HALF-YEARLY FINANCIAL REPORT

Friday 24 July 2020 I 8.00 AM I Regulated information

Half-yearly accounts for the period from 01.01.2020 to 30.06.2020

- **Solid operational performance in the first half of fiscal year 2020 despite the COVID-19 crisis**
- **Financial results:**
    - Stability (+0.01%) of the fair value of the portfolio at constant perimeter (excluding the amount of investments)
    - The consolidated net asset value of €59.32 per share (group share)
    - Net result of €0.91 per share (group share)
    - Consolidated EPRA earnings of €1.53 per share (group share)
- **Real-estate operator (94% of rental income):**
    - Dynamic and growing rental activity: 33,500 m² let since the beginning of the year, an increase compared to the 20,000 m² (excluding ZIN) signed in the first half of 2019
    - Occupancy rate of 93.6% and weighted average duration of leases (up to next break) of 7.2 years
    - Operating portfolio:
        - Extension of the lease for the Poelaert building (Brussels, centre) for a fixed term of 9 years with reorganisation of the duration of leases of 10 Fedimmo building located in Belgian provinces, generating an economic result for the quarter of €14 million
    - Ongoing developments (±15% fair value) – office pre-letting rate amounts: 81%:
        - Brederode Corner (Brussels centre): delivery and lease started in June 2020
        - ZIN (Brussels, North area): building and environmental permits delivered in March 2020
        - Quatuor (Brussels, North area): after closure of the half-year, signature of an additional lease of 3,950 m² with a major corporate client, actually pre-let for 49%
        - Paradis Express (Liège): 100% pre-let more than a year before delivery
    - Acquisition:
        - After the close of the half-year, integration in the portfolio of the Loi 52 building (6,800 m², Brussels, Leopold district) to complete the redevelopment project of the Joseph 2 - Loi 44 site
- **Coworking (6% of rental income):**
    - Opening of coworking space Bailli (Brussels, centre)
    - Occupancy rate of mature spaces of 79%
- **Financial structure:**
    - Stable and solid Loan-to-Value ratio of 40.2%
    - Financing needs covered until the end of the year 2021
- **EPRA earnings outlook and dividend forecast:**
    - Little impact of the COVID-19 pandemic crisis on the results of the first half of the 2020 fiscal year
    - Increase of the outlook of EPRA earnings for the year: estimated at around €2.80 per share
    - Dividend forecast for the year: based on EPRA earnings estimated at €2.80 per share, a minimum of €2.24 per share

Table of contents

The Board of Directors met on 23 July 2020 to prepare the consolidated half-yearly financial statements as at 30 June 2020.

Consolidation basis:
The Befimmo businesses are presented in this Half-yearly Financial Report by business sector (real-estate operator and coworking). The results presented in € per share are calculated based on the average number of shares not held by the group as at 30 June 2020. It concerns 27,052,443 shares.

Real-estate and financial indicators:
The definitions of Befimmo's real-estate indicators are described in Appendix 2 to the Half-yearly Financial Report 2020. They are identified in a footnote the first time they occur. Befimmo has fully committed to standardising its financial and social-responsibility reporting - with a view to improving the quality and comparability of the information - by adopting the EPRA reporting guidelines.

Alternative Performance Measures :
The Alternative Performance Measures (APM) guidelines of the European Securities Markets Authority (ESMA) have been applicable since 3 July 2016. The APMs used in this press release are identified in a footnote the first time they occur. The full list of APMs, with their definitions, purpose and relevant reconciliation tables are set out in Appendix 3 and Appendix 4 to this press release and are published on Befimmo's website (www.befimmo.be).

Executive Summary

The first half of fiscal year 2020 was marked by the COVID-19 pandemic, which affected the whole world at all levels.

In these exceptional circumstances, Befimmo's attention is focused first and foremost on the health and safety of its staff, customers and all other stakeholders, while safeguarding the Group's business and the continuity of the services it provides to its customers. Since the beginning of March, Befimmo has regularly informed its customers and implemented measures to protect their health and safety. After a period of compulsory teleworking, customers have been returning to their offices in increasing numbers since mid-May.

The results for the first half of 2020, scarcely impacted by the COVID-19 crisis, indicate a robustness and a good performance. This Half-Yearly Financial Report includes an inventory of the current estimated impact of the crisis on Befimmo’s various activities. In these times of crisis, Befimmo's fundamentals (a high occupancy rate, long duration of leases and first-class tenants) provide a solid operational base.

This unprecedented crisis is accelerating the evolution of the world of work. In future, office environments will be used in a different way, mainly for collective efficiency. After the world's largest teleworking experiment, there will be an increasing need for a new attractive, flexible and adaptable working environment.

The long-term impact on office demand is still uncertain and it is likely that many companies will be looking more carefully at their costs and at flexibility. A new balance between an increase in the number of m² needed for social distancing and a reduction in the number of m² linked to the increase in teleworking has yet to be defined. Befimmo is ready to respond to these two contradictory trends thanks to the quality of its assets and its range of offers covering solutions going from long term leases to flexible contracts.

A global study by Cushman and Wakefield[1] confirms these trends and concludes that, in future, 50% of the workforce will work in an ecosystem of workplaces with a balance between the office, home and other places. The central hub of a company will always remain the heart of its activities. Decentralised secondary hubs will complement its ecosystem.

Therefore, the joint offer or ”hybrid offer” of Befimmo and Silversquare, ranging from the traditional office to the full coworking building and a mix of both solutions, meets these needs and allows customers to combine several innovative workspace solutions that promote creativity and networking in a BeLux network. Users will benefit from flexibility in terms of duration of their contract, workspace (they will easily occupy less or more space depending on their needs) and meeting facilities. They will be able to move from place to place according to their preferences and work schedule. In fact, in recent months the commercial teams of Befimmo have noticed growing interest among customers in this kind of solution, and Befimmo and Silversquare are well placed to respond to it.

The crisis has also demonstrated the importance of digitisation. This digital transformation is one of the priorities of Befimmo’s R&D activities, with the goal of providing new tools to improve the user experience.

To continue this evolution and transformation, Befimmo concluded a partnership with Co.Station in June 2020 and has become its privileged real-estate partner and will lead the innovative "smart building" track. Co.station is a unique platform for innovation and entrepreneurship.

REAL-ESTATE OPERATOR BUSINESS

The real-estate operator business was scarcely impacted by the COVID-19 crisis during the first half.

Indeed, Befimmo let or renegotiated nearly 33,500 m², an increase on the 20,000 m² signed in 2019 (excluding the ZIN transaction which involved 70,000 m² of office space).

ASSET MANAGEMENT

Befimmo has concluded an agreement with the Buildings Agency for the extension of the lease of the Poelaert building (Brussels centre) for a fixed 9-year term from 19 December 2021. The agreement also provides for the early termination (full or partial) of 10

[1] The Future of Workplace, Cushman & Wakefield, May 2020.

leases in small Fedimmo buildings located in Belgian provinces (in 2020 and in 2021), in return for compensations. As planned in its strategy and outlook, Befimmo will sell these buildings. The economic results on this operation during the quarter amounts to some €14 million. The impact of this operation on EPRA earnings in 2020, 2021 and 2022 is neutral. The IRR of the Poelaert building at 30 June 2020 is 7.1%.

In these times of crisis, Befimmo's fundamentals provide a solid operational base. Accordingly, the spot occupancy rate of the properties available for lease is 93.6% at 30 June 2020 (compared with 94.4% at the end of 2019). The weighted average duration of the leases (until the next expiry) is 7.2 years, and 59% of income comes from long leases with Belgian and European public institutions. The remainder is spread among tenants from various sectors, including large companies, while a very limited share comes from the retail sector (1% of consolidated rental income).

Befimmo is aware of the challenges that some of its customers are facing and is monitoring the situation responsibly on a case-by-case basis, granting rent deferrals in some cases. At 15 July 2020, 98% of the rent due for the first half of the fiscal year has been collected, this percentage is in line with last year's percentage at the same date, and a limited proportion of the arrears is directly related to the COVID-19 crisis.

A full overview of rent collection and deferrals can be found on page 11 of the Report.

ASSET DEVELOPMENT

As proven in the past, Befimmo has always attached importance to the management of its development pipeline. Particular attention is paid to the analysis of the market before launching projects at risk of occupancy and to maximizing the pre-let rate before work begins. Currently, the pre-letting rate of office projects amounted to 81%.

In Liège, construction of the Paradis Express eco-neighbourhood continues. Marketing of the project has been a great success. In 2020, Befimmo pre-let 3,100 m² to ONEM and 2,540 m² to Deloitte. All the office space under construction (21,000 m²) is therefore pre-let, after the residential part was sold in 2019. Paradis Express is scheduled for hand-over in 2021. The capital gain over the quarter as a result of these leases amounts to €15.3 million.

In the Quatuor building (Brussels North area), under construction, Befimmo signed (after the close of the half-year) a lease for 3,950 m² with a major corporate client. The Quatuor building is currently 49% pre-let. Even though no marketing visits could take place during lockdown, they resumed very quickly from mid-May and clear signs of interest in the building are being confirmed.

In June 2020, the Brederode Corner building (6,700 m², Brussels centre) was handed over and the lease has commenced, generating an increase in value of approximately €5 million since the departure of the previous tenant.

ASSET ROTATION

After the sale of the Pavilion building in 2019, Befimmo intends to pursue during fiscal years 2020 and 2021 an active rotation policy of certain assets that have reached maturity, with a good prospect of crystallization of value, for an amount of at least €220 million.

After the closing of the first half, Befimmo acquired the Loi 52 building, intended to host, in the form of an Instit. BE-REIT, the entire project consisting of the buildings "Joseph 2", "Loi 52" (6,700 m², Brussels, Leopold district) and "Loi 44" (see page 13 of the Report).

COWORKING BUSINESS

The new "Bailli" space (7,200 m²) opened on 1 June 2020 in the Platinum building, located in the Brussels CBD (Louise district). The space, designed by a two Brussels artists, has four floors in this iconic building with an internal garden of 500 m². Even though the centre opened in the midst of the crisis, its occupancy rate is already 13%, far better than forecast.

Silversquare now operates seven coworking spaces in Brussels and the Grand Duchy of Luxembourg, with a total space of 26,000 m².

Because of some of the waivers received during lockdown, the occupancy rate of the mature spaces was 79% as at 30 June 2020. Since June, members are returning gradually, and Silversquare estimates that it can return to normal occupancy by the end of the year. The growing need for flexibility among corporate customers will support demand.

In the first half of 2020, Silversquare's turnover was €4.0 million.

The recovery rate for monthly invoices issued for the first half of the year was 99%.

Befimmo and Silversquare are continuing to develop the Belux network of connected working environments. The expansion of the Europe space (from 2,800 m² to 4,600 m²) is currently under way. The expansion of the Stéphanie space (from 2,100 m² to 3,800 m²) is also planned in 2020. Before expansion, these spaces were fully occupied.
The pipeline is presented on page 16 of this Report.

Thanks to Silversquare's activity, still low in consolidated revenues until 2023, Befimmo has been able to complete its range of offers and services and thus meet the demands for flexibility and community that will be crucial in tomorrow's world of work. Silversquare's contribution to consolidated revenues will increase in line with the development plan.

FINANCIAL STRUCTURE

The consolidated net asset value (group share) was €59.32 as at 30 June 2020. The fair value of the portfolio amounts to € 2,863.0 million compared to the value of € 2,788.6 million on 31 December 2019. Overall, values have not been impacted by the COVID-19 crisis. Historically, and due to the presence of the Belgian and European institutions, the Brussels office market is more stable in times of crisis compared to other European cities.

The loan-to-value (LTV) ratio was 40.2% at 30 June 2020. Befimmo intends to maintain its LTV ratio to a level below 50% throughout the implementation of its development pipeline. In addition to value crystallization, asset rotation should make it possible to fund projects in progress, ensure a capacity for growth, and even absorb any exceptional falls in value linked to the COVID-19 crisis.

FINANCIAL RESULTS

The EPRA earnings of the real estate operator business amounts to €1.57 per share, compared to €1.71 per share as at 30 June 2019, mainly due to the effect of the private placement of shares carried out in December 2019 (see page 24 for a detailed analysis of the result).

The consolidated EPRA earnings (group share) amounts to € 1.53 per share.

OUTLOOK AND DIVIDEND FORECAST

Following the uncertainties related to the consequences of the COVID-19 pandemic, the Board of Directors of Befimmo decided, in May 2020, to withdraw the three-year EPRA earnings forecasts published in the 2019 Annual Financial Report. These uncertainties persist to this day.

The Board had also revised the EPRA earnings forecast for the 2020 financial year to an amount above € 2.70 per share. At constant perimeter and on the basis of the information known at the date of publication of this Report, Befimmo is confident to be able to announce that the projected EPRA earnings should amount to about € 2.80 per share.

DIVIDEND POLICY

Befimmo will propose a dividend of at least 80% of the EPRA earnings for the year, supplemented, as the case may be, by realised capital gains during the financial year in the framework of its asset rotation policy, i.e. for the 2020 financial year a minimum of €2.24 per share. The financial resources retained in the Company will contribute to ensuring the capital requirements useful for the development of its activities.

Befimmo has the intention to propose the distribution of the dividend in two phases (interim dividend in December and final dividend in May) and, as the case may be, in optional form.

SHARE PRICE

The current crisis is characterised in particular by a significant fall in share prices.
The Befimmo share price is at a historically low level. At 30 June 2020, the Befimmo share closed at €39.85, a discount of 33% in relation to the net asset value.

This share price movement is in line with the average evolution of listed European office REIT's. As at 30 June 2020, the return on the Befimmo share price (-24.7%) since the year opened is in line with the movement of the EPRA office index (-24.3%).

SUBSEQUENT[2] KEY EVENT TO THE CLOSING

None

[2] In the sense that there are no events with an impact on the condensed consolidated financial statements as at 30 June 2020.

BEFIMMO
AT A GLANCE.

Befimmo, a Belgian Real-Estate Investment Trust (SIR-GVV), is an investor and real-estate operator specialising in quality workspaces. These "Befimmo Environments" are located in Brussels, in the main Belgian towns and cities and in the Grand Duchy of Luxembourg. With its subsidiary, Silversquare, Befimmo develops a BeLux network of interconnected and flexible workspaces.

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

Its portfolio is worth some €2.9 billion and comprises 78 office buildings with space of about 1,000,000 m².

Befimmo is listed on Euronext Brussels. At 30 June 2020, its market capitalisation was €1.1 billion. Befimmo offers its shareholders a solid dividend and a yield in line with its risk profile.

By creating added value for its users, Befimmo also creates value for its shareholders.

TRENDS

Changing ways of working and living

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

OUR 6 STRATEGIC AXES

- INTEGRATION INTO THE CITY
- WORLD OF WORK
- USE OF RESSOURCES
- MOBILITY
- DIALOGUE
- SETTING AN EXAMPLE

BEFIMMO'S BUSINESS MODEL

Providing, places to work, meet, share and live

REAL-ESTATE OPERATOR		COWORKING
Asset management & rotation	**Asset development**	**Workspace as a service**
Proactive management of quality workspace with city center focus in a Belux network	Future proof developments to create value in a low yielding environment	Offering flexibility community & services

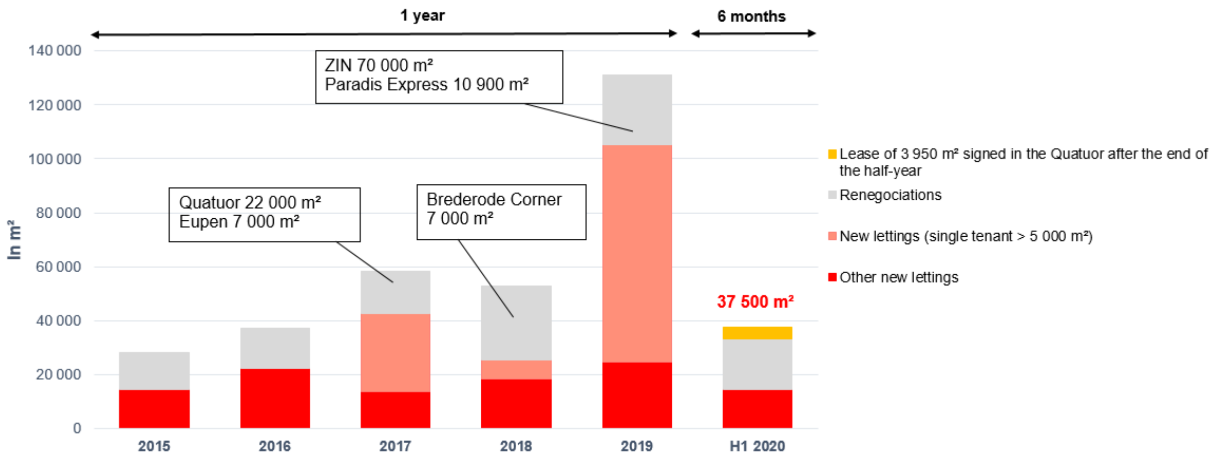
SUSTAINABLE, INNOVATIVE APPROACH AND TENANT'S EMPOWERMENT ARE AT THE CENTER OF OUR STRATEGY

.INTERIM MANAGEMENT REPORT

Property report

REAL-ESTATE OPERATOR ACTIVITY

RENTAL ACTIVITY[3]



During the first half of the fiscal year, Befimmo contracted new leases and renewals for a surface area of 33,492 m², compared to the 19,830 m² contracted during the same period in fiscal year 2019 (excluding rental of the office part of the 70,000 m² ZIN project).

