

BEFIMMO
Public BE-REIT (*Société Immobilière Réglementée Publique/ Openbare
Gereglementeerde Vastgoedvennootschap*)
Public limited liability company (*société anonyme / naamloze vennootschap*)
Chaussée de Wavre 1945
1160 Brussels
VAT N° - Enterprise N°: 0455.835.167 (RLE Brussels, French section)
(the « Company »)

**DETAILED WRITTEN REPORT OF THE BOARD OF DIRECTORS DRAWN UP IN ACCORDANCE WITH
ARTICLE 694 OF THE COMPANY CODE**

Ladies and gentleman,

In accordance with article 694 of the Company Code, we have the honour to submit this detailed written report on the merger by acquisition by the company Befimmo SA (hereinafter, "**Befimmo**") of the company Beway SA (hereinafter, "**Beway**").

This transaction is conducted in accordance with the provisions of the Company Code organising the merger by acquisition and with the specific regulation on BE-REITs (*Sociétés Immobilières Réglementées / Gereglementeerde Vastgoedvennootschappen*) applicable to mergers.

This detailed written report, pursuant to article 694 of the Company Code, "*states the financial situation of the merging companies and explains and justifies, from a legal and economic point of view, the opportunity, conditions, terms and consequences of the merger, the methods used for the determination of the exchange ratio, the relative importance given to each of these methods, the valuation obtained by using each of these methods, any difficulties met, and the proposed exchange ratio. (...)*".

I. MERGING COMPANIES



The merging companies are the following:

A. BEFIMMO SA, THE ACQUIRING COMPANY

The acquiring company is the public BE-REIT (*Société Immobilière Réglementée Publique / Openbare Gereglementeerde Vastgoedvennootschap*) under Belgian law Befimmo, under the form of a public limited liability company (*société anonyme / naamloze vennootschap*), having its registered office at 1160 Auderghem, Chaussée de Wavre 1945. It is hereinafter called the "**Acquiring Company**" or "**Befimmo**".

Befimmo is governed by the law of 12 May 2014 regarding BE-REITs (hereinafter, the "**BE-REIT Law**") and by the Royal Decree of 13 July 2014 regarding BE-REITs (hereinafter, the "**BE-REIT Royal Decree**").

Befimmo has been incorporated under the form of a public limited liability company and under the corporate name "WOLUWE GARDEN D" under the terms of a deed drawn up by Gilberte Raucq, Notary Public in Brussels on 30 August 1995, published by excerpt in the Annexes to the Belgian State Gazette on 13 September 1995, under number 950913-24.

 
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The articles of association have been amended for the last time on 24 April 2018 under the terms of a deed drawn up by Damien Hisette, Notary Public in Brussels, published in the Annexes to the Belgian State Gazette on 22 May 2018, under number 18080114.

Befimmo is registered with the register of legal entities (Brussels, French section) under number 0455.835.167 and with the VAT under number BE 455.835.167.

The share capital of Befimmo amounts to EUR 371,627,206.35, represented by 25,579,214 shares without nominal value, and all fully paid-up.

B. BEWAY SA, THE ACQUIRED COMPANY

The acquired company is the institutional BE-REIT (*Société Immobilière Réglementée Institutionnelle / Institutionele Geregulenteerde Vastgoedvennootschap*) under Belgian law Beway, under the form of a public limited liability company (*société anonyme / naamloze vennootschap*), having its registered office at 1160 Auderghem, Chaussée de Wavre 1945. It is hereinafter called the “**Acquired Company**” or “**Beway**”.

Beway is governed by the BE-REIT Law and the BE-REIT Royal Decree.

Beway has been incorporated under the terms of a deed drawn up by Damien Hisette, Notary Public in Brussels on 3 June 2015, published in the Annexes to the Belgian State Gazette on 8 June 2015, under number 15309401.

The articles of association have been amended for the last time on 28 September 2017 under the terms of a deed drawn up by Damien Hisette, Notary Public in Brussels, published in the Annexes to the Belgian State Gazette on 30 October 2017 under number 17152533.

Beway is registered with the register of legal entities (Brussels, French section) under number 0631.757.238 and with the VAT under number BE 631.757.238.

The share capital of Beway amounts to EUR 83,816,000, represented by 83,816 shares without nominal value and fully paid-up.

