



CSR Report 2017

Extract from the Annual Financial Report 2017



Befimmo



Introduction

As part of the strategic evolution, the information linked to Befimmo's Corporate Responsibility is now completely integrated in the Annual Financial Report 2017 and is thus no longer published in a separate chapter.

Nevertheless, a CSR Report was composed to facilitate reading of the CSR aspects. This Report includes all chapters and parts from the Annual Financial Report 2017, which refer to Befimmo's Social Responsibility.



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2017

ANNUAL FINANCIAL REPORT ON THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017 PRESENTED AT THE ORDINARY GENERAL MEETING OF SHAREHOLDERS OF 24 APRIL 2018 AND ADOPTED BY THE BOARD OF DIRECTORS ON 2 MARCH 2018

This Annual Financial Report has been prepared in accordance with the Royal Decree of 13 July 2014.

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

Befimmo is fully following the trend towards standardisation of financial reporting and also reporting on Social Responsibility – aiming at an improvement of quality and information comparability – by adopting the EPRA reporting guidelines and the GRI Standards¹.

In the absence of a standardised reference system for the real-estate indicators, Befimmo conducted, over the fiscal year 2017, an in-depth analysis of the methods for calculating its main indicators, assisted in this exercise by the consultant PwC. Befimmo now calculates its indicators on the basis of these slightly adapted definitions set out in Appendix II to this Report. The indicators as at 31 December 2016 were restated on the basis of the new definitions. The real-estate indicators within this Report are

identified with a footnote at their first mention.

Since 3 July 2016, the “Alternative Performance Measures (APM)”² guidelines of the European Securities Markets Authority (ESMA) have been applicable. The APMs within this Report are identified with a footnote at the first mention of the APM in this Report. The full list of APMs, their definition, their utility and the related reconciliation tables are included in Appendix III to this Report and are published on the Befimmo website.

As part of the strategic evolution, the information linked to Befimmo's Corporate Responsibility is now fully integrated in the Report and is no longer published in a separate chapter. The CSR indicators are gathered in the GRI Content Index on page 216.

 “Reporting and recognitions”

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

The following explanatory icons are used:

 “Market”

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

 Glossary

This icon refers to the glossary in the Appendix to this Report on page 202.

 www.befimmo.be

This icon refers to further information on the Befimmo website.

 RSE

This icon refers to the CSR sheets, published on the website of the Company.

1. www.globalreporting.org

2. For more information, please consult the report “Final Report – ESMA Guidelines on Alternative Performance Measures” on the ESMA website (www.esma.europa.eu).

Message of the Chairman and the CEO



Benoît De Blicq | CEO

Alain Devos | Chairman of the Board of Directors

Open minds, open spaces: a new identity, a lot more than just words. This evolving identity is the outward sign of a profound change in our approach to business that began a few years ago.

On the basis of the United Nations Sustainable Development Goals, the entire Befimmo team has been organised to proactively consider the most important societal issues in our line of business, and has defined its strategic priorities: environmentally-friendly mobility, buildings properly integrated into the city, work spaces in symbiosis with the world of work, a continuing dialogue with all our stakeholders, an exemplary contribution to positive change in society and appropriate use of resources in applying the principles of eco-design and the circular economy at each stage of a building's life cycle. This approach incorporates a focus on innovation in order to be able to anticipate the needs and expectations of our tenants.

Our tenants too are facing quick changes in their business models. We aim to listen to their expectations in terms of flexibility, accessibility, user-friendliness, facilities and services, participation in a community, multi-functionality and respect for the environment, all very topical issues for all of us.

Aware of these issues, tenants are now choosing a real-estate partner who can offer solutions that go beyond simply selecting a building. Befimmo is that partner.

Our new logo, with a window open to the outside world, reflects the interaction between the Befimmo team and the world in which we operate. This is the highly motivating reality of our Company.



Aware of these issues, tenants are now choosing a real-estate partner who can offer solutions that go beyond simply selecting a building. Befimmo is that partner.

An example of this is the strategic partnership that we have forged with Silversquare, the leading Belgian operator of coworking centres. There is no doubt that the coworking model will spread quickly, both for companies wanting to take advantage of the dynamic effect of networking and the spirit of innovation, as well as for the growing numbers of self-employed people, start-ups and small businesses, which will find huge added value in breaking out of their isolation and working in a community.

As a coworking operator, associated with a specialist pioneer of the model in Belgium, Befimmo is positioning itself in this new fast-growing market, differentiating itself from the competition through its know-how in community animation, and accelerating its development towards the office of the future. The first coworking space, measuring 4,000 m², will open in April 2018 in our Triomphe building in Brussels, chosen for its excellent location near the universities of Brussels and the new Chirec hospital. And new spaces are already in preparation so that we can quickly offer a network to our tenants and future customers.

We would also mention our work within the Up4North association (www.labnorth.be) of which Befimmo is a very active founder. The association's mission is to give renewed impetus to the North area, which is progressively but significantly evolving from conventional mono-functional offices into a one of a more vital and assured multi-functional area. A discussion forum and think-tank (Café North) is open to stakeholders. An urban development college, architecture practices, artists and start-ups are moving into spaces (Lab North) that we have made temporarily available in Tower 1 of the WTC.

In this way, the North area, benefiting from the presence of the Brussels North railway station, as the extension of the historic centre of Brussels, will gradually become a pleasant, lively and friendly city district in its own right. We also have a project for redeveloping WTC Towers 1 and 2 into a multifunctional complex. We will be regularly revisiting this subject since the countdown for the departure of the tenant, the Belgian Government, planned at the end of 2018, is well under way.

As planned, the Administration of the Flemish Community vacated the Noord Building early in the year. We have obtained all the permits for the Quatuor project which is to replace it and, in which, a third of the space is pre-let. The demolition / reconstruction work has just begun. The brand-new building is scheduled for hand-over around mid-2020.

For the 2017 fiscal year, Befimmo posted solid results in terms of its EPRA earnings (cash flow) of €3.74 per share, higher than forecast (€3.63), and its net result (€5.32 per share), well up thanks to the capital gain on the opportunistic disposal of the Brederode complex and overall stability in values (fair value as per IAS 40) of the portfolio.

2017 has been a very successful year in terms of take-up in our operational buildings (Central Gate, Axento, Media, etc.) and projects (Quatuor). More generally, Befimmo concluded new leases or renewed current leases for more than 58,400 m² while overall take-up on the market was 381,305 m².

Always on the lookout for growth opportunities with potential added value, Befimmo has expanded its portfolio to include "Arts 56", a building of character alongside the Brussels inner ring road at Place du Trône. It has already been contributing to the cash flow since the beginning of 2018.

These robust results enable us to propose a final dividend of €0.86 gross per share to the General Meeting on 24 April. As expected, after the interim dividend of €2.59 gross per share paid out in December 2017, the dividend for the year will be €3.45 gross per share. The return on the share price in 2017 is 6.98%.

As for the international context and the economic environment associated with it, we were concerned last year by the period of uncertainty that was beginning in Europe with the upcoming elections in France, the Netherlands and Germany.

A year on, we are going forward with confidence in a much more positive economic environment with our new projects in the North area, the Quatuor and the redevelopment of WTC Towers 1 and 2. Their high quality, the scarcity of immediately available "Grade A" buildings on the Brussels market and the fierce but relatively limited competition should accelerate their take-up by corporates and institutions wishing to switch to Smart Ways of Working, and keen to benefit



Media | Brussels periphery

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from the opportunity we are offering them. Our particularly well-managed level of debt also enables us to approach the financing of these projects with confidence. As these two large Befimmo buildings have reached the end of their first life cycle almost simultaneously, there is inevitably a negative, but temporary influence, on a like-for-like basis, on future EPRA earnings.

In that respect, we think it is important to reiterate our messages from February and September¹ of last year. While it should not be seen as a commitment, Befimmo's large distributable reserves could be used to supplement the more moderate EPRA earnings while these projects are being redeveloped in order to ensure the sustainability of the current dividend policy.

For the 2018 fiscal year, we are once again forecasting a dividend of €3.45 gross per share.

Accordingly, for the 2018 fiscal year, we are once again forecasting a dividend of €3.45 gross per share.

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

Brussels, 8 February 2018.

Benoît De Blicq
CEO

Alain Devos
Chairman of the
Board of Directors

1. For more information, please see the press release of 16 February 2017 and 18 September 2017 (<http://www.befimmo.be/en/investors/publications/press-releases>).

Key figures 2017

EPRA earnings
€3.74
 /share



Gross dividend
€3.45
 /share

Occupancy rate
94.44%



Weighted average duration of current leases up to next break

7.31
 years

LTV ratio
39.61%



Fair value of portfolio



€2 494.4mio

CO₂e emissions
 (2016 vs 2017)
 Electricity and heating

-10%

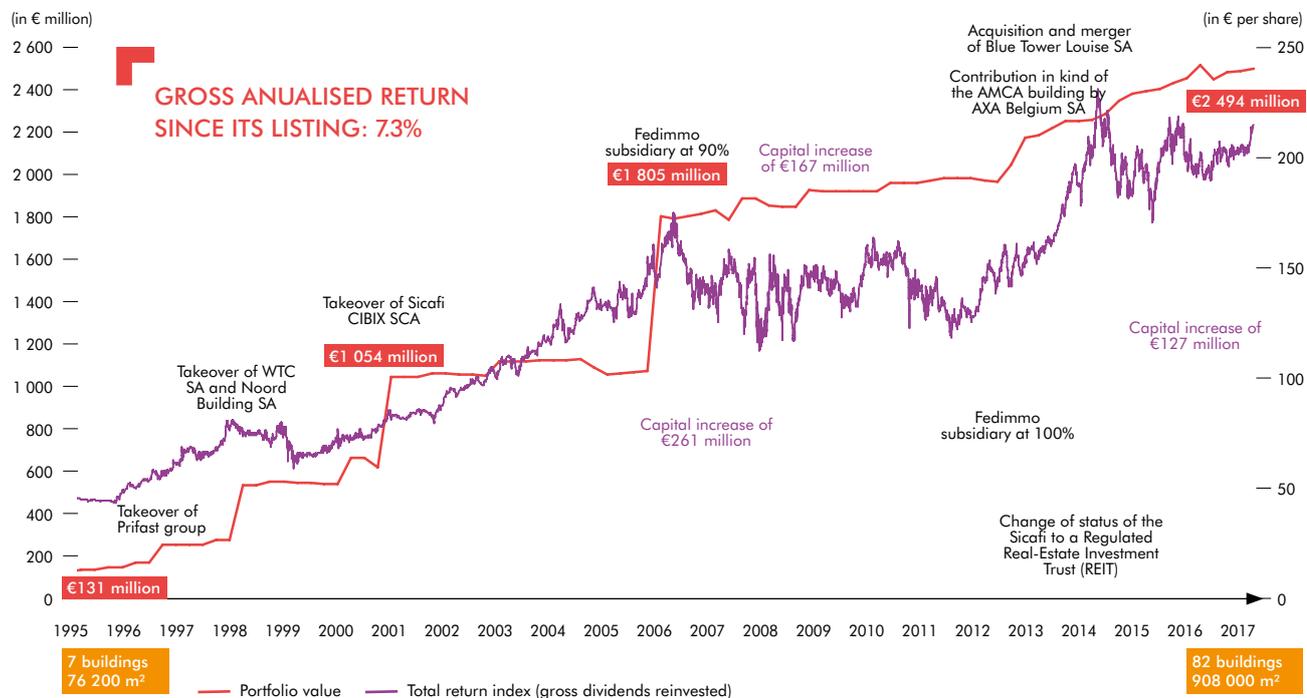


Motivation of the team

94%



Befimmo evolution since 1995 - Fair value of portfolio and share return



Recognitions



	2011	2012	2013	2014	2015	2016	2017
	Gold & Most Improved	Gold	Gold	Gold	Gold	Gold	Gold
	-	Silver	Silver	Bronze	Gold	Gold	Gold
	-	-	-	83B	95C	A ¹ Leadership	B Management
	-	56%	59%	70%	83% GreenStar	82% GreenStar	86% GreenStar

“Reporting and recognitions”

1. New rating system (from A to D-) since 2016.
2. Figures restated on the basis of the new definitions of the real-estate indicators mentioned in Appendix II to this Report.
3. Figures as published in the Annual Financial Report 2016.
4. This is a real estate indicator. For more information, please refer to Appendix II of this Report.
5. Excluding the Noord Building and the WTC 2 buildings, the weighted average duration of leases up to next break would be 9.21 years as at 31 December 2016 and 8.47 as at 31 December 2017.
6. Excluding the Noord Building and the WTC 2 buildings, the reversion would be -4.99% as at 31 December 2016 and -5.90% as at 31 December 2017.
7. Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, if applicable the participation in the optional dividend and, if applicable the participation in the capital increase. This is an Alternative Performance Measure. For more information, please consult Appendix III to this Report.
8. The debt ratio is calculated in accordance with article 13 of the Royal Decree of 13 July 2014.
9. Loan-to-value (“LTV”): [(nominal financial debts – cash)/fair value of portfolio]. This is an Alternative Performance Measure. For more information, please consult Appendix III to this Report.
10. This is an Alternative Performance Measure. For more information, please refer to Appendix III of this Report.
11. This is an Alternative Performance Measure. For more information, please consult the chapter “EPRA Best practices” on page 66.
12. Trend of the net rental income at constant perimeter, calculated on the basis of the “EPRA Best Practices Recommendations”. This is an Alternative Performance Measure. For more information, please consult the chapter “EPRA Best practices” on page 66.
13. Subject to a withholding tax of 30% as from January 2017 (coming from 27%).
14. Gross dividend divided by the closing share price.
15. Calculated over a 12-month period ending at the closing of the fiscal year, taking into account the gross dividend reinvestment, if applicable the participation in the optional dividend and, if applicable the participation in the capital increase.
16. For more information, please refer to the Methodology in Appendix IV of this Report.

Property key figures	31.12.2017	31.12.2016 restated ²	31.12.2016 ⁵	31.12.2015 ⁵
Fair value of portfolio (in € million)	2 494.4	non restated	2 511.7	2 388.3
Spot occupancy rate of properties available for lease (in %) ⁴	94.44	92.22	94.79	94.15
Weighted average duration of current leases up to next break (in years) ⁴	7.31 ⁵	8.10 ⁵	8.07	8.60
Weighted average duration of current leases up to final expiry (in years) ⁴	7.88	8.61	8.67	9.23
Gross initial yield on properties available for lease (in %) ⁴	6.19	5.95	6.07	6.19
Gross potential yield on properties available for lease (in %) ⁴	6.52	6.41	6.40	6.58
Gross initial yield of the investment properties (in %) ⁴	5.85	5.79	5.89	5.90
Reversion rate (in %) ⁴	-10.78 ⁶	-9.53 ⁶	-9.50	-8.41

Financial key figures	31.12.2017	31.12.2016	31.12.2015
Net asset value (in € per share)	56.63	54.78	54.96
Net result (in € per share)	5.32	3.82	4.41
Shareholders' equity (in € million)	1 448.50	1 401.35	1 265.29
Return on shareholders' equity ⁷ (in € per share)	5.33	3.69	4.43
Return on shareholders' equity ⁷ (in %)	9.85	6.79	8.29
Debt ratio ⁸ (in %)	41.62	44.65	48.37
Loan-to-value ⁹ (in %)	39.61	42.33	45.66
Average financing cost ¹⁰ (in %)	2.08	2.26	2.66
Weighted average duration of debts (in years)	4.73	3.66	3.99

EPRA key figures	31.12.2017	31.12.2016	31.12.2015
EPRA earnings ¹¹ (in € per share)	3.74	3.68	3.89
EPRA NAV ¹¹ (in € per share)	57.03	55.49	54.91
EPRA NNNAV ¹¹ (in € per share)	56.35	54.30	54.30
EPRA Net Initial Yield (NIY) ¹¹ (in %)	5.82	5.65	5.78
EPRA Topped-up NIY ¹¹ (in %)	5.97	5.81	5.91
EPRA Vacancy rate (in %)	5.43	5.71	6.35
EPRA Like-for-Like Net Rental Growth ¹² (in %)	2.82	-0.29	1.16
EPRA Cost ratio (including direct vacancy costs) ¹¹ (in %)	17.36	18.45	16.62
EPRA Cost ratio (excluding direct vacancy costs) ¹¹ (in %)	15.77	15.51	12.88

Key figures on Befimmo's share	31.12.2017	31.12.2016	31.12.2015
Closing share price (in €)	53.55	53.36	55.00
Gross dividend ¹³ (in € per share)	3.45	3.45	3.45
Gross yield ¹⁴ (in %)	6.44	6.47	6.27
Return on share price ¹⁵ (in %)	6.98	3.88	-2.92
Number of outstanding shares	25 579 214	25 579 214	23 021 293
Average number of shares during the period	25 579 214	23 692 223	22 686 945

Environmental key figures ¹⁶	31.12.2017	31.12.2016	31.12.2015
Heating Normalised direct energy consumption (in kWh/m ²)	64.48	66.64	71.68
Electricity Indirect energy consumption			
Consumption common areas (in kWh/m ²)	32.50	36.72	36.13
Consumption private areas (in kWh/m ²)	43.33	44.19	44.44
Water Consumption (in l/m ²)	254	266	266
CO ₂ e Direct and indirect energy emissions (in kg CO ₂ e/m ²)	14.21	15.83	16.62

- "Property report, on page 26"
- "Financial report, on page 56"
- "EPRA Best Practices, on page 66"
- "Befimmo on the stock market, on page 84"
- "Environmental and energy performance, on page 46"
- ? Glossary
- ? Glossary of the real-estate indicators

History of Befimmo



Triomphe | Brussels decentralised

1998

- Takeover of WTC SA and Noord Building SA

2007

- Capital increase of €261 million

1995

- Founding of Befimmo and listing on the stock market

2003

- Acquisition of the Poelaert building

2009

- Capital increase of €167 million
- First notification under the Global Reporting Initiative (GRI)

1997

- Takeover of Prifast group

2001

- Absorption of the Sicafi Cibix SCA

2006

- Acquisition of Fedimmo

2010

- Winner of the “Exemplary Buildings 2009” competition for the Science-Montoyer project
- First implementations of energy consumption telemonitoring in the buildings of the portfolio
- First BREEAM Design certification obtained
- Implementation of the Environmental Management System (EMS) (ISO 14001 certified)

2008

- Acquisition of the regional offices of Fortis Bank in Antwerp (Meirfree) and Leuven (Vitalfree)
- Winner of the “Exemplary Buildings 2007” competition for the Empress Court project



Blue Tower | Brussels Louise district



Tour Paradis | Liège

2011

- Acquisition of the shares in Ringcenter SA
- 2011 BREEAM Award in the "Europe offices category" for the Froissart project
- First Energy Performance of Buildings (EPB) certification obtained

2013

- Integration of the property management business
- Acquisition and merger of Blue Tower Louise SA and private placement of 637,371 shares
- Contribution in kind of the AMCA building by AXA Belgium SA and issue of 2,037,037 shares
- ISO 14001 recertification of the Environmental Management System (EMS)
- Befimmo materiality matrix introduced to continuously improve its position as a responsible company and landlord
- First notification under the new GRI-G4 (Global Reporting Initiative) guidelines



Gateway | Brussels airport

2017

- Crystallisation of the value of the Brederode complex
- Silversquare @Befimmo: joint venture established with Silversquare, Belgian leader in coworking
- Evolution of the strategy, based on the United Nations Sustainable Development Goals, resulting in the definition of the 6 strategic axes
- "EPRA Gold Award - Financial Reporting" and "EPRA Gold Award - Sustainability Reporting" prizes for the Annual Financial Report 2016 (since 2010)

2016

- Capital increase of €127 million
- "Best Futura Project Award" for the Paradis Express project at MIPIM

2012

- Transformation of the SCA into a limited-liability company (SA)
- First BREEAM Post-Construction and In-Use certification obtained
- Winner of the "Exemplary Buildings 2012" competition for the WTC 4 project

2015

- Acquisition of the Gateway building (Brussels airport), leased for 18 years to Deloitte from 2016

2018

- Acquisition of a 99-year leasehold on the Arts 56 building
- Switch from GRI-G4 to GRI standards



Arts 56 | Brussels Centre

2014

- Change of status of the Sicafi to a Regulated Real-Estate Investment Trust (REIT)
- Handover of the Paradis Tower in Liège, commencement of the 27.5 year lease with the Buildings Agency
- Award of the Best Belgian Sustainability Report prize by the Institut des Réviseurs d'Entreprises (Institute of Company Auditors - IRE)

Mission, values and strategy

OUR MISSION

Today, **speed, flexibility, openness** to change are key to continue providing value to one's clients, inspiration to one's teams and sustainable growth to one's shareholders.

Sharing, inspiring, changing,... determines who will still be around tomorrow. The buildings we buy, renovate, build, lease are here to last. Indeed, our strategy itself has precisely always been to understand the office world we are living in and to shape its change ahead.

Our teams are driven, engaged, responsible, open and determined to work at tomorrow's working world. Our positive outlook, trust in people and executional thoroughness allow us to continue delivering value in real estate. The ways in which we will deliver this value are changing.

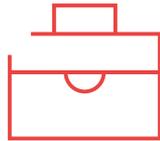
Today, our mission is to provide offices and to be a real-estate partner for our tenants. Our buildings themselves are increasingly experiential locations where people not only work, but meet, share, live. We call them "**Befimmo Environments**".

We are not experiencing change. We are changing experiences.

Open
minds,
open
spaces.