Main transactions of the first half :

- **Properties available for lease :**
  - Poelaert (Brussels, centre) : agreement with the Buildings Agency for the extension of the lease of the Poelaert building for a fixed 9-year term from 19 December 2021. The agreement also provides for the early termination (full or partial) of 10 leases in small Fedimmo buildings located in Belgian provinces (in 2020 and in 2021), with compensation. As planned in its strategy and outlook, Befimmo will sell these buildings. The economic result on this operation during the quarter amounts to some €14 million. The impact of this operation on EPRA earnings in 2020, 2021 and 2022 is neutral. The IRR of the Poelaert building at 30 June 2020 is 7.1%.
  - Axento (Grand Duchy de Luxembourg, Luxembourg, Kirchberg) : signature of several lease extensions (5,000 m²);
  - Blue Tower (Brussels, Louise district) : signature of lease renewals (1,000 m²) and new leases (1,300 m²);
- **Development projects:**
  - Paradis Express (Liège) : 3,100 m² pre-let to the ONEM and 2,540 m² to Deloitte. The project is therefore entirely pre-let, one year before delivery. The capital gain over the quarter as a result of these leases for the quarter amounts to €15.3 million;
  - Quatuor (Brussels, North area) : 3,950 m² pre-let to a major corporate client. The Quatuor is currently pre-let for 49%.

Comment impact COVID-19 :

On account of the lockdown, new expressions of interest were limited during the first half of fiscal year 2020. Sales visits have resumed since mid-May and some negotiations already under way before the lockdown have been concluded. The take-up of space was generally not impacted by the COVID-19 crisis over the half-year. However, prospective tenants are even more demanding in terms of quality, location, services and flexibility. Given the quality of its portfolio and the flexibility of the "hybrid offering", Befimmo and Silversquare are well placed to meet those needs.

[3] In accordance with the definitions, leases are not reflected in the real estate indicators until the lease has started.

SPOT OCCUPANCY RATE AND EPRA VACANCY RATE

	30.06.2020	31.12.2019
"Spot" occupancy rate of properties available for lease[a]	93.6%	94.4%
EPRA Vacancy Rate[b]	3.6%	4.1%

(a) This is a real-estate indicator. For more information, please refer to Appendix 2 of this Report.
(b) This is an EPRA indicator. For more information, please consult the chapter "EPRA Best Practices"

The change in the occupancy rate is mainly related to a "one off" item (i.e. the reclassification of the 6 Fedimmo buildings in the "properties held for sale" category) and the termination of leases in the Central Gate building. These floors are currently being renovated and 80% is already pre-let. In accordance with the definitions, future signed leases are not taken into account in the calculation of the occupancy rate.

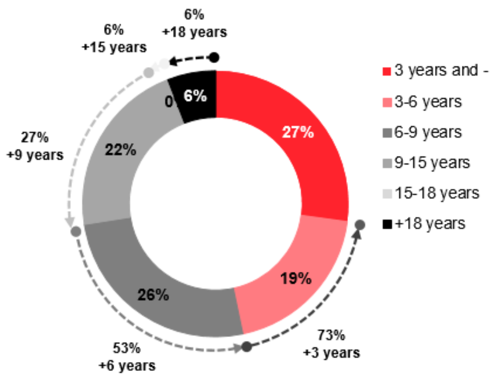
WEIGHTED AVERAGE DURATION OF LEASES

	30.06.2020	31.12.2019
Weighted average duration of current leases up to next break[a]	7.2 years	7.1 years
Weighted average duration of current leases up to final expiry[a]	7.9 years	7.8 years

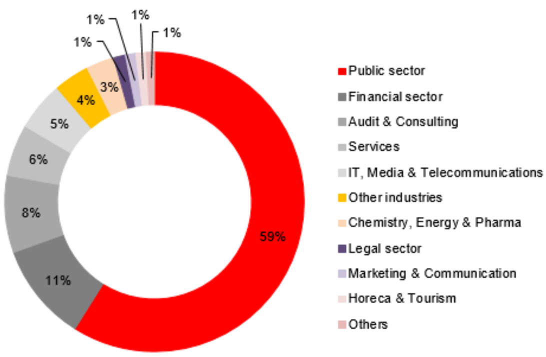
(a) This is a real-estate indicator. For more information, please refer to Appendix 2 of this Report.

In accordance with the definitions, future signed leases are not taken into account in the calculation of the occupancy rate.

Duration of leases[4]

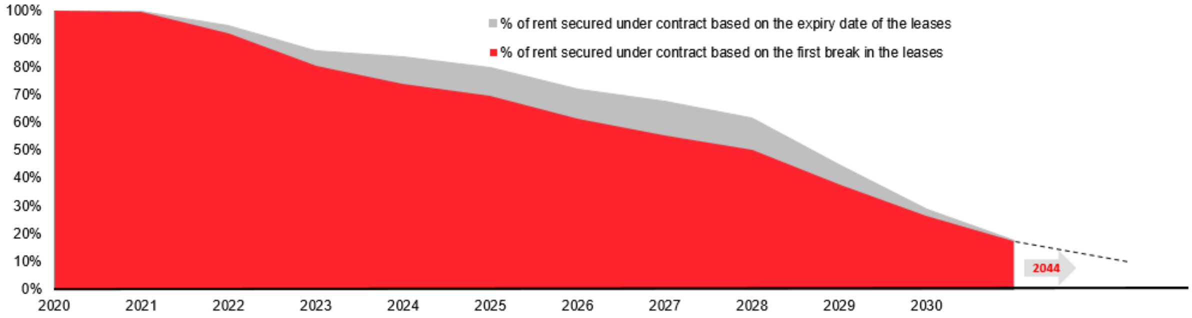


Tenants by activity sector[6]



4 The proportions are expressed on the basis of the gross current rent from lease agreements as at 30 June 2020.

The percentage of rent guaranteed under contract on the basis of the remaining term of the rent in the consolidated portfolio[5] (gross current rent from lease agreements) (in %)



Tenants of the public sector and top 5 tenants of the private sector

Public sector	Weighted average duration up to next break (in years)	Percentage of the gross current rent from lease agreements (in %)	Rating
Federal		47.8%	AA (rating S&P)
Flemish Region		2.1%	AA (rating Fitch)
Belgian public sector	***8.8***	***49.9%***	
European Commission		3.6%	AAA (Rating S&P)
European Parliament		3.9%	AAA (Rating S&P)
Representations		1.5%	-
European public sector	***4.6***	***9.0%***	
Total public-sector tenants	**8.2**	**58.9%**	

Private sector - top 5	Weighted average duration up to next break (in years)	Percentage of the gross current rent from lease agreements (in %)	Rating S&P
Deloitte Services & Investments NV		5.7%	-
BNP Paribas and affiliated companies		5.0%	A+
Beobank (Crédit Mutuel Nord Europe)		2.5%	A+
Docler Holding		2.2%	-
McKinsey & Company		1.5%	-
Total private-sector top-5 tenants	**8.4**	**16.8%**	

Other tenants	Weighted average duration up to next break (in years)	Percentage of the gross current rent from lease agreements (in %)
±255 tenants	3.8	24.2%
Total of portfolio	**7.2**	**100%**

[5] Rents for future years calculated on the basis of the present situation, assuming that each tenant leaves at the first break and that no further lease is agreed in relation to the current rent as at 30 June 2020.

COLLECTION AND DEFERRAL OF RENTS

Comment impact COVID-19:
Befimmo is aware of the challenges that some of its customers are facing and is monitoring the situation responsibly on a case-by-case basis. For tenants in the retail sector (accounting for some 1% of consolidated rental income), rent rebates were granted for the duration of the lockdown. For around 30 office tenants seriously affected by the crisis linked to the COVID-19 pandemic, deferred payments were allowed for the second quarter and the rents were monthlyized. These rent deferrals currently amount to around €1.4 million.

As at 15 July 2020, some 98% of rents due for the first half of the fiscal year have been collected; this percentage is in line with the figure for the same date last year, and a limited proportion of late payments are directly related to the COVID-19 crisis.

FAIR VALUE[6] BY GEOGRAPHICAL AREA

As at 30 June 2020, the fair value of the portfolio was €2,863.0 million, as against €2,788.6 million as at 31 December 2019.

This change in value (excluding rights of use IFRS 16) incorporates:
- the renovation or redevelopment (investments) works carried out in the portfolio;
- the changes in fair value booked to the income statement (IAS 40).

At constant perimeter, the value of the portfolio (excluding the amount of investments) was stable during the first half of the fiscal year (change of +0.01% or €0.2 million).
Overall, values have not been impacted by the COVID-19 crisis. The change in value of -42.1% in the category "Properties held for sale" is related to the early termination of Fedimmo leases in return for compensation, which is more than offset by the capital gain of €24 million on the extension of the lease in the Poelaert building.

The experts point out that the valuations as at 30 June 2020 are reported on the basis of "significant valuation uncertainty" as provided for in the RICS guidelines[7].

[6] 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

[7] Royal Institute For Chartered Surveyors.

Offices	Change over the half-year[(a)] (in %)	Proportion of portfolio[(b)] (30.06.2020) (in %)	Fair value (30.06.2020) (in € million)	Fair value (31.12.2019) (in € million)
Brussels CBD and similar[(c)]	1.1%	49.19%	1 408.2	1 346.1
Brussels decentralised	-1.3%	2.9%	82.9	83.2
Brussels periphery	-0.9%	4.2%	120.6	121.1
Flanders	-3.0%	15.4%	441.6	474.9
Wallonia	0.9%	8.1%	232.5	230.6
Luxembourg city	2.1%	4.9%	141.5	138.6
Properties available for lease	*0.1%*	*84.8%*	*2 427.4*	2 394.5
Properties that are being constructed or developed for own account in order to be leased	*1.2%*	*14.8%*	*424.4*	*394.1*
Investment properties[(d)]	**0.3%**	**99.6%**	**2 851.7**	**2 788.6**
Properties held for sale	**-42.1%[(e)]**	**0.4%**	**11.2**	**0.0**
Total	**0.0%**	**100.0%**	**2 863.0**	**2 788.6**

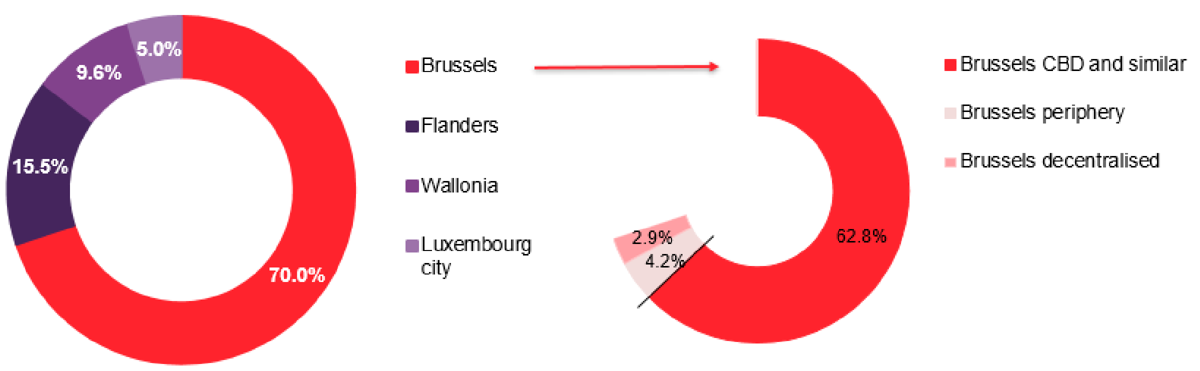
[(a)] The change over the semester is the change in fair value between 1 January 2020 and 30 June 2020 (excluding the amount of investments).
[(b)] The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 30 June 2020.
[(c)] Including the Brussels airport zone, in which the Gateway building is situated.
[(d)] Excluding rights of use IFRS 16.
[(e)] The change in value of -42.1% in the category "Properties held for sale" is related to the early termination of Fedimmo leases in return for compensation, which is more than offset by the capital gain of €24 million on the extension of the lease in the Poelaert building.

OVERALL RENTAL YIELD

	30.06.2020	31.12.2019
Gross initial yield on properties available for lease [(a)]	5.2%	5.4%
Gross potential yield on properties available for lease [(a)]	5.5%	5.6%
Gross initial yield on investment properties	4.5%	4.6%
EPRA Net Initial Yield (NIY)	4.7%	4.9%
EPRA Topped-up NIY	5.0%	5.1%

[(a)] Taking into account the properties that are being constructed or developed for own account in order to be leased, but excluding the IFRS 16 rights of use.

Geographical breakdown of the portfolio[8]



[8] The proportions are expressed on the basis of the fair value of the investment properties as at 30 June 2020.

REDEVELOPMENT PROJECTS

Over the first half of the fiscal year, Befimmo invested €74.1 million in its portfolio. The main renovation and construction projects are listed in the table below. All projects have a BREEAM "Excellent" or "Outstanding" certification in the Design phase.

As proven in the past, Befimmo has always attached importance to the management of its development pipeline. Particular attention is paid to the analysis of the market before launching projects at risk of occupancy and to maximizing the pre-let rate before work begins. Currently, the pre-letting rate[9] of office projects amounted to 81%.

	Projected return on investment (including land)	Occupied	Total investment (in € million)	% Completion[(a)]	Completion date
Committed ongoing main projects					
Paradis Express	> 6%	100% pre-let 3 800 m² coworking	54	29%	2021
Quatuor	> 5.3%	49% pre-let 7 000 m² coworking	170[(b)]	51%	2021
ZIN	±4.3% (on all functions)		411	14%	
Offices		100% pre-let			2023
Coworking & sport		5 000 m² coworking			2024
Hotel		Negotiation in progress			2024
Residential		Commercialisation in 2023			2024
Ongoing main projects to be committed					
PLXL	Targeted return of ±6%	-	49	-	2023
(re)development Joseph 2 - Loi 44 & 52	Targeted return of ±5%	-	60	-	2024
(re)development Pachéco	Targeted return of ±5%	-	37	-	2024
WTC 4	-	Development in case of pre-letting	140	-	Implementation of the permit

(a) Costs spent/total investment (excluding land).
(b) The increase in the estimated cost of the Quatuor project corresponds mainly to additional investments to enhance the qualities of the building that will lead to an improved rental situation.

For more information on these projects, please consult pages 57 and 58 of the Annual Financial Report 2019 (www.befimmo.be).

Since the publication of the Annual Financial Report, Befimmo has completed preparations for the expiry of the leases[10] in the Joseph 2 building (12,820 m², Brussels CBD, Léopold) and Pachéco building (5,770 m², Brussels CBD, centre). Befimmo is preparing two new innovative projects for these strategic locations.
In 2019, it bought the Loi 44 building (6,290 m²) and recently acquired the Loi 52 building (6,800 m²) in its portfolio. The location of these buildings, adjoining the Joseph 2 building, offers significant potential for value creation. On the site, a new complex (approx. 30,000 m²) will be developed, with an address on Rue de la Loi, which will be able to meet the needs of institutional occupants looking for quality new working environments by 2024.
The redevelopment project for the Pachéco building will be multifunctional (approx. 12,500 m²) in an exceptional city-centre location.
These projects are in line with Befimmo's six strategic axes including mobility, integration in the city, use of resources, etc.

Befimmo pays particular attention to the decrease of the weight of its portfolio in the North area of Brussels, now that a firm 18-year lease has been signed and the permits have been delivered for the ZIN project. The construction of the ZIN project will be able to start very soon.

[9] Calculated on the office portion of ongoing committed projects, excluding coworking.
[10] Expiry of the lease on the Joseph 2 building in 2021 and expiry of the lease on the Pachéco building in 2021 at the earliest.

Comment impact COVID-19:

COVID-19 is having a delayed effect on Befimmo's EPRA earnings (up to 2022-2024) since the hand-over of the Quatuor, ZIN and Paradis Express projects will suffer a delay, currently estimated at around 6 months, and an increase of their cost.

COWORKING ACTIVITY

COWORKING SPACES PORTFOLIO

Spaces	Surface	Location
Silversquare Bailli	7 200 m²	Louise district, Brussels CDB
Silversquare Europe	4 100 m²	Leopold district, Brussels CDB
Silversquare Louise	3 300 m²	Louise district, Brussels CDB
Silversquare Luxembourg	2 200 m²	Railway station district, Luxembourg city, Grand Duchy of Luxembourg
Silversquare Stéphanie	2 100 m²	Leopold district, Brussels CDB
Silversquare Triomphe	4 300 m²	University district, Brussels decentralised
Silversquare Zaventem	2 600 m²	Brussels periphery
Total	**26 000 m²**	

The new "Bailli" space (7,200 m^2) has opened on 1 June 2020 in the Platinum building, located in the Brussels CBD (Louise district). The space, designed by a two Brussels artists, occupies four floors in this iconic building with an internal garden of 500 m^2 available for coworking. Even though the Bailli centre opened in the midst of the crisis, its occupancy rate is already 13%, way better than forecast.