The sole shareholder of Beway is the institutional BE-REIT (*Société Immobilière Réglementée Institutionnelle / Institutionele Geregulenteerde Vastgoedvennootschap*) under Belgian law Fedimmo, under the form of a public limited liability company (*société anonyme / naamloze vennootschap*) (hereinafter “**Fedimmo**”), having its registered office at 1160 Auderghem, Chaussée de Wavre 1945 and registered with the register of legal entities (Brussels, French section) under number 0886.003.839. Befimmo holds 100% of the shares representing Fedimmo's capital.

II. FINANCIAL SITUATION

The financial situation of the merging companies to take into consideration to assess the characteristics of the transaction is, on the one hand, either the net value per share not older than four months preceding the date of filing of the draft terms of merger, or the average of the closing prices for the last thirty calendar days preceding the date of the filing of the draft terms of merger and, on the other hand, the intrinsic value per share of Beway on 31 December 2018.

The references which are applicable to Befimmo are described in more details in point IV, 4 (a) hereinafter and the intrinsic value per Beway's share is described in point IV, 4, (b) hereinafter.



The assets of Beway, the Acquired Company, consist mainly in an office building, the Gateway building located at Zaventem.

This report as well as the documents referred to in article 697, § 2 of the Company Code in particular:

- the annual accounts for the last three financial years, the management reports and the statutory auditors' reports on the annual accounts for the last three financial years as well as the half-yearly financial report per 30 June 2018 and the press release of 14 February 2019 on Befimmo's annual results per 31 December 2018, and
- the annual accounts of Beway for the last two financial years (its first financial year having been closed per 31 December 2016: extended financial year 2015-2016), the management reports and the statutory auditors' reports on the annual accounts of Beway for the last two financial years as well as an accounting statement of Beway closed per 31 December 2018

will be made available for inspection at the registered offices of the both companies and will be posted on Befimmo's website at least one month before the first extraordinary general meeting of Befimmo to decide on the merger, i.e. on 15 March 2019.

III. JUSTIFICATION AND OPPORTUNITY OF THE PROPOSED TRANSACTION

Currently, Beway only owns the Gateway building.

All Beway shares are held by Fedimmo, a 100% subsidiary of Befimmo.

The proposed transaction is aimed at simplifying the Befimmo group structure and optimizing the management costs since it will allow to remove an intermediary company.

Upon completion of the transaction, Fedimmo will become shareholder of Befimmo.

IV. METHODS USED FOR THE DETERMINATION OF THE SHARE EXCHANGE RATIO

1. BE-REIT regulation

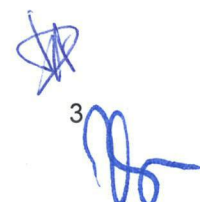
As a reminder, the provisions on mergers of the BE-REIT Law and the BE-REIT Royal Decree are the following.

a) Expert assessment

Pursuant to article 48 of the BE-REIT Law, a new assessment of the BE-REIT's real estate assets must be carried out at the occasion of any new issuance of shares.

However, a new assessment is not required if the issuance of shares takes place within four months after the last assessment or update of the assessment of the real estate assets and provided that the independent expert confirms that the overall economic situation and the condition of the real estate assets do not require a new assessment.

The fair value of Befimmo's consolidated real estate assets was last assessed on 31 December 2018.



On 12 February 2019, the independent experts confirmed that the overall economic situation and the conditions of Befimmo's real estate assets did not require new assessments.

Befimmo and Beway being affiliates, the fair value of the real estate owned by Beway has been determined by the expert in accordance with article 49 § 2 of the BE-REIT Law.

b) Values used for the determination of the share exchange ratio

Pursuant to article 26, §§ 2 and 3 of the BE-REIT Law, the issue price may not be lower than the lowest value between:

- (i) either a net value per share not older than four months before the date of filing of the draft terms of merger;
- (ii) the average of the closing prices for the last thirty calendar days preceding the date of filing of the draft terms of merger.

The aforementioned provision of the BE-REIT Law allows an amount corresponding to the portion of the gross undistributed dividends from which the new shares may be deprived to be deducted from the minimum value referred to in that provision, provided that the board of directors specifically justifies the amount of accumulated dividends to be deducted in its special report and sets out the financial conditions of the transaction in the annual financial report.

