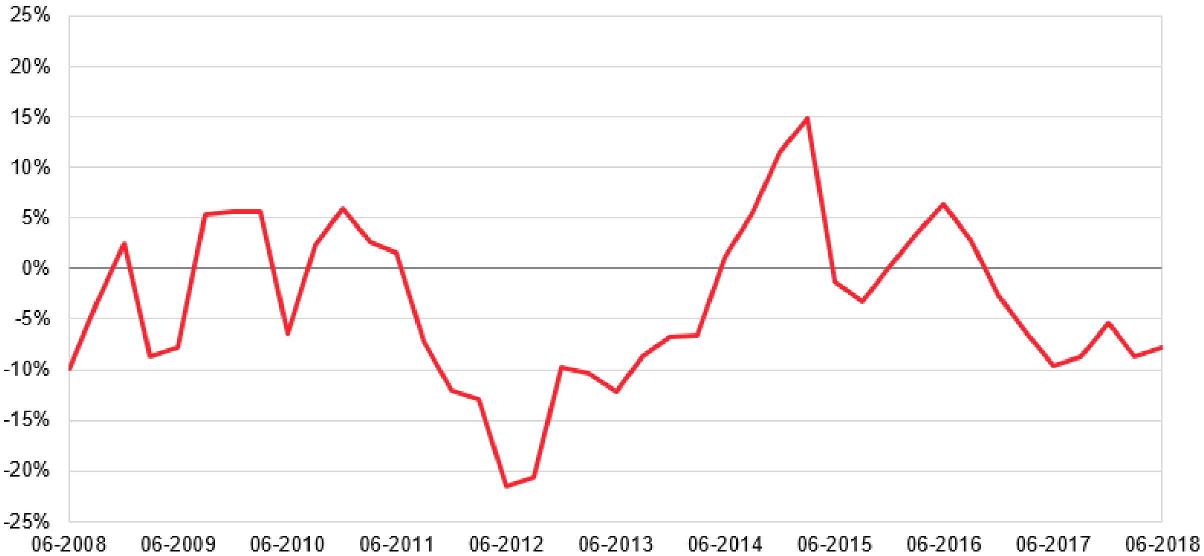
During the first half of the fiscal year, the daily trading volume was around 52,000 shares.

The graph hereafter illustrates the year-on-year performance of the share.

Performance of Befimmo's total return index in relation to the total return index of the BEL20 and the EPRA EUROZONE (RPUE) indexes (over one year)[18]



Premium and discount of the share price in relation to the net asset value on a 10-year period



Dividend forecast

Unless other factors intervene, and at this stage of the fiscal year, the Board of Directors confirms the dividend forecast for the fiscal year (€3.45 gross per share). It considers to distribute an interim dividend for the fiscal year, as from Thursday 20 December 2018. This interim payment should amount to €2.59 gross per share, while the decision to declare a final dividend of €0.86 gross per share for the 2018 fiscal year could be placed on the agenda of the Ordinary General Meeting of shareholders to approve the accounts at 31 December 2018, to be held on 30 April 2019.

[18] Source : Kempen & Co.

Information to the shareholders

Corporate governance

Composition of the Befimmo Board of Directors

On 24 April 2018, the Befimmo Ordinary General Meeting definitively appointed Mrs Anne-Marie Baeyaert as an independent Director, for a two-year period, expiring at the end of the Ordinary General Meeting of 2020. Mrs Baeyaert was provisionally co-opted by the Board of Directors on 14 December 2017 to replace Mrs Barbara De Saedeleer, who had resigned.

This Ordinary General Meeting also appointed Mr Wim Aurousseau as non-executive Director, for a period of two years, expiring at the end of the Ordinary General Meeting of 2020 to replace Mr Guy Van Wymersch-Moons, who has resigned.

The Meeting also renewed the directorships of:

- Mr Alain Devos, as non-executive Director, for a period of three years, expiring at the end of the Ordinary General Meeting of 2021.
- Mr Etienne Dewulf, as independent Director, for a period of four years, expiring at the end of the Ordinary General Meeting of 2022.

The composition of the Board is as follows:

Position on the Board	Directorship expiry date
Alain Devos Chairman, non-executive Director	Ordinary General Meeting 2021
Benoît De Blieck Managing Director	Ordinary General Meeting 2019
Wim Aurousseau non-executive Director	Ordinary General Meeting 2020
Anne-Marie Baeyaert non-executive Director, independent	Ordinary General Meeting 2020
Sophie Goblet non-executive Director, independent	Ordinary General Meeting 2021
Sophie Malarme-Lecloux non-executive Director, independent	Ordinary General Meeting 2021
Hugues Delpire non-executive Director, independent	Ordinary General Meeting 2019
Kurt De Schepper non-executive Director, linked to a shareholder	Ordinary General Meeting 2020
Etienne Dewulf non-executive Director, independent	Ordinary General Meeting 2022
Benoît Godts non-executive Director, linked to a shareholder	Ordinary General Meeting 2019

Key dates for shareholders

Interim statement as at 30 September 2018	Thursday 25 October 2018[a]
Payment of the interim[b] dividend of the 2018 fiscal year on presentation of coupon No 36	
- Ex-date	*Tuesday 18 December 2018*
- Record date	*Wednesday 19 December 2018*
- Payment date	*from Thursday 20 December 2018*
Publication of the annual results as at 31 December 2018	Thursday 7 February 2019[a]
Online publication of the Annual Financial Report 2018	Friday 29 March 2019
Ordinary General Meeting of the fiscal year closing as at 31 December 2018	Tuesday 30 April 2019
Payment of the final[c] 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	*from Friday 10 May 2019*

[a] Publication after closing of the stock exchange.
[b] Subject to a decision of the Board of Directors.
[c] Subject to a decision of Ordinary General Meeting.

Shareholding structure as at 17 July 2018

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 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) 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%
Allianz SE	770 001	17.07.2018	3.0%
BlackRock Inc.	769 229	13.12.2016	3.0%
Other shareholders under the statutory threshold	18 651 006	17.07.2018	72.9%
Total	**25 579 214**		**100%**

On the basis of transparency declarations or of information received from the shareholder.