Silversquare now operates seven coworking spaces in Brussels and the Grand Duchy of Luxembourg.
The coworking business accounted for about 6% of Befimmo's consolidated rental income as at 30 June 2020. While the proportion of coworking activity in consolidated income will remain relatively low by 2023, the attractiveness and flexibility of the Befimmo and Silversquare "hybrid offering" are essential elements of tomorrow's world of work.

MODEL OF CONTRIBUTION OF A MATURE SPACE

	Base 100
Turnover	**100**
Rent	-32
Taxes/charges	-18
Human ressources	-10
Operating expenses	-13
EBITDA	27
Investments (annualised)	-10
Contribution (before structure costs)	17

The implementation of Silversquare's development plan should lead to a positive contribution to EPRA earnings from 2022 onwards.

OCCUPANCY RATE

	Number of occupied desks (A)	Number of available desks (B)	Occupancy rate (A/B)
« Mature » coworking spaces [a)]	511	645	**79%**
All coworking spaces	1 443	2 848	**51%**

(a) A space is considered as mature after 3 years of existence.

Comment impact COVID-19:

After a boost to its reputation during lockdown, the occupancy rate of the mature spaces was 79% as at 30 June 2020. The recent openings of the “Zaventem” and “Bailli” centres have an impact on the occupancy rate of all coworking spaces, which stood at 51% as at 30 June 2020. It should be noted that the perimeter of mature and total spaces changes from period to period due to the fact that Silversquare is in a period of development.

Since June, members are returning gradually, and Silversquare estimates that it can return to normal occupancy by the end of the year. The growing need for flexibility among corporate customers will sustain demand.

RECOVERY RATE ISSUED INVOICES

With the aim of cementing members’ loyalty, the membership fees for "fully flex" and for "dedicated desks" in the "open space" of the coworking centres (0.4% of consolidated rental income) were cancelled for the month of April. Furthermore, specific concessions are granted on a case-by-case basis according to the situation of the members concerned.

The recovery rate for monthly invoices issued for the first half is 99%.

REVENUE SHARE

69% of revenues for the half-year are generated in "private offices" used by small and medium sized companies which have a higher resilience potential than "flex desks".

PIPELINE OF COWORKING SPACES

Befimmo and Silversquare continue the development of the Belux network of connected work environments.

The coworking spaces planned in the buildings of the Befimmo portfolio are generally fitted out by Befimmo (as real-estate operator) and handed over to Silversquare as "turnkey" premises. Silversquare (as coworking operator) invests in the furniture and IT for these spaces. For the spaces provided in third-party buildings, Silversquare invests in the fitting-out as well as in furniture and IT.

In the first half of 2020, Silversquare invested € 3.0 million in its spaces. Befimmo (real estate operator) has invested €0.3 million in 2020 in the ongoing project (Central Gate) delivered turnkey.

The extension of the Europe space (from 2,300 m² to 4,600 m²) is currently ongoing. The extension of the "Stéphanie" space (from 2,100 m² to 3,800 m²) is also planned for 2020. Before extensions, these spaces were 100% occupied.

Current pipeline until 2022

Spaces	Surface - committed	Surface - not committed	Total surface
Extensions 2020	*+ 2 000 m²*		
Portfolio end 2020	**28 000 m²**		**28 000 m²**
New openings 2021	*+ 20 000 m²(a)*	*+ 4 100 m²*	
Portfolio end 2021	**48 000 m²**	**4 100 m²**	**52 100 m²**
New openings 2022	*+ 3 800 m²(b)*	*+ 10 000 m²*	
Portfolio end 2022	**51 800 m²**	**14 100 m²**	**65 900 m²**

(a) Quatuor, Central Gate and Flanders.
(b) Paradis Express

PARTNERSHIP WITH CO.STATION

In June 2020, Befimmo announced its new partnership with Co.Station and becomes its privileged real-estate partner. Co.Station is a unique innovation and entrepreneurship platform. Befimmo will also be one of the founding partners of the "co.building" innovation ecosystem, to be launched by Co.Station later this year. This ecosystem will support more than 30 companies in designing intelligent and sustainable buildings together, placing environmental quality at the heart of housing and the workplace. This dialogue will bring many opportunities with it for Befimmo, because it is going to be a cutting-edge ecosystem open to themes, such as mobility, integration in the city, use of resources, etc., that have been built into our strategy since long.

www.befimmo.be/en/news/befimmo-partnering-costation
www.co-station.com

COVID 19 : EXCEPTIONAL TIMES ASK FOR EXCEPTIONAL MEASURES

1 TEAM

1. **Change management and well-being**
   - Regular virtual contacts
   - Increased digital communication tools
   - Tips & tricks and protocols for WFH and WLB
   - Additional virtual social activities
   - Training
   - Additional IT and logistics support for home offices
   - Specific integration process for new recruits
2. **Crisis team**
   - Crisis management and crisis communication team to ensure daily/weekly follow-up of the business impact of the crisis

2 CLIENTS

1. **Increased virtual contacts**
2. **Regular mailings**
3. **Protocols (COVID- 19 case detection)**
4. **Safety measures and guidelines**
5. **Responsible and case by case monitoring of the financial situation**

3 OTHER STAKEHOLDERS

1. **Investor community :**
   - Regular updates on business impact and measures taken
   - Monitoring of share price
2. **Sponsoring :**
   - Fund raising for the Red Cross of Auderghem (€7,000) with sport challenge to replace their annual sticker sale

4 LESSONS LEARNED

1. Resilience and flexibility of the Befimmo team. | **2.** Strategy: acceleration of the evolution of our ways of working and living, the further development of Befimmo's current positioning and 6 strategic axes is key. | **3.** Agility and Change Management. | **4.** Acceleration of team training to support/boost the business & digital transformation. | **5.** Continuous improvement of the internal team functioning van het interne team. | **6.** Internal questionnaire regarding COVID-19 to continue to innovate and improve.

Office property markets

All of the following information, covering Brussels and Luxembourg, comes from Cushman & Wakefield's databases, analyses and market reports on 30 June 2020.

THE BRUSSELS OFFICE MARKET

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

TAKE-UP

Take-up during the first half of the year amounted to 128,000 m², a sharp drop in relation to the 344,000 m² recorded for the first half of 2019. 2020 has also seen a drop in the number of transactions in relation to last year. So far in 2020, there have been 136 transactions on the Brussels office market, as against 187 in the first half of 2019. We would recall that a drop in rental activity was expected this year after the remarkable take-up in 2019, but the drop was exacerbated by the COVID-19 pandemic and the containment measures that ensued.

The major transactions so far include:

- 30,000 m² taken up by the European Commission in *The One* (Leopold district);
- 14,200 m² taken up in *Commerce 46* (Leopold district) by ING Bank;
- 5,900 m² rented by ACP in the *MCE Center* (Louise district).

The public sector (European Union, Belgian federal, regional and local governments) contributed about 55,000 m² of take-up this year, 50% down on the first half of 2019. The European Union is so far contributing more than 23% of take-up following the lease in *The One* tower, the largest transaction of 2020. The private sector accounts for nearly 57% of take-up, compared with 66% in the first half of 2019 and 68% in 2018.

Coworking

The take-up from coworking is falling back after dynamic growth over the past three years. Only one transaction was recorded in 2020; the lease of 2,300 m² by Frame 21 in the G building of the Corporate Village (Airport periphery). While the business began to develop in 2017, it was in 2018 and 2019 that the sector grew strongly in Brussels, owing partly to the arrival of new providers (national and international). Specifically, more than 78,000 m² were let (in 17 transactions) in 2018 and more than 60,000 m² (a further 17 transactions) in 2019. Note that most of the transactions that took place in 2018 and 2019 were in the form of pre-letting. This, combined with the effects of the COVID-19 pandemic, could explain the slowdown in take-up this year.

With its multiple coworking brands, the IWG group (approx. 58,000 m² in Brussels) is the largest operator in Brussels, followed by Silversquare (approx. 43,000 m² in Brussels). The coworking market in Brussels currently accounts for some 1.3% of office stock, a proportion that is in line with the European average (excluding the United Kingdom).

RECENT HAND-OVERS AND FUTURE PROJECTS

Since the start of the year, some 94,000 m² of office space have been handed over onto the Brussels market. Recent hand-overs include the *Manhattan Center* (45% occupied) in the North area, the *Allianz Tower (Mobius I)* (100%

occupied) in the North area, the *Spectrum* (approx. 80% occupied) in the city centre and the *Brederode Corner* (100% occupied) also in the city centre.

Some 556,000 m² of new developments (speculative and pre-let) are currently under construction with an expected hand-over date between 2020 and 2022. The biggest developments partly at risk launched in 2020 and 2021 include the *Multi-Tower* (42,000 m² in the city centre, 17,000 m² of which are pre-let), the Gare Maritime building (45,000 m², 50% of which are pre-let in the Tour & Taxis district), the Copernicus (13,000 m² in the Leopold district), Mobius II² in the North area) and the Quatuor (62,000 m² in the North area) where Beobank has already pre-let 22,000 m² and Silversquare 7,000 m².

Other developments will join them in the coming years; the *Networks NOR* building (13,000 m² in the North area), *Bel 9* (7,000 m² in the Leopold district), and the *TVR* building (23,000 m² in the North area).

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

CHANGES IN RENTAL VACANCIES

Vacancies are continuing to fall, to 7.6% in the first half of the year, from 7.98% at the end of 2018. The vacancy rate is currently at one of its lowest levels on record. Despite stabilising between 2019 and 2020, the vacancy rate on the market could see a slight increase in the near future when new partially empty office space is handed over. The rate of vacancies in Grade A buildings (less than 5 years old) is 8% and are found mainly in the *Manhattan Center*, *Phoenix* and *Allianz Tower* buildings.

MOVEMENTS IN RENTS

Prime rents rose at the end of 2018 and again during the second quarter of 2019, reaching a record high of €320/m²/year. The scarcity of available quality space and the confidence of some owners in being able to earn high rents contributed to this significant price rise. Prime rents were not affected by the economic slowdown (owing to COVID-19) and are holding at €320/m²/year. Weighted average rents, on the other hand, are at the highest level ever seen (around €190/m²/year across the entire Brussels market). This is partly explained by the lack of transactions and by major transactions in Grade A buildings (*The One* and *Commerce 46*, for example). Prime rent in the North area has remained stable this year at €220/m²/year. It is interesting that the gap between the CBD sub-markets (outside the Midi district) is narrowing.

As a consequence of the buildings recently coming onto the market or being handed over, and the scarce availability of Grade A space, prime rents could reach €325/m²/year by the end of 2021.

OFFICE INVESTMENT MARKET

Investments in offices attained a volume of €2.4 billion in Brussels so far for the year 2020. This is the highest investment volume ever recorded. This includes the historic transaction on the *Finance Tower* (sold for around €1.3 billion). Nevertheless, 45 transactions, the largest number of transactions ever recorded in a single half-year, were recorded in the first half of 2020. Note that most of the transactions were initiated before the pandemic and were completed in the first half, again reflecting the strong momentum observed over the past two years. The effect of the epidemic on the investment market was felt mainly during the second quarter, in which there were 16 transactions totalling €340 million, including the sale of the *Silver Tower* for more than €200 million. Note, however, that most (80%) of the volume of investment in the Brussels office market comes from foreign investors. This means that Brussels is maintaining its strong position as a more stable investment choice for major foreign investors in relation to cities such as London, Paris and Frankfurt. We find not only that the appetite of foreign investors for the Brussels market remains high, but that there is still interest in all types of office products, both buildings with long-term leases and value-added products, although these are the preference of local investors. Investor profiles obviously differ, but there is still clear interest everywhere.

Investments in office buildings in Brussels and the region together account for almost 70% of total investment volumes in 2020 in Belgium. In second place came retirement homes, with investments of more than 300 million euros, followed by the industrial segment (8%) and then retail (7%).

Prime yields continue to be compressed as a result of the European Central Bank's policy of low interest rates and of competition among investors for the best products. At present, prime yields for buildings with 6/9-year leases are around 4.00% as a result of strong demand and activity before the COVID-19 pandemic. Long-term prime yield has been slightly compressed at 3.50%. There are still many investment transactions in the pipeline, but activity could slow as banks are more cautious about lending, which could entail a higher borrowing cost and lower LTV, resulting in a slight increase in yields.

OFFICE MARKET IN LUXEMBOURG

TAKE-UP

During the first half of 2020, there were 117,000 m² of take-up (88 transactions), slightly below the average of 120,000 m² over 3 years. It may be too early to be certain, but so far the health crisis has had a limited effect on rental activity on the Luxembourg office market.

The most significant transactions of the year include:

- 16,700 m² by the Ministry of Finance in the *Ikaros* building (Airport district);
- 10,500 m² taken up by Intesa Sanpaolo (new HQ) in the Cloche d'Or;
- 9,600 m² taken up by Baloise in the *Wooden* building in Leudelange;
- 8,000 m² purchased for own occupation by Schroders & Associés in the Cloche d'Or;
- 8,000 m² purchased for own occupation by Arendt Services (new HQ) in Hamm.

The private sector accounted for about 85% of take-up, stimulated by the banking and financial sector (31%) and business services (20%).

RECENT HAND-OVERS AND FUTURE PROJECTS

In 2020, some 207,000 m² have so far been handed over in Luxembourg, notably thanks to the hand-overs of the KAD - Phase II project (160,000 m²) in the Kirchberg, the Luxite park in Leudelange (12,000 m²) and the Altitude - La Paz building (8,000 m²) also in Leudelange.

For the rest of 2020 and 2021, more than 202,000 m² of space is under construction in Luxembourg. Over 128,000 m² of these projects are already pre-let. There is a relatively limited number of speculative projects since they account for only 74,000 m² in a particularly dynamic market.

Note however that almost 300,000 m² are on the drawing board (with hand-over expected by 2024), and could fill up the speculative pipeline in the coming months, owing in particular to the healthy market in Luxembourg.

CHANGES IN RENTAL VACANCIES

The Luxembourg market has one of the lowest vacancy rates in Europe, at around 3,2% at the end of the first half of 2020. The vacancy rate has been in constant decline since 2010, when it was close to 8%.

Today, there are significant differences between districts, since the CBD, the Kirchberg, Esch-Belval and Hamm have a vacancy rate below 2% while in the decentralised districts it is around 7.5%.

Despite the pandemic and the arrival of new partially empty office buildings, the vacancy rate in the whole of Luxembourg should stay very low over the coming months.

MOVEMENTS IN RENTS

With the combined effect of a low vacancy rate and rising take-up, prime rents are logically under pressure. Occupants are seeking the best locations and buildings. These factors have driven up prime rents to €51/m²/month (over €600/m²/year) in the CBD, the highest level ever seen in Luxembourg. And future rises cannot be ruled out. The Kirchberg has also seen an increase in prime rents; from €37 to €38/m²/month. Prime rents held stable at €31/m²/month in the Cloche d'Or, €28.5/m²/month in the Decentralised area and €25.5/m²/ month in the periphery.

OFFICE INVESTMENT MARKET

The office investment market was worth €350 million in the first half of 2020, more or less in line with the 5-year average. Most transactions in 2020 were already planned before the health crisis. Although the effects of the COVID-19 pandemic on the office market are not yet fully measurable, they appear to be relatively moderate, and there is still a clear demand for investment.

All sectors combined, the Luxembourg investment market attracted more than €455 million. The office sector dominates the investment market and accounts for nearly 77% of investment volume.

Prime rates held steady at 3.75% (in the CBD) after compression in most sub-markets in the first half (which reflected strong demand and activity before lockdown), but could further increase as a result of adverse financing conditions.

Financial report

	30.06.2020	31.12.2019
Number of shares issued	28 445 971	28 445 971
Number of shares not held by the group	27 052 443	27 052 443
Average number of shares not held by the group during the period = calculation basis	27 052 443	25 676 219

CONSOLIDATED NET ASSET VALUE AND BALANCE SHEET

Evolution of the consolidated net asset value

	(in € per share)	(in € million)	Number of shares not held by the group
Net asset value as at 31 December 2019 (group share)	**59.29**	**1 603.9**	**27 052 443**
Final dividend of the 2019 fiscal year (distributed in May 2020)		-23.3	
Net result (group share) as at 30 June 2020		24.7	
Other elements of comprehensive income - actuarial gains and losses on pension obligations		-.3	
Valuation of the put option held by minority shareholders, net of profit attributable to non-controlling interests		- 0.4	
Net asset value as at 30 June 2020 (group share)	**59.32**	**1 604.7**	**27 052 443**

	30.06.2020	31.12.2019
EPRA NAV (in € per share) (groupshare)	61.42	60.80
EPRA NNNAV (in € per share) (groupshare)	58.33	58.54

The calculation methods of the EPRA NAV and NNNAV are detailed on page 80 of this Report.