OUR VALUES



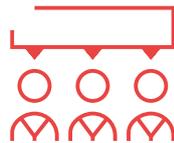
PROFESSIONALISM

We give every project, regardless of its size, all the attention, thoroughness and professional dedication required to bring it to fruition in line with best practice.



COMMITMENT

The team's dedication to Befimmo means that everyone has a high level of involvement in their work, team and projects.



TEAM SPIRIT

Each member of our team works, in a spirit of solidarity and shared responsibility, is as much driven by achieving common goals as by personal success.



HUMANITY

We work with an enthusiastic approach that is resolutely human, caring, open and respectful of individuals.

BEFIMMO: A KEY PLAYER IN INSPIRING WORKING SPACES

We have put innovation at the heart of our strategy. We therefore aim to anticipate economic, societal, environmental and technological developments on the market. We provide appropriate and specific responses to the needs of the world of work. In this context, we invest in major real-estate projects that meet quality criteria such as location, architecture, services and respect for the environment. We define ourselves as a Company that is human, a corporate citizen, and responsible, and we offer our occupants infrastructure that combines efficiency with a comfortable working environment. Our buildings are an integral part of the urban ecosystem.

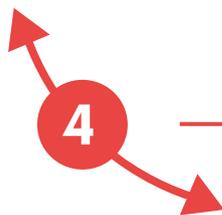
DYNAMIC BUSINESS MODEL



HIGH QUALITY ENVIRONMENTS: OFFICES, MEETING ROOMS, COWORKING

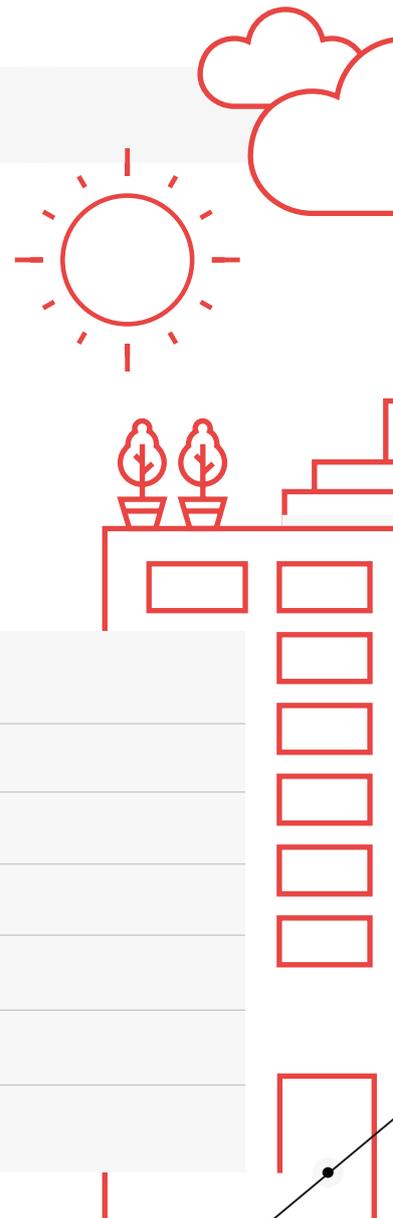
Responsible investment criteria

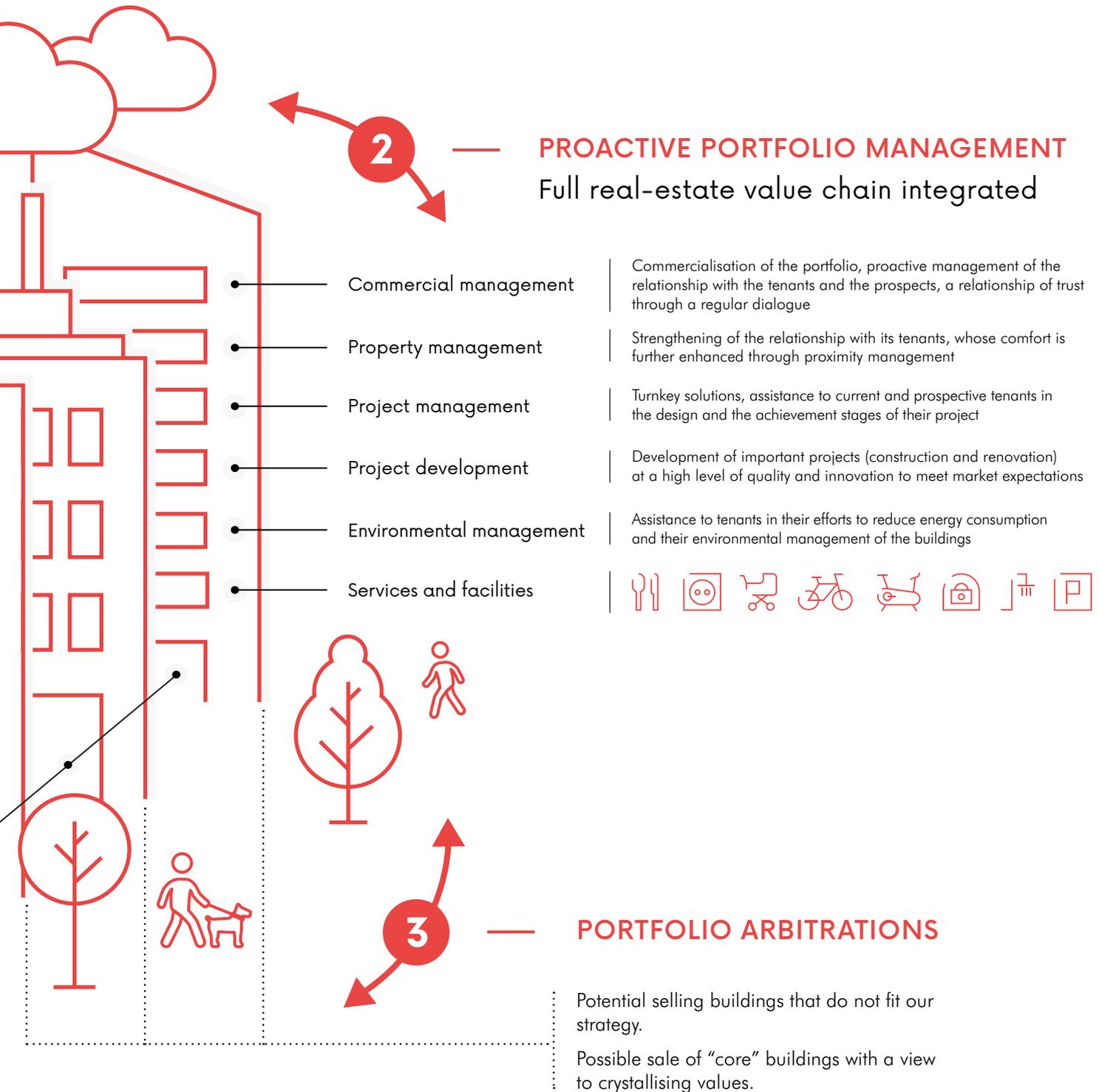
- Designed (mainly) as offices;
- Good location;
- Optimal accessibility;
- Adequate size;
- High-quality fundamentals;
- Flexible buildings;
- Potential for creating value.



FINANCIAL STRATEGY

- Financing appropriate to the implementation of our strategy, seeking an ideal balance between cost, duration and diversification of our sources of finance.
- LTV ratio of around 50%, in line with our “risk-averse” profile in an office market that is fundamentally quite stable.
- Hedging policy to mitigate the effect of a change in interest rates on the result and EPRA earnings.





We operate in the main Belgian towns and cities and in the Grand Duchy of Luxembourg. With over 20 years' real-estate expertise, we manage the entire real-estate value chain in-house. The principles of Social Responsibility are at the heart of our strategy and are reflected in our daily activities at the environmental, economic and social levels.

BEFIMMO, RESOLUTELY FACING THE FUTURE

In 2017 we devised a new roadmap, produced jointly with our internal and external stakeholders, in which Social Responsibility is fully integrated into the Company's strategy. It is a year of change, marked by a desire to align with the most ambitious tools and frames of reference in terms of sustainable development.

CONTEXT

In 2013, Befimmo developed its first materiality matrix, complying with the method proposed by the Global Reporting Initiative (GRI). This matrix led to the definition of a four-pillar strategy up to 2017.

In the same period, the United Nations drew up a list of 17 Sustainable Development Goals (SDGs).



CSR strategy of Befimmo 2013-2017



Sustainable Development Goals – UN 2015

CHALLENGES

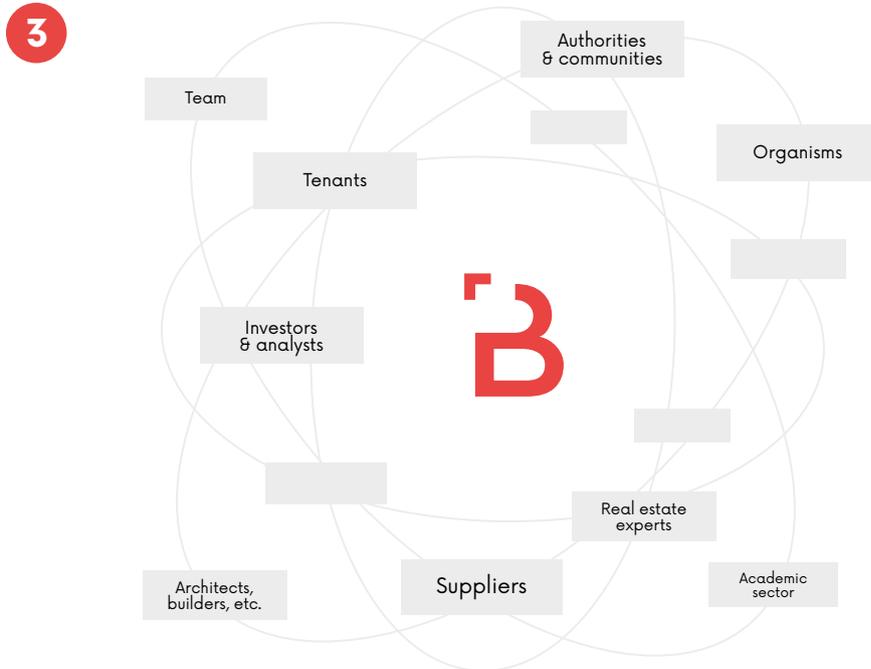
Embracing all these objectives as our own, we conducted an analysis to identify the issues on which Befimmo's activities could have a positive or negative impact. In a process of continuous improvement of Befimmo's Social Responsibility policy, this analysis enhances the list of relevant challenges and connects us to 15 of the 17 SDGs.

Opening-up of the space Reshaping the workplace
 Resilience Digital connectivity Pooling
 Responsible investments Mixed occupancy
 Consumption Optimising resources Security
 Responsible procurement Participation
 Integration into the city and the community Well-being of the team

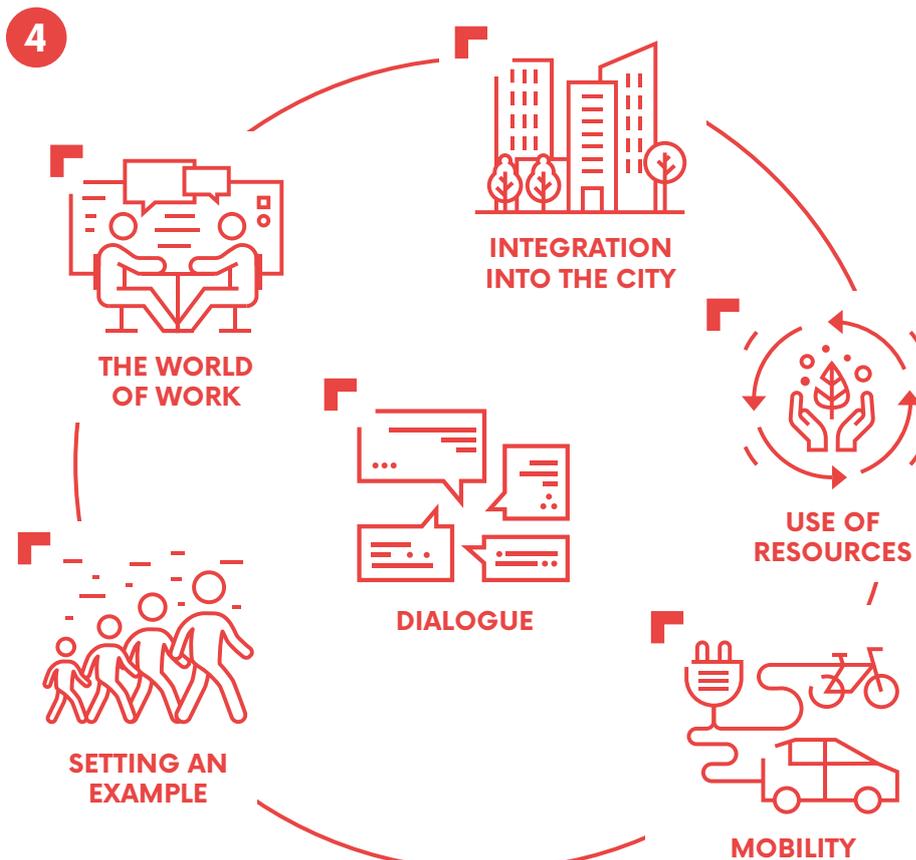
15 material challenges

1

2



Stakeholders identified by Befimmo



6 strategic axes

PRIORITISATION

These issues were then challenged by a panel of experts (academic, political, real-estate, etc.), external stakeholders, staff, etc. meeting in a workshop or individually.

Inspiring trips were organised for the property team to better understand these issues and open their minds to innovative solutions.

In addition, Befimmo is continuing with its regular dialogue with all of its internal and external stakeholders, seeking to balance their various expectations against the issues it regularly faces.

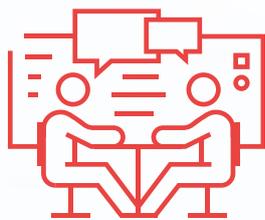
📖 "Dialogue"

AXES

These various points of view enabled us to review the strategy and define our priorities in six axes that reflect the way we view our business today and tomorrow.

Although many initiatives have already emerged on each of these topics, Befimmo intends to innovate further by adopting a participatory approach with its team. All staff were invited to share their thoughts on these topics and to register for one or more of them, according to their inclinations. The objective is to continue debating them with a view to taking other concrete initiatives and projects to develop each area and associate them with objectives.

The strategy is part of an innovation strategy aimed at integrating Social Responsibility into the core of the Company's everyday activities and translating it into sustainable development opportunities for all.



THE WORLD OF WORK

The world is changing, professions are evolving: new technologies are emerging fast, new generations have alternative lifestyles, environmental and health concerns are coming to the fore.

Nowadays, tenants are looking for a landlord who offers them much more than a “premium” building. They want to work in bright and pleasant spaces, that are open to the outside, with access to services that facilitate their daily lives, and move around easily without parking or other constraints.

Today, companies face the challenge of retaining their employees, and attracting new talent and new generations.

In response to this, Befimmo is broadening its vision of tomorrow’s workspaces, and of how to design and use them. It aims to support digitisation and offer environments that are human, flexible, innovative and open to multifunctionality, to accommodate new ways of working and connect these spaces together. Premises occupied by a mix of occupants (scale, profession, structure, etc.) forming a community, create new links in a changing world of work.

Befimmo’s buildings, offices, coworking and meeting spaces are all designed and developed with one idea in mind: to make working a productive and enjoyable experience.

The well-being, health and safety of the occupants are still paramount in the design of these spaces.

Depending on the characteristics of the buildings (rental situation, location, type of lease, etc.), tenants are provided with a wifi network, a restaurant, catering service, nursery, fitness centre, showers, secure lockers and bicycle and car parks equipped with electrical charging stations.



“The world of work”



INTEGRATION INTO THE CITY

Every building is part of a community, an environment. Befimmo aims to ensure that every building in its portfolio integrates harmoniously into the neighbourhood where it is located, in terms of both its architecture, the pooled services it offers and the activities taking place inside.

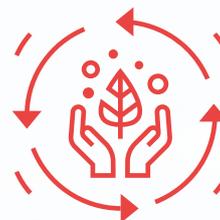
In this context, Befimmo reaffirms its commitment to meet the expectations, firstly, of its occupants, offering them an environment that is open to multifunctionality, evolving work spaces and business networks and, secondly, of the outside community by designing buildings that are open to the city and thus contribute to security, and to valuation of less-used spaces such as roofs, large entrance halls, etc.

Aware that its approach is sometimes limited by urban planning regulations, the location of certain existing buildings or a property’s specific constraints, etc., Befimmo advocates responsible urban development. Befimmo’s goal is to conceive a new vision for its renovation and/or construction projects so that they are integrated as elements of a human and sustainable ecosystem.

A recent example is the establishment of Up4North, co-founded by Befimmo, with the mission of giving a new impetus to the North district. Eventually, it will become a new, pleasant, multifunctional city district, lively and accessible to all. To foster a mix of functions in the city, this project aims to recreate diversity by connecting large businesses and start-ups, culture and associations, residents and visitors, as well as local, national and international players.



“Integration into the city”



USE OF RESOURCES

Given the scale of its property business, its local roots and its use of resources, Befimmo continues to work on the environmental aspect of its social responsibility. The external stakeholders have also agreed that this topic is the most important overall and want to see short-term action by Befimmo on the priorities related to the topic:

- energy, water and global warming;
- responsible procurement;
- the circular economy.

Befimmo is aware that it has an environmental impact at all levels of its business and its value chain, when selling or acquiring buildings, when designing and/or constructing new buildings, when exploiting, or during the renovation.

Befimmo’s investment policy systematically incorporates an environmental component into its everyday in-house operations, in particular through the BREEAM¹ method for assessing the environmental performance of buildings.

Moreover, the feasibility and profitability of the environmental projects the Company considers are assessed by the Environmental Technical Team, composed of four specialists in environmental and energy issues.

This approach leads to a renewal and improvement of the portfolio’s environmental performance, enabling Befimmo to achieve its targets for reducing its environmental impact by 2030. Befimmo undertakes to achieve an average level of CO₂e emissions per m² of its entire portfolio of 20.3 kg CO₂e/m², a reduction of 33% compared with 2016. This equates to avoiding cumulative emissions of 53,000 tCO₂e.



“Use of resources”

1. BRE Environmental Assessment Method.



MOBILITY

Brussels is one of the most congested cities in the world. According to the "Traffic Index 2016", Brussels is the eighth most congested European city². Constant car traffic has an impact on air quality and the quality of life in the city. Two thirds of this congestion is due to the use of cars for commuting³.

Since almost all of Befimmo's property is located in a city, stakeholders have emphasised the importance of Befimmo contributing to solutions for more fluid and environmentally friendly mobility in relation to its buildings.

Befimmo maintains its policy of raising awareness in the team, tests new solutions and gradually incorporates mobility solutions into its services for occupants of buildings in the portfolio. Within the limits of existing infrastructures and available public transport, Befimmo intends to mitigate the societal impact of the occupants of the building and its employees using cars for commuting.

Recently Befimmo launched the B-Switch project for its team, which consists of providing employees with folding electric bicycles in exchange for sharing their parking space with another colleague. In view of the project's success, Befimmo is offering shared electric bikes for daytime business trips to all tenants in its headquarters' building.



☰ "Mobility"



DIALOGUE

Befimmo brings together many players at the different stages of a building's life cycle:

- design: architects, specialist engineers, public authorities, etc.;
- construction: contractors, materials suppliers, design offices, subcontractors, etc.;
- operation: tenants, building managers, public authorities, maintenance companies, etc.

Leading a constant and proactive dialogue with them ensures that the Company keeps in step with the expectations of its stakeholders and a constantly changing society.

Alongside electronic channels, preference is given to direct face-to-face contacts because they strengthen human bonds and allow qualitative exchanges that go beyond figures and surveys.

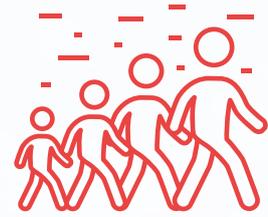
Dialogue and listening are the best ways for Befimmo to move forward in a positive societal direction. This cross-cutting approach is used to develop the Company's various strategic priorities.

Befimmo's Social Responsibility approach is underpinned by dialogue to ensure that it is accurate and relevant.

Befimmo's objective is to continually improve the regular dialogue with all its stakeholders, enhancing the communication tools by adapting them to each stakeholder. In particular, it has set up a Helpsite for tenants and suppliers and an Extranet to give tenants easy access to building documentation, while satisfaction surveys are conducted with tenants.



☰ "Dialogue"



SETTING AN EXAMPLE

Befimmo is a real-estate operator specialising in quality office buildings. With a property portfolio of more than 900,000 m², Befimmo has the opportunity to engage its stakeholders in a responsible approach:

- suppliers;
- the Befimmo team;
- tenants;
- organisations, sectoral associations, etc.;
- investors, analysts, etc.

Befimmo has decision-making power over many of the real-estate projects it develops. This allows it to have a positive influence on the choices and decisions of its partners (architects, subcontractors, suppliers, public authorities, investors) so as to meet the expectations of society and, more generally, to make a positive contribution to the Sustainable Development Goals set by the United Nations.

For instance, Befimmo pays particular attention to the reliability of the reporting process and rigorous, accurate and transparent financial and non-financial communications. This transparency is acknowledged; for many years Befimmo has won EPRA Gold awards and excellent scores for the reports published by the CDP⁴ and GRESB⁵ organisations.