2. Timing

The draft terms of merger have been filed with the Clerk's Office of the French Tribunal of Enterprise of Brussels on 13 February 2019.

The general shareholders' meetings of both Befimmo and Beway will be held respectively on 15 April 2019 and 29 April 2019. However, in the event that the required attendance conditions and/or the conditions for the representation of the share capital are not met for the first Befimmo general meeting, a second extraordinary general meeting of Befimmo will be convened to be held on 30 April 2019.

3. Method

The board of directors of Befimmo decided to calculate the share exchange ratio based on the average of the closing prices for the last thirty calendar days preceding the date of filing of the draft terms of merger, pursuant to the aforementioned provisions of the BE-REIT Law.

The board of directors believes that this value constitutes the most appropriate reference in this matter and the method consisting in comparing it with Beway's intrinsic value seems the most adequate, particularly with regard to the specificities of Befimmo's sector of activities.

4. Reference values

- a. Net value per share of Befimmo on 31 December 2018 and average of the closing prices for the last thirty calendar days preceding the date of filing of the draft terms of merger

The net assets of Befimmo, determined on the basis of IFRS accounting standards, amount to KEUR 1,443,210 on 31 December 2018, which corresponds to a net value per share of EUR 56.42, on the basis of the 25,579,214 shares in circulation on this date.

The net value per share of Befimmo on 31 December 2018 has been published on 14 February 2019.

The average of the closing prices of Befimmo's share for the last thirty calendar days preceding the filing amounts to EUR 50.36 per share. It is lower than the net value per share of Befimmo on 31 December 2018.

The board of directors of Befimmo confirmed, all other things being equal, in its interim statement of 25 October 2018, the forecast of a gross dividend of EUR 3.45 per share for the 2018 financial year. A gross interim dividend of EUR 2.59 per share has been distributed in December 2018, so that the balance of the dividend for the 2018 financial year, which has yet to be approved by the ordinary general meeting of 30 April 2019 and which is scheduled to be paid at the beginning of May 2019, is estimated at EUR 0.86 per share.

The boards of directors of both Befimmo and Beway propose to issue the new shares coupon no. 38 and following attached, i.e. without coupon no. 37, which represents the balance of the dividend for the 2018 financial year.

As a consequence, Befimmo and Beway deducted from the average closing prices of Befimmo's share for the thirty calendar days preceding the filing of the draft terms of merger, the amount of EUR 0.86, corresponding to the portion of the gross dividends (coupon no. 37) from which the new shares will be deprived since they will be issued with coupon no. 38 attached.

b. Intrinsic value per share of Beway on 31 December 2018

The net asset value of Beway on 31 December 2018, taking into account the fair value of the real estate asset owned by Beway determined by the expert, amounts to EUR 131.662 KEUR..

On the basis of the 83,816 existing shares, the intrinsic value per Beway share amounts to EUR 1,570.84 per share.

V. DETERMINATION OF THE EXCHANGE RATIO

The boards of directors of both Befimmo and Beway have opted for an agreed issue price equal to EUR 49.50 per share, being equal to the average of the closing prices for the thirty calendar days preceding the date of filing of the draft terms of merger - EUR 0.86 per share (corresponding to the portion of the gross dividends from which the new shares will be deprived as they will be issued without coupon no. 37).

Consequently, the board of directors of Befimmo and the board of directors of Beway propose to determine the exchange ratio as follows: 31.734141 ordinary shares of the Acquiring Company for one ordinary share of the Acquired Company and a total cash payment of EUR 542.29.

The board of directors of Befimmo and the board of directors of Beway believe that, by fixing the above-mentioned share exchange ratio, they meet the rights and the interests of the shareholder of Beway (Fedimmo) and those of Befimmo's shareholders in a balanced way.



VI. ISSUE OF NEW SHARES

The new ordinary shares, without nominal value, will be issued in favour of Beway's sole shareholder, i.e. Fedimmo, in consideration for the shares this company holds in Beway (i.e. 83,816 Beway shares).

The cross-shareholding rules will apply to Fedimmo as soon as it will become holder of Befimmo's shares.

After the detachment of coupon no. 37, Befimmo will request the admission of the new shares to Euronext Brussels.

VII. OTHER TERMS OF THE MERGER

A. Date as from which the shares will entitle the holder to share in the profits

The new shares coupon no. 38 and following will allow to share in the entire results of the 2019 financial year.