Condensed consolidated balance sheet

(in € million)	30.06.2020	31.12.2019
Investment and held for sale properties	2 909.5	2 814.8
Other assets	103.0	97.4
Total assets	**3 012.5**	**2 912.3**
Shareholders' equity	1 604.7	1 603.9
Financial debts	1 203.6	1 134.7
non current	908.3	637.6
current[(a)]	295.3	497.2
Other debts	204.2	173.6
Total equity & liabilities	**3 012.5**	**2 912.3**
LTV	40.2%	39.0%

(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.

FINANCIAL RESULTS

EVENTS CHANGING THE SCOPE

Compared with the first half-year of 2019, the scope changed mainly following the granting of a leasehold on the Pavilion building in April 2019, the private placement and the optional stock dividend of December 2019, and the resulting increase of 1,473,229 in the number of shares outstanding. The average number of shares not held by the group amounts to 27,052,443 as at 30 June 2020.

REAL-ESTATE OPERATOR ACTIVITY

Condensed consolidated income statement

(in € thousand)	30.06.2020	30.06.2019
Net rental result	69 384	69 482
Net rental result excluding spreading	*69 205*	*68 541*
Spreading of gratuities/concessions	*179*	*941*
Net property charges[(a)]	-7 523	-6 689
Property operating result	**61 861**	**62 793**
Corporate overheads	-8 473	-7 078
Other operating income & charges	- 179	- 917
Operating result before result on portfolio	**53 209**	**54 798**
Operating margin[(a)]	***76.7%***	***78.9%***
Gains or losses on disposals of investment properties	-	10 317
Net property result[(a)]	**53 209**	**65 116**
Financial result (excl. changes in fair value of financial assets and liabilities)[(a)]	-10 177	-12 907
Taxes	- 839	- 762
Net result before changes in fair value of investment properties and financial assets and liabilities[(a)]	**42 192**	**51 446**
Changes in fair value of investment properties	73	77 430
Changes in fair value of financial assets and liabilities	-16 673	-28 322
Changes in fair value of investment properties & financial assets and liabilities	**-16 601**	**49 108**
Net result	25 591	100 555
Net result (in € per share)	**0.95**	**3.93**
EPRA earnings (in € per share)	**1.57**	**1.71**

(a) This is an Alternative Performance Measure. For more information, please consult Appendix 3 to this Report.

Analysis of the net result of the real-estate operator business

The total net rental result is stable (-0.1%) in relation to the same period last year. This is explained by the combined effect of the receipt of compensation and rent increases, offset by the absence of compensation received in 2019 and the loss of income linked to the granting in 2019 of a 99-year leasehold on the Pavilion building. The like-for-like net rental result is down -2.8% compared with last year, following renegotiations and the expiry of leases in various buildings, notably in the CBD. Note that two floors in the Central Gate building were vacated during the first half. Renovation work on these floors is under way and 80% of this floor space is already pre-let.

Net real-estate charges are up by €0.8 million. This rise is explained by an increase in agency commissions related to leases agreed during the half-year, and by an increase in rental charges and taxes.

EPRA like-for-like net rental growth was -1.2% as at 30 June 2020.

Overheads were €8.5 million as against €7.1 million for the same period last year. This change is due mainly to higher ICT costs and the expansion of the teams.

The operating result before result on portfolio was €53.2 million compared with €54.8 million the same period last year.

The financial result (excluding changes in the fair value of the financial assets and liabilities) was -€10.2 million as against -€12.9 million for the same period last year. The decrease in financial charges is related mainly to a capital loss on the restructuring of an assignment of credit linked to the sale of the Pavilion building recorded in 2019. The average (annualised) financing cost remains stable at 2.0% after it was secured over time.

The drop in the net result, to €25.6 million at 30 June 2020 from €100.6 million at 30 June 2019, is explained mainly by the stability of the fair value of the investment properties (€0.07 million) compared to a positive variation of €77.4 million in the first half of last year.

EPRA earnings were €42.5 million as against €43.8 million for the same period last year. EPRA earnings per share were €1.57 in relation to €1.71 as at 30 June 2019, mainly due to the dilutive effect of the private placement of 1,266,300 shares completed in December 2019. The net result per share amounted to €0.95, compared with €3.93 per share for the same period last year.

COMMENTS ON THE COWORKING ACTIVITY RESULTS

The turnover of the coworking business was €4.0 million over the half-year, compared to €3.4 million for the same period last year. Due to the impact of COVID-19, the growth in turnover at the end of June is below expectations. The contribution of the coworking activity to the consolidated EPRA earnings is negative at € 0.04 per share. This is explained by the fact that the activity is in a development phase in an economic context penalized by the COVID-19 crisis.

COMMENTS ON THE CONSOLIDATED FINANCIAL RESULTS

Consolidated net rental result was €72.9 million, stable compared to the same period last year. The net result (group share) was €24.7 million. The consolidated EPRA earnings per share were €1.53 per share as against €1.72 at 30 June 2019.

FINANCIAL STRUCTURE AND HEDGING POLICY

MAIN CHARACTERISTICS

- Confirmed credit facilities for a total amount of €1,457 million (72% of which were bank loans), €1,152 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;
- Use of the short-term commercial paper programme up to €280 million;
- 94% of total borrowings at fixed rates (including IRS);
- An average (annualised) financing cost (including hedging margin and costs) of 2.0% for the first 6 months of the year, stable compared to 2.0% as at 31 December 2019;
- A weighted average duration of the debt of 4.8 years (as against 4.4 years as at 31 December 2019);
- A debt ratio of 43.9% (compared with 42.7% as at 31 December 2019);
- An LTV ratio of 40.2% (compared with 39.0% as at 31 December 2019);
- A hedge ratio[11] of 95.7% (compared with 102.3% as at 31 December 2019).

FINANCING ARRANGED

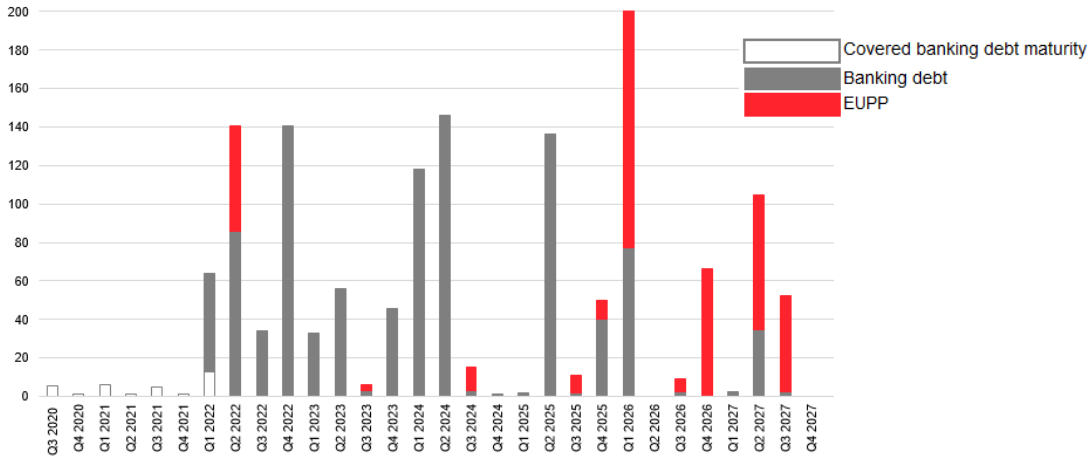
- Renewal of financing for €75 million for a 6 year period;
- Extension of bank financing of €100 million for a year, with annual extension options for up to 3 additional years;
- Extension of bank financing of €35 million for a 6 year period, starting in June 2021;
- New bank financing of €100 million for a 4 year period;
- Increase by €30 million of a bank line for managing short-term needs, arranged for an indefinite period but which can be terminated with 23 months' notice.

In this uncertain context due to the COVID-19 pandemic, the Company continued working to strengthen its financial structure. All other things being equal, the Company has covered its financing needs until the end of the year 2021.

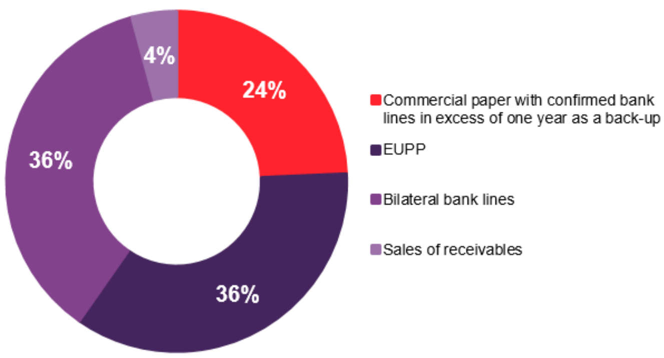
Comment impact COVID-19 :
The COVID-19 pandemic has caused tensions on the financial markets. Spreads on the debt markets have increased significantly. The impact of this development on Befimmo is limited by means of the duration of the financing in place.
Moreover, the short-term commercial paper market is also experiencing tensions resulting in lower volumes of investment and higher margins. All of Befimmo's short-term commercial paper is covered by long-term bank back-up lines.

[11] Hedge ratio = (nominal fixed-rate borrowings + notional rate of IRS and CAPs)/total borrowings. This ratio takes into account CAP-type optional hedging instruments that are close to maturity (July 2020) and that have become off-market as a result of the fall in interest rates (i.e. two CAP positions for a total notional amount of €55 million at hedging interest rates of 0.50% and 0.85%). Excluding these instruments, the hedge ratio would be 97.2% as at 31 December 2019.

Maturities of commitments by quarter (as at 30.06.2020) (in € million)



Debt distribution (as at 30.06.2020)



To reduce its financing costs, Befimmo has a commercial paper programme of a maximum amount of €600 million, €280 million of which was in use as at 30 Jun 2019 for short-term issues and €101.3 million for long-term issues. For short-term issues, this programme has back-up facilities consisting of the various credit lines arranged. The documentation for this programme also covers the European private placements of debt.

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 and COLLARs[12].

Befimmo has extended the maximum duration of its hedging policy, with maturities of up to 20 years.

Operations carried out:

- arrangement of two new payer IRSs with a total amount of €50 million and a total maturity of 18 years from January 2022;

The package of instruments in place gives the Company a hedging ratio of 95.7% as at 30 June 2019. The hedge ratio remains above 70% until the third quarter of 2022 and above 50% until the fourth quarter of 2025 inclusive.

[12] 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).

Evolution of the portfolio of hedging instruments and fixed-rate debts (as at 30.06.2020)

Annual average		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
CAP	Notional (€ million)	47	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Average rate (in %)	0.9%	1.2%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FLOOR	Notional (€ million)	20	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Average rate (in %)	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fixed-rate financing (incl. IRS)	Notional (€ million)	1,109	1,072	1,083	1,025	958	881	741	545	252	150	125	125	125	125	125	125	125	125	75	62
	Average rate [(a)] (in %)	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.4%	0.4%

(a) Average fixed rate excluding credit margin,

PERSPECTIVES ET PRÉVISION DE DIVIDENDE

Following the uncertainties related to the consequences of the COVID-19 pandemic, the Board of Directors of Befimmo decided, in May 2020, to withdraw the three-year EPRA earnings forecasts published in the 2019 Annual Financial Report. These uncertainties persist to this day.

The Board had also revised the EPRA earnings forecast for the 2020 financial year to an amount above € 2.70 per share. At constant perimeter and on the basis of the information known at the date of publication of this Report, Befimmo is confident to be able to announce that the projected EPRA earnings should amount to about € 2.80 per share.

DIVIDEND POLICY

Befimmo will propose a dividend of at least 80% of the EPRA earnings for the year, supplemented, as the case may be, by realised capital gains during the financial year in the framework of its asset rotation policy, i.e. for the 2020 financial year a minimum of €2.24 per share. The financial resources retained in the Company will contribute to ensuring the capital requirements useful for the development of its activities.

Befimmo has the intention to propose the distribution of the dividend in two phases (interim dividend in December and final dividend in May) and, as the case may be, in optional form.

Dividend distribution history since 2015

(in €/share)	2015	2016	2017	2018	2019
Dividend in € per share	3.45	3.45	3.45	3.45	3.45
EPRA earnings in € per share	3.89	3.68	3.74	3.68	3.29
Dividend/EPRA earnings	*89%*	*94%*	*92%*	*94%*	*105%*
Net result in € per share	4.41	3.82	5.32	3.24	6.95
Dividend/net result	*78%*	*90%*	*65%*	*107%*	*50%*

EPRA Best Practices

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 – REAL-ESTATE OPERATOR BUSINESS

EPRA indicators	EPRA definition [a]	EPRA use[a]		30.06.2020	30.06.2019
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	42 477	43 776
			in € per share	1.57	1.71
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	23.3%	19.8%
			Excl. vacancy costs	20.5%	17.7%
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 %	-1.2%	5.8%

EPRA indicators	EPRA definition [a]	EPRA use[a]		30.06.2020	31.12.2019
(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 %	4.7%	4.9%
(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 %	5.0%	5.1%
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 %	3.6%	4.1%

(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.

EPRA INDICATORS - CONSOLIDATED

EPRA indicators	EPRA definition [a]	EPRA use[a]		30.06.2020	30.06.2019
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	41 498	44 107
			in € per share	1.53	1.72

EPRA indicators	EPRA definition [a]	EPRA use[a]		30.06.2020	31.12.2019
EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value[b] 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	1 661 601	1 644 662
			in € per share	61.42	60.80
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	1 578 062	1 583 604
			in € per share	58.33	58.54

(a) Source: EPRA Best Practices (www.epra.com).
(b) According to the BE-REIT legislation, the buildings of the portfolio of Befimmo are booked at their fair value.

Befimmo on the stock market

KEY FIGURES

	30.06.2020 (6 months)	31.12.2019 (12 months)
Number of shares issued	28 445 971	*28 445 971*
Number of shares not held by the group	27 052 443	*27 052 443*
Average number of shares not held by the group during the period	27 052 443	*25 676 219*
Highest share price (in €)	57.00	59.40
Lowest share price (in €)	35.40	47.35
Closing share price (in €)	39.85	54.10
Number of shares traded[(a)]	13 344 391	17 395 988
Average daily turnover[(a)]	105 908	67 953
Free float velocity[(a)]	67%	87%
Distribution ratio (in relation to the EPRA earnings)	80%	106% (realised)
Gross dividend[(b)] (in € per share)	2.24 (projected)	3.45 (realised)
Gross yield[(c)]	5.4% (projected)	6.4%
Return on share price[(d)]	-15.15%	18.7%

(a) Source: Kempen & Co. Based on trading on all platforms.
(b) Subject to a withholding tax of 30%.
(c) Gross dividend divided by the closing share price.
(d) Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, if any, and the optional dividend participation.

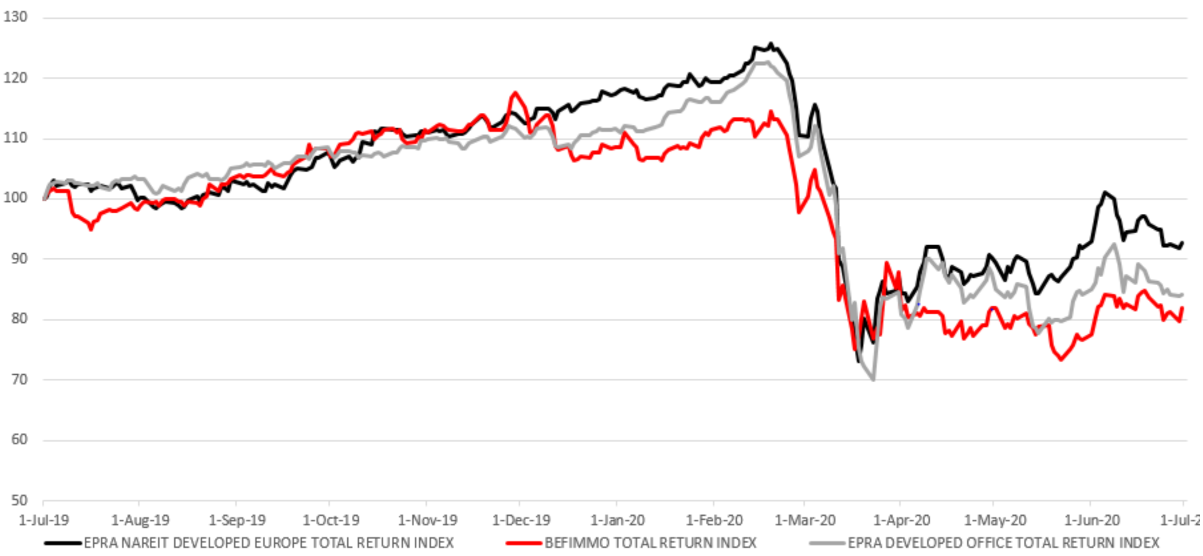
EVOLUTION OF THE BEFIMMO SHARE

The Befimmo share closed at €39.85 on 30 June 2020, as against €54.10 at 31 December 2019. Befimmo's market capitalisation stood at €1.1 billion at 30 June 2020. During the first half of the fiscal year, the average daily trading volume was around 105,908 shares.