Condensed financial statements

Consolidated condensed statement of comprehensive income (in € thousand)

		Notes	30.06.18	30.06.17
I.	(+) Rental income		71 667	72 194
III.	(+/-) Charges linked to letting		- 128	- 201
NET RENTAL RESULT			**71 539**	**71 994**
IV.	(+) Recovery of property charges		6 244	2 613
V.	(+) Recovery of rental charges and taxes normally paid by tenants on let properties		25 277	26 106
VII.	(-) Rental charges and taxes normally paid by tenants on let properties		-24 403	-25 149
VIII.	(+/-) Other revenue and charges for letting		552	1 543
PROPERTY RESULT			**79 208**	**77 107**
IX.	(-) Technical costs		-5 900	-4 540
X.	(-) Commercial costs		- 385	- 317
XI.	(-) Charges and taxes on unlet properties		-1 866	-1 936
XII.	(-) Property management costs		-1 428	-1 496
XIII.	(-) Other property charges		-3 435	-2 141
	(+/-) Property charges		**-13 014**	**-10 430**
PROPERTY OPERATING RESULT			**66 194**	**66 677**
XIV.	(-) Corporate overheads		-6 586	-5 389
XV.	(+/-) Other operating income and charges		- 417	-1 127
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**59 190**	**60 161**
XVI.	(+/-) Gains and losses on disposals of investment properties		-	22 144
XVIII.	(+/-) Changes in fair value of investment properties		-8 037	17 207
OPERATING RESULT			**51 153**	**99 511**
XX.	(+) Financial income	5	457	242
XXI.	(-) Net interest charges	5	-9 235	-9 416
XXII.	(-) Other financial charges	5	-1 206	-1 378
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	5	-1 994	6 098
	(+/-) Financial result		**-11 979**	**-4 454**
PRE-TAX RESULT			**39 175**	**95 057**
XXV.	(-) Corporation tax		- 466	- 588
	(+/-) Taxes		**- 466**	**- 588**
NET RESULT			**38 708**	**94 469**
BASIC NET RESULT AND DILUTED (in € per share)			**1.51**	**3.69**
Other comprehensive income - actuarial gains and losses - pension liabilities			29	171
TOTAL COMPREHENSIVE INCOME			**38 738**	**94 640**

Consolidated condensed statement of financial position (in € thousand)

ASSETS		Notes	30.06.2018	31.12.17
I.	**Non-current assets**		**2 666 025**	**2 532 477**
A.	Goodwill	6	14 281	14 281
C.	Investment properties	7	2 629 998	2 494 360
D.	Other property, plant and equipment		2 392	2 436
E.	Non-current financial assets	8	17 503	19 498
F.	Finance lease receivables		1 851	1 902
II.	**Current assets**		**46 451**	**26 651**
A.	Properties held for sale	7	-	-
B.	Current financial assets	8	8 616	1 874
C.	Finance lease receivables		138	136
D.	Trade receivables		33 687	21 067
E.	Tax receivables and other current assets		1 701	1 688
F.	Cash and cash equivalents		209	254
G.	Deferred charges and accrued income		2 101	1 632
TOTAL ASSETS			**2 712 475**	**2 559 128**

SHAREHOLDERS' EQUITY AND LIABILITIES		Notes	30.06.2018	31.12.17
TOTAL SHAREHOLDERS' EQUITY			**1 465 244**	**1 448 504**
I.	**Equity attributable to shareholders of the parent company**		**1 465 244**	**1 448 504**
A.	Capital		357 871	357 871
B.	Share premium account		792 641	792 641
C.	Reserves		276 023	228 172
D.	Net result for the fiscal year		38 708	69 820
LIABILITIES			**1 247 232**	**1 110 624**
I.	**Non-current liabilities**		**562 217**	**505 008**
A.	Provisions		2 154	3 673
B.	Non-current financial debts	8	540 945	484 255
	a. Credit institution		171 209	153 553
	c. Other		369 735	330 702
	EUPP		*290 544*	*165 966*
	USPP		*75 997*	*161 916*
	Guarantees received		*3 195*	*2 820*
C.	Other non-current financial liabilities		19 118	17 080
II.	**Current liabilities**		**685 014**	**605 616**
A.	Provisions		5 124	5 592
B.	Current financial debts	8	584 878	517 832
	a. Credit institution		65 262	47 332
	c. Other		519 616	470 500
	EUPP		*15 000*	*15 000*
	USPP		*89 116*	-
	Commercial papers		*415 500*	*455 500*
C.	Other current financial liabilities	8	1 463	5
D.	Trade debts and other current debts		62 867	52 359
E.	Other current liabilities		1 884	2 491
F.	Accrued charges and deferred income		28 799	27 337
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			**2 712 475**	**2 559 128**

Consolidated condensed cash flow statement (in € thousand)

	30.06.18	30.06.17
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	**254**	**153**
Operating activities (+/-)		
Net result for the period (6 months)	38 708	94 469
Result on disposal of investment properties	-	-22 144
Financial result (excl. changes in fair value of financial assets and liabilites)	9 984	10 552
Interest paid	-10 106	-12 349
Taxes	466	588
Taxes paid	- 318	- 220
Items with no effect on cash flow to be extracted from earnings		
Fair value adjustment for investment buildings (+/-)	8 037	-17 207
Fair value adjustment on non-current financial assets/liabilities booked to earnings (+/-)	1 994	-6 098
Loss of (gain in) value on trade receivables (+/-)	36	- 62
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)	286	336
Adjustments of provisions (+/-)	-1 759	- 37
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	**47 328**	**47 828**
Change in assets items	-11 799	-3 433
Change in liabilities items	2 431	-6 290
CHANGE IN WORKING CAPITAL REQUIREMENTS	**-9 368**	**-9 723**
CASH FLOW FROM OPERATING ACTIVITIES	**37 960**	**38 105**
Investments (-) / Disposals (+)		
Investment properties		
Investments	-21 055	-16 124
Disposals	-	123 121
Acquisition of Arts 56	-114 351	-
Acquisitions in the framework of redevelopment projects	-	-22 474
Other property, plant and equipment	- 242	- 800
CASH FLOW FROM INVESTMENT ACTIVITIES	**-135 647**	**83 724**
Financing (+/-)		
Increase (+)/Decrease (-) in financial debts	-4 116	-4 207
European private bond placements	125 000	70 000
Reimbursement retail bond April 2011	-	-162 000
Hedging instruments and other financial assets	-1 243	-2 462
Final dividend previous fiscal year	-21 998	-23 021
CASH FLOW FROM FINANCING ACTIVITIES	**97 643**	**-121 691**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**- 45**	**138**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (6 MONTHS)	**209**	**291**

Consolidated condensed statement of changes in equity (in € thousand)

	Capital	Share premium account	Reserves	Net result of the fiscal year	Total shareholders' equity
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**
Final dividend of the 2016 fiscal year Befimmo	-	-	-23 021	-	**-23 021**
Total comprehensive income of the period (6 months)	-	-	171	94 469	**94 640**
EQUITY AS AT 30.06.17	**357 871**	**792 641**	**227 986**	**94 469**	**1 472 967**
Interim dividend	-	-	-	-66 250	**-66 250**
Befimmo 2017 interim dividend	-	-	-	-66 250	**-66 250**
Total comprehensive income of the period (6 months)	-	-	186	41 601	**41 787**
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**
Final dividend of the 2017 fiscal year Befimmo	-	-	-21 998	-	**-21 998**
Total comprehensive income of the period (6 months)	-	-	29	38 708	**38 738**
EQUITY AS AT 30.06.18	**357 871**	**792 641**	**276 023**	**38 708**	**1 465 244**

Notes to the consolidated condensed financial statements

1. General business information

Befimmo ("the Company", registered with banque carrefour des entrerprises under number 0455.835.167) is a Public Regulated Real-Estate Investment Trust under Belgian law (public BE-REIT). It is organised as a "Société Anonyme" (Limited-Liability Company). Its registered office is at Chaussée de Wavre 1945, 1160 Brussels (Belgium).