B. Date of accounting retroactivity

The board of directors of Befimmo and the board of directors of Beway propose to proceed with the transfer of the assets and liabilities of Beway resulting from the merger into the accounts of the Acquiring Company with effect as from 1 January 2019 at 00:00:01 a.m. This date is explained by the fact that this is the first day of Befimmo's financial year. Consequently, the merger will have, from an accounting and tax point of view, a retroactive effect as from 1 January 2019 at 00:00:01 a.m., so that all transactions carried out by Beway as from 1 January 2019 onwards will be considered from an accounting point of view as having been carried out on behalf of Befimmo.

C. Special advantages conferred to directors and remuneration of the statutory auditor

1. The board of directors of Befimmo and the board of directors of Beway are not being conferred with any special advantage as a result of the merger.
2. Ernst & Young Réviseurs d'Entreprises SCCRL, having its registered office at De Kleetlaan 2, 1831 Diegem, represented by Christel Weymeersch, auditor, has been assigned to draft the report referred to in article 695 of the Company Code for both the Acquiring Company and the Acquired Company.

The special remuneration given to the auditor for the drafting of the written report on the draft terms of merger referred to in article 695 of the Company Code, amounts to EUR 10,000 excluding VAT for Befimmo and to EUR 3,000 excluding VAT for Beway, i.e. a total amount of EUR 13,000 excluding VAT.

VIII. CONSEQUENCES OF THE MERGER

Befimmo will acquire Beway upon completion of the proposed merger.

Pursuant to article 682 of the Company Code, the merger will involve *ipso jure* and simultaneously the following consequences:

- (i) the acquired company shall cease to exist, following its dissolution without being put into liquidation;
- (ii) the shareholder of the acquired company shall become *ipso jure* shareholder of the acquiring company;
- (iii) all of the assets and liabilities of the acquired company will be transferred to the acquiring company.

On the basis of the foregoing, the merger will have the following consequences:

1. Beway will cease to exist *ipso jure* following its dissolution without being put into liquidation and will be removed from the list of institutional BE-REITs. The sole shareholder of Beway, i.e. Fedimmo, will become shareholder of Befimmo.
2. All the assets and liabilities of Beway will be transferred to Befimmo.
3. The share capital of Befimmo will be increased by EUR 38,643,269.06 to reach EUR 410,270,475.41 and 2,659,828 new shares will be issued in exchange for the 83,816 Beway shares held by Fedimmo.
4. The transaction will result in an increase in the number of shares by 2,659,828, with the voting rights of the existing shares existing as at the date hereof being reduced to 90.58 % of the entirety of the shares issued after the merger. However, in accordance with article 631 §1 of the Company Code, as long as the issued shares will be held by Fedimmo, the voting rights attached to them will be suspended.
5. The new shares will be issued coupons no. 38 and following attached, i.e. without coupon no. 37, which represents the balance of the dividend for the 2018 financial year and which will be paid on 10 May 2019.
6. As from the 2019 financial year, each share will be entitled to 1/28,239,042 of the benefit instead of 1/25,579,214 currently.
7. The net asset of Befimmo after the merger will reach KEUR 1,574,871 and the net value per share after the merger will amount to EUR 55.77, instead of respectively KEUR 1,443,210 and EUR 56.42 prior to the transaction.



IX. CONCLUSION

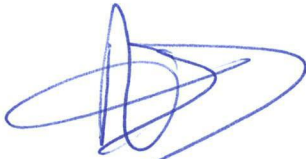
Taking into account the above-mentioned legal, operational and economic considerations, the board of directors is of the opinion that the proposed merger is in Befimmo's interest. The board of directors therefore asks Befimmo's shareholders to approve the proposed merger at the occasion of the extraordinary general meeting to be held in the presence of a notary public.

The board of directors remains at the full disposal of Befimmo's shareholders for any additional information they may require in this context.

The French and Dutch versions of this report are also available. In the event of any difference, of interpretation or other, between the French and the Dutch or English versions of this report, the French version shall prevail.

Done in Brussels, on 8 March 2019.

For Befimmo,



Alain Devos
Chairman of the board of
directors, proxy holder



Benoît De Blieck
Managing director
CEO, proxy holder