☰ "Setting an example"

2. The "Traffic Index 2016" is based on user GPS data (https://www.tomtom.com/en_gb/trafficindex/).

3. 65.6% in Brussels according to a study by the Federal Public Mobility Service in 2014 (https://mobilit.belgium.be/fr/mobilit/domicile_travail/rapport_derniere_edition).

4. <https://www.cdp.net/en>

5. <https://gresb.com/>

Key events of the 2017 fiscal year

QUATUOR PROJECT (60,000 M²)

Pre-letting of a third of the project (22,000 m²)

In March 2017, Befimmo signed an agreement with Beobank to take up occupancy of one tower in the Quatuor¹ project (North district of Brussels). The lease agreement for the building covers a fixed term of 15 years from its handover in the course of 2020. Accordingly, the current Beobank lease in the La Plaine building (15,180 m² - Brussels decentralised) will be extended until that date. A third of the Quatuor project is already pre-let more than three years before handover.

THE “FUTURE EX-WTC 1 & 2”: A NEW MULTIFUNCTIONAL SPACE²

WTC 2 is to be vacated at the end of 2018. Built in the 1970s, the configuration of the site needs a rethink. The current site is mono-functional office space and no longer meets the expectations and needs of the market.

The new project, covering Towers 1 and 2, is designed to contribute to the evolution and revitalisation of the immediate environment in which it is located and also keep in step with the changing expectations of the occupants. Integrated and complementary functions are planned. The office space will be reduced to about two thirds of the current area, the rest being divided among several other uses, mainly housing.

In November 2017, the 51N4E and AUC teams were selected as the architects, in association with Jaspers Evers Architects, to conclude the call for applications launched in September with the Chief Architect of Brussels. The design team includes renowned experts in engineering, sustainability, the circular economy and well-being.

The all-in construction cost of the project is estimated at €300 million.

An initial timetable of the forthcoming milestones has been drawn up. Applications for permits should be made during the second quarter of fiscal year 2018, with the work taking place from 2020 to 2023.

 “Integration into the city”



Association Up4North

UP4NORTH

Befimmo is a key player in the North district of Brussels: it owns the Quatuor project and the WTC Towers. Befimmo is a corporate citizen and co-founder of the Up4North association, comprising eight property owners in the North district.

Up4North has the mission of giving a new impetus to the neighbourhood. Eventually, it will become a new, pleasant, multifunctional city district, lively and accessible to all.

The Up4North project aims to recreate diversity in the neighbourhood by connecting large businesses and start-ups, culture and associations, residents and visitors, as well as local, national and international players. To initiate this dynamic, Befimmo has temporarily made available several floors of the WTC 1 building where many players (architects, contractors, artists, students, etc.) are working together. Today, they are collaborating around the same objective of participating - according to their skills - in the project of reinventing the neighbourhood. Other specific projects are still under consideration and should emerge in the coming months, including the creation of an urban kitchen garden, a “living archive” space, exhibitions, the opening of a Fablab, event spaces, etc.

ARTS 56 BUILDING IN BRUSSELS

In January 2018, Befimmo completed the acquisition from AXA Belgium of a 99-year leasehold on the Arts 56 building, for an amount of some €116 million³.

The Arts 56 building is a perfect fit with Befimmo's strategy, enjoying excellent visibility along the Brussels inner ring road, and offering a wide range of services and facilities. The building is located in the European district of Brussels, near the Square de Meeûs and the Place du Luxembourg, and is also very well served by public transport

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

CRYSTALLISATION OF THE VALUE OF THE BREDERODE COMPLEX⁴

At the end of March 2017, Befimmo granted a 99-year leasehold on the Brederode complex⁵ to CBRE Global Investors (on behalf of one of its SMA clients⁶), for an amount of about €122 million corresponding to a current yield of 3.69%.

This transaction was an opportunity to crystallise value, in a Brussels office property market where the search for yields, in a context of low interest rates, creates opportunities for quality buildings in good locations and with long-term tenants.

SILVERSQUARE @BEFIMMO: AN INNOVATIVE COMBINATION⁷

In September 2017, Befimmo entered into a strategic partnership with Silversquare, the Belgian leader in coworking.

The Silversquare @Befimmo partnership is a response to the desire to gain a foothold in the world of tomorrow and to take account of the present and future needs of office occupants. The partnership brings about a true exchange of skills and know-how.

Silversquare @Befimmo plans to develop four or five spaces over the next two years. The first 4,000 m² of coworking space will be set up in the Triomphe building, chosen for its excellent location. This first Silversquare @Befimmo is due to open in April 2018. Eventually, all of Befimmo's multi-tenant buildings, as well as new projects, could be eligible to host a Silversquare @Befimmo space. In addition to its business income, Befimmo will also benefit from added value by offering a networking and exchange concept to its tenants and coworkers.



Coworking Silversquare

1. For more information, please see page 24 of this Report.
 2. Please see the press release of 18 September 2017 for more information (<http://www.befimmo.be/en/investors/publications/press-releases>) and page 24 of this Report.
 3. In line with the fair value determined by an independent real-estate expert.
 4. Please see the press release of 13 March 2017 for more information (<http://www.befimmo.be/en/investors/publications/press-releases>).
 5. This concerns the Brederode 13 (11,340 m²), Brederode 9 (6,864 m²) and Namur 48 (1,517 m²) buildings. For more information, please see pages 36, 37 and 65 of the Annual Financial Report 2016.
 6. "Separate Managed Accounts".
 7. Please see the press releases of 18 and 19 September 2017 for more information (<http://www.befimmo.be/en/investors/publications/press-releases>).

Ongoing projects

During fiscal year 2017, Befimmo invested €43.3 million in its portfolio.

SUMMARY OF INVESTMENTS IN FISCAL YEAR 2017

	Rental space	Localisation	Start of the works	Completion	Type	BREEAM certification	Investment realised in 2017 (in € million)	Total investment realised until 31 December 2017	Total investment (in € million)
Ongoing projects									
Brederode Corner	6 500 m ²	Brussels CBD, Centre	Q1 2018	Q1 2020	Renovation	Excellent	0.6	1.0	20
Guimard	5 500 m ²	Brussels CBD, Leopold	Q1 2016	Q3 2017	Renovation	Excellent	8.9	13.0	13
Eupen - Rathausplatz	7 200 m ²	Eupen, Wallonia	Phase 1: Q1 2017 Phase 2: Q4 2018	Phase 1: Q3 2018 Phase 2: Q4 2019	Renovation and construction	-	7.0	7.0	14 ¹
Quatuor	60 000 m ²	Brussels CBD, North	2018	2020	Demolition Noord Building and construction Quatuor	Excellent/Outstanding	5.9	7.6	150
Ongoing projects									
Paradis Express	35 000 m ²	Liège, Wallonia	2018	2020	Construction	Excellent	2.6	3.5	82 ²
"Future ex-WTC 1 & 2"	110 000 m ²	Brussels CBD, North	2020	2023	Demolition and construction	Outstanding	3.5	4.0	300
WTC 4	53 500 m ²	Brussels CBD, North		Implementation of the permit According to commercialisation	Construction	Outstanding	1.4	18.1	140
							30.0		
Other works (coworking included)							13.3		
Total							43.3		



Brederode Corner | Brussels Centre

1. The €18 million appearing in the Annual Financial Report 2016 include the acquisition value of the Eupen project (the acquisition occurred during the 1st quarter of the 2017 fiscal year).
2. "All-in" construction cost of the project (including other functions than offices).
3. See also page 22 of this Report.
4. Planning charges require an applicant for a planning permit to fulfil certain obligations or pay a charge to finance the infrastructure costs/needs that the project entails.
5. On the offices part.

SUMMARY OF THE ONGOING PROJECTS³

Brederode Corner

The Brederode Corner building, which enjoys good visibility at the corner of Rue Brederode and Rue de Namur, will be completely renovated in 2018/2019. The permit was obtained in February 2018. The structure of the building will be streamlined to create panoramic views over Brussels city centre and the Royal Palace. The new building will offer facilities and services, and will be equipped with the latest technology. Based on a multi-tenant occupancy with conventional 9-year leases, the expected yield on the total investment value would be above 5.5%.

Eupen

Befimmo has been awarded the development contract for work organised by the Buildings Agency, for the provision of a new Courtroom in Eupen. Under this contract, in early 2017 Befimmo acquired the land and existing buildings and began the work, which will be phased over 30 months. The project consists of (i) the demolition of the existing building and the reconstruction of a new complex of 5,300 m² and (ii) a major renovation of the existing building of 1,900 m². The lease has a base rent of €900,000 a year over 25 years, and will commence on completion of each phase of the work.

Quatuor

Obtaining the permit and starting work

Befimmo has obtained the environmental and planning permits needed to build the Quatuor building. Work on the new complex has begun and will take about 36 months. The project, open to mixed use, is in line with new trends. Befimmo is aiming for a BREEAM "Excellent/Outstanding" certification in the Design phase. The all-in construction cost of the project is estimated at €150 million. Based on a multi-tenant occupancy with conventional 9-year leases, the expected yield on the total investment value would be above 5.30%.

Quatuor planning charge⁴: renovation of the Reine Marie-Henriette children's home

On Befimmo's proposal, a substantial part of the Quatuor project's planning charge involves major renovations to improve the comfort and safety and to reduce energy consumption of the building of the children's home Maison d'Enfants Reine Marie-Henriette. The ASBL, founded in 1863, supports and assists children aged 0 to 14, mostly from families in any kind of serious difficulty. The building housing the children's home was built in 1976 and no longer meets current standards.

Paradis Express

This project, right next to the high-speed train station in Liège, involves the construction of an eco-neighbourhood offering a mix of offices, housing and local shops. The single permit was applied for during the first quarter of the 2017 fiscal year, and is expected to be issued in the first quarter of 2018. Based on a multi-tenant occupancy with conventional 9-year leases, the expected yield on the total investment value would be above 6.0%⁵.



Paradis Express | Liège

ENVIRONMENTAL IMPACT OF CONSTRUCTION SITES

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

It has also drawn up building contracts and aims for levels of BREEAM certification that require its contractors to be very strict in the management and traceability of waste produced by the sites. All stakeholders in the project are involved and educated in waste sorting. Waste management plans are drawn up by specialist consultancies while environmental coordinators are appointed in addition to the BREEAM coordinator to ensure proper waste management.

- "Environmental and energy performance, on page 46"
- ☰ "Use of resources: circularity"

Services and facilities

Nowadays, tenants of buildings are looking for a landlord who offers them much more than a “premium” building. Befimmo’s buildings, offices, coworking and meeting spaces are all designed and developed with one idea in mind: to make working a productive and enjoyable experience. We offer occupants a wide range of services and facilities to make their everyday lives easier.



BUILDING FACILITIES

Depending on the characteristics of the buildings (rental situation, location, type of lease, etc.), tenants are provided with a wifi network, restaurant, catering service, nursery, fitness centre, showers, secure lockers and bicycle and car parks equipped with electrical charging stations.

PROPERTY MANAGEMENT

The team of property managers manages the buildings while improving tenant satisfaction and comfort. It develops a regular and transparent relationship with tenants with a view to meeting their expectations. In this context, tenants are provided with a helpdesk (24/7 telephone service) and management tools:

- **Helpsite:** this tool is used to plan, act upon and follow up all tenants’ requests. This online collaborative application offers secure external access for tenants (and suppliers).
- **Extranet:** this online platform gives tenants secure access at all times to all relevant documents concerning their lease and building (such as documents relating to the environmental impact and technical management of the building).

SPACE PLANNING & PROJECT MANAGEMENT

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

ENVIRONMENTAL SUPPORT

The environmental team monitors the environmental performance of the buildings on a daily basis. It also offers support to occupants with measures to optimise their energy consumption and waste management.

BUILDING FACILITY MANAGEMENT

Building facility management offers tenants support in the framework of the services provided. It organises tenant satisfaction surveys and, as far as possible, introduces new services in line with their expectations. It also organises networking events in multi-tenant buildings to support the creation of corporate networks.

☰ “The world of work”

➔ “Strategic axes, on page 20”

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



Central Gate | Brussels Centre

MOBILITY

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

In 2017, Befimmo provided tenants of the Goemaere building with three folding electric bikes that can be used free of charge for short trips.

“Mobility”



Electric vehicle charging systems

HEALTH AND SAFETY

The health and safety of occupants remain a priority. Befimmo makes every effort to ensure that its buildings are healthy and perfectly safe. It constantly checks that the proper mandatory statutory controls are in place and that any observations and/or infringements arising from reports made by qualified staff in its portfolio are addressed. One property manager works part-time as risk coordinator. His responsibilities include regular monitoring of quality and risks related to the operational, technical and administrative management of the buildings and renovation and upgrade projects. As at 31 December 2017, and based on reports received by that date, 54.8%¹ of the portfolio of properties with multiple tenants² had been checked in four relevant areas, including inspections on fire, lifts, electricity and heating.

In 2017, the property managers team managed 2 minor incidents involving people. There were no major incidents, penalties, fines, etc. during the fiscal year.

COMMUNITY

Befimmo aims to ensure that every building in its portfolio is harmoniously integrated in the neighbourhood in which it is located. Sustainable integration into the city is a recent topic, so no target has yet been set. However, an indicator was calculated for the first time this year, "Community Engagement", published by EPRA. The objective is to measure the percentage of buildings for which measures have been taken to open up to dialogue with local communities.

To calculate it, Befimmo takes account of the projects (m²) that it is supporting and setting up in the North district, and public announcements, surveys or consultations that it organises when making applications for environmental and urban planning permits.

In fiscal year 2017, 41%¹ of the consolidated portfolio was covered and the objective is to improve this result each year. The teams are working to bring about this urban evolution.

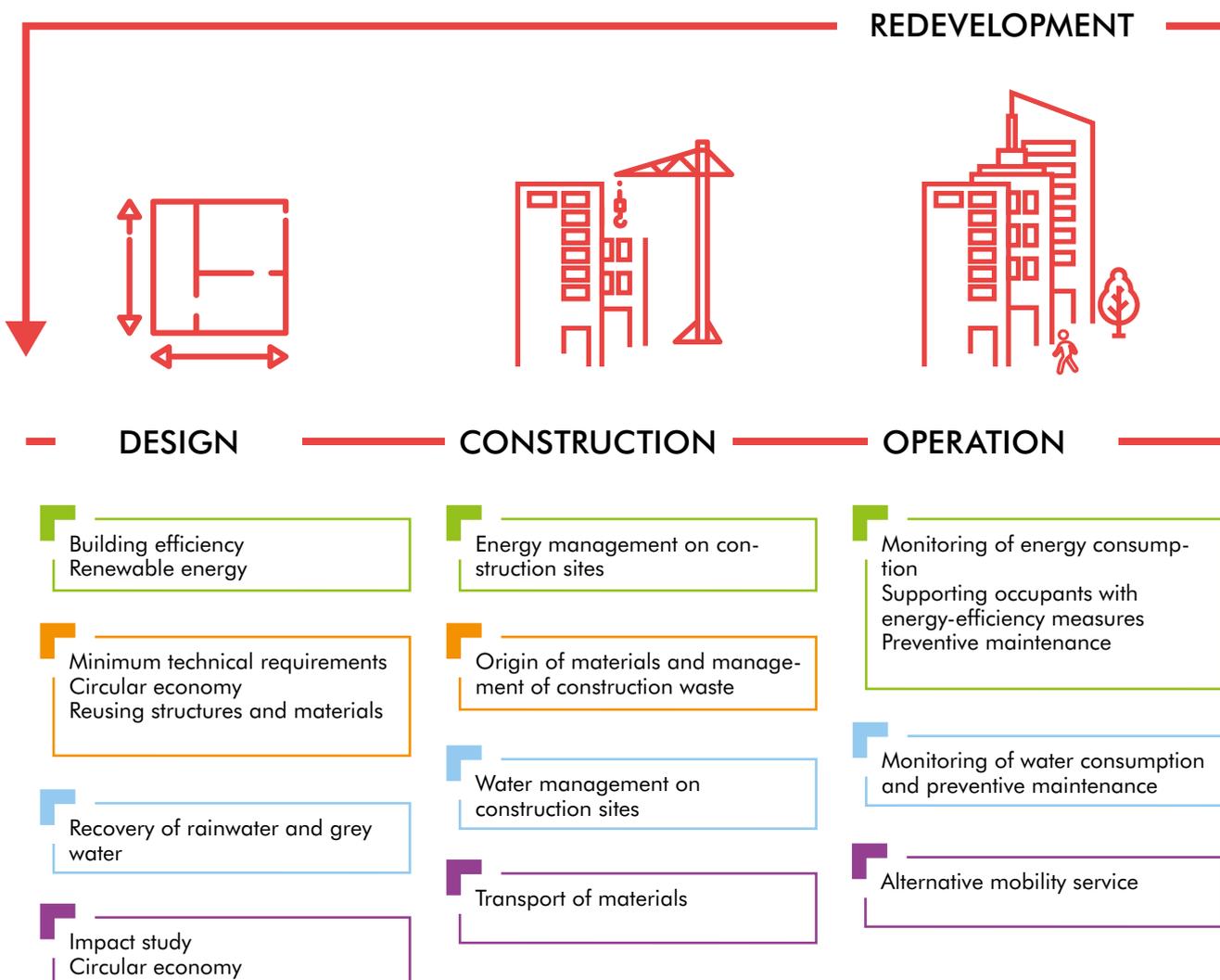
1. This percentage was calculated using the EPRA sBPR methodology; see page 75 of this Report.

2. Note that for buildings let to a single tenant, the tenants themselves are responsible, and they deal with the statutory controls in their building.

Environmental and energy performance

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

ENVIRONMENTAL IMPACT DURING THE LIFE CYCLE OF A BUILDING



Befimmo's investment strategy systematically incorporates a cross-cutting environmental component into its everyday in-house operations, in particular through the evaluation method for assessing the environmental performance of buildings developed by BRE¹.

The feasibility and profitability of the environmental projects are assessed by the Environmental Technical Team, composed of 4 specialists in the matter.

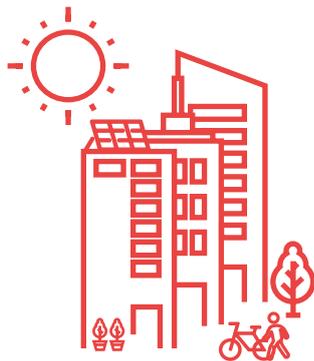
Befimmo recognises that effective governance over the long term requires a committed approach, designed to anticipate its risks, applying the precautionary principle, and to control its

costs. Indeed, Befimmo is identifying the risks that could affect it and putting in place the necessary measures to anticipate them and limit their potential impact.

This approach leads to a renewal and continuous improvement of the portfolio's environmental performance, enabling Befimmo to achieve its targets for reducing its environmental impact by 2030. This ensures that its environmental impact is decoupled from the value creation of its portfolio.

☰ "Use of resources"

➔ "Risk factors, on page 181"



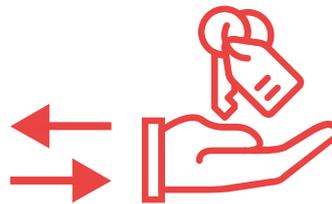
IMPROVEMENT

Energy improvement projects

Reusing materials
Minimum technical requirements

Water use efficiency projects

Soft mobility infrastructure



SALES AND ACQUISITIONS

PEB analysis

Environmental risk
analysis

Location study

- Impacts related to energy consumption
- Impacts related to building materials
- Impacts related to water
- Impacts related to mobility and transport

1. Building Research Establishment (www.bre.co.uk).

CO₂e EMISSIONS¹

In 2017, Befimmo revised its energy-related environmental objectives, based on the transposition of energy consumption into CO₂e equivalent for its entire portfolio.

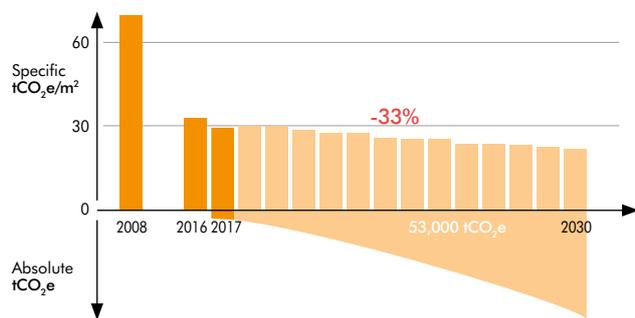
Based on the methodology proposed by the Science Based Targets Initiative (SBTi)², contributing so to limiting the rise in global average temperature to below 2°C, long-term objectives could be defined. Firstly, the specific emission reduction targets (per m²) allows to set an energy performance standard for the buildings in the portfolio. Secondly, the target for an absolute quantity of “avoided CO₂e emissions” makes it possible to evaluate the improvements in energy efficiency of buildings acquired over time.

The prediction model set up in 2017 allows to define the following targets: by 2030, Befimmo undertakes to achieve an average level of CO₂e emissions per square metre of its entire portfolio of 20.3 kgCO₂e/m², a reduction of 33% compared with 2016. This equates to avoiding cumulative emissions of 53,000 tCO₂e, or the equivalent of 2.4 years of consumption of the portfolio (year of reference 2016).

These targets are divided into three sub-objectives:

- 1) reduction of 50% in “controlled”³ CO₂e emissions related to heating for the entire portfolio;
- 2) reduction of 17% in “controlled” CO₂e emissions related to electricity consumption⁴ in common installations;
- 3) reduction of 17% in “uncontrolled”⁵ CO₂e emissions related to the electricity consumption of private installations (under the control of tenants).