The Company closes its fiscal year at 31 December. Befimmo has a 100% direct or indirect interest in its subsidiaries Axento SA (registered with the Luxembourg trade and companies register under number B 121993 in the Grand Duchy of Luxembourg), Befimmo Property Services SA (registered with banque carrefour des entreprises under number 0444.052.241), 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.

The Company is presenting consolidated financial statements as at 30 June 2018. The Board of Directors of Befimmo SA adopted and authorised the publication of the financial statements on 18 July 2018.

The Company's business consists of providing office buildings, meeting rooms and coworking spaces and associated services.

At 30 June 2018, the premises provided consisted of quality office buildings in Belgium, mainly in Brussels, the main Belgian cities and the Grand Duchy of Luxembourg, two thirds of which are let to public institutions and the remainder to multinationals and Belgian companies.

2. Significant accounting policies

The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union.

The significant accounting policies are as set out in the Annual Financial Report 2017 (pages 133 to 140) which can be found on the Company's website (www.befimmo.be).

Amendments to existing standards come into force in 2018 but do not affect the principles of recognition and measurement.

3. Significant accounting judgments and main sources of uncertainty regarding estimates

The significant accounting judgments and main sources of uncertainty regarding estimates are identical to those set out in the Annual Report 2017 (page 141) which can be found on the Company's website (www.befimmo.be).

4. Segment information

The description of Befimmo's consolidated portfolio is set out in the chapter "Property report".

	Brussels CBD and similar		Brussels decentralised		Brussels periphery	
(in € thousand)	30.06.18 (6 months)	30.06.17 (6 months)	30.06.18 (6 months)	30.06.17 (6 months)	30.06.18 (6 months)	30.06.17 (6 months)
INCOME STATEMENT						
A.Rental income	42 160	43 175	2 644	2 637	4 375	4 582
B. Property operating result	40 470	42 030	1 521	1 567	3 743	3 332
C. Change in fair value of investment properties	31 077	18 688	- 12 477	- 2 890	- 28 220	- 5 063
D. Gains and losses on disposal buildings	-	21 871	-	-	-	-
E. SEGMENT RESULT (=B+C+D)	**71 547**	**82 589**	**- 10 956**	**- 1 323**	**- 24 477**	**- 1 731**
Percentage by segment	123.0%	77.9%	-18.8%	-1.2%	-42.1%	-1.6%
F. Corporate overheads						
G. Other operating income and charges						
H. Financial result						
I. Income tax						
NET RESULT (=E+F+G+H+I)						
	30.06.18	**31.12.17**	**30.06.18**	**31.12.17**	**30.06.18**	**31.12.17**
BALANCE SHEET						
Assets						
Goodwill	7 391	7 391	-	-	-	-
Investment properties and assets held for sale	1 618 115	1 455 847	79 278	87 027	112 829	137 814
of which investments and acquisitions during the year	*131 191*	*45 986*	*4 728*	*3 671*	*3 236*	*4 120*
Other assets	551	533	-	-	-	-
TOTAL ASSETS	**1 626 057**	**1 463 771**	**79 278**	**87 027**	**112 829**	**137 814**
Percentage by segment	59.9%	57.2%	2.9%	3.4%	4.2%	5.4%
TOTAL LIABILITIES						
TOTAL SHAREHOLDERS' EQUITY						
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY						

Wallonia		Flanders		Luxembourg city		Unallocated amounts		Total	
30.06.18 (6 months)	30.06.17 (6 months)	30.06.18 (6 months)	30.06.17 (6 months)	30.06.18 (6 months)	30.06.17 (6 months)	30.06.18 (6 months)	30.06.17 (6 months)	30.06.18 (6 months)	30.06.17 (6 months)
4 904	4 816	14 973	14 720	2 611	2 265	-	-	**71 667**	**72 194**
4 183	4 321	13 771	13 357	2 506	2 069	-	-	**66 194**	**66 677**
9 420	3 920	- 11 611	- 913	3 775	3 465	-	-	**- 8 037**	**17 207**
-	- 149	-	423	-	-	-	-	**-**	**22 144**
13 603	**8 092**	**2 160**	**12 867**	**6 281**	**5 534**	**-**	**-**	58 157	**106 027**
23.4%	7.6%	3.7%	12.1%	10.8%	5.2%	-	-	100.0%	**100%**
						- 6 586	- 5 389	**- 6 586**	**- 5 389**
						- 417	- 1 127	**- 417**	**- 1 127**
						- 11 979	- 4 454	**- 11 979**	**- 4 454**
						- 466	- 588	**- 466**	**- 588**
								38 708	**94 469**
30.06.18	31.12.17	30.06.18	31.12.17	30.06.18	31.12.17	30.06.18	31.12.17	30.06.18	31.12.17
1 329	1 329	5 561	5 561	-	-	-	-	**14 281**	**14 281**
228 850	215 306	477 101	488 450	113 824	109 916	-	-	**2 629 998**	**2 494 360**
4 124	*13 602*	*262*	*226*	*133*	*- 44*	-	-	***143 675***	***67 560***
1 437	1 505	-	-	-	-	66 208	48 449	**68 196**	**50 487**
231 616	**218 140**	**482 662**	**494 011**	**113 824**	**109 916**	**66 208**	**48 449**	**2 712 475**	**2 559 128**
8.5%	8.5%	17.8%	19.3%	4.2%	4.3%	2.4%	1.9%	**100%**	**100%**
						1 247 232	**1 110 624**	**1 247 232**	**1 110 624**
						1 465 244	**1 448 504**	**1 465 244**	**1 448 504**
						2 712 475	**2 559 128**	**2 712 475**	**2 559 128**

5. Financial result

The financial result (excluding changes in fair value of financial assets and liabilities) was -€10.0 million in the first half of 2018 as against -€10.6 million in the first half of 2017.

"Financial income" is up €0.2 million. It consists mainly of the compensation paid by investors on their investments in commercial paper issued by Befimmo.

"Net interest charges" decreased slightly by €0.2 million compared with the first half of 2017, as a result of the fall in the interest rates applicable to the Company's financing. Moreover, the additional financial charges related to the increase in the average volume of the debt are partially offset by the activation of interim interest on the investment projects. The slight drop in "Other financial charges" is due mainly to the decrease in commitment fees for financing lines.

The change in fair value of the financial assets and liabilities was -€2.0 million as against €6.1 million over the first six months of 2017.