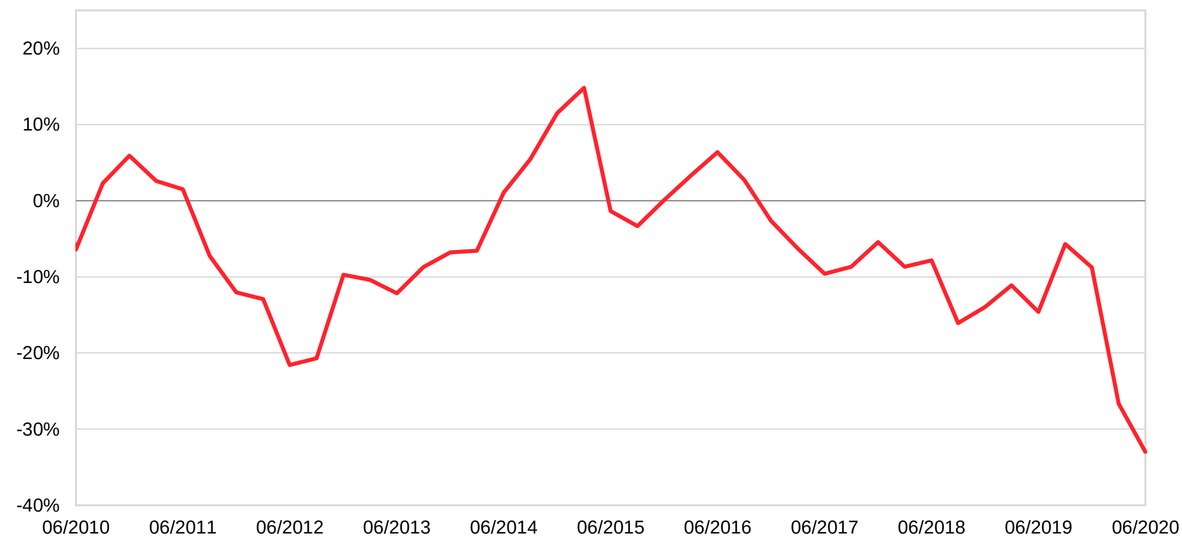
The current crisis is characterised in particular by a significant fall in share prices. The Befimmo share price is at a historically low level. At 30 June 2020, the Befimmo share closed at €39.85, a discount of 33% in relation to the net asset value.

This share price movement is in line with the average evolution of listed European office REIT’s. As at 30 June 2020, the return on the Befimmo share price (-24.7%) since the year opened is in line with the movement of the EPRA office index (-24.3%).

Evolution of Befimmo's total return index compared to the total return index of the EPRA NAREIT and EPRA OFFICES indices[13]



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



[13] Source : EPRA.

Information to the shareholders

CORPORATE GOVERNANCE

The renewal of the following mandates has been proposed and approved during the Ordinary General Meeting of 28 April 2020:

- Renewal of the mandate of Ms Anne-Marie Baeyaert, as an independent Director, for a period of 3 years, ending at the Ordinary General Meeting of 2023;
- Renewal of the mandate of Mr Wim Aurousseau, as a Director, for a period of 2 years, ending at the Ordinary General Meeting of 2022;
- Renewal of the mandate of Mr Kurt De Schepper, as a Director, for a period of 4 years, ending at the Ordinary General Meeting of 2024.

La 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 2022
Anne-Marie Baeyaert non-executive Director, independent	Ordinary General Meeting 2023
Sophie Goblet non-executive Director , independent	Ordinary General Meeting 2021
Sophie Malarme-Lecloux non-executive Director , independent	Ordinary General Meeting 2021
Wim Aurousseau non-executive Director, linked to a shareholder	Ordinary General Meeting 2022
Kurt De Schepper non-executive Director, linked to a shareholder	Ordinary General Meeting 2024
Etienne Dewulf non-executive Director , independent	Ordinary General Meeting 2022
Benoît Godts non-executive Director, linked to a shareholder	Ordinary General Meeting 2021
Vincent Querton non-executive Director , independent	Ordinary General Meeting 2021

KEY DATE FOR SHAREHOLDERS

Interim statement as at 30 September 2020	Thursday 28 October 2020[a]
Payment of the interim[b] dividend of the 2020 fiscal year on presentation of coupon No 40	
- Ex-date	*Wednesday 16 December 2020*
- Record date	*Thursday 17 December 2020*
- Payment date	*Friday 18 December 2020*
Publication of the annual results as at 31 December 2020	Thursday 18 February 2021[a]
Online publication of the Annual Financial Report 2020	Friday 26 March 2021
Ordinary General Meeting of the fiscal year closing as at 31 December 2020	Tuesday 27 April 2021
Payment of the final[c] dividend of the 2020 fiscal year on presentation of coupon No 41	
- Ex-date	*Wednesday 5 May 2021*
- Record date	*Thursday 6 May 2021*
- Payment date	*Friday 7 May 2021*

(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

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 or based on the information received from the shareholder, the share ownership of Befimmo SA is structured as follows:

	Number of shares (declared) the day of the statement	Based on the transparency declarations or based on the information received from the shareholder	(in %)
Declarants			
AXA Belgium SA	2 741 438	30.04.2019	9.6%
Ageas and affiliated companies	2 641 047	30.04.2019	9.3%
Norges Bank	855 804	10.12.2019	3.0%
BlackRock Inc.	848 297	20.11.2019	3.0%
Own shares			
Befimmo SA	1 393 528	04.12.2019	4.9%
Other shareholders under the statutory threshold	19 965 857	20.12.2019	70.2%
Total	**28 445 971**		**100%**

.CONDENSED FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME (IN € THOUSAND)

		Notes	30.06.20	30.06.19
I.	(+) Rental income		73 166	72 871
III.	(+/-) Charges linked to letting		- 251	- 28
NET RENTAL RESULT			**72 916**	**72 843**
IV.	(+) Recovery of property charges		10 727	4 457
V.	(+) Recovery of rental charges and taxes normally paid by tenants on let properties		22 547	21 999
VII.	(-) Rental charges and taxes normally paid by tenants on let properties		-26 983	-24 804
VIII.	(+/-) Other revenue and charges for letting		159	332
PROPERTY RESULT			**79 366**	**74 826**
IX.	(-) Technical costs		-10 644	-4 348
X.	(-) Commercial costs		- 460	- 145
XI.	(-) Charges and taxes on unlet properties		-1 978	-1 434
XII.	(-) Property management costs		-1 558	-1 383
XIII.	(-) Other property charges		-3 459	-3 447
	(+/-) Property charges		**-18 099**	**-10 758**
PROPERTY OPERATING RESULT			**61 267**	**64 068**
XIV.	(-) Corporate overheads		-9 732	-7 943
XV.	(+/-) Other operating income and charges		274	- 917
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**51 809**	**55 208**
XVI.	(+/-) Gains and losses on disposals of investment properties		-	10 317
XVIII.	(+/-) Changes in fair value of investment properties		897	78 305
OPERATING RESULT			**52 706**	**143 830**
XX.	(+) Financial income	5	414	302
XXI.	(-) Net interest charges	5	-10 049	-9 749
XXII.	(-) Other financial charges	5	-1 222	-3 595
XXIII.	(+/-) Changes in fair value of financial assets and liabilities	5	-16 673	-28 322
	(+/-) Financial result		**-27 531**	**-41 364**
PRE-TAX RESULT			**25 175**	**102 467**
XXV.	(-) Corporation tax		- 843	- 815
	(+/-) Taxes		**- 843**	**- 815**
NET RESULT			**24 333**	**101 652**
TOTAL COMPREHENSIVE INCOME (group share)			24 733	101 229
NON-CONTROLLING INTERESTS			- 401	423
BASIC NET RESULT AND DILUTED (in € per share)			**0.91**	**3.96**
Other comprehensive income - actuarial gains and losses - pension liabilities			- 323	-1 671
TOTAL COMPREHENSIVE INCOME			**24 010**	**99 981**
TOTAL COMPREHENSIVE INCOME (group share)			24 410	99 557
NON-CONTROLLING INTERESTS			- 401	423

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION (IN € THOUSAND)

ASSETS		Notes	30.06.2020	31.12.2019
I.	**Non-current assets**		**2 949 134**	**2 861 689**
A.	Goodwill	6	23 629	23 629
B.	Intangible assets		2 247	1 729
C.	Investment properties	7	2 898 234	2 814 822
	Fair value of portfolio (Silversquare excluded)		2 853 779	2 790 778
	Right of use - Fair value of Silversquare leases		44 456	24 044
D.	Other property, plant and equipment		13 018	10 948
E.	Non-current financial assets	8	8 633	7 296
F.	Finance lease receivables		3 374	3 265
II.	**Current assets**		**63 365**	**50 563**
A.	Assets held for sale	7	11 230	-
B.	Current financial assets	8	30	12 763
C.	Finance lease receivables		144	142
D.	Trade receivables		49 606	31 535
E.	Tax receivables and other current assets		16	1 060
F.	Cash and cash equivalents		575	2 878
G.	Deferred charges and accrued income		1 763	2 184
TOTAL ASSETS			**3 012 499**	**2 912 251**

SHAREHOLDERS' EQUITY AND LIABILITIES		Notes	30.06.2020	31.12.2019
TOTAL SHAREHOLDERS' EQUITY			**1 604 653**	**1 603 872**
I.	**Equity attributable to shareholders of the parent company**		**1 604 653**	**1 603 872**
A.	Capital		398 356	398 320
B.	Share premium account		861 905	861 905
C.	Reserves		319 658	231 434
D.	Net result for the fiscal year		24 733	112 213
II.	**Non controlling interests**		**-**	**-**
LIABILITIES			**1 407 846**	**1 308 379**
I.	**Non-current liabilities**		**984 784**	**696 157**
A.	Provisions		1 855	1 471
B.	Non-current financial debts	8	908 272	637 567
	a. Credit institution		452 329	201 446
	c. Other		455 943	436 121
C.	Other non-current financial liabilities		63 707	46 455
D.	Trade debts and other non-current debts		9 974	9 974
F.	Deferred tax - liabilities		976	691
II.	**Current liabilities**		**423 062**	**612 222**
A.	Provisions		2 326	3 155
B.	Current financial debts	8	295 329	497 167
	a. Credit institution		11 499	61 448
	c. Other		283 830	435 719
D.	Trade debts and other current debts		101 774	85 596
E.	Other current liabilities		2 470	3 872
F.	Accrued charges and deferred income		21 163	22 432
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			**3 012 499**	**2 912 251**

CONSOLIDATED CONDENSED CASH FLOW STATEMENT (IN € THOUSAND)

	30.06.20	30.06.19
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	**2 878**	**591**
Operating activities (+/-)		
Net result for the period (6 months)	24 333	101 652
Variations in operating lease commitments (IFRS 16)	-	781
Result on disposal of investment properties	-	-10 317
Financial result (excl. changes in fair value of financial assets and liabilites)	10 857	13 042
Interest paid (incl. Financial charges IFRS 16)	-12 691	-14 858
Taxes	843	815
Taxes paid	- 193	- 165
Items with no effect on cash flow to be extracted from earnings		
Fair value adjustment for investment buildings (+/-)	- 897	-78 305
Fair value adjustment on non-current financial assets/liabilities booked to earnings (+/-)	16 673	28 322
Loss of (gain in) value on trade receivables (+/-)	133	- 236
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)	1 057	859
Adjustments of provisions (+/-)	- 870	- 380
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	**39 244**	**41 209**
Change in assets items	-16 948	-15 991
Change in liabilities items	21 957	-6 619
CHANGE IN WORKING CAPITAL REQUIREMENTS	**5 009**	**-22 609**
CASH FLOW FROM OPERATING ACTIVITIES	**44 253**	**18 600**
Investments (-) / Disposals (+)		
Investment properties		
Investments	-79 901	-23 357
Disposals	-	93 937
Other acquisitions (redevelopment projects, stake,…)	- 534	- 305
Other property, plant and equipment and intangible assets	-3 668	- 852
CASH FLOW FROM INVESTMENT ACTIVITIES	**-84 103**	**69 424**
Financing (+/-)		
Increase (+) / Decrease (-) in financial debts	129 739	17 136
Reimbursement USPP May 2019 and May 2020	-67 494	-82 769
Reimbursement financial debt IFRS 16	- 934	- 662
Increase (+) / Decrease (-) in financial debts IFRS 16	- 240	325
Hedging instruments and other financial assets	- 294	656
Final dividend previous fiscal year	-23 265	-21 998
Cost capital increase	36	- 87
CASH FLOW FROM FINANCING ACTIVITIES	**37 548**	**-87 400**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-2 302**	**624**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (6 MONTHS)	**575**	**1 214**

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY (IN € THOUSAND)

	Capital	Share premium account	Reserves	Net result of the fiscal year	Equity: group share	Non controlling interests	Total shareholders' equity
EQUITY AS AT 31.12.18	**357 871**	**792 641**	**276 104**	**16 597**	**1 443 214**	**-**	**1 443 214**
Appropriation of the result			16 597	-16 597	**-**		**-**
Dividend distributed			-21 998		**-21 998**		**-21 998**
Final dividend of the 2018 fiscal year Befimmo			*-21 998*		***-21 998***		***-21 998***
Capital increase - merger Beway SA	38 454	61 015	-99 627		**- 159**		**- 159**
Other elements of comprehensive income			-1 671		**-1 671**		**-1 671**
Valuation of the put option held by minority shareholders, net of profit attributable to non-controlling interests			-5 405		**-5 405**		**-5 405**
Total comprehensive income (6 months)				101 229	**101 229**		**101 229**
EQUITY AS AT 30.06.19	**396 325**	**853 656**	**164 000**	**101 229**	**1 515 209**	**-**	**1 515 209**
Interim dividend	2 915	8 249		-66 250	**-55,087**		**-55 087**
Befimmo 2019 interim dividend				*-66 250*	***-66,250***		***-66 250***
Capital increase	*2 915*	*8 249*			***11,163***		***11 163***
Private placement of own shares on 3 December 2019			68 982		**68,982**		**68 982**
Adjustment writing - Merger Beway SA	- 919	1			**-919**		**- 919**
Valuation of the put option held by minority shareholders, net of profit attributable to non-controlling interests			-1 634		**-1,634**		**-1 634**
Other elements of comprehensive income			86		**86**		**86**
Total comprehensive income (6 months)				77 234	**77 234**		**77 234**
EQUITY AS AT 31.12.19	**398 320**	**861 905**	**231 434**	**112 213**	**1 603 872**	**-**	**1 603 872**
Appropriation of the result			112 213	-112 213	**0**		**-**
Dividend distributed			-23 265		**-23 265**		**-23 265**
Final dividend of the 2019 fiscal year Befimmo			*-23 265*		***-23 265***		***-23 265***
Private placement of own shares on 3 December 2019	36				**36**		**36**
Other elements of comprehensive income			- 323		**- 323**		**- 323**
Valuation of the put option held by minority shareholders, net of profit attributable to non-controlling interests			- 401		**- 401**		**- 401**
Total comprehensive income (6 months)				24 733	***24 733***		**24 733**
EQUITY AS AT 30.06.20	**398 356**	**861 905**	**319 658**	**24 733**	**1 604 653**	**-**	**1 604 653**

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 and its subsidiaires close their 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), 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), Vitalfree SA (registered with the banque carrefour des entreprises under number 0899.063.306) and Zin in Noord SA (registered with the banque carrefour des entreprises under number 0742.736.225). Befimmo holds a 68.16% stake in Silversquare Belgium SA (registered with the Banque Carrefour des Entreprises under number 0806.423.356). Befimmo holds a stake of 12.5% in the capital of Co.Station Belgium SA (registered with the banque carrefour des entreprises under number 0599.786.434).

The Company is presenting consolidated financial statements as at 30 June 2020. The Board of Directors of Befimmo SA adopted and authorised the publication of the financial statements on 23 July 2020.

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

At 30 June 2020, the premises provided consisted of quality office buildings in Belgium, mainly in Brussels, the main Belgian cities and the Grand Duchy of Luxembourg, about 60% of which are let to public institutions and the remainder to multinationals and Belgian companies.

The Company is listed on Euronext Brussels.

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. They should be read in conjunction with the consolidated financial statements closed at 31 December 2019 included in the 2019 Annual Financial Report.

The main accounting methods are identical to those used in the 2019 Annual Financial Report (pages 156 to 163), which is available on the Company's website (www.befimmo.be), except for the adjustment below concerning free rentals:

Section 2. 14 "Income" is completed by the following paragraph:
Rental reductions granted exceptionally during periods of economic crisis, such as the crisis related to the COVID-19 pandemic and the related lockdown, are accounted for as a reduction in income, in accordance with IFRS 9 ("impairment loss").

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 Financial Report 2019 (page 163) 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".

Befimmo's sectors of activity are the real estate operator activity and the coworking activity.