Outlook to 2030



In 2017, these efforts enabled a cut in CO₂e emissions by 10% in relation to 2016. This reduction represents an avoided volume of 750 tCO₂e.

 “Use of resources: water / energy / global warming”

Outlook to 2030

Year	2016 Value of reference	2017	Targets 2030	
Avoided CO ₂ e cumulated since 2016 [in tCO ₂ e]	-	750	53 000	
Average specific CO ₂ e emissions [in kgCO ₂ e/m ²]	30.5	30.2	20.3	-33%
a. linked to heating	14.7	14.1	7.3	-50%
b. linked to electricity consumption of controlled installations	7.6	7.2	6.2	-17%
Of which offset	-	7.1	-	-
c. linked to electricity consumption of uncontrolled installations	9.6	9.0	8.0	-17%
Of which offset	-	8.2	-	-

-10%

CO₂e emissions
(2016 vs 2017)

1. See methodology in the Appendix IV of this Report and detailed tables on the website of Befimmo.

2. <http://sciencebasedtargets.org/>

3. Befimmo has control and/or a direct influence over the emissions related to the operation of the installations concerned (lifts, lighting of common areas, ventilation, etc.).

4. The model considers “location-based” emission factors that do not take account of any supply contracts for green energy, with no CO₂e emissions.

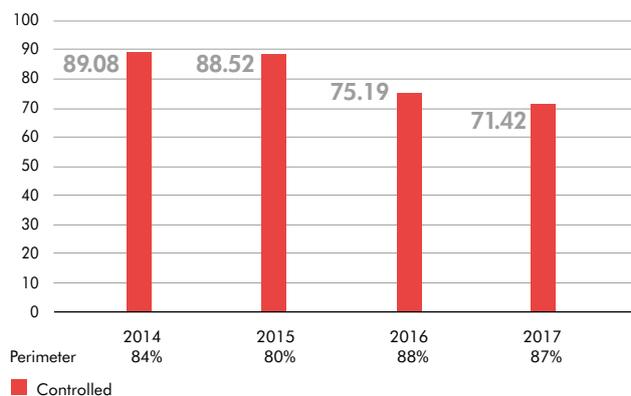
5. Befimmo does not have control or a direct influence on the emissions related to the operation of the installations concerned (private installations).

ENERGY CONSUMPTION AND SELF-GENERATION¹

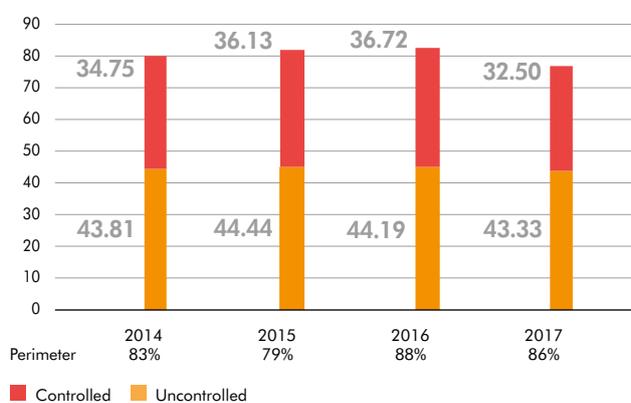
The energy performance of buildings plays a very important role in achieving Befimmo's ambitious targets for reducing CO₂e emissions by 2030.

The graphs below show the evolution of direct and indirect energy consumption over the past four years.

Specific direct¹ energy consumption (kWh/m²)



Specific indirect¹ energy consumption (kWh/m²)



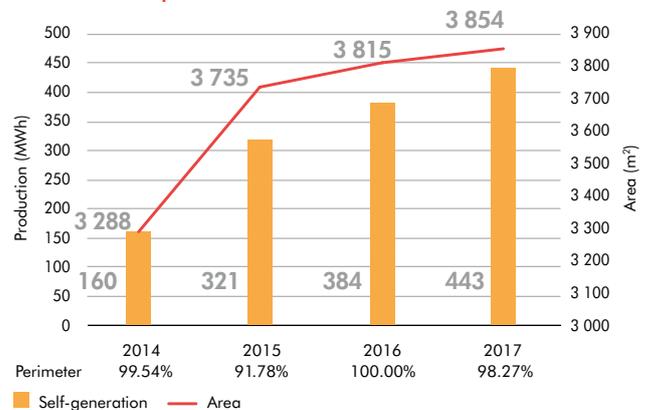
For the decrease in energy consumption related to heating an important decrease is noticed, which according to our forecasts will continue, achieving the reduction target of 50%. This ambitious objective assumes a transition from the use of equipment burning fossil fuels to alternatives such as geothermal energy or electrically-powered equipment such as heat pumps. This switch from one form of energy to another will probably entail an increase in the electricity consumption of the buildings. Moreover, there will be new electricity needs such as for charging electric vehicles.

Befimmo also aims to anticipate and control these consumptions, in particular by continuing to invest in renewable energy generation.

In 2017, Befimmo carried out a study of the potential for installing photovoltaic panels throughout its entire portfolio. The study identified an additional potential surface area of some 1,000 m² of photovoltaic panels that will be added to the 3,854 m² already installed.

Self-generation by these new installations should cover electricity needs equivalent to the annual consumption of 50 households⁶.

Photovoltaic panels



Although this is not taken into account in its CO₂e reduction targets, Befimmo continues to give priority to purchasing green electricity. In 2017, its supply contract covered 97% of the electricity for installations under its control. Befimmo's goal is to convince all its tenants to switch to green contracts by 2020.

-33%

CO₂e emissions by 2030

-50%

Energy consumption linked to heating (2030)

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

WATER CONSUMPTION

Befimmo considers that water consumption is also an important topic for the real-estate sector. As a responsible landlord of a large property portfolio, it feels a duty to be very mindful of the proper management and conservation of this resource.

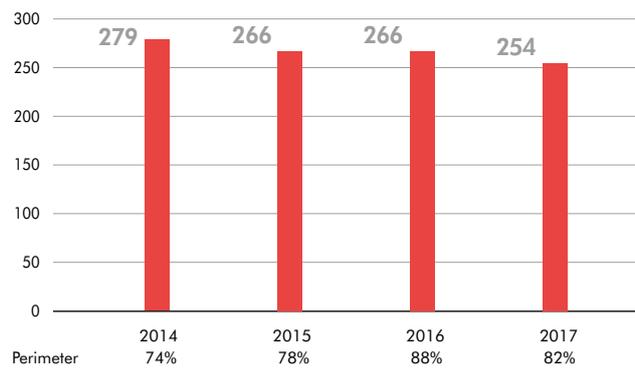
It therefore pays particular attention (in each of its development projects) to incorporating water recovery systems, leak detection, and deploying low-consumption appliances, in particular following the guidelines provided by BREEAM certification and the quality standards it has developed in-house.

These appliances are generally, (where possible) according to the targets, completed with telemonitoring. A detailed accounting and continuous monitoring by means of warning systems for ongoing optimisation of consumption and limitation of the impact of leaks are carried out by Befimmo's green adviser.

Specific consumption (litres/m²) in 2017 was down 4.5% in relation to 2016, from 266 l/m² to 254 l/m². This decrease is explained partly by raising awareness among tenants of some high-consumption sites.

Full tables of total absolute and specific water consumption of the portfolio are published on Befimmo's website¹.

Water consumption (l/m²)²



-4.5
%

Water consumption (l/m²)
(2016 vs 2017)



Blue Tower | Brussels Louise district

1. www.befimmo.be/en/csr/challenges-and-strategic-axes
2. Excludes figures for a fitness centre located in a building in the portfolio.

MATERIALS

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

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

Responsible procurement

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

In order to include environmental criteria consistently across all procurement procedures, in 2017 Befimmo reviewed its minimum technical criteria and incorporated them into a quality matrix. Consolidated in a database, it serves as a quality reference for Befimmo buildings. This matrix is inspired by relevant references such as BREEAM and is the outcome of cooperation between Befimmo's various

property divisions (Commercial Management, Environmental Management, Property Management, Services & Facilities, Project Development and Project Management). For each phase of the building, it includes the technical requirements in terms of design, operation, comfort and well-being, energy and environmental performance, and choice of materials. It also includes opportunities for improvements, which are alternatives to encourage the buyer to go further.

Quality matrix

	Quality level	
	Minimum requirement	Opportunity of improvement
Planning		
Design		
Building site		
Facility		



Circular economy

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

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

Building waste (in tonnes)

	2014		2015		2016		2017	
Total	1 418.9	100%	5 946.5	100%	1 640.3	100%	9 565.0	100%
Of which recycled	1 188.3	83.7%	4 840.7	81.4%	1 554.4	94.8%	9 184.3	96.0%
Of which reused	125.0	8.8%	16.8	0.3%	35.9	2.2%	17.2	0.2%
Of which composted	-	0.0%	-	0.0%	-	0.0%	2.0	0.0%
Of which incinerated	79.5	5.6%	702.5	11.8%	45.7	2.8%	343.8	3.6%
Of which buried or landfilled	26.2	1.8%	386.5	6.5%	4.3	0.3%	17.6	0.2%

The volume of construction waste is highly variable depending on the type and number of sites. The positive trend of efforts made is, until now, observable on recycling. Nearly 96% of construction-related waste is valued.

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

Reuse is currently organised in campaigns for dismantling building materials that can be reused in other projects. Through Befimmo's cooperation with Rotor ASBL it has been possible to recover more than 115 tonnes of materials since 2013 on a total of 10 construction sites.

In order to reduce the volume of waste and improve the material reuse rate, Befimmo also anticipates for dismantling from the design stage of the building and runs its work sites in line with the principles of the circular economy. Its participation in the Totem¹ initiative is the proof.

This tool developed by the Belgian public authorities - will ultimately enable it to measure and compare the overall societal impact of these various construction and renovation scenarios.

Waste management in operational buildings

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

Operational waste (in tonnes)

	2014		2015		2016		2017	
Total	2 388.8	100%	2 702.6	100%	1 644.4	100%	2 092.9	100%
Of which recycled	1 142.4	47.8%	1 540.4	57.0%	873.0	53.1%	1 215.9	58.1%
Of which reused	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Of which composted	3.2	0.1%	-	0.0%	4.7	0.3%	-	0.0%
Of which incinerated	1 243.2	52.0%	1 162.2	43.0%	766.7	46.6%	877.0	41.9%
Of which buried or landfilled	-	0.0%	-	0.0%	-	0.0%	-	0.0%

The improvement in the recycling rate (from 48% in 2014 to 58% in 2017) has been achieved by raising awareness among occupants and cleaning companies of waste sorting. It is also the result of a waste management contract with an external service provider. In 2017, this contract covered 22.3% of the total floor area of the portfolio. The goal is to increase the proportion of buildings covered by the contract.

96
%
Building
waste recycled

58
%
Operational
waste recycled

1. www.totem-building.be

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

CERTIFICATION² AND COMPLIANCE

In order to limit any adverse impact of its activities and preserve the quality of the environment, Befimmo strives to ensure that its portfolio is operated in compliance with current standards and regulations.

In 2010, Befimmo introduced an Environmental Management System (EMS) based on ISO 14001 (2015).

With a view to continuous improvement, internal and external audits of the management system were conducted during 2017. These led to measures to improve the EMS, focused essentially on simplifying the system.

Furthermore, Befimmo wants its buildings to achieve an environmental performance that surpasses the regulatory requirements. With this in mind, since 2010 Befimmo has been applying the most widely used method of assessing the environmental performance of buildings, developed by BRE, for its entire portfolio of buildings, whether they are under construction or renovation or in operation.

The BREEAM methodology clarifies the sustainable performances in two ways:

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

 "Certification and environmental compliance"

 Glossary



Buildings in construction

Rating	Design		Post Construction	
	Surface	# buildings	Surface	# buildings
Outstanding	53 500	1	-	-
Excellent	88 913	5	42 375	2
Very Good	33 408	6	38 032	8
Good	4 623	1	4 623	1
Total	180 444	13	85 030	11

Buildings in operation

Rating	In-Use Asset		In-Use Management	
	Surface	# buildings	Surface	# buildings
Very Good	12 517	5	85 859	3
Good	451 932	55	30 584	2
Pass	60 080	5	323 948	50
Acceptable	-	-	59 335	7
Non certified	407 497	50	432 301	53
Total	932 027	115	932 027	115

Table 12 - Summary table of EPRA sustainable performance indicators

External assessment	EPRA sustainability performance measures	GRI Standard & CRESI indicator code	Data 2016	Data 2017	Page(s) AFR 2017 ⁴
Environmental Sustainability Performance Measures					
V	Elec-Abs not normalised	302-1	65.96 GWh	65.55 GWh	49
V	Elec-LfL not normalised	302-1	61.89 GWh	58.8 GWh	49
V	DH&C-Abs normalised	302-1	0.96 GWh	1.96 GWh	49
V	DH&C-LfL normalised	302-1	0.96 GWh	0.96 GWh	49
V	Fuels-Abs normalised	302-1	63.29 GWh	66.22 GWh	49
V	Fuels-LfL normalised	302-1	59.9 GWh	60.4 GWh	49
V	Energy-Int not normalised	CRE1	159.5 kWh/m ²	141.5 kWh/m ²	49
V	GHG-Dir-Abs	305-1	12 548 t CO ₂ e	11 737 t CO ₂ e	48,124
V	GHG-Indir-Abs	305-2	642 t CO ₂ e	738 t CO ₂ e	48
V	GHG-Dir-LfL	305-1	11 871 t CO ₂ e	11 067 t CO ₂ e	48,124
V	GHG-Indir-LfL	305-2	628 t CO ₂ e	721 t CO ₂ e	48
V	GHG-Int	CRE3	16 kg CO ₂ e/m ²	14 kg CO ₂ e/m ²	48
V	Water-Abs	303-1	237 463 m ³	239 058 m ³	50
V	Water-LfL	303-1	196 447 m ³	188 582 m ³	50
V	Water-Int	CRE2	266.04 l/m ²	254.42 l/m ²	50
V	Waste-Abs ⁵	306-2	Recycled: 2 427 tonnes	Recycled: 10 400 tonnes	52
V			Reused: 36 tonnes	Reused: 17 tonnes	52
V			Composted: 5 tonnes	Composted: 2 tonnes	52
V			Incinerated: 812 tonnes	Incinerated: 1 221 tonnes	52
V			Buried or landfilled: 4 tonnes	Buried or landfilled: 18 tonnes	52
V	Waste-LfL ⁵	306-2	Recycled: 2 154 tonnes	Recycled: 1 709 tonnes	52
V			Reused: 36 tonnes	Reused: 17 tonnes	52
V			Composted: 1 tonne	Composted: 2 tonnes	52
V			Incinerated: 533 tonnes	Incinerated: 997 tonnes	52
V			Buried or landfilled: 4 tonnes	Buried or landfilled: 6 tonnes	52
V	Cert-Tot	CRE8	BREEAM Design Outstanding 1 building	BREEAM Design Outstanding 1 building	53
V			BREEAM Design Excellent 5 buildings	BREEAM Design Excellent 5 buildings	53
V			BREEAM Design Very Good 6 buildings	BREEAM Design Very Good 6 buildings	53
V			BREEAM Design Good 1 building	BREEAM Design Good 1 building	53
V			BREEAM In-Use (Asset) Very Good 5 buildings	BREEAM In-Use (Asset) Very Good 5 buildings	53
V			BREEAM In-Use (Asset) Good 54 buildings	BREEAM In-Use (Asset) Good 55 buildings	53
V			BREEAM In-Use (Asset) Pass 6 buildings	BREEAM In-Use (Asset) Pass 5 buildings	53
V			BREEAM In-Use (Asset) Non-certified 51 buildings	BREEAM In-Use (Asset) Non-certified 50 buildings	53
V			BREEAM In-Use (Management) Very Good 2 buildings	BREEAM In-Use (Management) Very Good 3 buildings	53
V			BREEAM In-Use (Management) Good 2 buildings	BREEAM In-Use (Management) Good 2 buildings	53
V			BREEAM In-Use (Management) Pass 50 buildings	BREEAM In-Use (Management) Pass 50 buildings	53
V			BREEAM In-Use (Management) Acceptable 8 buildings	BREEAM In-Use (Management) Acceptable 7 buildings	53
V			BREEAM In-Use (Management) Non-certified 54 buildings	BREEAM In-Use (Management) Non-certified 53 buildings	53
Social Performance Measures					
V	Diversity-Emp M/F	405-1	57% (M) - 43% (F)	52% (M) - 48% (F)	119
V	Diversity-Pay ⁶ [M/F]	405-2	N/A ⁷	5%	118
V	Emp-Training	404-1	35 hours/Yr	36 hours/Yr	122
V	Emp-Dev	404-3	100%	100%	-
V	Emp-Turnover - new arrivals (total number)	401-1	6	15	118
V	Emp-Turnover - new arrivals (rate)	401-1	N/A ⁷	18.5%	118
V	Emp-Turnover - Turnover (total number)	401-1	4	4	118
V	Emp-Turnover - Turnover (rate)	401-1	N/A ⁷	4.90%	118
V	H&S Emp - Lost day rate	403-2	N/A ⁷	0.1%	118,121
V	H&S Emp - Injury rate	403-2	N/A ⁷	0.0%	118,121
V	H&S Emp - Absentee rate	403-2	N/A ⁷	3.1%	118,121
V	H&S Emp - Absentee rate (short term)	403-2	2.0%	2.0%	118,121
V	H&S Emp - number of work related fatalities	403-2	N/A ⁷	0	118,121
V	H&S-Asset	416-1	N/A ⁷	55%	29
V	H&S-Comp	416-2	N/A ⁷	2	29
V	Comty-Eng	413-1	N/A ⁷	41%	29,121
Governance Performance Measures					
V	Gov-Board	102-22	10	9	86
N/A	Gov-Select	102-24	Narrative on process	Narrative on process	93
N/A	Gov-Col	102-25	Narrative on process	Narrative on process	109,110

Corporate governance statement



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

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

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Principles

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

The following documents, which give a detailed overview of the Company's governance, are all published on the Befimmo website: the corporate governance charter, code of ethics, dealing code and the annexes to the charter:

- the terms of reference of the Board of Directors;
- the terms of reference of the Audit Committee;
- the terms of reference of the Appointment and Remuneration Committee;
- the terms of reference of the Management Committee;
- the terms of reference of the internal audit;
- the remuneration policy.

These documents were updated in 2018 and, most recently, on 7 February 2018 to reflect the amendments made on market abuse, by the law of 31 July 2017 amending the law of 2 August 2002 on the supervision of the financial sector and financial services, and the current share ownership structure.

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

Management structure

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

Principles

In accordance with the articles of association of Befimmo, the Company is administered by a Board of Directors composed of at least three Directors, appointed for no more than four years by the General Meeting, and must include at least three Independent Directors who meet the criteria of article 526ter of the Code of Company Law. Directors may be re-elected.

The composition of the Board of Directors of Befimmo reflects a triple degree of independence in that, in accordance with the Charter of Corporate Governance, it must be composed of:

- a majority of non-executive Directors;
- at least three Directors who are independent within the meaning of the Code of Company Law and the Belgian Corporate Governance Charter;
- and a majority of directors not linked to the Company's shareholders.

As regards the composition of the Board, the Company values complementary skills, experience and know-how and complies with the provisions of article 518-bis of the Code of Company Law regarding gender diversity to be achieved on the Board in 2017. At 31 December 2017 the Board of Directors was composed of nine members including three women.

Since 28 April 2015, Befimmo has satisfied the provisions on gender diversity in boards of directors.

All Directors should also have personal qualities that enable them to carry out their duties in a flexible and collective manner, but with a fully independent mind. They must have an impeccable reputation for integrity (notably in terms of confidentiality, and prevention of conflicts of interest and insider trading) and have a critical mind, a business sense and the ability to develop a strategic vision. They must also have the time to prepare and attend meetings of the Board and the meetings of any specialist committees of which they are a member.

In accordance with article 14(1)(2) of the Law of 12 May 2014 on BE-REITs, members of the Board of Directors must at all times have the necessary professional integrity and expertise appropriate to the exercise of their duties and may not be subject to the prohibitions referred to in article 20 of the Law of 25 April 2014 on the status and control of credit institutions. Members of the Board of Directors must be natural persons. Legal persons which, on the date of entry into force of the BE-REIT Law, held a post as a Director or member of the Company's Management Committee, were nevertheless allowed to continue to hold their current mandate until it expired. In accordance with those provisions, since the Annual General Meeting of 26 April 2016, the Board of Directors of Befimmo has been composed solely of natural persons.

COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31 DECEMBER 2017

At 31 December 2017, the Board consisted of nine directors, specifically:

- one executive Director,
- eight non-executive Directors, including five independent directors meeting the criteria of article 526ter of the Code of Company Law and two directors linked to a shareholder.

The reader is reminded that, until 20 December 2012, the Company had the form of a partnership limited by shares and was managed by its Managing Agent, which was a legal person.

The Directors who were appointed for the first time by the Company's Extraordinary General Meeting of 20 December 2012, after its was transformed into a Limited-Liability Company, therefore began a directorship in a separate legal entity. However, the Company considered it appropriate to take account of the mandates of the Directors who previously sat on the Board of Directors of the former Managing Agent of the BE-REIT (whether as individuals or as representatives of a legal person), before it was transformed into a Limited-Liability Company.

Accordingly, the directors of the first Board of the Company, after the transformation, were appointed for a term up to the end of the mandate they were serving with the former Managing Agent of the Company, at the time the Company was transformed into a limited-liability company.