(in € thousand)		30.06.18 (6 months)	30.06.17 (6 months)
(+)	**XX. Financial income**	**457**	**242**
(+)	Interests and dividends received	356	174
(+)	Fees for finance leases and similar	101	68
(+)	Net gains realised on sale of financial assets	0	-
(+/-)	**XXI. Net interest charges**	**-9 235**	**-9 416**
(-)	Nominal interest on loans	-7 847	-9 587
(-)	Reconstitution of the face value of financial debts	- 109	- 124
(-)	Other interest charges	- 28	- 28
(+)	Proceeds of authorised hedging instruments	5 082	5 964
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*5 082*	*5 964*
(-)	Charges of authorised hedging instruments	-6 333	-5 642
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*-6 333*	*-5 642*
(-)	**XXII. Other financial charges**	**-1 206**	**-1 378**
(-)	Bank charges and other commissions	-1 206	-1 378
(-)	Net losses realised on sale of financial assets	0	- 1
(+/-)	**XXIII. Changes in fair value of financial assets and liabilities**	**-1 994**	**6 098**
(+/-)	Authorised hedging instruments	1 203	-6 754
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*1 203*	*-6 754*
(+/-)	Others	-3 198	12 852
(+/-)	**Financial result**	**-11 979**	**-4 454**

6. 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. The method of recording this goodwill is described in the Annual Financial Report 2017 (page 150).

Impairment test

At 30 June 2018, the goodwill was subject to an impairment test, in accordance with the method described in the Annual Financial Report 2017 (page 151). The result of this test shows that no impairment needs be recorded.

7. Investment properties

(in € thousand)	
Carrying value as at 31.12.2016	**2 511 658**
of which: - Investment properties	*2 511 658*
- 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*
- Assets held for sale	-
Acquisitions	114 500
Other investments	29 175
Disposals	-
Changes in fair value	- 8 037
Carrying value as at 30.06.2018	**2 629 998**
of which: - Investment properties	*2 629 998*
- Assets held for sale	-

In the first half of 2018, Befimmo added the Arts 56 building to its portfolio for a total sum of €114.5 million. During the fiscal year 2017, Befimmo made various acquisitions costing €24.2 million in the context of its redevelopment projects.

In the first half of 2018, Befimmo invested €29.2 million in its portfolio. The main investments concerned the Quatuor (€6.6 million), ZIN (€6.9 million) and Eupen (€3.5 million) projects.

In 2017, the amount invested in works was €43.3 million. Investments also focused mainly on the Eupen (€7.0 million), Quatuor (€5.9 million) and ZIN (€3.5 million) projects. The renovation of the Guimard building (€8.9 million in 2017) was completed in fiscal year 2017 and the building is currently partially let.

The reader is reminded that, during the first half of 2017, Befimmo granted a 99-year leasehold on the Brederode complex, for the sum of €122 million. The complex contributed some €698,000 to the property operating result in 2017. Furthermore, Fedimmo sold the buildings at avenue Emile Digneffe in Liège and Bevrijdingslaan in Ninove, which together contributed some €14,000 to the property operating result.

8. Financial assets and liabilities

On a like-for-like basis, the Company has sufficient financing until the end of the third quarter of 2019. The chapter "Financial structure and hedging policy" on page 24 of this Report contains detailed information on the subject.

In order to limit the risks related to changes in interest and exchange rates, the Company buys hedging instruments. At 30 June 2018, the hedging ratio was 94.1%. The following table lists all the hedging instruments owned by the Company at 30 June 2018.

(1) The sale of a FLOOR implies a commitment to pay a minimum interest rate. A FLOOR is sold only at the same time as a CAP is purchased, for the same notional amount and equivalent maturity. The combined purchase of a CAP and sale of a FLOOR is a COLLAR.
(2) The interest rates in € are marge inclusive for the CCS. The rates are appliable as from 1 June 2015.

			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			25	2.25%	Jan. 2014	Oct. 2018	Euribor 3 month
CAP bought	2	Option			25	2.00%	Jan. 2013	Jan. 2019	Euribor 3 month
CAP bought	2	Option			15	0.30%	Jan. 2015	Jan. 2019	Euribor 3 month
CAP bought	2	Option			15	0.75%	Jan. 2015	Jan. 2020	Euribor 3 month
CAP bought	2	Option			30	0.50%	July 2015	July 2020	Euribor 3 month
CAP bought	2	Option			25	0.85%	July 2015	July 2020	Euribor 3 month
CAP bought	2	Option			20	1.15%	Jan. 2016	Jan. 2022	Euribor 3 month
FLOOR[1] sold	2	Option			20	0.55%	Jan. 2016	Jan. 2022	Euribor 3 month
Collar Swaption	2	Option			30	0.75%/1.25%	Juil. 2019	Jan. 2028	Euribor 3 month
Payer's IRS	2	Forward			20	0.79%	Feb. 2016	Aug. 2018	Euribor 3 month
Payer's IRS	2	Forward			25	0.59%	Nov. 2016	Aug. 2018	Euribor 3 month
Payer's IRS	2	Forward			20	1.58%	Jan. 2018	July 2022	Euribor 3 month
Payer's IRS	2	Forward			25	1.41%	Dec. 2017	Sept. 2022	Euribor 3 month
Payer's IRS	2	Forward			25	1.57%	Dec. 2017	Sept. 2022	Euribor 3 month
Payer's IRS	2	Forward			15	1.40%	July 2014	Jan. 2024	Euribor 3 month
Payer's IRS	2	Forward			25	0.72%	Jan. 2016	Jan 2024	Euribor 3 month
Payer's IRS	2	Forward			15	1.08%	Sept. 2015	Sept. 2024	Euribor 3 month
Payer's IRS	2	Forward			20	0.84%	Oct. 2015	Oct. 2024	Euribor 3 month
Payer's IRS	2	Forward			20	0.81%	Oct. 2015	Oct. 2024	Euribor 3 month
Payer's IRS	2	Forward			25	0.17%	June 2018	Dec. 2024	Euribor 3 month
Payer's IRS	2	Forward			25	0.71%	April 2018	Jan. 2025	Euribor 3 month
Payer's IRS	2	Forward			25	0.80%	April 2018	Jan. 2025	Euribor 3 month
Payer's IRS	2	Forward			25	0.65%	April 2018	Jan. 2025	Euribor 3 month
Payer's IRS	2	Forward			30	0.66%	April 2018	Jan. 2025	Euribor 3 month
Payer's IRS	2	Forward			25	0.71%	Aug. 2018	Feb. 2025	Euribor 3 month
Payer's IRS	2	Forward			20	0.93%	Aug. 2018	Feb. 2025	Euribor 3 month
Payer's IRS	2	Forward			30	0.91%	Oct. 2015	Oct. 2025	Euribor 3 month
Payer's IRS	2	Forward			30	0.85%	Feb. 2016	Feb. 2026	Euribor 3 month
Payer's IRS	2	Forward			20	0.92%	Feb. 2025	Aug. 2026	Euribor 3 month
Payer's IRS	2	Forward			25	0.69%	April 2017	Jan. 2027	Euribor 3 month
Payer's IRS	2	Forward			25	0.82%	Feb. 2017	Feb. 2027	Euribor 3 month
Payer's IRS	2	Forward			25	0.95%	April 2018	Oct. 2027	Euribor 3 month
Payer's IRS	2	Forward			15	0.88%	Nov. 2017	Nov. 2027	Euribor 3 month
Payer's IRS	2	Forward			25	0.77%	Oct. 2017	Jan. 2028	Euribor 3 month
Payer's IRS	2	Forward			25	0.82%	Oct. 2017	Jan. 2028	Euribor 3 month
Payer's IRS	2	Forward			25	1.10%	Jan. 2025	Jan. 2028	Euribor 3 month
Payer's IRS	2	Forward			30	1.14%	Jan. 2025	Jan. 2028	Euribor 3 month
Payer's IRS	2	Forward			25	1.25%	Feb. 2025	Feb. 2028	Euribor 3 month
Payer's IRS	2	Forward			25	1.21%	Jan. 2025	April 2028	Euribor 3 month
Payer's IRS	2	Forward			25	1.21%	Dec. 2024	June 2028	Euribor 3 month
Payer's IRS	2	Forward			25	1.12%	Jan. 2025	July 2028	Euribor 3 month
Payer's IRS	2	Forward			15	0.84%	May 2014	May 2019	Euribor 3 month
Receiver's IRS	2	Forward			15	0.84%	Feb. 2017	May 2019	Euribor 3 month
Receiver's IRS	2	Forward			15	0.84%	Nov. 2017	May 2019	Euribor 3 month
Receiver's IRS	2	Forward			25	0.69%	April 2018	Jan. 2020	Euribor 3 month
Receiver's IRS	2	Forward			25	0.82%	April 2018	Jan. 2020	Euribor 1 month
Payer's IRS	2	Forward			25	1.51%	July 2012	July 2021	Euribor 1 month
Receiver's IRS	2	Forward			25	1.51%	March 2017	July 2021	Euribor 3 month
Payer's IRS	2	Forward			25	2.99%	Jan. 2018	Jan. 2022	Euribor 3 month
Receiver's IRS	2	Forward			30	2.99%	Jan. 2018	Jan. 2022	Euribor 3 month
Payer's IRS	2	Forward			25	0.42%	Jan. 2016	July 2024	Euribor 3 month
Receiver's IRS	2	Forward			25	0.42%	Oct. 2017	July 2024	Euribor 3 month
Receiver's IRS	2	Forward			65	0.81%	March 2018	March 2026	Euribor 3 month
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