	Asset manager							
	Brussels CBD and similar		Brussels decentralised		Brussels periphery		Wallonia	
(in thousand €)	30.06.20 (6 months)	30.06.19 (6 months)	30.06.20 (6 months)	30.06.19 (6 months)	30.06.20 (6 months)	30.06.19 (6 months)	30.06.20 (6 months)	30.06.19 (6 months)
INCOME STATEMENT								
A. Rental income	35 737	38 773	3 385	3 092	4 408	4 596	5 526	5 367
B. Property operating result	30 957	36 086	3 089	1 889	3 965	3 818	4 821	4 693
C. Change in fair value of investment properties	13 659	61 669	- 1 103	- 1 404	- 1 117	- 137	8 043	2 442
D. Gains and losses on disposal of buildings	-	10 027	-	-	-	-	-	-
E. SEGMENT RESULT (= B+C+D)	**44 616**	**107 782**	**1 986**	**485**	**2 847**	**3 682**	**12 864**	**7 135**
Percentage by segment	71.8%	70.6%	3.2%	0.3%	4.6%	2.4%	20.7%	4.7%
F. Corporate overheads								
G. Other operating income and charges								
H. Financial result								
I. Income tax								
NET RESULT (= E+F+G+H+I)								
Net result (group share)								
Non controlling interests								
	30.06.20	31.12.19	30.06.20	31.12.19	30.06.20	31.12.19	30.06.20	31.12.19
BALANCE SHEET								
Assets								
Goodwill	7 391	7 391	-	-	-	-	1 329	1 329
Investment properties and assets held for sale	1 794 211	1 716 835	82 946	83 180	120 585	121 093	272 938	256 193
of which investments and acquisitions during the year	*63 718*	*91 648*	*869*	*- 1 474*	*610*	*7 348*	*8 702*	*11 128*
Other assets	2 359	2 178	-	-	-	-	1 158	1 229
TOTAL ASSETS	**1 803 961**	**1 726 404**	**82 946**	**83 180**	**120 585**	**121 093**	**275 426**	**258 751**
Percentage by segment	59.9%	59.3%	2.8%	2.9%	4.0%	4.2%	9.1%	8.9%
TOTAL LIABILITIES								
TOTAL SHAREHOLDERS' EQUITY								
Equity attributable to shareholders of the parent company								
Non controlling interests								
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY								

Real-estate operator				Coworking		Unallocated amounts		Total	
Flanders		Luxembourg city							
30.06.20 (6 months)	30.06.19 (6 months)	30.06.20 (6 months)	30.06.19 (6 months)	30.06.20 (6 months)	30.06.19 (6 months)	30.06.20 (6 months)	30.06.19 (6 months)	30.06.20 (6 months)	30.06.19 (6 months)
18 044	15 128	2 525	2 553	4 042	3 361	-502	-	**73 166**	**72 871**
16 811	14 048	2 219	2 258	- 588	1 275	-6	-	**61 267**	**64 068**
- 22 352	2 352	2 943	12 508	825	874	-	-	**897**	**78 305**
0	291	-	-	-	-	-	-	**-**	**10 317**
- 5 541	**16 691**	**5 162**	**14 766**	**237**	**2 150**	**-6**	**-**	**62 164**	**152 690**
-8.9%	10.9%	8.3%	9.7%	0.4%	1.4%	-0.0%	-	**100.0%**	**100%**
						- 9 732	- 7 943	**- 9 732**	**- 7 943**
						274	- 917	**274**	**- 917**
						- 27 531	- 41 364	**- 27 531**	**- 41 364**
						- 843	- 815	**- 843**	**- 815**
								24 333	**101 652**
								24 733	**101 229**
								- 401	**423**
30.06.20	31.12.19	30.06.20	31.12.19	30.06.20	31.12.19	30.06.20	31.12.19	30.06.20	31.12.19
5 308	5 308	-	-	9 600	9 600	-	-	**23 629**	**23 629**
452 816	474 911	141 512	138 566	44 456	24 044	-	-	**2 909 465**	**2 814 822**
257	*3 087*	*3*	*- 37*	-	-	-	-	***74 158***	***111 699***
-	-	-	-	-	-	75 888	70 393	**79 406**	**73 801**
458 124	**480 219**	**141 512**	**138 566**	**54 056**	**33 645**	**75 888**	**70 393**	**3 012 499**	**2 912 251**
15.2%	16.5%	4.7%	4.8%	1.8%	1.1%	2.5%	2.4%	**100%**	**100%**
						1 407 846	**1 308 379**	**1 407 846**	**1 308 379**
						1 604 653	**1 603 872**	**1 604 653**	**1 603 872**
						1 604 653	**1 603 872**	**1 604 653**	**1 603 872**
						-	**-**	**-**	**-**
						3 012 499	**2 912 251**	**3 012 499**	**2 912 251**

5. FINANCIAL RESULT

The financial result (excluding changes in fair value of financial assets and liabilities) was -€10.9 million in the first half of 2020 as against -€13.0 million in the first half of 2019.
"Financial income" includes mainly the compensation paid by investors on their commercial paper investments issued by Befimmo.

The decrease in the charge of €2.3 million for "nominal interest on loans" as well as the decrease in income earned from hedging instruments (heading "Proceeds of permitted hedging instruments") of an equivalent amount, is explained mainly by the maturity, in May 2019, of part of a US Private Placement (USPP), hedged against exchange and interest rate risks by a Cross Currency Swap (CCS). The sub-heading "Other interest charges" includes the interest charge on leases, recognised as per IFRS 16, amounting to -€0.7 million over the first six months of 2020 and to -€0.1 million over the first six months of 2019.

The decrease in "Other financial charges" of €2.4 million is due to the main component of the exceptional charge related to the termination of a fixed-rate sale of receivables on the Pavilion building sold in May 2019.

The change in fair value of the financial assets and liabilities is -€16.7 million as against -€28.3 million in the first six months of 2019.

(in € thousand)		30.06.20 (6 months)	30.06.19 (6 months)
(+)	**XX. Financial income**	**414**	**302**
(+)	Interests and dividends received	304	244
(+)	Fees for finance leases and similar	109	57
(+/-)	**XXI. Net interest charges**	**-10 049**	**-9 749**
(-)	Nominal interest on loans	-5 744	-8 010
(-)	Reconstitution of the face value of financial debts	- 128	- 101
(-)	Other interest charges	- 734	- 148
(+)	Proceeds of authorised hedging instruments	2 697	4 969
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*2 697*	*4 969*
(-)	Charges of authorised hedging instruments	-6 139	-6 459
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*-6 139*	*-6 459*
(-)	**XXII. Other financial charges**	**-1 222**	**-3 595**
(-)	Bank charges and other commissions	-1 222	-1 151
(-)	Net losses realised on sale of financial assets	-	0
(-)	Net capital losses realised on sale of finance lease receivables and similar	-	-2 443
(+/-)	**XXIII. Changes in fair value of financial assets and liabilities**	**-16 673**	**-28 322**
(+/-)	Authorised hedging instruments	-29 394	-34 179
	Authorised hedging instruments not qualifying for hedge accounting under IFRS	*-29 394*	*-34 179*
(+/-)	Others	12 720	5 857
(+/-)	**Financial result**	**-27 531**	**-41 364**

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 2019 (page 173).

At 30 June 2020, the goodwill was subject to an impairment test, in accordance with the method described in the Annual Financial Report 2019 (page 174). The result of this test shows that no impairment needs be recorded.

The consolidation of Silversquare since 1 January 2019 generated goodwill for Befimmo as a result of the difference between the acquisition cost and Befimmo's share in the fair value of the net assets acquired. The method of recording this goodwill is described in the 2019 Annual Financial Report (pages 174 and 199).

At 30 June 2020, Silversquare's goodwill was subject to an impairment test in accordance with the method described in the 2019 Annual Financial Report (page 174). The result of this test indicates that no impairment should be recorded.

7. INVESTMENT PROPERTIES

(in € thousand)	
Carrying value as at 31.12.2018	**2 655 324**
of which: - Investment properties	*2 655 324*
- Assets held for sale	-
Acquisitions	17 289
Other investments	94 410
Disposals	- 88 627
Changes in fair value	110 195
IFRS 16 - Silversquare leases (right of use)	24 044
Recognition right of use as from 1 January 2019	17 265
New leases contracted since 1 January 2019	6 548
Changes in fair value	231
IFRS 16 - rights of use of lands	2 187
Recognition right of use as from 1 January 2019	2 500
Changes in fair value	- 313
Carrying value as at 31.12.2019	**2 814 822**
of which: - Investment properties	*2 814 822*
Fair value of the portfolio excluding Silversqure	*2 790 778*
Fair value of the Silversquare leases (right of use)	*24 044*
- Assets held for sale	-
Acquisitions	84
Other investments	74 075
Changes in fair value	223
IFRS 16 - Silversquare leases (right of use)	20 411
New leases contracted since 1 January 2020	*19 587*
Changes in fair value	*825*
IFRS 16 - rights of use of lands	- 150
Changes in fair value	*- 150*
Carrying value as at 30.06.2020	**2 909 465**
of which: - Investment properties	*2 898 234*
Fair value of the portfolio excluding Silversqure	*2 853 779*
Fair value of the Silversquare leases (right of use)	*44 456*
- Assets held for sale	*11 230*

At the end of 2019, Befimmo acquired the Loi 44 building, located in Quartier Léopold - CBD. During the year 2019, Fedimmo acquired a parcel of land as part of the Paradis Express project.

In the first half of 2020, Befimmo invested €74.1 million in its portfolio. The investments were mainly in the Quatuor project (€33.0 million), the ZIN project (€19.6 million), the Paradis Express project (€8.7 million) and the renovation of the Brederode Corner building (€5.0 million).

In 2019, €94.4 million were invested in building work. The main investments were in the Quatuor project (€32.1 million), the ZIN project (€23.1 million), the renovation of the Brederode Corner building (€12.5 million), the Paradis Express project (€7.7 million), the Ikaros buildings (€8.9 million) and phase 2 of the construction work in the Eupen Courthouse (€3.1 million).

In 2019, Befimmo granted a 99-year leasehold on the Pavilion complex, located in the Brussels CBD, and sold the Eagle Building, located in Diegem in the Brussels periphery. In 2019, Fedimmo completed the sale of three buildings in Flanders: Ijzerkaai 26 in Kortrijk, Grote Markt 10 in Menen and Kasteelstraat 15 in Izegem.
IFRS 16 came into effect on 1 January 2019. The rights to use in leases as a tenant of office space are valued at fair value (see Significant accounting policies). The sub-heading "other rights to use" includes the right to use land.

The heading “Assets held for sale” includes six buildings in the Fedimmo portfolio located in Flanders.

8. FINANCIAL ASSETS AND LIABILITIES

On a like-for-like basis, and all other things being equal, the Company has covered its financing needs until the end of the year 2021. The chapter "Financial structure and hedging policy" on page 25 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 2020, the hedging ratio was 95.7%. The following table lists all the hedging instruments owned by the Company at 30 June 2020.

	Level in IFRS	Class in IFRS	Notional amount (millions)	Interest rate	Period of hedge		Reference interest rate
CAP bought	2	Option	20	1.15%	Jan. 2016	Jan. 2022	Euribor 3 month
FLOOR[(a)] sold	2	Option	20	0.55%	Jan. 2016	Jan. 2022	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	0.82%	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	30	0.75%	July 2019	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	50	0.87%	Dec. 2018	Dec. 2028	Euribor 3 month
Payer's IRS	2	Forward	50	0.65%	July 2019	July 2029	Euribor 3 month
Payer's IRS	2	Forward	20	0.37%	Jan. 2020	Jan. 2022	Euribor 3 month
Payer's IRS	2	Forward	20	0.54%	Jan. 2022	Jan. 2023	Euribor 3 month
Payer's IRS	2	Forward	20	0.74%	Jan. 2023	Jan. 2038	Euribor 3 month
Payer's IRS	2	Forward	30	0.37%	Jan. 2020	Jan. 2022	Euribor 3 month
Payer's IRS	2	Forward	30	0.54%	Jan. 2022	Jan. 2023	Euribor 3 month
Payer's IRS	2	Forward	30	0.94%	Jan. 2023	Jan. 2038	Euribor 3 month
Payer's IRS	2	Forward	25	0.70%	Sept. 2019	July 2039	Euribor 3 month
Payer's IRS	2	Forward	25	0.67%	Jan . 2022	Jan. 2040	Euribor 3 month
Payer's IRS	2	Forward	25	0.045%	Jan . 2022	Jan. 2040	Euribor 3 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 1 month
Payer's IRS	2	Forward	30	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

(a) 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.

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 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 30.06.2020	
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	-	- 313
Forward	2	7 849	-63 394
CCS	2	-	-
		7 849	**-63 707**

(in € thousand)		Balance sheet item as of 31.12.2019	
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	-	- 359
Forward	2	7 274	-46 096
CCS	2	12 715	-
		19 989	**-46 455**

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.

Financial assets and liabilities carried at amortised cost

As mentioned under Significant Accounting Policies, as set out in the Annual Financial Report 2019 (pages 160 to 162), the book value of the assets and liabilities approximates to their fair value, except for:

- the financing relating to the sales of receivables from future rents/future usufruct fees, structured at fixed rates, for a residual total at 30 June 2020 of €48.7 million;
- various fixed-rate European private placements (EUPP) totalling €362.8 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 with their fair value at the end of the first half of 2020.

The fair value of the sales of 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 2020, 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	385 344	362 018
Assignment of receivables from future rents/ future usufruct fees	2	52 094	48 714

.AUDITOR'S REPORT

Report of the statutory auditor to the shareholders of Befimmo SA on the review of the consolidated condensed financial statements as of 30 June 2020 and for the six month period then ended

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Befimmo SA (the "Company"), and its subsidiaries as at 30 June 2020 the related consolidated condensed statement of comprehensive income, the consolidated condensed cash flow statement, the consolidated condensed statement of changes in equity, for the six month period then ended and the notes to the consolidated condensed financial statements, collectively, the "Consolidated Condensed Financial Statements". These statements show a consolidated balance sheet total of
€ 3.012.499 thousand and the consolidated condensed of comprehensive income shows a net result for the six month period then ended of € 24.333 thousand. The board of directors is responsible for the preparation and presentation of these Consolidated Condensed 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 Consolidated Condensed Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Emphasis matter – Covid-19

Without qualifying our review opinion, we draw your attention to the disclosures of the Half-yearly Financial Report with regards to the consequences on the result of the Company, of the measures taken relating to the Covid-19 virus. The continuous evolution around the Covid-19 virus, creates an important uncertainty. The impact of these developments on the Company is disclosed in the Half-yearly Financial Report and more specifically described in the Chapter "Risk Factors" regarding the risks and uncertainties for the Company as a consequence of the measures taken relating to the Covid-19 virus.

Brussels, 23 July 2020

EY Réviseurs d'Entreprises SRL
Statutory auditor
represented by

Christel Weymeersch*
Partner
* Acting on behalf of a SRL

.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 intermediary 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 condensed 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.

.RISK FACTORS

This chapter covers the risks identified as potentially affecting the Company, including a description of the measures it has taken to anticipate them, mitigate their potential impact and turn them into opportunities. Note that doing business involves taking risks and so it is not possible to eliminate the potential impact of all the risks identified, nor of any residual risk that therefore has to be borne by the Company and, indirectly, by its shareholders.
The global economic and financial climate and the current geopolitical context may accentuate certain risks related to Befimmo's business.
This list of risks is based on information known (including from dialogue with all stakeholders) at the time of writing this Report. The risks in the different categories are ranked in order of importance according to the 'gross' risk (without taking into account mitigation measures or Befimmo's positioning). The risk level mentioned (high, medium or low) takes into account Befimmo's positioning in relation to the risk and the mitigation measures. The list of risks in this chapter is therefore not exhaustive: other risks, which may be unknown, improbable, non-specific or unlikely to have an adverse effect on the Company, its business or its financial situation, may of course exist.

MAIN RISKS RELATED TO COVID-19

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO A CRISIS RESULTING FROM A PANDEMIC - Medium (Low in the short term)		
The management of the Covid-19 global pandemic has led, and could lead in future, to businesses being shut down, as well as lockdowns imposed by the government that are more or less mandatory. The crisis may accelerate the evolution of the world of work.	Lower demand for office space. The interruption or slow-down of work on construction sites for redevelopment projects. Financial difficulties of the most affected tenants, with an impact on the company's income and cash flow. Less easy access to financing and/or increased credit margins required by banks and financial markets, with a potential impact on liquidity. Liquidity risk. Lower projected EPRA earnings, along with a delay in the contribution of the various development projects. A more volatile share price.	Befimmo is aware that the crisis may accelerate the evolution of the world of work. For years Befimmo has been following trends that have an impact on the development of the world of work. With Silversquare (the coworking business), it can offer greater flexibility (in terms of contract duration, use of workspaces and the type of equipment required for current needs) and make a "hybrid"[14] offering, which allows corporate customers to combine several space solutions in a BeLux network. The Company has a solid base of tenants, with 59% of income (as a real-estate operator) provided by long leases with Belgian and European public institutions. The remainder is spread among tenants from various sectors, including large companies, while a very limited share comes from the retail sector (1% of consolidated rental income). The top 5 corporate clients account for 17% of revenues (real estate operator). The Silversquare coworking business accounted for about 6% of consolidated rental income as at 30 June 2020. 69% of revenues for the half-year are generated in "private offices" used by small and medium sized companies which have a

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

		higher resilience potential than "flex desks". The weighted average duration of current leases (as a real-estate operator) until the next expiry was 7.2 years at 30 June 2020, and 7.9 years until final expiry. The occupancy rate (as a real-estate operator) was 93.6% as at 30 June 2020. 81% of ongoing office development projects in the pipeline are already pre-let. Financing needs are currently covered until the end of the year 2021. Loan-to-Value (LTV) was 40.2% as at 30 June 2020. As a precaution, the Company has reduced the dividend forecast for fiscal year 2020 to no less than the statutory level.