Similarly, when considering the criterion of a maximum of three consecutive terms lasting no more than 12 years, in the same Board of Directors (article 526ter of the Code of Company Law), the Company takes account of the number of terms served and the years elapsed as an Independent non-executive Director of the former Managing Agent.

Changes in the composition of the Board of Directors during fiscal year 2017

The mandates of the following Directors expired at the end of the Ordinary General Meeting of 25 April 2017:

- Mrs Sophie Goblet;
- Mrs Sophie Malarne-Lecloux;
- Mr Benoît Godts;
- Mr Guy Van Wymersch-Moons.



From left to right, top: Benoît De Blicq, Anne-Marie Baeyaert, Kurt De Schepper, Sophie Goblet, Benoît Godts.
From left to right, bottom: Sophie Malarne-Lecloux, Alain Devos, Hugues Delpire, Étienne Dewulf.

The same Ordinary General Meeting renewed the mandates of:

- Mrs Sophie Goblet, as an Independent Director for a further term of four years, expiring at the end of the Ordinary General Meeting of 2021;
- Mrs Sophie Malarme-Lecloux, as an Independent Director, for a further term of four years, expiring at the end of the Ordinary General Meeting of 2021;
- Mr Benoît Godts, as a Director, for a further term of two years, expiring at the end of the Ordinary General Meeting of 2019;
- Mr Guy Van Wymersch-Moons, as a Director, for a further term of four years, expiring at the end of the Ordinary General Meeting of 2021.

The same Ordinary General Meeting definitively appointed Mrs Barbara De Saedeleer as an Independent Director.

At its meeting on 12 September 2017, the Board of Directors took note of the resignation of Mrs Barbara De Saedeleer; at its meeting of 14 December 2017, the Board co-opted Mrs Anne-Marie Baeyaert as an Independent Director, to provisionally replace Mrs De Saedeleer.

At its meeting of 16 November 2017, the Board of Directors took note of the resignation of Mr Guy Van Wymersch-Moons, with effect from 31 October 2017.

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

The Board of Directors met 18 times during the fiscal year.

Composition of the Board of Directors as at 31 december 2017

Name and position on the Board of Directors	First appointed	Expiry of current mandate	Board meetings attended over fiscal year 2017
Alain Devos Chairman, non-executive Director	December 2012 ¹	April 2018	18
Benoît De Blicq Executive Director	December 2012 ²	April 2019	18
Anne-Marie Baeyaert Independent non-executive Director	December 2017	April 2020	Appointed on 14 December 2017
Sophie Goblet Independent non-executive Director	April 2013	April 2021	17
Sophie Malarme-Lecloux Independent non-executive Director	April 2015	April 2021	13
Hughes Delpire Independent non-executive Director	December 2012 ³	April 2019	17
Kurt De Schepper Non-executive Director, linked to a shareholder	April 2014	April 2020	18
Etienne Dewulf Independent non-executive Director	December 2012 ⁴	April 2018	18
Benoît Godts Non-executive Director, linked to a shareholder	December 2012 ⁵	April 2019	17

PROPOSALS FOR APPOINTMENTS AND REAPPOINTMENTS AT THE 2018 ORDINARY GENERAL MEETING

It will be suggested at the General Meeting of 24 April 2018 to:

- appoint Mrs Anne-Marie Baeyaert definitively as an Independent Director, for a term of 2 years, expiring at the Ordinary General Meeting of 2020. Mrs Anne-Marie Baeyaert was provisionally co-opted by the Board of
- appoint Mr Wim Aourousseau, Chief Investment Officer of AXA Belgium SA, as non-executive Director, for a mandate of 2 years, expiring at the Ordinary General Meeting of 2020, to replace Mr Guy Van Wymersch-Moons, who resigned with

Directors on 14 December 2017, with immediate effect, to replace Mrs Barbara De Saedeleer, who resigned with effect from 12 September 2017. Mrs Anne-Marie Baeyaert satisfies the independence criteria laid down by article 526 of the Code of Company Law for assessing the independence of directors. The FSMA has approved this co-option and the proposed appointment;

1. Mr Alain Devos was first appointed Director of the former Managing Agent of Befimmo in October 2002.
 2. Mr Benoît De Blicq was first appointed Director of the former Managing Agent of Befimmo in August 1999.
 3. Mr Hughes Delpire was first appointed Independent Director of the former Managing Agent of Befimmo in March 2011.
 4. Etienne Dewulf SPRL, represented by its permanent representative Mr Etienne Dewulf, was first appointed an Independent Director of the former Managing Agent of Befimmo in March 2011.
 5. Mr Benoît Godts was first appointed Director of the former Managing Agent of Befimmo in November 1995.

effect from 31 October 2017. This proposed appointment is subject to the approval of the FSMA. Mr Wim Aourousseau (1971) has a degree in applied economics and finance (University of Antwerp) and is a Financial Analyst (ICHEC). He has extensive experience in asset management and business administration, especially in the banking and insurance sector in Belgium (KBC Securities, Bank Van Breda, Swiss Life Belgium and Delta Lloyd Life). Mr Aourousseau has been Chief Investment Officer of AXA Belgium SA since November 2013.

- renew the mandate of Mr Alain Devos, as non-executive Director, for a period of 3 years, expiring at the Ordinary General Meeting of 2021;
- renew the mandate of Mr Etienne Dewulf, as Independent Director, pursuant to article 526ter of the Code of Company Law, for a period of 4 years, expiring at the Ordinary General Meeting of 2022.

MR ALAIN DEVOS (1953)

Mr Alain Devos (**Camille Lemonnierlaan 17, 8300 Knokke**) is Chairman of the Befimmo Board of Directors and a member of the Appointment and Remuneration Committee. After studying as a Solvay sales engineer at ULB (1975), Mr Devos began his business career as a budget analyst at Sperry New Holland-Clayson. From 1978 to 1989, he held the post of Director of the Real-Estate Development Department of CFE and went on to join Générale de Banque as Head of Real-Estate Finance within the Corporate & Investment Banking Department. From 1990 to 2003, he held a number of posts in AG Insurance (formerly Fortis AG), his last positions as a member of the Executive Committee. He went on to become CEO of AG Real Estate SA (formerly Fortis Real Estate) from 2003 to April 2012, and held various directorships in companies affiliated to AG Real Estate SA, as shown in the list below.

Other positions held at 31 December 2017

Mr Alain Devos is Managing agent of Alain Devos SPRL; Director of Equilis SA; Director of Compagnie Het Zoute NV; Member of the Advisory Board of VK Group; Member of the Advisory Board of Buyerside SA; Member of the Board of Trustees of Guberna; Fellow Member of the Royal Institution of Chartered Surveyors (FRICS).

Directorships expired as at 31 December 2017, held during the period 2013-2017

Mr Alain Devos was permanent representative of Alain Devos SPRL; CEO of AG Real Estate SA; Non-Managing agent of A3 Management; Managing agent of Allfin Group;

MR BENOÎT DE BLIECK (1957)

Mr Benoît De Blicke (**chaussée de Wavre 1945, 1160 Auderghem**) is Managing Director of Befimmo. He also chairs the Management Committee. Mr De Blicke is a civil engineer (ULB, École polytechnique, 1980), and

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

Other position held at 31 December 2017

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

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

Directorships expired as at 31 December 2017, held during the period 2013-2017

Mr Benoît De Blicke was a member of the management board of the European Public Real Estate Association (EPRA).

MRS ANNE-MARIE BAEYAERT (1961)

Mrs Anne-Marie Baeyaert (**Schaapsbaan 28, 2910 Essen**) was co-opted by the Board of Directors on 14 December 2017, with immediate effect. The General Meeting of 24 April 2018 will be invited to appoint Mrs Anne-Marie Baeyaert definitively as an Independent Director of Befimmo.

Mrs Baeyaert holds a bachelor's degree in maritime sciences (BIBH Antwerp - 1981) and a post-graduate degree in finance and management (Vlerick Business School - 2000). She began her career in 1981 at Best & Osterrieth, Antwerp, a shipping agency that is currently part of the Herfurth group, as Customer Service Representative. In 1985, she continued her career at Katoen Natie Group, where she held a number of positions, first as general manager transport division (1985-1995), general manager noordkasteel (1995-1998) and later as managing director bulkterminals (1998-2001). Mrs Baeyaert also has international experience since, from 2001 to 2005, she was country administrative & finance director in Brazil for the same group. Then, from 2005 to 2013, Mrs Baeyaert served as business unit manager port operations & repair for Katoen Natie Group. Mrs Baeyaert has been managing owner of Resigrass since 2013.

Other positions held at 31 December 2017

Mrs Anne-Marie Baeyaert is permanent representative of ANBA SPRL, and independent Director on the Boards of Directors of Rosier SA and Tessenderlo Group SA. Mrs Baeyaert is a non-executive director of Waterwegen & Zeekanaal NV (Willebroek) and manager of Resigrass SPRL and Cozy Lounge SPRL.

Directorships expired as at 31 December 2017, held during the period 2013-2017

Director of several companies of the Katoen Natie group.

MRS SOPHIE GOBLET (1964)

Mrs Sophie Goblet (**avenue Franklin Roosevelt 108, 1050 Brussels**) has been an Independent Director of Befimmo since 30 April 2013 and a member of the Audit Committee since April 2015. Mrs Goblet has a degree in economics from IAG (University of Louvain-La-Neuve). She began her career in 1988 with ABN AMRO Bank in Amsterdam and London, where she held various positions in corporate finance. In 1993, she joined Income International (a Deficom Group company) as a senior consultant in financial and corporate communication. Mrs Goblet was appointed group treasurer of GIB Group in 1993, and went on to become financial director of GIB IMMO SA in 1997. In 1999, she moved into the real-estate sector, joining the executive committee of Codic International, where she served as CFO and corporate secretary until 2012.

Other positions held at 31 December 2017

Director of not-for-profit association Réseau Entreprendre.

MRS SOPHIE MALARME-LECLOUX (1970)

Mrs Sophie Malarme-Lecloux (**rue du Plagniau 16, 1330 Rixensart**) has been an Independent Director of Befimmo since 28 April 2015 and Member of the Appointment and Remuneration Committee since 26 October 2016. Mrs Malarme-Lecloux holds a master's degree in business & administration - Solvay (Université libre de Bruxelles). She began her career in 1994 as a financial analyst at IBM Belgium before joining ING Brussels, in 1998, as an account manager in Corporate Banking. In 2002 she continued her career at Sofina, where she held various positions for 14 years in both the financial directorate and the investment team. In 2015, she founded the company FreeBE SPRL, working in strategy, leadership and innovation, business coaching and personal and organisational development. She has over 10 years of experience as a director.

Other positions held at 31 December 2017

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

Directorships expired as at 31 December 2017, held during the period 2013-2017

Director of Orpea SA (France); Director of Truflux and Sofilex (Sofina Group).

MR HUGUES DELPIRE (1956)

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

Other positions held at 31 December 2017

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

Directorships expired as at 31 December 2017, held during the period 2013-2017

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

MR KURT DE SCHEPPER (1956)

Mr Kurt De Schepper (**Akkerstraat 16, 2540 Hove**) has been a Director of Befimmo since 29 April 2014. Mr De Schepper is an actuary. He began his career over 30 years ago at AG Insurance, where he joined the management team and became head of the Employee Benefits channel in 1990. Between 1995 and 2004, he was general manager Europe at Fortis Insurance International, responsible for the CaiFor and Fortis Insurance UK joint venture, among other things. In 2004, he was appointed chief pension officer at Fortis Holding; in mid-2005, he became business operating officer at AG Insurance, and from September 2008 he was also responsible for financial assets management. From September 2009 to 1 July 2014, Mr De Schepper was chief risk officer of Ageas, in charge of the risk, legal and compliance departments and support functions (human resources, IT and facility).

Directorships expired as at 31 December 2017, held during the period 2013-2017

Mr Kurt De Schepper was a member of the board of directors of AG Real Estate SA; Chairman and director of Millennium-bcp Ageas SGPS SA; Grupo Segurador; Ageas Portugal; Medis, Companhia Portuguesa de Seguros de Saude SA; Ocidental, Companhia Portuguesa de Seguros SA; Ocidental, Companhia Portuguesa de Seguros de Vida SA and Pensõesger, Sociedade Gestora de Fundos de Pensões SA.

MR ETIENNE DEWULF (1955)

Mr Etienne Dewulf (**rue du Ruisseau, 1970 Wezembeek-Oppeem**) has been an Independent Director of Befimmo and a member of its Appointment and Remuneration Committee since March 2011; he has been chairing that Committee since 13 May 2014. Mr Dewulf is a graduate in commercial and financial science (ICHEC). He began his career in sales functions at GB-INNO-BM (1981-1983) and Materne Confilux (1983-1985), before moving into corporate banking at Crédit Général (1985-1987). He then found his vocation in the building industry, where he held a number of positions from 1987 to 2010: executive assistant at Maurice Delens SA (later Valens SA) in 1987, then managing director of Soficom Development (1989) and, from 1995 to 2010, managing director of Eiffage Benelux SA. Acting on behalf of Etienne Dewulf SPRL, Mr Dewulf currently works in consulting and daily management, mainly in real estate and construction.

Other positions held at 31 December 2017

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

Directorships expired as at 31 December 2017, held during the period 2013-2017

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

MR BENOÎT GODTS (1956)

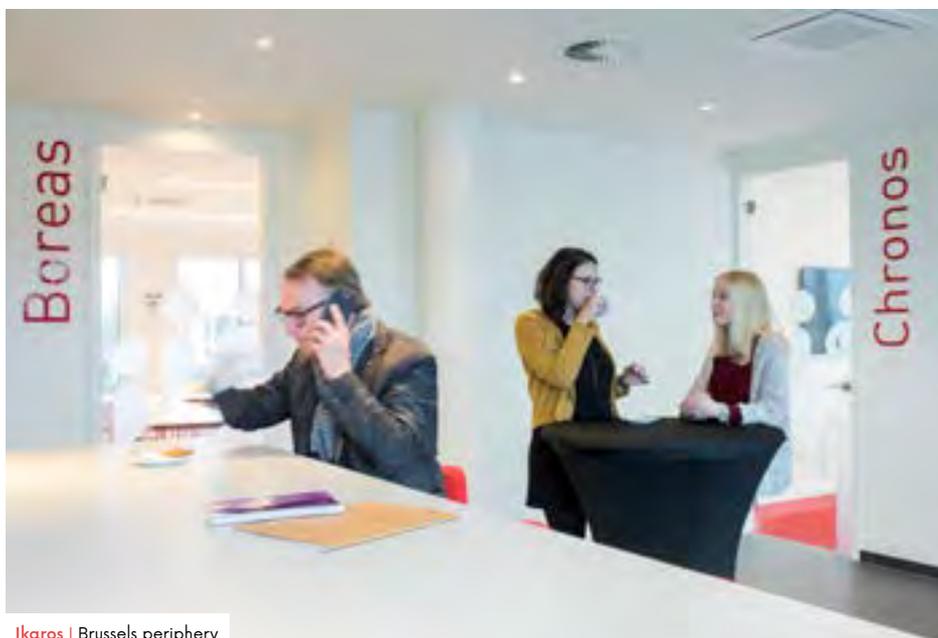
Mr Benoît Godts (**avenue des Arts 58, 1000 Brussels**) has been a Director of Befimmo since November 1995 and is a member of its Audit Committee. He was also a Director of Fedimmo until January 2013. A master of law (UCL 1983), he holds several directorships in companies affiliated with AG Real Estate SA. He is a director and member of the audit committee of the managing agent of the BE-REIT Ascencio SCA, as well as chairman of the board of Immo Nation SPPICAV.

Other positions held at 31 December 2017

Mr Benoît Godts is a member of the executive committee of AG Real Estate Finance SA; Director and member of the audit committee of Ascencio SA; Manager of the BE-REIT Ascencio SCA; Director of Investissement Foncier Boulevard de Waterloo SA; Director of Wolf-Safco NV; Chairman of the board of directors of Immo Nation SPPICAV; Director of the SPPICAV Technical Property Fund 2.

Directorships expired as at 31 December 2017, held during the period 2013-2017

Mr Benoît Godts was director of the following companies: Fedimmo, AG Real Estate Group Asset Management; Investissement Foncier Westland Shopping Center; Devimo-Consult SA and Conseil belgo-luxembourgeois des Centres Commerciaux.



PROCEDURE FOR THE APPOINTMENT OF DIRECTORS AND RENEWAL OF THEIR DIRECTORSHIPS

Directors are appointed and their directorships renewed by the General Meeting of Shareholders of Befimmo, on a proposal of the Board of Directors. Before putting its proposals for appointing a Director or renewing his or her directorship to the General Meeting, the Board of Directors considers the opinions and recommendations of the Appointment and Remuneration Committee, notably regarding:

- the number of Directors that it deems appropriate, subject to the legal minimum;
- the suitability to the needs of the Board of the profile of the Director whose directorship is to be renewed, as appropriate;
- the determination of the profile sought, on the basis of general criteria for the selection of Directors and on the basis of the latest assessment of operation of the Board (stating in particular the skills, knowledge and experience available and needed within the Board) and any specific criteria for the selection of one or more new Directors;
- the candidates already identified or interviewed by the Appointment and Remuneration Committee.

Before taking a decision, the Board may opt to interview the candidates itself, examine their curriculum vitae and references, find out about other directorships they hold, and assess them.

The Board ensures that adequate plans are put in place for the succession of the Directors. It ensures that any appointment of a Director or renewal of a directorship, whether for an executive or non-executive Director, will allow the work of the Board and its specialist committees to continue, and maintain a balance of skills and experience therein.

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

ELECTION AND ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Election of the Chairman of the Board of Directors

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

The terms of reference of the Board of Directors explicitly state that the same person may not hold the positions of both Chairman and Managing Director.

Duties of the Chairman of the Board of Directors

The Chairman steers the activities of the Board. In his absence, Board meetings are chaired by a Director designated by the other Directors.

The Chairman encourages the Directors to reach a consensus, while discussing the items on the agenda in a critical and constructive manner, and takes the measures necessary to develop a climate of trust within the Board of Directors by contributing to open discussions, constructive dissent and support for the Board's decisions.

Finally, he strives to develop effective interaction between the Board of Directors and the Managing Director.

DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors of Befimmo is empowered to perform all acts necessary or useful for the achievement of the Company's corporate purpose, except those reserved by law or the articles of association to the General Meeting. The Board of Directors makes decisions on strategy, investments, disinvestments and long-term financing.

It closes the annual accounts and prepares the quarterly and half-yearly accounts of the BE-REIT; it draws up the management report, which includes in particular the corporate governance statement; it rules on the use of the authorised capital and convenes Ordinary and Extraordinary General Meetings of the shareholders.

It ensures the relevance, accuracy and transparency of communication to the shareholders, financial analysts and the general public, such as prospectuses, Annual Financial Reports, half-yearly and quarterly statements, and press releases.

It is also the body that decides on the Company's executive management structure and determines the powers and duties of the members of the Company's Management Committee.

FUNCTIONING OF THE BOARD OF DIRECTORS

The Board of Directors is organised so as to ensure that it exercises its powers and responsibilities in the best possible way. In accordance with its terms of reference, it meets at least four times a year and as often as necessary.

The Company's articles of association lay down the following rules concerning the decision-making process of the Board of Directors:

- except in case of force majeure, the deliberations and resolutions of the Board of Directors shall be valid only if at least half of its members are present or represented. If this condition is not met, a new meeting must be convened which, provided at least three directors are present or represented, may make valid deliberations and resolutions on the topics on the agenda of the preceding meeting;

- every decision of the Board is taken by absolute majority of the directors present or represented and, where one or more of them abstain, by a majority of the other directors. In the event of a tied vote, the person chairing the meeting has the casting vote;
- in exceptional cases, duly justified by urgency and the corporate interest, the Board of Directors may pass resolutions by means of a written decision. This procedure may however not be used to close the annual accounts or for any use of the authorised share capital.

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

ACTIVITIES OF THE BOARD OF DIRECTORS DURING FISCAL YEAR 2017

The Board of Directors met 18 times during the fiscal year 2017. In addition to items falling within its ordinary powers (monitoring results, approval of the budget, appraisal and remuneration of the members of the Management Committee, preparing the management report and convening ordinary and Extraordinary General Meetings), it made decisions on the following key dossiers:

- the strategy review;
- investment and disinvestment projects;
- bids under tendering and public procurement procedures;
- the terms of the most important rental offerings and major lease renewals;
- construction, redevelopment and renovation projects (notably the WTC 1 & 2 complex and the Quatuor project);
- key investments in the consolidated Befimmo portfolio, notably in sustainable development;
- financial management policy;
- the interest-rate risk hedging policy;
- developments in the main legal proceedings;
- Befimmo's Corporate Social Responsibility policy;
- the private placement of debt in April 2017;
- the payment of an interim dividend;
- the partnership with Silversquare;
- the new visual identity of Befimmo.

The Board was regularly informed of the activities of the Audit Committee, the Appointment and Remuneration Committee and the Management Committee.

The Board also decided on Befimmo's position as a shareholder of Fedimmo, notably on the following dossiers:

- Fedimmo's participation in tenders or public procurement;
- follow-up of the Paradis Express project in Liège;
- the terms of the most important rental offerings and major lease renewals;
- the sale of certain small buildings which it considered no longer fit its strategy.