Financial assets and liabilities carried at fair value

Befimmo does not practice hedge accounting for the financial hedging instruments it holds. These instruments are therefore regarded as trading instruments under IFRS, changes in their fair value are booked therefore 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 and exchange 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, SWAPTION and COLLAR contracts therefore belong to level 2 of the fair-value hierarchy, as defined in standard IFRS 13 – *Fair Value Measurement.*

These contracts are measured at fair value at the balance sheet date and include the credit value adjustment (CVA) and the debit value adjustment (DVA) in accordance with IFRS 13. The CVAs and DVAs of the financial hedging instruments are calculated on the basis of listed bonds or, alternatively, credit default swaps of counterparty banks and listed Befimmo bonds.

Befimmo receives this information from an independent specialist company. The Company also verifies it using checks of consistency with the valuations 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 30.06.2018	
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	7	- 577
Forward	2	9 209	-18 852
CCS	2	16 225	-1 151
		25 441	**-20 581**

(in € thousand)		Balance sheet item as of 31.12.2017	
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	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 USPP debt included under balance sheet items I.B.c and II.B.c 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.

Financial assets and liabilities carried at amortised cost

As mentioned under Significant Accounting Policies, as set out in the Annual Financial Report 2017 (pages 133 to 140), the book 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 30 June 2018 of €67.2 million;
- various fixed-rate European private placements (EUPP) totalling €261.3 million.

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 the first half of 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 as at 30 June 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	Fair value	Book value
EUPP	2	265 065	260 657
Assignment of receivables from future rents/ future usufruct fees	2	72 838	67 174

Statutory Auditor's report

Report of the statutory Auditor to the shareholders of Befimmo SA on the review of the interim condensed consolidated financial statements as of 30 June 2018 and for the six month period then ended.

Introduction

We have reviewed the accompanying interim condensed consolidated condensed statement of financial position of Befimmo SA (the "Company"), and its subsidiaries as at 30 June 2018 the related consolidated condensed statement of comprehensive income, the consolidated cash flow statement for the six month period then ended and the notes to the interim consolidated condensed financial statements, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated balance sheet total of € 2,712,475 thousand and the consolidated condensed income statement shows a net result for the six month period then ended of € 38,708 thousand. The Board of Directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance the International Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Brussels, 18 July 2018

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Ernst & Young Réviseurs d'Entreprises SCCRL
Statutory Auditor
represented by
Christel Weymeersch*
Partner
* Acting on behalf of a BVBA/SPRL

Statement

Statement by persons responsible

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 management report contains an accurate account of the development of the business, results and situation of the Company and the businesses included in the consolidation, and a description of the main risks and uncertainties they face.

Ocean House I Brussels periphery

Risk Factors

This chapter covers the identified risks that could affect the Company, including a description of the measures it has taken to anticipate them, turn them into opportunities, and mitigate their potential impact. 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 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 at the time of writing this Report and is supplemented through dialogue with all stakeholders. 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 exist.

Main market-related risks

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
Risks of segmental and geographical concentration		
The portfolio is not very diversified in terms of segment and geography. It consists of office buildings, mainly located in Brussels and its economic hinterland (68.8%[19] of the portfolio as at 30 June 2018). ➔ "Property report, page 10"	Sensitivity to developments in the Brussels office property market, which is characterised in particular by a significant presence of European institutions and related activities.	Investment strategy focused on quality office buildings with, among other things, a good location, good accessibility and adequate critical mass (while avoiding excessive concentration of the portfolio in a single area or asset). Buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. Silversquare @Befimmo can attract a new target of potential occupants: self-employed people and the smallest businesses. Mixed functions in future Befimmo projects (offices in a potentially multifunctional environment). As a matter of interest, the AMCA building in Antwerp, the Paradis Tower in Liège, the Gateway building at Brussels airport and the WTC Tower 3 in Brussels each account for between 5 and 10% of the fair value of the portfolio as at 30 June 2018.
Risks related to rental vacancy		
Overall, the office property market is currently characterised by higher supply than demand. The Company is exposed to the risks of its tenants leaving, and of renegotiating their leases :	Decline in spot occupancy rates and a reduction in the operating result of the portfolio. On an annual basis at 30 June 2018, a 1% fluctuation in the spot occupancy rate of the Company's portfolio would have an impact of some	Investment in quality buildings. Professional sales team dedicated to finding new tenants and actively managing the relationship with its customers. Extensive and personalised range of services to make life easier for its tenants.