MAIN RISKS RELATED TO EXTERNAL ECONOMIC FACTORS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISK RELATED TO THE NEW WAYS OF WORKING - Medium		
Office space is being used in increasingly flexible and mobile ways. New technology is facilitating a transformation within businesses: from a static and "sequential" mode of operation to more dynamic environments. Businesses are looking for pleasant and flexible working environments to attract talent. They are setting up for Smart Ways of Working and moving to Activity-Based Working.	The ratio of the number of square metres used per employee is falling and may lead to a decline in buildings' occupancy rates. Conventional office environments no longer meet expectations. The coworking business model is still developing.	The Company is committed to this new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users. - acquisition of a majority shareholding in the Silversquare coworking company. - plans to develop (with Silversquare) a Belux network of hybrid offices . - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life. - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions.
RISK ASSOCIATED WITH CHANGING INTEREST RATES		
Financial charges, the Company's main expense item, are largely influenced by interest rates prevailing on the financial markets.	Increase in financial charges and drop of EPRA earnings and net result.	Implement a policy of hedging the interest-rate risk: finance part of borrowings at fixed rates and arrange IRS financial instruments or cap and floor

	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.	options on part of borrowings at floating rates. Total borrowings as at 30 June 2020: - borrowings of €1,082.7 million (94.0% of total debt) are financed at fixed rates (fixed rates specified in agreements or rates fixed by IRS); - The remainder of the debt, €69.1 million, is financed at floating rates, €20.0 million of which is hedged against rising interest rates by means of optional instruments (caps and collars[15]). The remaining 4.3% of the total borrowings is therefore unhedged. Without any hedging, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €1.5 million (annual amount calculated based on the debt structure as at 30 June 2020). With the hedging arranged at 30 June 2020, the impact of a rise in market rates of 0.25% would entail a decrease in financial charges estimated at -€0.3 million (annual amount calculated based on the debt structure as at 30 June 2020. The debt ratio is 43.9% as at 30 June 2019, the LTV ratio is 40.2%. The Standard & Poor's rating agency confirmed on 1 July 2020 the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.
RISK RELATED TO CHANGING CREDIT MARGINS - Medium		
The Company's financing cost also depends on the credit margins charged by the banks and the financial markets. These financing margins change in line with risk appetite in financial markets and regulations, particularly in the banking sector (the "Basel IV" requirements) and the insurance sector (known as "CRD IV"). They also evolve according to the	An increase in financial charges and hence an adverse effect on EPRA earnings and the net result.	Spread the maturities of financing over time and diversify sources of financing. Optimise the use of financing by giving preference to financing with the lowest margins (e.g., depending on market conditions, a short-term commercial paper programme associated with long-term back-up lines or assignments of receivables from future rents).

15 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).

perception of the Company's credit risk profile.		
RISK OF INFLATION AND DEFLATION - Low		
Risk of deflation on income, as Befimmo leases contain clauses indexing rents to changes in the health index. Risk of the costs the Company has to bear being indexed on a basis that changes faster than the health index.	The impact of the adjustment of rents can be estimated at €1.4 million on an annual basis (not including protection) per percentage point change in the health index.	95.7%[16] of the leases in Befimmo's consolidated portfolio are covered, in line with general practice, against the effect of any negative indexing. - 41.7% provide for a ceiling on the basic rent. - 54% contain a clause that sets the minimum at the level of the last rent paid. The remaining 4.3% of the leases do not provide for any minimum rent. Contractual agreements put in place in relations with contractors.

MAIN RISKS RELATED TO STRATEGY

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
RISKS RELATED TO RENTAL VACANCY - Medium		
Overall, the office property market is currently characterised by higher supply than demand, and changing types of demand. The Company is exposed to the risks of its tenants leaving, and of renegotiating their leases: - Risk of loss of and/or reduced income. - Risk of negative reversion of rents. - Risk of pressure on the renewal conditions and to grant rental gratuities. - Risk of loss of fair value of properties, etc.	Decline in spot occupancy rates and a reduction in the operating result of the portfolio. On an annual basis at 30 June 2020, a 1% fluctuation in the spot occupancy rate of the Company's portfolio would have an impact of some €2.1 million on the property operating result, -€0.08 on the net asset value per share and +0.07% 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 €2.8 million, equivalent to around 2.1% of total rental income. Higher expenses in connection with the marketing of properties available for lease. Fall in the value of buildings.	The Company has an investment strategy focused on: - quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors. - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. The Company is committed to the new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users. - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company. - plans to develop (with Silversquare) a Belux hybrid office network. - extensive and personalised range of services to make life easier for its tenants. - a mix of functions in the new projects to ensure that the

[16] Based on the gross current rent as at 30 June 2020.

		environment is conducive to the development of a genuine community life. - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. The Company has a professional commercial team dedicated to finding new tenants and actively managing the relationship with its customers. Steady cash flow depends mainly on rental income being secured. The Company therefore strives to ensure that a large proportion of its portfolio is let on long-term leases and/or to multiple tenants, which helps to spread the rental risks. At 30 June 2020, the weighted average duration of Befimmo's current leases until the next break was 7.2 years. The spot occupancy rate of the properties available for lease at 30 June 2020 was 93.6%, compared with 94.4% at 31 December 2019. The major projects in the North area are an opportunity for the Company to address the lack of Grade A[17] in Brussels.
RISK RELATED TO THE COMPANY'S REPUTATION - Medium		
Reputational risk in relation to stakeholders (current and prospective tenants, local residents, public authorities, current and potential investors, financial and other analysts, suppliers, etc.). Reputation is influenced by information disseminated by the media and on social networks.	Reputational damage to the Company could have adverse repercussions, notably when negotiating lease agreements, seeking financing and/or the value of the share.	Corporate Governance Charter and Code of Ethics drafted by the Board of Directors. Code of Ethics requiring ethical values to be observed in relations with customers, staff, partners and shareholders. In addition to its reporting requirements as a listed company and a BE-REIT, Befimmo communicates transparently and proactively in order to best meet the expectations of its stakeholders. The Company has a communication plan (internal and external) and a crisis communication plan. It commissions reputation analyses from specialist agencies.

[17] 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.

		The media are monitored daily and any necessary corrections or clarifications are issued.
RISKS RELATED TO (RE)DEVELOPMENT ACTIVITIES - Medium		
Risk associated with the renovation or construction of buildings. In preparation for a new life cycle, the buildings in the portfolio must under-go a major renovation or be rebuilt. In this context Befimmo is exposed to risks related to: - the choice of service providers (architects, contractors, specialist - lawyers). - choice of use format. - obtaining permits (difficulties, delays, changes in the law, etc.). - construction (costs, delays, compliance, - etc.). - commercialisation	Construction and/or operating costs overrunning the budget. Absence of rental income on completion of the works and costs related to the vacancy. Pressure on marketing conditions and for granting of rental gratuities. Negative impact on the occupancy rate of the portfolio.	Design innovative, sustainable and quality projects (incorporating the latest technologies) to satisfy market needs. Ongoing analysis of market needs: - a redesigned world of work; workspaces are organized according to the users' type of business and their profile. - wide and personalised range of services to make life easier for its tenants. - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life. - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. Proactive and repeated dialogue with the public authorities for permit applications. Choice of quality partners. Professional commercial team dedicated to finding new occupants.
RISKS RELATED TO MERGERS, DEMERGERS, ACQUISITIONS AND JOINT VENTURES - Medium		
Risk that the value of certain assets may have been over-estimated or that hidden liabilities have been transferred to the Company during mergers, spin-offs or acquisitions, or joint ventures.	Realisation of the need to revalue certain assets or record certain liabilities that could entail a financial loss to the Company.	Take the usual precautions in operations of this type, mainly by carrying out full due-diligence exercises (real-estate, accounts, taxation, etc.) on properties contributed and on absorbed or merged companies, that may involve obtaining guarantees. Take similar precautions in case of joint ventures.
RISKS OF SEGMENTAL CONCENTRATION - Medium		
The portfolio is almost entirely composed of office buildings (with the exception of a few shops on the ground floor of some buildings).	Sensitivity to the evolution of the office property market.	The Company has an investment strategy focused on: - quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors. - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation.

		The Company is committed to the new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users. - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company. - plans to develop (with Silversquare) a Belux hybrid office network. - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life. - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions.
RISKS ASSOCIATED WITH TENANTS - Low		
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[18] are required to provide a rental guarantee. There is a procedure for regularly monitoring outstanding receivables.
RISKS OF GEOGRAPHICAL CONCENTRATION - Medium		
The portfolio is not very diversified in terms of geography. It consists of office buildings, mainly located in Brussels and its economic hinterland (70% of the portfolio as at 30 June 2020).	Sensitivity to developments in the Brussels office property market, which is characterised in particular by a significant presence of European institutions and related activities.	Under its investment strategy, the Company seeks to avoid excessive concentration of the portfolio in a single area or asset. As a matter of interest, the AMCA building in Antwerp, the Paradis tower in Liège, the Gateway building at Brussels airport and WTC Tower 3 in Brussels each account for between 5 and 10% of the fair value of the portfolio as at 30 June 2020.
RISKS RELATED TO THE COWORKING MARKET - Medium		
Risks related to the entry into a new and fast-developing market (control of the key factors of success, competition, etc.).	Profitability linked to the success of the underlying activity.	Taking a majority stake in a company (Silversquare) with broad experience in coworking. The impact is relatively limited on Befimmo as it is developing this business gradually.

[18] The public sector tenants (Belgian Federal State, Flemish Region and European institutions), which occupy a significant part of the Company's portfolio (58.9% at 30 June 2020), calculated on the basis of the gross current rent at 30 June 2020, generally do not provide rental guarantees but 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 - Medium		
Risk of a negative change in the fair value of the portfolio. Risk of the real-estate experts overvaluing or under-valuing properties in relation to their true market value. This risk is accentuated in the market segments in which the limited number of transactions gives the experts few points of comparison, which still holds true to some extent for the decentralised areas and periphery of Brussels (7.46%[19] of the portfolio), and more generally in the Belgian provincial towns.	Impact on the Company's net result, equity, debt[20] and LTV[21] ratios. Impact on the Company's ability to distribute a dividend[22] 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 2020, a 1% decline in the value of the property assets would have an impact of around -€28.6 million on the net result, entailing a change of around -€1.1 in the net asset value per share, around +0.4% in the debt ratio and around +0.4% in the LTV ratio.	The Company has an investment strategy focused on: - quality office buildings, with a good location, good accessibility and an adequate critical size, among other factors. - buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation. The Company is committed to the new world of work: - a redesigned world of work; workspaces are organised according to the type of activity and the profile of the users. - expansion of the offering and potential targets with the acquisition of a majority shareholding in the Silversquare coworking company. - plans to develop (with Silversquare) a Belux hybrid office network. - extensive and personalised range of services to make life easier for its tenants. - a mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life. - projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. Statutory rotation of independent experts. They are systematically informed of changes in the situation of the buildings, and regularly visit buildings.
RISKS RELATED TO INADEQUATE INSURANCE COVER – Low		
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	Buildings are covered by a number of insurance policies (risk of fire, storm damage, water damage, etc.) covering loss of rent for a limited period (in principle for the time needed for reconstruction) and the cost of

19 Calculated on the basis of the fair value of investment properties at 30 June 2020.
20 The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.
21 Loan-to-value ("LTV") = [(nominal financial debts - cash)/fair value of the portfolio].
22 Please refer to the chapter "Appropriation of earnings (statutory accounts)" on page 83 of the Annual Financial Report.

	termination of the lease through frustration, and therefore an unexpected rental vacancy.	reconstruction, for a total sum (new reconstruction value, excluding the value of the land) of €2.155,5 million as at 31 December 2019. Buildings are covered by a policy insuring against acts of terrorism.
RISK OF DETERIORATION AND OBSOLESCENCE OF BUILDINGS - Medium		
Risk of wear and tear and obsolescence, relating to increasingly stringent requirements (legislative, societal or environmental).	Rental vacancies. Investments required to bring the building into compliance with regulatory requirements and tenants' expectations.	Property kept in a good state of repair and maintained in line with good practice in terms of energy, technical and other performance criteria, by making an inventory of preventive and corrective maintenance work to be carried out, and establishing a works programme. Most of the buildings are covered by "total guarantee" maintenance contracts. At 30 June 2020, 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 THE REALISATION OF WORKS - Medium		
Risks of delays, budget overspending, environmental damage and organisational problems when erecting, redeveloping and carrying out major works in the buildings in the portfolio. Risk of insolvency and non-compliance with specifications by the contractors responsible for the works.	Adverse impact on the Company's results owing to a loss of rental income and/or an increase in charges. Adverse impact on the Company's reputation.	Site communication plan, dialogue with local residents, etc. Monitoring of technical, budgetary and planning aspects has been introduced to manage the risks associated with this work. Contracts with building contractors generally provide for a number of measures to mitigate such risks (price ceilings, delay penalties, etc.). Regarding environmental issues, specific measures are incorporated into the specifications and contracts applying to successful tenderers. Monitoring of compliance with these environmental measures while the works

		are in progress (notably by external environ-mental 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 - Medium		
Environmental risks in terms of pollution of soil, water and air (high CO_2 emissions) and also noise pollution. Risk of not achieving the Company's targets for improving its environmental performance and of losing the certifications (BREEAM, ISO 14001, etc.) that it has obtained.	Adverse environmental impact. High costs for Befimmo. Adverse impact on Befimmo's reputation with its stakeholders. In some cases, an adverse impact on the fair value of the portfolio.	A responsible approach, under which, for many years, the necessary action has gradually been taken to reduce the environmental impact of the activities that the Company controls and influences directly. The implementation of the Environmental Management System (EMS), which is ISO 14001 compliant, helps to anticipate environmental risks at both strategic level (acquisitions, major renovations, etc.) and operational level (building maintenance, use of buildings, etc.). An analysis was conducted of the environmental performance and the potential for improvement of the portfolio, and compliance with the requirements associated with certifications obtained. Use of resources: Befimmo adopts an eco-responsible approach at every stage of a building's life, making optimal use of energy and natural resources.

MAIN FINANCIAL RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
FINANCIAL LIQUIDITY RISK - Medium		
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 2020, the ratio of debt provided by financing from 8 banking institutions was 72.0%. 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 2020, the Company had confirmed un-used lines of €306.1 million including cash. The Company aims to continually anticipate its financing needs (notably for its investments) and keep a defined amount in confirmed unused lines at all times so as to hedge this risk over a time frame of at least 12 months. The debt ratio (as per the Royal Decree) amounts to 43.9% at 30 June 2020 (the statutory limit is 65%) compared to 42.7% as at 31 December 2019.
RISK RELATED TO A CHANGE IN THE COMPANY'S RATING - Medium		
The Company's financing cost is influenced mainly by Standard & Poor's rating.	Any downgrade of the rating would make it harder to obtain new financing and, if the rating were reduced by one notch from BBB to BBB-, would entail an additional financing cost estimated at €0.8 million, based on the debt structure and current contracts as at 30 June 2020. Adverse impact on the Company's image with investors.	Regular review of the criteria (ratios) used to determine its rating, analysis of the potential impact of the Company's decisions on any changes in the rating, and the forecast changes in those ratios. The Standard & Poor's rating agency confirmed on 1 July 2020 the rating of BBB/outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.
RISK RELATED TO COUNTERPARTY BANKS - Low		
Arranging finance or a hedging instrument with a financial institution creates a counterparty risk of that institution defaulting.	The Company could find itself in a situation where it is unable to access the financing arranged or the cash flows to which it is entitled through hedging instruments.	Diversifying its banking relationships and working with banks that have an adequate rating or an acceptable level of risk. As at 30 June 2020, the Company had a business relationship with several banks: - at 30 June 2020, Befimmo had credit lines of €1,049.6 million. Banks providing this financing: Agricultural Bank of China Luxembourg, Banque Degroof Petercam, BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and Société Générale - the counterparty banks for the hedging instruments are BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and Natwest Markets PLC (RBS Group). The financial model is based on structural borrowing: the amount of cash deposited with financial institutions is structurally very limited. It was €0.6 million as at 30 June 2020 compared with €2.9 million at 31 December 2019.