SELF-ASSESSMENT

In accordance with the 2009 Code and its terms of reference, every three years at least, the Board assesses its own composition, size, effectiveness and operation, and its interaction with the Managing Director, the Management Committee and its specialist Committees. The Board's self-assessment exercise is carried out under the leadership of its Chairman and, where appropriate, with the support of the Appointment and Remuneration Committee. This self-assessment has four main objectives:

- to check whether the composition of the Board of Directors is in line with requirements;
- to appraise the operation of the Board of Directors;
- to check whether important issues are properly prepared and discussed;
- to assess whether each Director makes an effective contribution by attending meetings of the Board of Directors and making a constructive commitment to the discussions and decision-making.

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

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

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

ADVISORY AND SPECIALIST COMMITTEES

PRINCIPLES

The Board of Directors may set up one or more committees, choosing members from within or outside the Board.

In accordance with the articles of association, it must establish at least an Audit Committee, an Appointments Committee and a Remuneration Committee (the Appointments Committee and the Remuneration Committee may be combined) and lay down their tasks, powers and composition in accordance with the provisions of the law and recommendations of the Belgian Corporate Governance Code on the composition and functioning of these committees.

The Board lays down the terms of reference of these Committees, and designates the members and chairmen of the Committees from among the Board members, on a proposal of the Appointment and Remuneration Committee. When making these appointments, the Board ensures that the overall composition of each committee embodies the skills required for carrying out its duties.

Specific duties may also be assigned to one or more members designated by the Board; they report to the Board on the conduct of their duties.

In accordance with the above, the Board of Directors has established two specialist standing Committees: the Audit Committee and the Appointment and Remuneration Committee. The composition, duties and operating methods of these committees are described in their respective terms of reference, available on the Befimmo website and summarised hereafter.

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

AUDIT COMMITTEE

Composition

The Committee is composed of three members, appointed by the Board of Directors, on a proposal of the Appointment and Remuneration Committee, from among the non-executive Directors of Befimmo, at least two of whom are independent and satisfy the criteria of article 526ter of the Code of Company Law.

All members of the Audit Committee have expertise in accounting, auditing and finance.

The Chairman of the Audit Committee may not also be the Chairman of the Board of Directors. The members of the Audit Committee appoint the Committee Chairman from among their number.

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

At 31 December 2017, the composition of the Audit Committee was as follows:

- Hugues Delpire, Independent Director and Chairman of the Audit Committee;
- Sophie Goblet, Independent Director;
- Benoît Godts, non-executive Director, linked to a shareholder.

Duties

Without prejudice to any other tasks assigned to it, the Audit Committee assists the Board of Directors and Management Committee in ensuring the accuracy and truthfulness of the accounts and financial information of Befimmo. In terms of internal control, the Audit Committee checks the relevance and effectiveness of the Company's internal-control and risk-management systems. It also monitors internal auditing and the external controls by the Statutory Auditor, is involved in appointing the latter and in supervising the tasks entrusted to it over and above its legal duties. It delivers opinions and recommendations to the Board of Directors and Management Committee on these matters.

The Audit Committee meets at least four times a year and whenever circumstances require, at the request of its Chairman, one of its members, the Chairman of the Board of Directors, the Chief Executive Officer or the Chief Financial Officer. It decides if and when the Chief Executive Officer, Chief Financial Officer, the Statutory Auditor or other people should attend its meetings.

It meets the Statutory Auditor(s) of Befimmo at least twice a year to exchange views on any issue relating to its duties and any issue raised by the auditing process. At least twice a year the Committee meets the persons responsible for internal auditing in the Company.

After each Committee meeting, the Chairman of the Committee (or, in his absence, a specially designated member of the Committee) gives an oral report on its work to the next meeting of the Board of Directors, notably after the meetings on the preparation of the quarterly accounts and on the preparation of the financial statements for publication. When reporting to the Board of Directors, the Audit Committee identifies the issues on which it considers that action or improvement is necessary, and makes recommendations on the measures to be taken. Minutes of meetings must also be forwarded to the Board of Directors.

Operation and activities during fiscal year 2017

The Committee met nine times in fiscal year 2017. Mr Godts attended all the meetings; Mr Delpire and Mrs Goblet attended eight meetings. The following main issues were addressed:

- quarterly, half-yearly and annual accounts, and financial reporting;
- accounting treatment for specific operations and application of IFRS;
- financing policy;
- consideration of the terms of the refinancing operations;
- interest-rate and currency risk hedging policy;
- review of internal audit mission reports and recommendations, and multi-annual audit plan, in the presence of the internal auditor;
- impact of investment projects on financing and key ratios;
- review of budgets and outlook for future years (including stress tests);
- risk management: monitoring developments in the main legal proceedings, monitoring of internal control, follow-up of the implementation of recommendations made in the context of external audits and review of the executive management's report on internal control for the FSMA, etc.;
- process for distribution of an interim dividend for fiscal year 2017;
- preparation of the private debt placement, carried out in 2017;
- relations with the Statutory Auditor, check of the independence, assessment and appointment of the Statutory Auditor for Befimmo and its subsidiaries;
- updating of delegations of powers for banking and payments;
- monitoring of key regulatory developments and analysis of their potential impact on Befimmo, its activities or reporting (introduction of specialist real-estate investment fund (FIIS) regime, audit reform, FSMA circulars, etc.).

Self-assessment

Every three years at least, the Committee assesses its own effectiveness, operation and interaction with the Board of Directors, reviews its terms of reference and recommends any necessary amendments to the Board of Directors.

The previous self-assessment of the Audit Committee was conducted in late 2014 and completed in early 2015. The Committee decided to carry out a new self-assessment in 2017.

In November 2017, the Committee members received and completed a detailed questionnaire, specific to the role and functioning of an audit committee. Based on the responses to the questionnaire, an analysis of the legal rules and recommendations relevant to the role and functioning of an Audit

Committee and, secondarily, the findings of the self-assessment exercise carried out in 2014, the Committee Audit completed its self-assessment report in December 2017 and presented it to the Board of Directors on 14 December 2017.

At the end of its self-assessment exercise, the Audit Committee decided, among other things, to give priority to the following:

- updating the terms of reference of the internal audit;
- in the context of monitoring the internal control and risk management systems:
 - monitoring the proper operation of the recently established Management Committee;
 - ensuring that existing processes can continuously and effectively monitor risk identification and management, beginning with the updating of the risk matrix.

APPOINTMENT AND REMUNERATION COMMITTEE

Composition

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

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

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

If the Chairman of the Board of Directors of Befimmo is not a member of the Committee, he may, but is not obliged to, attend meetings of the Committee. He may not attend if the Committee is discussing or voting on the Chairman of the Board's remuneration or the renewal of his mandate (in his capacity as Chairman or Director).

He may take part in the discussion, but may not chair the Committee when it is voting on the appointment of his successor.

The Managing Director takes part in meetings of the Committee when it has to discuss the appointment or remuneration of the other members of the Company's Management Committee.

As at 31 December 2017, the composition of the Committee was as follows:

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

Duties

Regarding appointments and renewals of mandates, the Committee assists the Board of Directors in:

- drawing up profiles for Directors, Chairmen and members of the Committees of the Board of Directors, the Chief Executive Officer (CEO) and the other members of Befimmo's Management Committee;
- seeking candidates for positions to be filled in the Board of Directors and specialist Committees of Befimmo and the Board of Directors of Fedimmo; it then delivers an opinion and makes a recommendation on the candidates;
- the process of appointing or re-electing the Chairman of the Board of Directors of Befimmo; and
- procedures for the appointment, renewal and periodic appraisals of the Directors, the CEO and other members of the Management Committee.

Regarding remuneration, the Committee assists the Board of Directors by making proposals on:

- remuneration policy;
- the remuneration policy for non-executive directors, members of the Board's Committees, the CEO and the other members of the Management Committee, and on any periodic revisions of that policy;
- the individual remuneration of the non-executive Directors, members of the Board's Committees, the CEO and the other members of the Management Committee, including variable remuneration, the various benefits and length-of-service bonuses, related to shares or otherwise, severance grants and on any resulting proposals which the Board has to submit to the General Meeting of Shareholders;
- the setting of performance targets for the Managing Director and other members of the Management Committee, and the assessment of performance in relation to those targets;
- on the proposals made each year by the Managing Director on the overall budget for rises (apart from indexing) in the fixed remuneration for the Company's staff, and on the overall budget for the variable remuneration of the staff.

The Committee also prepares the remuneration report, which is included in Befimmo's corporate governance statement, and is presented to the General Meeting of Shareholders.

The Committee meets at least twice a year, and in any case:

- prior to the approval of the agenda for any General Meeting of Befimmo which has draft decisions that concern directorships on the agenda;
- to draft the annual remuneration report.

After each meeting of the Committee, the Chairman (or, in his absence, a Committee member designated to that end) gives an oral report to the Board of Directors on the exercise of its duties and, in particular, submits the Committee's opinions and recommendations to the Board for decision.

Operation and activities during fiscal year 2017

During fiscal year 2017, the Committee met nine times and all members of the Committee attended all meetings. Its meetings covered the following main topics:

- drafting of the remuneration report published in the Annual Financial Report 2016;
- changes in the Company payroll from 1 January 2018 and budget with a view to the awarding of variable remuneration (bonuses) for fiscal year 2017;
- proposals for the composition of the Board of Directors, taking account of the need to ensure that profiles are complementary in terms of knowledge and experience, and of the gender diversity targets;
- proposals for appointments and reappointments to the Board of Directors for submission to the Ordinary General Meeting;
- assessment and determination of the performance targets and criteria for the Managing Director and other members of the Management Committee;
- ongoing monitoring of developments in the regulatory framework and governance recommendations related to the exercise of directorships and positions as a member of the Management Committee.

Self-assessment

In accordance with the 2009 Code and its own terms of reference, every three years at least, the Committee assesses its own effectiveness, operation and interaction with the Board of Directors, reviews its terms of reference and recommends any necessary amendments to the Board of Directors.

The Appointments and Remunerations Committee conducted its self-assessment during the second half of fiscal year 2015. Its self-assessment report was presented to the Board of Directors in February 2016 and in the Annual Financial Report 2015 (page 135).

MANAGEMENT COMMITTEE

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

The delegation to the Management Committee does not cover:

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

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

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

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

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



From top to bottom and from left to right:
Martine Rorif, Benoit De Blicq, Laurent Carlier, Aminata Kaké.

COMPOSITION

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

At 31 December 2017, the Committee had four members:

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

BENOÎT DE BLIECK

Mr De Blicq (1957) is a civil engineer (ULB, École polytechnique, 1980), and a postgraduate (Cepac) of the Solvay Business School (ULB, 1986). He began his career in 1980 at Entreprises Ed. François & Fils, later to become CFE, in charge of a number of building sites in Saudi Arabia (1980-1985) and project studies in China, Zaire and Egypt (1985-1988). He was then responsible for real-estate project development, first at Codic (1988-1990) and later at Galliford (1990-1992). From 1992 to 1999 he was a member of the management committee of Bernheim-Comofi SA (then a subsidiary of Groupe Bruxelles Lambert), responsible for international development. He was then appointed Managing Director of Befimmo in August 1999 and of its subsidiary Fedimmo in December 2006.

Other positions held at 31 December 2017

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

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

Directorships expired as at 31 December 2017, held during the period 2013-2017

Mr Benoît De Blicq was a member of the management board of the European Public Real Estate Association (EPRA).

LAURENT CARLIER

Mr Laurent Carlier (1966) is a commercial engineer (ULB - Solvay Business School, 1984-1989), he also holds a post-graduate degree in Tax Management (VUB, 1989-1990), and in Controlling (Registered Controller, ERASMUS UNIVERSITEIT, Rotterdam - The Netherlands, 1995-1998). He also attended the Advanced Management Program run by the Wharton School, University of Pennsylvania (AMP71 - 2016). He began his career in 1991 at Unilever as Internal Auditor / Team Leader (1991-1994) in Paris. He then became Factory Management Accountant (1994-1996) for the same group in the Netherlands. He continued his career at Sanofi Pharma Belgium as Controller (1996-1998) and Finance & Administration Director (1998 - 1999). He then worked at Sodexo Pass Belux as Finance & Administration Director (1999-2006). Since 2006, Laurent Carlier has been Chief Financial Officer at Befimmo. He also performs the Risk Management function.

Other positions held at 31 December 2017

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

Directorships expired as at 31 December 2017, held during the period 2013-2017

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

MARTINE RORIF

Mrs Martine Rorif (1965) is a construction engineer, specialising in civil engineering (Université Libre de Bruxelles, Solvay Business School, 1990). She also holds a CEPAC post-graduate diploma from the Solvay Business School (2007). She began her career as a site engineer at Entreprises Jacques Delens (1990-1995). She continued her career at Devimmo Consult (1996) as a property manager. She has been at Befimmo since 1997. Until 2008, she held the position of Project Manager. Since 2008 she has been Chief Operating Officer.

Other positions held at 31 December 2017

Mrs Rorif is also Director of the following subsidiaries of Befimmo: Fedimmo SA, Meirfree SA, Axento SA and Befimmo Property Services SA. She is Managing Director of the following companies: Vitalfree SA and Beway SA, which are also Befimmo subsidiaries. She is also Co-president of the "Commission Investisseurs" of the UPSI.

AMINATA KAKÉ

Mrs Aminata Kaké (1977) holds a master's degree in law (Université Libre de Bruxelles, 2000), a post-graduate certificate in business administration (Oxford University and Harvard Faculty Club, 2014) and an Executive Master in Real Estate (Solvay Brussels School of Economics and Management, 2016). She began her career in 2000 at Dexia Bank Belgium (now Belfius) as Legal Counsel in Corporate Banking and Structured Finance (2000-2004), before being appointed Deputy General Secretary of the bank (2004-2005), and then head of the Secretary General, Corporate & Regulatory Division of Dexia SA, holding company of the Dexia Group (2005-2012). Since 2012, she has been General Counsel, Secretary-General and Chief Compliance Officer of Befimmo. Mrs Kaké is also Director of the Belgian Association of Listed Companies (FEB), Head of the Legal & Regulatory Committee of the BE-REIT Association and a member of the Regulatory Committee of the European Public Real Estate Association (EPRA), of the Belgian Risk Management Association (BELRIM) and the Belgian Institute of Corporate Lawyers (IJE).

Other positions held at 31 December 2017

Mrs Kake is a director of the ASBL Belgian Association of Listed Companies (FEB).

DUTIES

The role of the Management Committee is:

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

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

REPORT OF ACTIVITIES TO THE BOARD OF DIRECTORS

At each meeting of the Board of Directors, and at least quarterly, the Managing Director and other members of the Management Committee report to the Board on the significant aspects of operational management. They provide all relevant information concerning at least the following subjects:

- developments affecting the Company's business and any changes in its strategic context;
- the Company's forecasts and financial results and an assessment of its financial position;
- current or potential major litigation;
- regular monitoring of all matters falling within the competence of the Board of Directors.

FUNCTIONING

The Management Committee is a decision-making body with collective responsibility and operation: its decisions are taken by consensus of its members who collectively share responsibility for them. If consensus cannot be reached, the item or dossier concerned is put on the agenda of the meeting of the Board of Directors for discussion and decision.

The Management Committee meets as often as necessary, under the chairmanship of the CEO and, in principle, once a week. It can be convened at any time, where necessary, by the Chairman or at the request of least two members of the Management Committee.

In 2017, the Management Committee met once a week on average.

The Management Committee leads a team of 81 staff and endeavours to optimise operating costs.

The **heads of the departments** are Nicolas Billen¹ (Chief Investment Officer), Cédric Mali¹ (Chief Commercial Officer), Mr Arnaud d'Ydewalle (Head of Project Management), Mr Nicolas Nelis (Head of Project Development), Mr Bruno De Wolf (Head of Property Management), Mr Arnaud Opsommer (Head of Building Administration & Operations Budget), Mr Frédéric Tourné (Head of Environmental Management), Mrs Caroline Kerremans (Head of Investor Relations & Communication), Mrs Emilie Delacroix (Head of CSR & Innovation), Mrs Sylvie De Mûelenaere (Head of Legal), Mr Vincent Meulders (Head of Controlling), Mr Stéphane Dos Santos (Chief Accountant), Mr Ludovic Wendel (IT Program Manager), Mr Denis Van de Wiele (Head of Compensation & Benefits) and Mrs Sarah Sougné (Recruitment & Talent Manager).

The Business Development activity is managed by Werner Joris².

DIVERSITY POLICY

Befimmo complies with the provisions of article 518bis of the Code of Company Law with regard to gender diversity within the Board of Directors and the recommendations of the Belgian Corporate Governance Code (2009 Code) on diversity and complementarity of profiles within its decision-making and advisory bodies.

Befimmo has put in place a number of procedures in the context of the appointment and renewal of the mandates of the Directors, the appointment of the members of the specialist Committees and the Management Committee, and the self-assessment process of its various bodies and Committees. These are designed to foster complementary skills, experience, knowledge and profiles in the composition of these bodies, in addition to the expertise and professional integrity required for the exercise of these duties. For example, prior to any appointment, an assessment is made of the skills, knowledge and

experience available and needed within the Board of Directors or committee concerned. These procedures are set out in the terms of reference of the various bodies and Committees, more specifically in the terms of reference of the Appointment and Remuneration Committee.

The effect of these procedures is manifested in the composition of the Board of Directors, which comprises three female and six male members, and the Management Committee, which is composed of two female and two male members. It is also reflected in the biographies of the Directors (see page 92) and the members of the Management Committee (see page 100), which shows that they have complementary career paths, professional experience and skills.

REMUNERATION REPORT

REMUNERATION POLICY

During fiscal year 2009/2010, the Appointment and Remuneration Committee drafted a document describing the remuneration policy for the Company's Directors and members of the Management Committee. This document was prepared for the first time by the Board of Directors on 15 October 2010 and most recently approved by the Ordinary General Meet-

ing of 25 April 2017. It is an integral part of the Corporate Governance Charter and is published on the Befimmo website.

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

1. SPRL.
2. BVBA.

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

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

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

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

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

Change in the remuneration policy.

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

PROCEDURE

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

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

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

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

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

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

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

- **Fixed portion:** The amount of the "all-in" fixed annual remuneration is determined on the basis of comparisons with fixed remunerations on the market for a comparable position in a comparable company. The fixed annual remuneration is payable monthly, in twelfths, in arrears, after deducting the cost of insurance such as the pension plan and hospitalisation insurance, and representation expenses.

On a proposal of the Appointment and Remuneration Committee, the Board of Directors reviews the amount of the fixed remuneration at regular intervals, at the end of each calendar year, in order to decide whether this amount should be changed and, if so, by how much.

- **Variable portion:** the target amount of the annual variable remuneration, corresponding to a quality service that meets expectations in terms of results, professionalism and motivation, is predetermined by the Board of Directors when setting the objectives. It is a combination of personal qualitative objectives and financial and qualitative targets for Befimmo SA, to which a weighting is applied. The Board avoids setting performance criteria that could encourage the CEO to give preference to short-term goals that influence his variable remuneration and would have an adverse impact on the Company in the medium and long term.

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

Befimmo reimburses expenses incurred by the CEO in the course of his daily management, on presentation of supporting documents to the Chairman of the Board of Directors or any other person the Chairman designates for that purpose.

Apart from the provision of a portable computer and mobile telephone that meet the standards of Befimmo SA (notably in terms of security) and for which he bears the cost of consumption, the Managing Director does not receive any benefits in kind.

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

- **Fixed portion:** the amount of the “all-in” fixed remuneration of the other members of the Management Committee is determined on the basis of information on levels of pay offered for comparable positions in comparable businesses. This information is gathered by the Appointment and Remuneration Committee. The fixed annual remuneration is payable monthly, in twelfths, in arrears, after deducting the cost of insurance such as the pension plan and hospitalisation insurance, and representation expenses. Any change in the fixed remuneration of the other members of the Management Committee is decided by the Board of Directors on a reasoned recommendation of the CEO and the Appointment and Remuneration Committee.
- **Variable portion:** the target amount of the variable annual remuneration corresponding to a quality performance meeting expectations, in terms of results, professionalism and motivation. This amount is predetermined by the Board of Directors when the targets are set. These are a combination of personal qualitative targets (performance of special duties, performance of their team or department) and financial and qualitative targets for Befimmo SA, to which a weighting is applied. The Board avoids setting criteria that could encourage the other members of the Management Committee to give preference to short-term goals that influence their variable remuneration and would have an adverse impact on the Company in the medium and long term. The Board also determines the maximum amount of variable remuneration, which may be awarded only if the performance targets are exceeded.

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

Befimmo reimburses the expenses incurred by the other members of the Management Committee in the course of their duties, upon presentation of supporting documents sent to the CEO or any other person that he or she may designate for that purpose.

Apart from the provision of a portable computer and mobile telephone that meet the standards of Befimmo SA (notably in terms of security) and for which they bear the cost of consumption, the other members of the Management Committee do not receive any benefits in kind.

POSITIONS HELD IN SUBSIDIARIES

The Directors and members of the Management Committee may hold a directorship in the subsidiaries of Befimmo SA. Any remuneration received for holding such positions is set out in the Befimmo SA remuneration report. Unless otherwise agreed between the parties, the termination of the agreement between Befimmo SA and the CEO or other member of the Management Committee will also terminate any positions held¹ by the CEO or other member of the Management Committee in the subsidiaries of Befimmo SA.