18 Calculated on the basis of the fair value of the investment properties, including projects.

▪ 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.	€1.8 million on the property operating result, €0.07 on the net asset value per share and 0.07% on the debt ratio. Direct costs related to rental vacancies, namely charges and taxes on unlet properties. They are estimated on an annual basis at €2.20 million, equivalent to around 1.54% of total rental income. Higher expenses in connection with the marketing of properties available for lease. Fall in the value of buildings.	Opening up to a new market segment through coworking, which is also an asset for a building. The building will integrate into the city and become an ecosystem open to its urban environment, bringing together a mix of functions. 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 30 June 2018, the weighted average duration of Befimmo's current leases until the next break was 7.11 years. The major projects in the North area are an opportunity for the Company to tackle the lack of Grade A buildings[20] in Brussels.
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[21] are required to provide a rental guarantee. There is a procedure for regularly monitoring outstanding receivables.
Risk related to market developments		
Office space is being used in increasingly flexible ways. Technological progress is driving a transformation within companies: from a static and "sequential" mode of operation to more dynamic environments. Companies are looking for modern working environments to attract talent.They accommodate themselves according to the Smart Ways of Working and move to Activity Based Working.	The ratio of the number of m² used per employee is decreasing and may lead to a decrease in buildings' occupancy rate. 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. ▪ 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. ▪ Joint venture with a coworking company (Silversquare @Befimmo).

[20] 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.

[21] Public-sector tenants (the Belgian Government, Flemish Region and European institutions), which occupy a substantial proportion of the Company's portfolio (64.9% as at 30 June 2018, calculated on the basis of the current contractual gross rent from lease agreements at 30 June 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.	Impact on the Company's net result, equity, debt ratio[23] and LTV[24].	Investment strategy focused on quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors.
▪ Risk of the real-estate experts overvaluing or undervaluing properties in relation to their true market value. This risk is accentuated in the market segments in which the limited number of transactions gives the experts few points of comparison, which still is true, to some extent, for the decentralised areas and periphery of Brussels (7.3%[22] of the portfolio), and more generally in the Belgian provincial towns.	Impact on the Company's ability to distribute a dividend[25] 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 30 June 2018, a 1% decline in the value of the property assets would have an impact of around €26.3 million on the net result, entailing a change of around €1.03 in the net asset value per share, around 0.44% in the debt ratio and around 0.43% in the LTV ratio.	Buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. 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 after it has become moot, and therefore an unexpected rental vacancy.	Buildings 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 €2,226 million as at 30 June 2018. Buildings covered by an insurance policy against acts of terrorism.
Risk of deterioration and obsolescence of buildings		
Risk of wear and tear, and obsolescence in relation to increasingly demanding 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 kept upgraded 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.

[22] Calculated on the basis of the fair value of the investment properties as at 30 June 2018.
[23] The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.
[24] Loan to value (LTV) = [(nominal financial debts – cash)/fair value of portfolio].
[25] Please see the chapter "Appropriation of results (statutory accounts)" on page 63 of the Annual Financial Report 2017.

		Most of the buildings are covered by "total guarantee" maintenance contracts[26]. At 30 June 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.
Risks related to execution of works		
Risks of delays, overshooting the budget, 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.	Monitoring of technical, environmental, 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 received.	Adverse environmental impact. High costs for Befimmo. Adverse impact of Befimmo's image on 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 been progressively 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.

[26] 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.

		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.
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 could entail a financial loss to the Company.	The usual precautions are taken 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. Similar precautions are taken in case of joint ventures.
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 condominium, where they involve major work affecting the common parts of the building, 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.
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 increased costs to 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 related to non-compliance with safety standards). An adverse impact on the Company's reputation, business and results.	Introduction of procedures needed (i) to anticipate new standards and regulations (legal and regulatory monitoring), (ii) to 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), and (iii) to 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.

Risk associated with entering the coworking market		
Risk associated with the entry into a new market.	Profitability linked to the success of the underlying activity.	The impact on Befimmo is limited, as it develops this activity progressively. Partnership with a company with long experience in coworking, which commits the necessary resources.

Main economic and financial risks

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
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.	94.98%[27] of the leases in Befimmo's consolidated portfolio are hedged, in line with standard practice, against the effect of any negative indexing (44.87% provide for a minimum equal to the base rent while 50.11% contain a clause that sets a minimum of the last rent paid). The remaining 5.02% of the leases do not provide for any minimum rent. Contractual agreements put in place in relations with contractors.
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 net result and EPRA earnings. 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.	Implementation of a policy of hedging the interest-rate risk, consisting of financing part of its borrowings at fixed rates and arranging IRS financial instruments or CAP and FLOOR options on part of its borrowings at floating rates. On the basis of total borrowings as at 30 June 2018, a debt of €888.7 million (80.14% of total debt) is financed at fixed rates (conventional fixed rates or rates fixed by IRS). The remainder of the debt, €220.2 million, is financed at floating rates, a part of which (13.98%) is hedged against rising interest rates by means of optional instruments (CAP/COLLAR[28]). A balance of 5.88% of the debt is therefore not hedged. Without any hedging, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €1.6 million (annual basis). With the hedging arranged at 30 June 2018, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €0.5 million (annual basis).

[27] Based on the gross current rent from lease agreements at 30 June 2018.

[28] 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 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 especially in line with the perception of the Company's risk profile, and also with the regulations, especially in the banking sector (known as the "Basel III" and "Basel IV" requirements) and the insurance sector (known as "CRD IV")	An increase in financial charges and hence an adverse effect on EPRA earnings and the net result.	Spreading of the maturities of financing over time and diversification of sources of financing. Optimising the use of financing by giving preference to financing with the lowest margins (e.g. a short-term commercial paper programme associated with long-term back-up lines or assignments of receivables from future leases). ➔ "Financial structure, on page 24. Please also see "Risk related to a change in the Company's rating, on page 54".
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.	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 through the purchase of currency swap agreements (Cross Currency Swaps).
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 30 June 2018, the change in fair value of the financial assets and liabilities would have been -€21.32 million. In the opposite case, the change would have been €20.27 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 30 June 2018, the net fair value of all the hedging instruments, including the cumulative change in the fair value of the USPP debt, was -€10.89 million. Part of Befimmo's borrowings (56.83%) 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 the rating given by Standard & Poor's.	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-, it would generate an additional	The Company regularly reviews the criteria (ratios) used to determine its rating and analyses the potential impact of its decisions on any changes in the rating, and the forecast changes in those ratios.

	financing cost estimated at €0.75 million, based on the debt structure and the existing contracts as at 30 June 2018. Adverse impact on the Company's image with investors.	
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 30 June 2018, the ratio of debt provided by financing from 7 banking institutions was 58.8%. 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 30 June 2018, the Company had confirmed unused lines of €267.2 million including cash. The Company aims to keep a defined amount in confirmed unused lines at all times and to hedge this risk over a time frame of at least 12 months. ➔ "Financial structure, page 24"
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.	Befimmo therefore takes care to diversify its banking relationships and to work with banks that have an adequate rating or an acceptable level of risk. As at 30 June 2018, the Company had a business relationship with several banks: ▪ At 30 June 2018, Befimmo had credit lines of €852.4 million. The banks, in alphabetical order, providing this finance are Agricultural Bank of China Luxembourg, Bank Degroof Petercam, BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING and KBC. ▪ 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, so the amount of cash deposited with financial institutions is structurally very limited. It was €0.30 million as at 30 June 2018 compared with €0.25 million as 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,	Any call into question of a financing agreement would expose the Company to having to arrange additional financing at a potentially higher cost or	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.