RISK OF A CHANGE IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE - Low		
A change in the interest and exchange rates alters the value of the 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.	A change in the interest and exchange rates alters the value of the financial assets and liabilities carried at fair value.
RISK RELATED TO OBLIGATIONS CONTAINED IN FINANCING AGREEMENTS - Low		
Risk of financing agreements being cancelled, renegotiated or terminated early should the Company fail to abide by the covenants it made when signing those agreements, notably regarding certain financial ratios. Risk of a penalty if agreements are terminated prematurely. When the Company carries out a financing transaction on a foreign market, it is subject to laws and counterparties with which it is less familiar.	Any challenge to a financing agreement would expose the Company to having to arrange additional financing at a potentially higher cost or sell certain assets under less than ideal conditions.	The Company negotiates covenants with its counterparties at levels consistent with its estimated forecasts of changes in those indicators, and regularly analyses any changes in those forecasts.
RISK LINKED TO VOLATILITY AND SHARE PRICE - Medium		
The Company is exposed to a significant discrepancy between the share price and the Company's net asset value.	More difficult access to new equity may limit development capacity. Adverse impact on the Company's reputation.	Devise and implement a value-creation strategy. Publish outlook and dividend forecast. Regular, transparent and proactive communication to financial analysts and current and prospective investors.

MAIN RISKS RELATED TO REGULATION

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

urban-development and public-procurement regulations.		
TAX REGIME - Low		
As a BE-REIT, the Company enjoys a specific tax regime. The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute as much cash flow as possible while enjoying certain advantages. In particular, BE-REITs pay a reduced rate of corporation tax as long as at least 80% of its cash flows are distributed (calculated on the basis of Article 13 of the Royal Decree of 13.07.2014). BE-REITs are exempt from corporation tax on the results (rental income and capital gains realised minus operating costs and financial charges)[23]. The exit tax is calculated as per circular Ci.RH.423/567.729 of 23.12.2004, the interpretation or practical application of which is liable to change. The real value of a property, as referred to in that circular, is calculated after deducting the registration fees or VAT. This real value differs from (and so may be less than) the fair value of the property as set out in the BE-REIT's IFRS balance sheet. Any change to this circular could potentially entail an increase in the basis on which the exit tax is calculated. Befimmo complies in all respects with the regulations in force, and the provisions of the above-mentioned circular, for the calculation of exit taxes it owes in connection with the transactions on which the tax is due.		
RISK OF LEGAL PROCEEDINGS - Low		
The Company is a party to legal proceedings and may be involved in others in future.	At the time of writing, Befimmo is involved in a number of legal proceedings which, on the whole (according to the information available to the Company at the date of this registration document), are unlikely to have a major impact on Befimmo, as the potential losses are highly unlikely to materialise and/or are of insignificant amounts.	A legal team with the necessary skills ensures strict compliance with current regulations and, as far as possible, proactively anticipates changes in the law (legislation watch). The Company also calls upon external consultants.

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

		As far as possible, Befimmo prepares for departures and ensures that know-how is passed on.
RISK OF FRAUD- Medium		
Misappropriation of Company assets for own account or for third parties.	The Company is exposed to the risk of loss or theft of sensitive data, and financial loss as a result of fraud.	Corporate Governance Charter and Code of Ethics drafted by the Board of Directors. Code of Ethics requiring ethical values to be observed in relations with customers, staff, partners and shareholders. Procedures for controlling sensitive data. Awareness actions for the team to the risks of cybercriminality and fraud.

.APPENDICES

Appendix 1: 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 2020.

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 2020. We have been mandated to value part of the Befimmo and Fedimmo portfolios while Cushman and Wakefield have been mandated to value another part of the Befimmo and Fedimmo portfolios. The part valued by Jones Lang LaSalle is the part leased on multiple short term leases mainly in Brussels and its hinterland. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder. As requested by Befimmo, Cushman and Wakefield is also responsible for determining the fair value of the right of use arising from leases under which Befimmo and/or Silversquare have obligations in their capacity as lessee. This request arises from the publication by the International Accounting Standards Board (IASB) of IFRS 16, effective for annual reporting periods beginning on or after 1 January 2019, which requires the lessee to recognise in the balance sheet a right-of-use asset and lease liability representing its obligation to make lease payments. This fair value, as defined in IFRS 16, is obtained by updating rent flows remaining until the end of the agreement, taking account of gratuities, benefits and other adjustments. As at 30th June 2020, the cumulative fair value of the right-of-use asset amounts to €44,455,807. The fair value of the right of use of land amounts to €2,036,559.

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.

We are obliged to inform you that as at the date of 30th of June 2020 the outbreak of the Coronavirus (COVID-19) declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020 has impacted global financial markets . A number of countries have put travel restrictions in place with confinement measures implemented in several cases at a national level. The economy has been impacted across various sectors, including sectors of the property market.

In the context of the valuation of the subject property we consider that the comparable transaction evidence adopted in our analysis took place prior to the current events of the COVID-19 crisis and therefore does not allow us to conclude our Market Value with the same certainty at the valuation date.

Indeed the impacts (social, labour, political, health, economic) linked to the COVID-19 are exceptional in modern times and result in circumstances that impact our judgement. Our valuation is therefore reported on the basis of a material uncertainty of valuation, as stipulated in the VGPA 10 of the RICS Valuation-Global Standards. As a consequence the valuation of the subject property is subject to the potential impacts on the real estate market which remain uncertain at this stage. Uncertainty clauses are therefore to be taken into consideration in reviewing the conclusions of this valuation report.

Generally in an uncertain climate the liquidity of assets can be impacted and the number of transactions more restricted which impacts market transparency. While the French commercial real estate market fundamentals remain solid we cannot exclude contagion effects on the investment and leasing markets in a short term period.

As at the valuation date it is too premature to estimate the potential impact on the valuation with too few transactions signed and as such we do not have sufficient evidence to draw reliable conclusions as to the impact if any on the real estate investment market and on yields in particular.

We therefore recommend that you review the Market Valuation assessment of the subject property on a regular basis given the valuation date of 30/06/2020 and based on new elements that may be brought to our attention as the situation evolves.

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 B-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 2020 amounts to a total of

€ 2,935,569,000
(Two billion nine hundred thirty five million five hundred sixty nine 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 2020 amounts to a total of

€ 2,862,972,382
(Two billion eight hundred sixty two million nine hundred seventy two thousand three hundred eighty two 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 5.22%. Should the vacant accommodation be fully let at estimated rental value, the initial yield is 5.55% for the same portfolio.
The occupation rate of the portfolio with properties available for lease is 93.62%.
The property portfolio comprises:

Offices	Fair Value (€ million)	%
Properties available for lease	*2 427.4*	*84.8%*
Brussels CBD and similar	1 408.2	49.2%
Brussels decentralised	82.9	2.9%
Brussels periphery	120.6	4.2%
Wallonia	232.5	8.1%
Flanders	441.6	15.4%
Luxembourg city	141.5	4.9%
Properties that are being constructed or developed for own account in order to be leased	*424.4*	*14.8%*
Properties held for sale	*11.2*	*0.4%*
Total buildings	*2 863.0*	100.0%
Right of use of leased offices (IFRS 16)	44.5	
Right of use of land (IFRS 16)*	2.0	
Total of investment property	46.5	
Total	2 909.5	

*A debt related to these rights of use has been recognized in the balance sheet liabilities.

Yours sincerely,

Brussels, 16th July 2020

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

Annexe 2 : Glossary of the real-estate indicators

Gross current rent from lease agreements

The annualised total of the rents of current leases at the balance sheet date, not taking account of current gratuities or rents under leases commencing after the balance sheet date concerned.

Gross initial yield on 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 initial yield on investment properties

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

Gross 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.

Spot occupancy rate of properties available for lease

Le rapport entre la valeur locative estimée des surfaces occupées à la date de clôture et la valeur locative estimée totale des immeubles disponibles à la location.

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.

Annexe 3 : Alternative Performance Measures

REAL-ESTATE OPERATOR BUSINESS

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)	'Financial result' minus heading XXIII 'Changes in fair value of financial assets and liabilities'.	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.

RECONCILIATION TABLES OF THE "ALTERNATIVE PERFORMANCE MEASURES"

Net rental result « like-for-like »

(in thousand €)	30.06.2020	30.06.2019
Net rental result (A)	69 384	69 482
Net rental result linked to changes in perimeter (B)	4 401	2 502
Net rental result on properties not available for lease (C)	- 65	2 933
Non-recurring element to extract from the "Like-for-Like" (D)	3 154	394
Net rental result in « Like-for-Like » (A-B-C-D)	**61 895**	**63 652**

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

(in thousand €)	30.06.2020	30.06.2019
Net result (A)	29 483	100 555
XVIII. Changes in fair value of investment properties (B)	73	77 430
XXIII. Changes in fair value of financial assets and liabilities (C)	-16 673	-28 322
Net result before changes in fair value of investment properties and financial assets and liabilities (A-B-C)	**46 084**	**51 446**

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

(in thousand €)	30.06.2020	30.06.2019
Financial result (A)	-26 851	-41 229
XXIII. Changes in fair value of financial assets and liabilities (B)	-16 673	-28 322
Financial result (excl. the changes in fair value of the financial assets and liabilities) (A-B)	**-10 177**	**-12 907**

Net property result

(in thousand €)	30.06.2020	30.06.2019
Operating result before result on portfolio	53 209	54 798
XVI. Gains or losses on disposals of investment properties	-	10 317
Net property result	**53 209**	**65 115**

Operating margin

(in thousand €)	30.06.2020	30.06.2019
Operating result before result on portfolio (A)	53 209	54 798
Net rental result (B)	69 384	69 482
Operating margin (A/B)	**76.7%**	**78.9%**

Other operating income and charges (excluding goodwill impairment)

(in thousand €)	30.06.2020	30.06.2019
XV. Other operating income and charges (A)	-179	-917
Goodwill impairment (B)	-	-
Other operating income and charges (excluding goodwill impairment) (A-B)	**-179**	**917**

Net property charges

(in thousand €)	30.06.2020	30.06.2019
IV. Recovery of property charges	10 727	4 457
V. Recovery of rental charges and taxes normally paid by tenants on let properties	22 820	21 732
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	-23 136	-22 489
VIII. Other revenue and charges for letting	159	332
IX. Technical costs	-10 644	-4 348
X. Commercial costs	-460	-142
XI. Charges and taxes on unlet properties	-1 978	-1 434
XII. Property management costs	-1 558	-1 383
XIII. Other property charges	-3 453	-3 413
Net property charges	**-7 523**	**-6 689**

CONSOLIDATED

GLOSSARY OF THE "ALTERNATIVE PERFORMANCE MEASURES"

Alternative Performance Measure	Definition	Use
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"

Loan-to-value

(in thousand €)	30.06.2020	31.12.2019
Nominal financial debts (A)	1 151 838	1 090 344
II. F. Cash and cash equivalents (B)	-575	-2 878
I. C. Investment properties (D)	2 851 742	2 788 591
II. A. Assets held for sale (E)	11 230	-
Fair value of portfolio at the closing date (C = D+E)	**2 862 972**	**2 788 591**
Loan-to-value (A-B)/C	**40.2%**	**39.0%**

Average (annualised) financing cost

(in thousand €)	30.06.2020	30.06.2019
Interest paid	11 503	11 332
Annualised interest paid (A)	23 005	22 665
Annualised nominal financial debts (B)	1 125 502	1 145 196
Average (annualised) financing cost (A/B)	**2.04%**	**1.98%**

Return on shareholders' equity (in € per share and in %)

	30.06.2020	31.12.2019
Return on shareholders' equity (in € per share)	3.66	6.47
Return on shareholders' equity (in %)	6.3%	11.6%

Annexe 4 : Tables of the EPRA indicators[24]

EPRA INDICATORS – REAL-ESTATE OPERATOR BUSINESS

EPRA earnings

(in € thousand)	30.06.2020	30.06.2019
Net result IFRS	**25 591**	**100 555**
Net result IFRS (in € per share)	**0.95**	**3.93**
Adjustments to calculate EPRA earnings		
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	-73	-77 430
II. Result on disposals of investment properties	-	- 10 317
VI. Changes in fair value of financial assets and liabilities and close-out costs	16 673	30 766
VIII. Deferred tax in respect to EPRA adjustments	285	203
EPRA earnings	**42 477**	**43 776**
EPRA earnings (in € per share)	**1.57**	**1.71**

EPRA Vacancy rate

(in € thousand)	30.06.2020	31.12.2019
Estimated rental value (ERV) on vacant space (A)	4 470	5 166
Estimated rental value (ERV) (B)	125 465	124 846
EPRA Vacancy rate of properties available for lease (A)/(B)	**3.6%**	**4.1%**

[24] The definitions of the EPRA indicators are published on pages 28 and 29 of this Report. Source: EPRA Best Practices (www.epra.com).

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

(in € thousand)	30.06.2020	31.12.2019
Investment properties and properties held for sale	2 862 972	2 788 591
To exclude:		
Properties that are being constructed or developed for own account in order to be leased	-424 389	-394 130
Properties held for sale	-11 230	-
Properties available for lease	2 427 353	2 394 461
To include:		
Allowance for estimated purchasers' cost	61 250	60 089
Investment value of properties available for lease (B)	**2 488 603**	**2 454 550**
Annualised cash passing rental income	122 740	128 033
To exclude:		
Property charges[(a)]	-5 460	-6 915
Annualised net rents (A)	**117 280**	**121 118**
To include:		
Notional rent expiration of rent free periods or other lease incentives	6 349	3 383
Topped-up annualised net rents (C)	**123 629**	**124 501**
(in %)		
EPRA Net Initial Yield (A/B)	**4.7%**	**4.9%**
EPRA Topped-up Net Initial Yield (C/B)	**5.0%**	**5.1%**

(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 cost ratio

(in € thousand)	30.06.2020	30.06.2019
Net administrative and operating expenses in the income statement	**-16 238**	**-13 770**
III. (+/-) Rental charges	- 241	- 28
Net property charges	-7 523	-6 689
XIV. (-) Corporate overheads	-8 473	-7 078
XV. (+/-) Other operating income and charges	- 179	- 917
Exclude:		
i. Impact of the spreading of gratuities	179	941
EPRA costs (including direct vacancy costs) (A)	**-16 238**	**-13 770**
XI. (-) Charges and taxes on unlet properties	1 978	1 434
EPRA costs (excluding direct vacancy costs) (B)	**-14 260**	**-12 336**
I. (+) Rental income	69 626	69 509
Gross rental income (C)	**69 626**	**69 509**
EPRA Cost ratio (including direct vacancy costs) (A/C)	**23.3%**	**19.8%**
EPRA Cost ratio (excluding direct vacancy costs) (B/C)	**20.5%**	**17.7%**

EPRA like-for-like net rental growth

Segment	30.06.2020						30.06.2019						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	30 683	361			178	31 222	32 815		1 536		1 711	36 062	-6.5%
Brussels decentralised	3 235					3 235	2 012					2 012	60.8%
Brussels periphery	4 148					4 148	3 672		80			3 752	13.0%
Wallonia	5 389				- 97	5 292	5 180				- 1	5 179	4.0%
Flanders	13 653			-220		13 433	13 991		- 9	772		14 755	-2.4%
Luxembourg city	2 320					2 320	2 466					2 466	-5.9%
Total	**59 429**	**361**	**-**	**-220**	**81**	**59 651**	**60 135**	**-**	**1 607**	**772**	**1 711**	**64 226**	**-1.2%**
Reconciliation to the consolidated IFRS income statement													
Net rental income related to:													
- Properties booked as financial leases (IFRS 16)						-6						-4	
- Non recurring element:						7 191						3 244	
Other property charges						**-4 975**						**-4 673**	
Property operating result in the consolidated IFRS income statement						**61 861**						**62 793**	

[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.

EPRA INDICATORS – CONSOLIDATED

EPRA earnings

(in € thousand)	30.06.2020	30.06.2019
Net result IFRS (group share)	**24 733**	**101 229**
Net result IFRS (in € per share) (group share)	**0.91**	**3.96**
Adjustments to calculate EPRA earnings	16 764	57336
To exclude:		
I. Changes in fair value of investment properties and properties held for sale	- 251	-77 988
II. Result on disposals of investment properties	-	-10 317
VI. Changes in fair value of financial assets and liabilities and close-out costs	16 673	30 766
VIII. Deferred tax in respect of EPRA adjustments	285	203
X. Adjustments for non-controlling interests	57	215
EPRA earnings (group share)	**41 498**	**44 107**
EPRA earnings (in € per share) (group share)	**1.53**	**1.72**

EPRA NAV & NNNAV

(in € thousand)	30.06.2020	31.12.2019
Net asset value (group share)	**1 604 653**	**1 603 872**
Net asset value (in € per share) (group share)	**59.32**	**59.29**
To include:		
II. Revaluation at fair value of finance lease credit	114	115
To exclude:		
IV. Fair value of financial instruments	55 859	39 984
V. a. Deferred tax	976	691
To include/exclude :		
Adjustments in respect of non-controlling interests	-	-
EPRA NAV (group share)	**1 661 601**	**1 644 662**
EPRA NAV (in € per share) (group share)	**61.42**	**60.80**
To include:		
I. Fair value of financial instruments	-55 859	-39 984
II. Revaluations at fair value of fixed-rate loans[a]	-26 705	-20 383
III. Deferred tax	- 976	-691
To include/exclude :		
Adjustments in respect of non-controlling interests	-	-
EPRA NNNAV (group share)	**1 578 062**	**1 583 604**
EPRA NNNAV (in € per share) (group share)	**58.33**	**58.54**

[a] Excluding financial debt linked to IFRS 16.

FURTHER INFORMATION

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