REMUNERATION AND BENEFITS IN 2017 AND 2018

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

The Company’s Annual General Meeting of 30 April 2013 set the following remuneration for the non-executive Directors:

- each non-executive Director, apart from the Chairman of the Board of Directors, receives a fixed annual remuneration of €20,000 and attendance tokens worth €2,500 per Board meeting attended;
- the Chairman of the Board of Directors receives a fixed annual remuneration of €50,000 and attendance tokens worth €3,750 per Board meeting attended;
- the members of the Audit Committee receive an attendance token worth €2,000 per meeting, apart from the Chairman of the Committee who receives an attendance token worth €2,500 per meeting;
- the members of the Appointment and Remuneration Committee receive an attendance token worth €1,500 per meeting, apart from the Chairman of the Committee who receives attendance tokens worth €2,000 per meeting.

These amounts, applicable since fiscal year 2013, are based on a benchmark analysis of comparable companies and two external studies on the remuneration of directors of listed Belgian companies. In particular, they reflect the increased workload and technical complexity of the matters that the Board and its specialist committees have had to handle in recent years, and the role of the Chairman in preparing and coordinating the work of the Board of Directors.

Non-executive Directors - remuneration for the 2017 fiscal year

(in €)	Befimmo				Total
	Fixed annual remuneration	Attendance tokens			
		Board of Directors	Board of Directors	Audit Committee	
Alain Devos	50 000	67 500		13 500	131 000
Barbara De Saedeleer ²	10 000	25 000			35 000
Sophie Goblet	20 000	42 500	18 000		80 500
Sophie Malarme-Lecloux	20 000	32 500		13 500	66 000
Annick Van Overstraeten ³	3 333				3 333
Hugues Delpire	20 000	40 000	20 000		80 000
Kurt De Schepper	20 000	45 000			65 000
Etienne Dewulf	20 000	42 500		18 000	80 500
Benoît Godts	20 000	42 500	16 000		78 500
Guy Van Wymersch-Moons ⁴	16 667	30 000			46 667
Total for Directors	200 000	367 500	54 000	45 000	666 500

OBJECTIVES AND PERFORMANCE CRITERIA FOR THE CEO AND MEMBERS OF THE MANAGEMENT COMMITTEE FOR FISCAL YEARS 2017 AND 2018

On a proposal of the Appointment and Remuneration Committee, on 23 February 2017 the Board of Directors laid down the following recurring criteria – related to the performance of the Company – for assessing the performance of the CEO, and the applicable weighting:

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

Supplementary objectives, in relation to the above-mentioned main targets and specifically related to fiscal year 2017, were set for the CEO. The target amount for his variable annual remuneration for fiscal year 2017 was set at €200,000, with a ceiling of €250,000.

The Board of Directors set the same recurring criteria for assessing the collective performance of the other members of the Management Committee. Additional personal targets were set for each of them, in line with their specific operational responsibilities. The overall maximum target variable remuneration was set at €285,000 (total amount for the other three members of the Management Committee) with a maximum of €345,000 if the targets are exceeded.

At its meeting of 2 March 2018, the Board of Directors, on a proposal of the Appointment and Remuneration Committee, decided to award the CEO and the other members of the Management Committee variable remuneration for fiscal year 2017 on the basis of the above-mentioned assessment criteria, of the amounts set out in the table hereafter.

1. Whether as a natural person or as permanent representative of a corporate director.
 2. Directorship began on 14 February 2017 and ended on 12 September 2017.
 3. Directorship ended on 14 February 2017.
 4. Directorship ended on 31 October 2017.

Management Committee - remuneration for the 2017 fiscal year

(in €)	Fixed remuneration	Variable remuneration ¹	Post-employment benefits	Total	Contractual severance grant
Managing Director					
BDB Management SPRLu ²	213 589	100 000		313 589	263 592
Benoît De Blicck ³	263 746	150 000	72 657	486 403	486 408
Other members of the Management Committee	874 566	335 000	154 255	1 363 821	1 220 000
Total Management Committee	1 351 901	585 000	226 912	2 163 813	

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

- 50% of the variable remuneration earned in 2017 is paid in 2018;
- 25% of the variable remuneration is deferred for one year and will be payable in 2019 provided that the performance indicators for the Company's results are sustained throughout 2017 and 2018;
- the remaining 25% of the variable remuneration will be payable in 2020, again provided that performance is sustained throughout 2017 to 2019.

For fiscal year 2018, the award of variable remuneration to the CEO and other members of the Management Committee will depend on their achieving the same recurring criteria as those set for 2017, with the same weighting. Additional

personal objectives, in relation to the above-mentioned targets, were also set in keeping with the specific operational responsibilities of the CEO and each of the other members of the Management Committee.

The target amounts of the variable annual remuneration for fiscal year 2018 were set as follows:

- for the CEO: a target variable remuneration of €200,000 with a ceiling of €250,000; this amount includes any variable remuneration awarded to him by Befimmo SA and/or any of its subsidiaries;
- for the other three members of the Management Committee: a target variable remuneration of €305,000 with a maximum of €400,000.

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

1. The payment of the variable remuneration is staggered over a period of 3 years, pursuant to the rules set up in the remuneration policy.

2. These sums include the remuneration gained by BDB Management SPRLu for the directorships it exercises, as Managing Director of Befimmo Property Services SA and Chairman of the Board of Directors of Axento SA, both subsidiaries of Befimmo SA.

3. These sums include the remuneration gained by M. Benoît De Blicck as Managing Director of Befimmo SA.

TERMS OF SEVERANCE GRANTS

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

Should Befimmo SA terminate the contract between a member of the Management Committee and Befimmo SA before expiry, and not in any of the cases provided for in the contract where no compensation is due, the member concerned is entitled to a severance grant under that contract. Unless otherwise agreed between the parties, the termination of the agreement between Befimmo SA and a member of the Management Committee will also terminate any positions held by that member in the subsidiaries of Befimmo SA.

The management agreements between Befimmo SA and Mr De Blicq and between Befimmo Property Services and BDB Management SPRLu set a consolidated contractual severance grant of €750,000 (consolidated total), broken down as follows: €486,408.08 in the agreement between Mr Benoît De Blicq and Befimmo SA and €263,591.92 in the agreement between BDB Management SPRLu and Befimmo Property Services SA. The grant is equivalent to 12 months' total target remuneration (fixed and variable). Befimmo therefore did not avail itself of the above exemptions.

Under the management agreements concluded between Befimmo SA and the other members of the Management Committee, and on a reasoned opinion of the Appointment and Remuneration Committee, severance pay was set by contract at €200,000 for the General Counsel & Secretary-General, €420,000 for the Chief Financial Officer and €600,000 for the Chief Operating Officer.

For the first two members named above, the severance grant does not exceed 12 months' remuneration.

The grant for the Chief Operating Officer exceeds the amount of 12 months' pay (but is less than 18 months' pay). This is explained by her pre-existing contract and her seniority, as the Chief Operating Officer began her career with Befimmo in 1997. The reader is referred in this regard to paragraph 7(18) of the Belgian Code of Corporate Governance (the 2009 Code), which provides in particular that a grant exceeding 12 months' pay may be set in an executive's contract to reflect the number of years of service in his or her previous position. In accordance with the above-mentioned article 554(4), this provision was approved of the Ordinary General Meeting of 25 April 2017.

RIGHT OF RECOVERY

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

At strategic level, the Corporate Social Responsibility (CSR) team consists of five people, including three members of the Management Committee: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Head of Environmental Management (HEM) and the Head of CSR & Innovation.

This team is responsible for developing and monitoring the Social Responsibility Action Plan, releasing sufficient human resources, and organising the annual management review.

 "CSR governance"

REPORT ON INTERNAL CONTROL AND RISK-MANAGEMENT SYSTEMS

Befimmo has organised the management of internal control and corporate risks by defining its control environment (general framework, inspired in particular by the “Enterprise Risk Management” model developed by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission), identifying and classifying the main risks to which it is exposed, analysing its level of control of those risks and organising “control of control”. It also pays particular attention to the reliability of the financial reporting and communication processes.

CONTROL ENVIRONMENT

Company organisation

The Board of Directors has set up two internal committees (the Audit Committee and the Appointment and Remuneration Committee) and has established a Management Committee.

The Company is organised into a number of departments as set out in an establishment plan.

The operational functions are carried out in the technical departments (project management, project development, property management and environmental management), and the commercial, rental management and investment departments. The support functions are provided by the accounts department, controlling team, treasury/financing and legal departments, general secretariat, and communication, corporate social responsibility, human resources and ICT departments.

Each member of the team has a job description.

There is a power of attorney procedure for both internal matters (decision-making powers) and external matters (powers of signature and representation). The Board of Directors has delegated a number of powers of decision-making and representation to the Management Committee; in this context, it has a power to subdelegate, which it has exercised, setting limits in terms of the acts and amounts concerned, defined by department and in line with the hierarchical position of the authorised employees. These sub-delegations include an internal procedure for approving orders and invoices. The principle of dual signatures is applied. There is also a specific procedure for authorising payments.

All these powers are formalised in internal procedures.

Among the control functions, the compliance function is exercised by the General Counsel & Secretary-General (Aminata Kaké). Management control is the responsibility of the controlling team. The CFO (Laurent Carlier) is responsible for the risk-management function. The Internal Auditor (Kathleen Stevens) is in charge of internal auditing.

For the annual closure, the Company’s Directors and members of the Management Committee fill in an individual questionnaire so that any transactions they have carried out with the Company as “related parties” can be identified.

The human resources department ensures that the skills required for each position are defined and that the procedures are observed, notably for annual performance appraisal and pay review.

External players

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

Organisation of internal control

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

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

Ethics

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

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

 “Ethics”

Risk analysis and control activities

This analysis is based on a study to classify the Company’s major risks, in order of potential impact (severity and estimated probability of occurrence), and to determine the extent to which it controls these risks. On this basis, a matrix of risks and the extent to which they are controlled is produced. This matrix provides the framework for the work of the internal audit service, reviewed annually as part of a three-year plan by the Audit Committee. The corporate risk rules provide for a formal update of the risk factors, twice a year, when the half-yearly and annual financial reports are drafted. This is an in-depth risk analysis periodically carried out by the Risk Manager, in cooperation with the Internal Auditor and Compliance Officer. This update is then presented to and discussed in the Management Committee. Finally, the document is transmitted to the Audit Committee for review and to the Board of Directors for formal approval.

→ “Risk Factors, on page 181”

Financial information and communication

The process of establishing financial information is organised as follows: a retro planning chart sets out the tasks to be completed for the quarterly, half-yearly and annual closures of the Company and its subsidiaries, with deadlines. The Company has a checklist of steps to be followed by the various departments involved in the process. The accounts team produces the accounting figures using the management software, under the supervision of the Chief Accountant.

The Controlling Team checks the validity of the figures provided by accounts and produces the quarterly reports. The figures are checked using the following techniques:

- coherence tests by comparison with historical or budget figures;
- sample checks of transactions according to their materiality.

Financial reporting is prepared on a quarterly basis by the Controlling Team and discussed with the CFO. This reporting, together with notes on the operational activities, is then analysed by the Management Committee.

A timetable of periodic publications for the year is proposed by the Management Committee and approved by the Board of Directors. The quarterly, half-yearly and annual reports and the relevant press releases/financial reports are submitted to and analysed by the Management Committee, Audit Committee and Board of Directors, which adopts them before publication. The Statutory Auditor conducts a limited review of the consolidated half-yearly financial statements, as at 30 June. At annual close, on 31 December of each year, it audits the statutory and consolidated accounts.

Data are protected, depending on their type, by redundant architecture (disk mirroring), daily backups on-line (external service provider) and weekly backups onto tape.

Players involved in the supervision and evaluation of internal control

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

- internal audit: during fiscal year 2017, two internal audits were carried out, on the “issue of credit notes” and “project management”;
- audits of the “Payroll”, “IT Infrastructure”, “Treasury processes” and “Cyber security” were also commissioned from external consultants;
- the Audit Committee: over fiscal year 2017, the Audit Committee reviewed the quarterly closures and the specific accounting methods. It reviewed Befimmo’s ongoing legal proceedings and main risks and considered the recommendations of internal auditing;
- the Statutory Auditor in the context of its review of the half-yearly and annual accounts.

The Board of Directors supervises the performance of the duties of the Audit Committee in that regard, notably through that Committee’s reporting.

The internal audit regulations weren't updated during fiscal year 2017.

OTHER STAKEHOLDERS

STATUTORY AUDITOR

The Statutory Auditor is appointed with the prior approval of the FSMA. It exercises two kinds of control. Firstly, in accordance with the Code of Company Law, it checks and certifies the accounting information in the annual accounts. Secondly, in accordance with the law, it cooperates with the FSMA’s controls. The FSMA may also ask it to confirm the accuracy of other information sent to the FSMA.

The Befimmo General Meeting of 25 April 2017 appointed Ernst and Young Reviseurs d’Entreprises SCRL as the Company’s Statutory Auditor, with registered office at De Kleetlaan 2, 1831 Diegem, entered in the trade register under number 0466.334.711, RPM Brussels, represented by Christel Weymeersch, Partner, Business Auditor, for three fiscal years.

The Statutory Auditor’s fees for fiscal year 2017 amounted to €65,000 excluding VAT. In fiscal year 2017 it also provided additional services as part of its statutory duties for a fee of

€12,755 excluding VAT. Outside its statutory role, during fiscal year 2017, Ernst & Young and affiliated companies provided services related to other non-auditing duties for a fee of €13,290 excluding VAT.

Ernst & Young, represented by the same auditor, has also been appointed as Statutory Auditor of most Befimmo subsidiaries. The fees of the Statutory Auditor for auditing the financial statements for fiscal year 2017 of Fedimmo, Befimmo Property Services, Meirfree and Vitalfree totalled €46,000 excluding VAT.

Auditing for the Luxembourg subsidiary, Axento SA, is performed by Ernst & Young SA, with its registered office at avenue John F. Kennedy 35E, 1855 Luxembourg, entered in the Luxembourg register of commerce and companies under number B 47.771 and with establishment licence No 00117514, represented by Mr René Ensch, Partner. The fees for auditing the accounts of Axento SA for fiscal year 2017 amounted to €10,000 excluding VAT.

The method of calculating the remuneration of the Statutory Auditor depends on the type of work performed:

- for auditing the accounts of companies in the group, a lump sum is established;
- for other work, the fees are determined on the basis of the number of hours worked multiplied by an hourly rate depending on the seniority of the employee involved in the work.

The rule on the “Statutory Auditor’s non-audit services ratio” has been adhered to with regards to the Statutory Auditor’s services.

REAL-ESTATE EXPERTS

For fiscal year 2017, Befimmo used two real-estate experts: Mr Rod P. Scrivener (JLL - avenue Marnix 23, 1000 Brussels) and Mr Pieter Paepern (CBRE - avenue Lloyd George 7, 1000 Brussels). Mr Rod P. Scrivener also has the task of coordinating the valuations.

These mandates were granted in accordance with the provisions of the Royal Decree of 13 July 2014. The three-year mission ran from 1 January 2015 to 31 December 2017.

Befimmo also has two reserve experts: Mr Christoph Ackermans (Cushman & Wakefield – rue Royale 97, 1000 Brussels) and Mr Jean-Paul Ducarme (PWC - Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe).

In 2017, the fees paid to these experts for their quarterly valuations amounted to:

- CBRE Valuation Services: €74,350 excluding VAT;
- JLL: €144,000 excluding VAT.

Additional fees paid to these experts in 2017 for occasional valuations amounted to:

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

In the context of the renewal of the mandates of the real-estate experts, from fiscal year 2018, Befimmo has entrusted the valuations of its portfolio to Mr Rob Vaes (JLL, avenue Marnix 23, 1000 Brussels), Mr Rod P. Scrivener (JLL, avenue Marnix 23, 1000 Brussels) and Mr Christophe Ackermans (Cushman & Wakefield, company under Dutch Law, acting through its Belgian branch Wissinger & Associés SA – rue Royale 97, 1000 Brussels). Mr Rod P. Scrivener will have the task of coordinating these valuations.

These new mandates were granted in accordance with the requirements of the new Royal Decree of 13 July 2014, with a view in particular to introducing a system of rotation between the real-estate experts valuing the portfolio. This new assignment will cover the next three years, from 1 January 2018 to 31 December 2020.

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

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

FINANCIAL SERVICE

The Company’s financial service is provided by ING Belgium, which received remuneration of €74,755.84 (including VAT) on that account in 2017. This remuneration consists of a fixed portion plus a variable portion based on the amount of the dividend paid.

RESEARCH AND DEVELOPMENT

Over the fiscal year, Befimmo carried out R&D activities related to the potential of various markets, the changing working environment and new services to be offered to its tenants. At the same time, Befimmo launched an innovation campaign, a genuine participative approach to involve the team in strategic axes at the heart of Befimmo’s business.

Team members are invited to share their thoughts on the “innovation wall” and to join one or other working group that inspires them, in a process of collective intelligence, to devise innovation projects and bring them to fruition. Total resources spent on R&D are estimated at €230,000.

RULES FOR PREVENTING CONFLICTS OF INTEREST

PRINCIPLES

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

- the applicable legal provisions, common to listed companies, as per articles 523, 524 and 524ter of the Code of Company Law;
- a specific regime provided for by article 37 of the Law of 12 May 2014 on BE-REITs, which provides in particular for the obligation of prior notification to the FSMA of certain transactions planned with persons covered by that provision, to carry out such operations at normal market conditions and to make them public;
- and also by the additional rules specified in its charter of corporate governance.

These rules and their application in fiscal year 2017 are described below.

ARTICLES 523 AND 524TER OF THE CODE OF COMPANY LAW

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

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

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

ARTICLE 524 OF THE CODE OF COMPANY LAW

If a listed company is considering a transaction with an affiliated company (subject to certain exceptions), article 524 of the Code of Company Law requires the establishment of an ad hoc Committee consisting of three independent Directors; this Committee, assisted by an independent expert, must provide a reasoned assessment of the proposed transaction to the Board of Directors, which may take its decision only after reading the report. The Statutory Auditor must deliver an opinion as to the accuracy of the information contained in the opinion of the committee and the minutes of the Board of Directors. The Board of Directors then states in the minutes whether the procedure has been followed and, if appropriate, the reasons why the Committee's opinion was overruled. The Committee's decision, the extract from the minutes of the Board meeting and the Statutory Auditor's opinion are to be included in the management report.

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

This article requires in particular, subject to certain exceptions, public BE-REITs to inform the FSMA in advance of any transaction that they propose to carry out with an affiliated company, a company in which the BE-REIT has a shareholding¹, other shareholders of a company within the perimeter² of the BE-REIT, or the Directors, managers or members of the Management Committee of the public BE-REIT. The Company must establish that the proposed transaction is in its interest and is in line with its strategy, and the transaction must be carried out under normal market conditions. If the transaction involves a property, the independent real-estate expert must determine its fair value, which is the minimum price at which the asset may be sold or the maximum at which it may be bought. The BE-REIT must inform the public at the time the transaction is entered into and comment on this information in its annual financial report.

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

2. "Company within the perimeter" means a company more than 25% of whose share capital is held directly or indirectly by a regulated real-estate investment trust, including its subsidiaries, pursuant to article 2(18) of the Law of 12 May 2014 on BE-REITs.

ADDITIONAL RULES PROVIDED FOR IN BEFIMMO'S CORPORATE GOVERNANCE CHARTER

Confidentiality rules

Wherever it would be contrary to the interests of the shareholders of Befimmo for the Director concerned to be informed of the terms on which Befimmo plans to complete a transaction, he will not be sent the preparatory notes and the item will be covered by an appendix to the minutes of the Board meeting, which will not be sent to him; these rules cease to apply when they are no longer relevant (i.e. generally after Befimmo has completed the transaction or decided not to pursue it).

Policy concerning transactions with Directors not covered by article 523 of the Code of Company Law

If Befimmo intends to carry out a transaction that is not covered by article 523 of the Code of Company Law with a Director or a company controlled by that Director or in which he has a shareholding other than a minority one (for example, because it is a routine transaction subject to normal market conditions and guarantees), Befimmo nevertheless imposes the following requirements:

- that Director must declare his interest to the other Directors before the transaction is discussed in the Board meeting;
- his declaration and the reasons why article 523 of the Code of Company Law does not apply must be set down in the minutes of the Board meeting at which the decision is to be taken;
- the Director concerned must refrain from being present at the Board's debate on the transaction or taking part in the relevant vote;
- whenever it would be contrary to the interests of Befimmo shareholders for the Director concerned to be informed of the conditions under which Befimmo would be prepared to carry out the transaction concerned, he must not be sent the preparatory notes and the item must be reported in an appendix to the minutes not sent to him.

The transaction must in any case be carried out at arm's length. However, the minutes reporting the transaction concerned need not be reproduced in the Annual Financial Report.

This policy also applies *mutatis mutandis* to transactions between a Director of Befimmo and one of its subsidiaries.

Policy on transactions with a member of the Management Committee

This policy also applies *mutatis mutandis* to transactions between the Company and its subsidiaries and the members of the Management Committee: the member concerned must

declare the conflict of interests to the Board of Directors, his declaration must be set down in the minutes of the Board meeting at which the decision is to be taken, and the transaction must be concluded at normal market conditions.

Directors and corporate opportunities

Since Befimmo's Directors are appointed in particular for their skill and experience in real estate, it often happens that they hold directorships in other real-estate companies or companies controlling real-estate companies. Therefore, it may happen that a transaction proposed to the Board of Directors (such as the purchase of a property at auction) could interest another company in which a Befimmo Director holds a position. In that case, which may in certain circumstances give rise to a conflict of interests, Befimmo has decided to apply a procedure modelled closely on article 523 of the Code of Company Law relating to conflicts of interest. In particular, the Director concerned must immediately notify the Chairman of the Board of Directors and the Managing Director of any such situation.