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.	sell certain assets under less than ideal conditions.	
Risk related to BREXIT		
On 23 June 2016, 51.8% of the population of the United Kingdom voted in a referendum for their country to leave the European Union. On 29 March 2017, the British Prime Minister triggered the process of leaving the European Union. In accordance with 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.	BREXIT creates 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.	Close monitoring of the unfolding situation and increased prudence during the management of the businesses.

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, 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 BE-REIT (SIR/GVV) 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	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).

<table>
<tr><td></td><td>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.</td><td>The Company also calls upon external consultants.</td></tr>
<tr><td colspan="3">Tax regime</td></tr>
<tr><td colspan="3">As a regulated real-estate company, 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 the cash flows are distributed (calculated on the basis of Article 13 of the Royal Decree of 13 July 2014). BE-REITs are exempt from corporation tax on the results (rental income and capital gains realised minus operating costs and financial charges)[29]. The exit tax is calculated taking account of the provisions of circular Ci.RH.423/567.729 of 23 December 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.</td></tr>
<tr><td colspan="3">Risk of legal proceedings</td></tr>
<tr><td>The Company is a party to legal proceedings and may be involved in others in future.</td><td>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 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.</td><td>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.</td></tr>
</table>

[29] 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 inadequacies or failures in internal processes, people and systems or from external events (fraud, natural disasters, human error, failure of information systems, cybercrime, etc.).	The Company is exposed to the risk of the loss or theft of sensitive data, financial loss through fraud, 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. Depending on the type of data, back-ups are organised using a variety of techniques (redundant infrastructure, daily back-ups online and on tape). Measures taken to manage access to the Company's data. Outsourced IT support provided by two partners under a Service Level Agreement (SLA).
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 to the well-being of employees. Pay in line with market rates. 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.

Befimmo at a glance

Befimmo, a Regulated Real-Estate Investment Trust (BE-REIT), is a real-estate operator specializing in office buildings, meeting centres and coworking spaces. Those Befimmo Environments are located in Brussels, the main Belgian cities and the Grand Duchy of Luxembourg. As a Company that is human, a corporate citizen, and responsible, Befimmo offers its occupants contemporary office spaces and related services in buildings that are sustainable in terms of architecture, location and respect for the environment. By creating added value for its users, Befimmo also creates value for its shareholders. Its portfolio is worth some €2.6 billion and comprises around a hundred office buildings with space totaling over 900,000 m².

Befimmo is listed on Euronext Brussels. As at 30 June 2018, its market capitalization was €1.3 billion. Befimmo offers its shareholders a solid dividend and a yield in line with its risk profile.

Sustainable buildings, contemporary office spaces, a full range of services geared to today's needs, contribute to making Befimmo a reference provider of quality work environments.

Blue Tower I Brussels Louise district

Appendices

Appendix 1: 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.

CURRENT GROSS YIELD ON INVESTMENT PROPERTIES

The ratio between the gross current rent from lease agreements and the "deed-in-hands" value of investment properties.

GROSS CURRENT 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: 1 - the ratio between the potential rent of properties available for lease and the total estimated rental value 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 2: 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.
Financial result (excluding changes in fair value of financial assets and liabilities and close-out costs)	'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.
Net result before changes in fair value of investment properties and financial assets and liabilities	'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.
"Like-for-Like" net rental result	Net rental result of properties available for lease at constant perimeter for two consecutive periods. The 'Like-for-Like' scope is calculated on the basis of the EPRA definition.	Used to measure the change in rental income of properties available for lease at constant floor area for two consecutive periods.
Loan-to-value ("LTV")	Nominal financial debt minus balance sheet heading II.F. 'Cash and cash equivalents', divided by the sum of balance sheet headings I.C. "Investment property" and II.A. 'Properties held for sale'. Nominal financial debts are the accounting financial debts excluding IFRS adjustments, in other words excluding the reassessment at fair value of financial assets and liabilities and the smoothing of debt issuance costs.	This is the debt ratio calculated on the basis of the fair value of the property portfolio.
Average (annualised) financing cost	Annualised interest paid over the reporting period, including the credit margin, the cost of the hedging instruments and liquidity cost, divided by the average nominal financial debt over the period concerned.	Used to measure the average cost of the Company's financial debt.
Return on shareholders' equity (in € per share)	The return obtained by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and 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.
Return on shareholders' equity (in %)	The internal rate of return earned by an investor over a 12-month period ending at the close of the period, assuming the reinvestment of dividends and 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)	30-06-18	30-06-17
Interest paid	10 747	10 895
Annualised interest paid (A)	21 494	21 789
Annualised nominal financial debts (B)	1 093 845	1 022 294
Average (annualised) financing cost (A/B)	**1.97%**	**2.13%**

Loan-to-value

(in € thousand)	30-06-18	31-12-17
Nominal financial debts (A)	1 108 903	988 393
II. F. Cash and cash equivalents (B)	209	254
I. C. Investment properties (D)	2 629 998	2 494 360
II. A. Assets held for sale (E)	-	-
Fair value of portfolio at the closing date (C = D+E)	**2 629 998**	**2 494 360**
Loan-to-value (A-B)/C	**42.16%**	**39.61%**

Net rental result « like-for-like »

(in € thousand)	30-06-18	30-06-17
Net rental result (A)	71 539	71 994
Net rental result linked to changes in perimeter (B)	2 329	999
Net rental result on properties not available for lease (C)	894	4 388
Net rental result in « Like-for-Like » (A-B-C)	**68 316**	**66 607**

Net result before changes in fair value of investment properties and financial assets and liabilities

(in € thousand)	30-06-18	30-06-17
Net result (A)	38 708	94 469
XVIII. Changes in fair value of investment properties (B)	-8 037	17 207
XXIII. Changes in fair value of financial assets and liabilities (C)	-1 994	6 098
Net result before changes in fair value of investment properties and financial assets and liabilities (A-B-C)	**48 740**	**71 164**

Financial result (excl. the changes in fair value of the financial assets and liabilities and close-out costs)

(in € thousand)	30-06-18	30-06-17
Financial result (A)	-11 979	-4 454
XXIII. Changes in fair value of financial assets and liabilities (B)	-1 994	6 098
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)	**-9 984**	**-10 552**

Net property result

(in € thousand)	30-06-18	30-06-17
Operating result before result on portfolio	59 190	60 161
XVI. Gains or losses on disposals of investment properties	-	22 144
Net property result	**59 190**	**82 305**

Operating margin

(in € thousand)	30-06-18	30-06-17
Operating result before result on portfolio (A)	59 190	60 161
Net rental result (B)	71 539	71 994
Operating margin (A/B)	**82.7%**	**83.6%**

Other operating income and charges (excluding goodwill impairment)

(in € thousand)	30-06-18	30-06-17
XV. Other operating income and charges (A)	- 417	-1 127
Goodwill impairment (B)	-	-
Other operating income and charges (excluding goodwill impairment) (A-B)	**- 417**	**-1 127**

Net property charges

(in € thousand)	30-06-18	30-06-17
IV. Recovery of property charges	6 244	2 613
V. Recovery of rental charges and taxes normally paid by tenants on let properties	25 277	26 106
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	-24 403	-25 149
VIII. Other revenue and charges for letting	552	1 543
IX. Technical costs	-5 900	-4 540
X. Commercial costs	- 385	- 317
XI. Charges and taxes on unlet properties	-1 866	-1 936
XII. Property management costs	-1 428	-1 496
XIII. Other property charges	-3 435	-2 141
Net property charges	**-5 345**	**-5 317**

Appendix 3 : Tables of the EPRA best practices recommendations[30]

EPRA earnings

(in € thousand)	30.06.2018	30.06.2017
Net result IFRS	**38 708**	**94 469**
Net result IFRS (in € per share)	**1.51**	**3.69**
Adjustments to calculate EPRA earnings		
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	8 037	- 17 207
II. Result on disposals of investment properties	-	- 22 144
VI. Changes in fair value of financial assets and liabilities and close-out costs	1 994	- 6 098
EPRA earnings	**48 740**	**49 020**
EPRA earnings (in € per share)	**1.91**	**1.92**

EPRA cost ratio

(in € thousand)	30.06.2018	30.06.2017
Net administrative and operating expenses in the income statement	**-12 059**	**-10 899**
III. (+/-) Rental charges	- 128	- 201
Net property charges	-5 345	-5 317
XIV. (-) Corporate overheads	-6 586	-5 389
XV. (+/-) Other operating income and charges	- 417	-1 127
Exclude:		
i. Impact of the spreading of gratuities	417	1 135
EPRA costs (including direct vacancy costs) (A)	**-12 059**	**-10 899**
XI. (-) Charges and taxes on unlet properties	1 866	1 936
EPRA costs (excluding direct vacancy costs) (B)	**-10 193**	**-8 963**
I. (+) Rental income	71 667	72 194
Gross rental income (C)	**71 667**	**72 194**
EPRA cost ratio (including direct vacancy costs) (A/C)	**16.83%**	**15.10%**
EPRA cost ratio (excluding direct vacancy costs) (B/C)	**14.22%**	**12.42%**

[30] The definitions of the EPRA indicators are published on page 27 of this Report.

EPRA NAV & NNNAV

(in € thousand)	30.06.2018	31.12.2017
Net asset value	**1 465 244**	**1 448 504**
Net asset value (in € per share)	**57.28**	**56.63**
To include:		
II. Revaluation at fair value of finance lease credit	136	127
To exclude:		
IV. Fair value of financial instruments	10 895	10 143
EPRA NAV	**1 476 274**	**1 458 774**
EPRA NAV (in € per share)	**57.71**	**57.03**
To include:		
I. Fair value of financial instruments	- 10 895	- 10 143
II. Revaluations at fair value of fixed-rate loans	- 10 073	- 7 216
EPRA NNNAV	**1 455 307**	**1 441 415**
EPRA NNNAV (in € per share)	**56.89**	**56.35**

EPRA Net Initial Yield (NIY) & Topped-up (NIY)

(in € thousand)	30.06.2018	31.12.2017
Investment properties and properties held for sale	2 629 998	2 494 360
To exclude:		
Properties that are being constructed or developed for own account in order to be leased	- 196 080	- 148 482
Properties held for sale	-	-
Properties available for lease	2 433 918	2 345 878
To include:		
Allowance for estimated purchasers' cost	61 288	59 382
Investment value of properties available for lease (B)	**2 495 206**	**2 405 260**
Annualised cash passing rental income	144 068	145 644
Property charges[a]	- 4 912	- 5 567
Annualised net rents (A)	**139 156**	**140 077**
To include:		
- Notional rent expiration of rent free periods or other lease incentives	3 579	2 362
- Future rent on signed contracts	505	1 266
Topped-up annualised net rents (C)	**143 240**	**143 706**
(in %)		
EPRA Net Initial Yield (A/B)	**5.58%**	**5.82%**
EPRA Topped-up Net Initial Yield (C/B)	**5.74%**	**5.97%**

[a] 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.

EPRA Vacancy rate

(in € thousand)	30.06.2018	31.12.2017
Estimated rental value (ERV) on vacant space (A)	7 878	7 680
Estimated rental value (ERV) (VLE) (B)	140 341	141 561
EPRA Vacancy rate of properties available for lease (A)/(B)	**5.61%**	**5.43%**

EPRA like-for-like rental growth

Segment	30.06.2018						30.06.2017						Evolution
(in € thousand)	Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties held for sale	Properties that are being constructed or developed[a]	Total net rental income[b]	Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties held for sale	Properties that are being constructed or developed[a]	Total net rental income[b]	Properties owned throughout 2 consecutive years
Brussels CBD and similar	39 094	2 359	- 1	-	1 889	43 341	38 026	-	698	-	3 692	42 416	2.81%
Brussels decentralised	1 644	-	-	-	-	1 644	1 689	-	-	-	-	1 689	-2.70%
Brussels periphery	3 412	-	-	-	-	3 412	3 523	-	-	-	-	3 523	-3.17%
Wallonia	4 646	-	0	-	- 8	4 638	4 726	-	- 15	-	14	4 724	-1.68%
Flanders	14 517	-	-	0	- 9	14 508	14 013	-	-	30	- 8	14 035	3.60%
Luxembourg city	2 682	-	-	-	-	2 682	2 210	-	-	-	-	2 210	21.32%
Total	**65 995**	**2 359**	**- 1**	**0**	**1 872**	**70 224**	**64 188**	**-**	**683**	**30**	**3 698**	**68 598**	**2.81%**
Reconciliation to the consolidated IFRS income statement													
Net rental income related to:													
- Properties booked as financial leases (IAS 17)						- 7						- 6	
- Non recurring element: restitution of reserve funds						500						1 462	
Other property charges						- 4 523						- 3 378	
Property operating result in the consolidated IFRS income statement						**66 194**						**66 677**	

[a] These are properties that are being constructed or developed for own account in order to be leased.
[b]. 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.

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