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

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

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

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

Befimmo has not detected any other potential conflict of interest.

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

Over fiscal year 2017, one decision gave rise to the application of article 523 of the Code of Company Law.

At its meeting of 23 February 2017, the Board of Directors discussed (i) the determination of variable remuneration of the Managing Director of the Company, Mr Benoît De Blicke, and of the other members of the Management Committee for fiscal year 2016, and (ii) the determination of the fixed remuneration and performance criteria for the award of the remuneration of the Managing Director and other members of the Management Committee for fiscal year 2017. In accordance with article 523 of the Code of Company Law, Mr De Blicke did not take part in the discussions or decision of the Board of Directors on his remuneration and the determination of his performance criteria. The relevant extract from the minutes is reproduced below.

Extract from the minutes of the meeting of the Board of Directors of Befimmo of 23 February 2017

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

Before the discussion on this agenda item opened, Mr Benoît De Blicke, Managing Director, announced that there was a potential conflict of interests of a financial nature within the meaning of article 523 of the Code of Company Law. He said that the conflict of interests arose from the fact that the decision related to the setting of his variable remuneration as CEO and executive officer of Befimmo SA for fiscal years 2016 and 2017. The Board of Directors took note of this statement and noted that he left the meeting during the discussions and decisions concerning the CEO's remuneration.

(The Managing Director, Mr Benoît De Blicke, left the meeting).

1.1.2 Appraisal and determination of the variable remuneration of the CEO for fiscal year 2016 - Performance criteria and target variable remuneration for fiscal year 2017

The Chairman of the Appointment and Remuneration Committee presented the proposals of the Appointment and Remuneration Committee for the variable remuneration of the Managing Director for fiscal year 2016 and the performance criteria and amounts of variable remuneration for fiscal year 2017.

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

- approved the proposal of the Appointment and Remuneration Committee to award Mr Benoît de Blicke, for his work as Managing Director of Befimmo SA in 2016, variable remuneration of €150,000; furthermore, based on the

assessment of the performance criteria specific to Befimmo Property Services SA, a proposal will be made to the Board of Directors of Befimmo Property Services to grant a variable remuneration of €75,000 to its Managing Director, BDB Management SPRLU, represented by its Manager and permanent representative, Mr Benoît De Blicke;

- set the key objectives and performance criteria for the award of the Managing Director's variable remuneration for fiscal year 2017: net current result per share (30%), operating margin (15%), property occupancy rate (15%), financing cost (20%) and human resources management (20%); set additional personal targets, in relation to the above-mentioned targets, in keeping with the specific operational responsibilities of the Managing Director;
- set the target amount of the Managing Director's variable annual remuneration for fiscal year 2017 as follows: a target variable remuneration of €200,000 with a maximum of €250,000 if the targets are exceeded; this amount includes any variable remuneration awarded to him by Befimmo SA and/or one its subsidiaries.

In line with the remuneration policy, the variable portion of the remuneration earned by the Managing Director during year “N” (fiscal year of the appraisal) to be paid the first year (N+1) may not exceed 50% of the total amount of variable remuneration awarded. Payment of 25% of the variable remuneration is deferred for one year and will be made in year N+2 provided that the performance indicators for the Company's results are sustained throughout years N and N+1. The remaining 25% of the variable remuneration is deferred for two years and will be payable in year N+3, again provided that performance is sustained over years N to N+2 (inclusive).”

Over fiscal year 2017, no decision or transaction gave rise to the application of article 524 of the Code of Company Law.

APPLICATION OF ARTICLE 37 OF THE LAW OF 12 MAY 2014 ON BE-REITS

Over the fiscal year, that article was applied in respect of one dossier, which was notified to the FSMA. In this case, Befimmo declared that agreements were reached with AXA Belgium SA in the context of an operation in which Befimmo intends to acquire, subject to certain conditions, a 99-year long-term leasehold on the property located at avenue des Arts 56, 1000 Brussels, owned by AXA Belgium SA while, at the time of the notification, AXA Belgium held a 10.7% stake in Befimmo. It was mentioned that the price of the acquisition of the right in rem to the leasehold by Befimmo was in line with the fair value determined by an independent real-estate expert. It was also stated that the proposed transaction was in the corporate interest of the Company and was in line with its strategy.

This operation was carried out at normal market conditions and conferred no special advantage on the persons referred to in article 37(1) of the BE-REIT Law in relation to other existing shareholders.

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

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

- Mr Benoît Godts, Director linked to AG Real Estate SA, did not take part in the discussions or decisions relating to one investment project considered by Befimmo;
- Mr Guy Van Wymersch-Moons, Director linked to AXA Belgium SA, did not take part in the discussion or decisions relating to one investment project, one tender and one disinvestment project considered by Befimmo;
- Mrs Barbara De Saedeleer, Independent Director, did not take part in the discussions or decisions relating to one redevelopment project and one tender considered by Befimmo.

RULES TO PREVENT MARKET ABUSE

Principles

The Corporate Governance Charter embodies rules designed to prevent market abuses, applicable to the Directors, members of the Management Committee and staff of Befimmo, and anyone else who may have access to privileged information through their involvement in the preparation of a particular transaction. These rules have been supplemented by a code of conduct (the dealing code), intended to raise the awareness of the persons concerned of their principal obligations and to lay down internal procedures to be followed in that regard. The Dealing Code is laid down by the Board of Directors and all employees receive and sign a copy when taking up their post, as part of training provided by the Compliance Officer. The Dealing Code is regularly updated to take account of relevant regulatory developments. It is published on the Befimmo website.

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

The Compliance Officer is responsible for ensuring that these rules are complied with in order to reduce the risk of market abuses by insider trading. To that end, she makes and keeps up-to-date lists of persons having access to privileged information, particularly in the context of specific transactions (in which case they may not disclose the information or carry out transactions on the financial instruments issued by Befimmo) and anyone likely to have such access on a regular basis. Where such persons plan to carry out transactions on financial instruments issued by Befimmo, they must first notify the Compliance Officer in writing of their intention to carry out the transaction. Within 48 hours of receiving such notice, the Compliance Officer has to inform the person concerned if there is any reason to believe that the planned transaction would amount to insider trading. If so, he or she will be advised not to carry out the transaction. These rules are applicable to all Directors, members of the Management Committee, employees and certain consultants working on a regular basis with Befimmo. Furthermore, the Directors and members of the Management Committee must notify the FSMA of transactions conducted on their own account relating to the Company shares within three business days of the transaction concerned being carried out¹.

During so-called “prohibited” periods (a certain period preceding the publication of Befimmo’s annual, half-yearly and quarterly results), Directors, members of the Management Committee and employees may not trade in Befimmo financial instruments.

Application

Mrs Aminata Kaké holds the position of Compliance Officer of Befimmo.

The Befimmo Dealing Code was updated on 7 February 2018, to introduce an internal whistle-blowing procedure and to bring it into line with the other amendments made by the law of 31 July 2017 amending the law of 2 August 2002 on the supervision of the financial sector and financial services.

The above-mentioned rules were applied without giving rise to any difficulties.

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

STOCK OWNERSHIP OR STOCK OPTIONS PLAN

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

SHARES HELD BY THE DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

At 31 December 2017, the following non-executive Directors (or their permanent representatives) and members of the Management Committee of Befimmo held Befimmo shares:

- Mr Laurent Carlier (200 shares); and
- Mr Benoît Godts (1,109 shares).

FACTORS LIABLE TO HAVE AN INFLUENCE IN THE EVENT OF A TAKEOVER BID

Article 34 of the Royal Decree of 14 November 2007 on the obligations of writers of financial options admitted to trading on a regulated market (hereinafter the "Royal Decree"), requires them to disclose and, if appropriate, explain in the management report how the factors listed by that provision might have an influence in the event of a takeover bid. Most of the powers of Befimmo's administrative body in that respect are restricted to a large extent by the Company's status as a BE-REIT.

- Capital structure, indicating any different categories of shares and, for each category of shares, the rights and obligations associated with it and the percentage of total share capital that it represents (Royal Decree, article 34(1));
 Holders of any securities involving special control rights and a description of those rights (Royal Decree, article 34(3));
 Rules applicable to the appointment and replacement of the members of the administrative body (Royal Decree, article 34(7));
 Powers of the administrative body (Royal Decree, article 34(8)).

The Board of Directors of Befimmo has certain powers concerning the right to issue or purchase shares (authorised capital clause and authorisation for the purchase and disposal of treasury shares).

These powers were not designed specifically for the case of a takeover bid: the authorised capital clause basically allows opportunities to be taken rapidly without the time constraints

associated with convening two General Meetings (experience shows that the first General Meeting convened is consistently inoperative) while the authorisation to buy its own shares provides for a mechanism that could be used to stabilise the share price in the event of abnormal movements. These clauses could nevertheless be used in that context.

More specifically, these clauses provide as follows:

- pursuant to article 7 of the articles of association of Befimmo, the Board of Directors is authorised to increase the Company capital, in one or more stages, on such dates, terms and conditions as it may decide, by a maximum amount of:

- 1) €334,464,491.53, if the planned capital increase is a capital increase by cash subscription including a preferential subscription right for shareholders of the Company as provided for by articles 592 and following of the Code of Company Law;
- 2) €66,892,898.30, if the planned capital increase is a capital increase by cash subscription including a priority allocation right for the shareholders of the Company as provided by the BE-REIT Law;
- 3) €66,892,898.30, for all other forms of capital increase not covered by points 1) and 2) above;

on the understanding that the share capital may not in any case be increased within the framework of the authorised capital by more than €334,464,491.53.

This authorisation was granted for five years as from the date of publication (on 13 May 2016) of the minutes of the General Meeting of 26 April 2016 in the annexes to the Belgian Official Gazette. It may be renewed by a decision of the General Meeting. The use of the clause may lead to a significant increase in shareholders' equity, higher than the above-mentioned amount since the issue price of the new shares set by the Board of Directors includes an issue premium. An amount of €37,162,714.82 was used 27 September 2016 in connection with the capital increase in cash with cancellation of the preferential rights of existing shareholders and granting a priority allocation right (a situation referred to in point 2) cited above): the unused balance of the authorised capital for this type of increase therefore amounts to €29,730,183.48. Following this operation, the total unused balance of the authorised capital at the time of writing is €297,301,776.71.

- pursuant to the same provision and subject to the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights (this authorisation was also granted for a period of five years from 13 May 2016);
- in accordance with articles 620 and following of the Code of Company Law and article 11 of the articles of association of Befimmo, the Board of Directors is authorised to acquire fully paid-up shares in Befimmo (within the legal limits). This authorisation is valid for five years from 26 April 2016 and is also renewable for identical periods;
- again pursuant to article 11 of the articles of association of Befimmo, the Board of Directors is also "authorised to dispose of the Company's own shares that it has acquired in the following cases: 1) on the stock market or off the stock market where these shares are admitted for trading on a regulated market pursuant to article 4 of the Code of Company Law; 2) when the disposal takes place in a stock exchange or as a result of a public sale offer addressed to all shareholders under the same conditions, in order to prevent serious and imminent damage to the Company (this second authorisation being valid, however, for a period of three years from the date of publication of the minutes of the meeting of 22 June 2011 - namely 5 July 2014 - and has not since been renewed; 3) in all other cases allowed by the Code of Company Law".
- Restriction of voting rights by law or the articles of association (Royal Decree, article 34(5))

No provision of the articles of association restricts the voting rights of Befimmo shareholders.

Moreover, we would point out that, in accordance with article 28(1) of the articles of association, "Any shareholder may participate in a General Meeting and exercise his right to vote: (i) if his shares are registered in his name by the fourteenth day prior to the shareholders' meeting at midnight (Belgian time): - by registration of the shares in the company's registered shares register, or - by registration of the shares in the account of an authorised holder or settlement institution. The aforementioned day and time shall be the record date, (ii) and if the Company has been informed, no later than the sixth day prior to the date of the meeting, of the shareholder's intention to take part in the shareholders' meeting, as the case may be, directly by the shareholder for holders of registered shares or by a financial intermediary, authorised account holder or settlement institution for holders of dematerialised shares."

These provisions of the articles of association were not conceived with takeover bids in mind but, by laying down formalities for admission to the General Meeting, they may have an indirect influence to that effect.

- Rules applicable to changes in the option writer's articles of association (Royal Decree, article 34(7))

In accordance with article 12 of the Law of 12 May 2014 on BE-REITs, any proposed amendment to the articles of association must first be approved by the FSMA.

This rule may have an influence in the event of a takeover bid, as the bidder may not amend the Company's articles of association at its discretion but would have to have any draft amendment approved by the FSMA.

- Important agreements to which the Company is a party and which can take effect, be amended or lapse in the event of a change in the control of the Company as a result of a takeover bid (Royal Decree, article 34(9))

It is standard practice to include a "change-of-control" clause in financing agreements, entitling the bank to ask for the loan to be repaid if a change in the control of the Company were to have a material adverse effect on the Company.

The following banks have such a change-of-control clause: Bank Degroef Petercam, BECM, Belfius, BNP Paribas Fortis, ING, KBC and Agricultural Bank of China (Luxembourg).

Moreover, the agreement on the private bond placement made in the United States in May 2012 and the different European private placements, include a similar clause entitling investors, under conditions, to request early redemption of their notes further to a change of control. All these change-of-control clauses have been approved by the General Meeting.

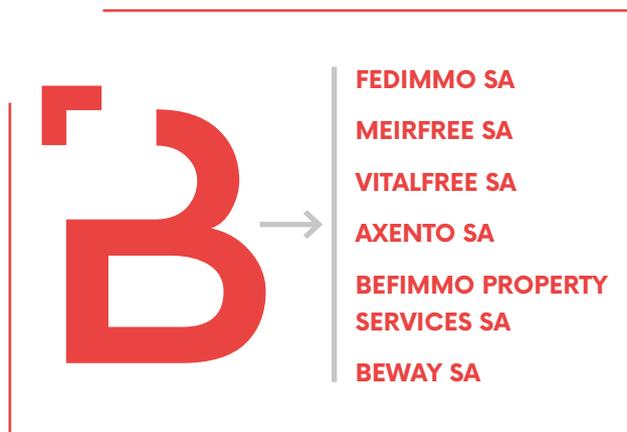
SHAREHOLDING, STRUCTURE AND ORGANISATION

SHAREHOLDING

Declarants ¹	(in %)
Ageas and affiliated companies	10.4
AXA Belgium SA	10.7
BlackRock Inc.	3.0
Other shareholders under the statutory threshold	75.9

Shareholders do not have different voting rights.

STRUCTURE AND ORGANISATION



At 31 December 2017, the Company had the following subsidiaries:

- Fedimmo SA, a Belgian BE-REIT, which is 100% owned by Befimmo;
- Beway SA, a Belgian BE-REIT, 10% of which is owned by Befimmo and 90% by Fedimmo;
- Vitalfree SA, a Belgian Limited-Liability Company which is 100% owned by Befimmo;
- Meirfree SA, a Belgian Limited-Liability Company which is 100% owned by Befimmo;
- Axento SA, a Luxembourg Limited-Liability Company which is 100% owned by Befimmo; and
- Befimmo Property Services SA, a Belgian Limited-Liability Company which is 100% owned by Befimmo.

The following companies have a shareholding in Befimmo:

- Ageas and affiliates, which hold 10.4% of Befimmo's shares;
- AXA Belgium SA, which holds 10.7% of Befimmo's shares.

1. As at 13 December 2016, based on the transparency declarations or based on the information received from the shareholder.

The team

Introduction



Befimmo's team

The involvement of the Befimmo team is crucial to the success of its global strategy. As well as the staff's day-to-day contribution, their awareness of and participation in conceptual work are essential elements for achieving the objectives set.

By providing a pleasant working environment, Befimmo helps to stimulate communication and motivation among the staff and enhances their commitment to the Company.

The HR and CSR departments cooperate to raise awareness of CSR topics throughout the team, dealing with the follow-up of initiatives introduced and continuing to develop the strong corporate culture that exists within Befimmo.

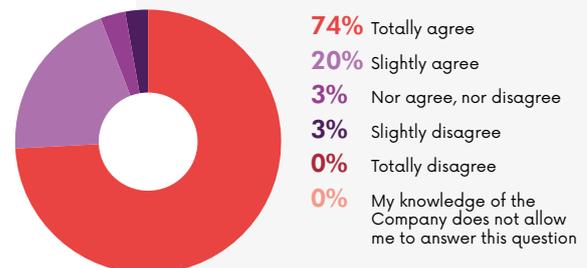
As they do every other year, in late 2017 they jointly organised an anonymous and non-mandatory satisfaction survey of the team members. Several results of the survey are illustrated in the following pages. 89% of the team took part in the survey.

As part of the work on its identity, Befimmo also wanted to validate the Company's three founding values with its team. In addition to these three confirmed values, Professionalism, Team Spirit and Commitment, it turned out, in the team members' feedback, that a fourth value was recognised as an integral part of the company's culture, namely Humanity.

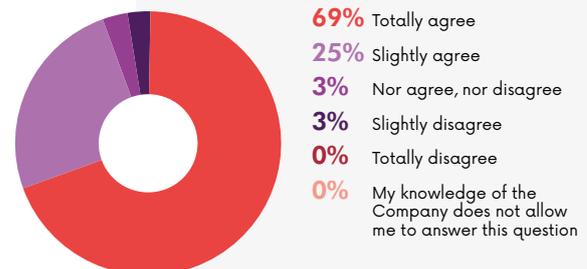
→ "Mission and Strategy, on page 14"

Excerpt from the team survey - December 2017

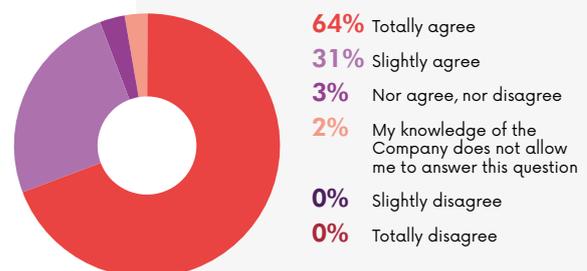
I'm motivated



I believe there is a team spirit within the Company



Do you think Befimmo is a responsible Company (towards its stakeholders, its team, in its communication)?



94%

Motivation of the team

94%

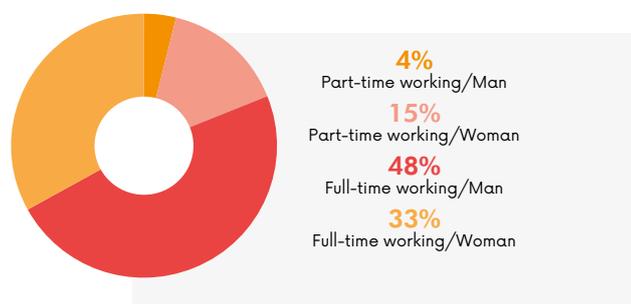
Team spirit

Social indicators

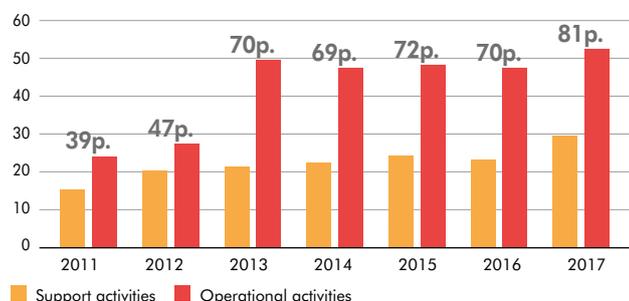
As at 31 December 2017, there were 81 staff on the team (52% men and 48% women). All of them¹ have employee status and all are on permanent contracts. Befimmo has also used consultants and taken on temporary staff.

At the same date, 81% of Befimmo employees worked full-time and 19% part-time (including time credits). All staff working part-time have the same fringe benefits. At 31 December 2017 those 19% were composed of 15% women and 4% men.

Distribution of full- and part-time working



Changes in the team / distribution of employees by activity (# people)



Within the team, 51% have a university degree and 34% of those graduates also have a post-graduate diploma.

The average age of the Befimmo team is 40. In fiscal year 2017, Befimmo recruited 15 new employees, of which 10 women and 5 men (or a "new hire rate" of 18.5%²), while 4 people left, of which 1 woman and 3 men (or a "turnover rate" of 4.9%³). One of these departures was a resignation, another the end of fixed-term contract and the other two were retirements.

	#	Average age
Arrivals		
Men	5	36
Women	10	
Departures		
Men	3	50
Women	1	

The short-term absenteeism rate is 1.95%³ of the total number of hours worked, which is below the average rate of 2.63%⁴ recorded for all Belgian companies across all sectors.

The absenteeism rate calculated using the EPRA methodology is 3.06%². The "injury rate" and the "lost day rate", calculated using the same methodology, are 0.0% and 0.1%, respectively.

Befimmo is subject to the Joint National Auxiliary Committee for White-Collar Workers, also known as Joint Committee 200, which covers all team members.

Company pay is in line with market rates and substantially higher than the relevant minimum scales. The pay rate by gender for the 2017 financial year was calculated for the management team. It offers a good level of comparability in terms of level of duties and type of responsibilities. In this category, the pay level for men is 5.4% higher than for women. Note that the average age of the men is 43 while the women average 37 years of age in this category.

In their salary package, Befimmo's employees have a non-statutory pension scheme⁵. Within the legal framework of the second pillar, this *Defined Contributions* type plan offers employees an additional pension to the statutory one. Employees also receive full health-care coverage and are covered by a group invalidity insurance.

Befimmo currently has no staff representation body. Elections of staff representatives were held for the first time in 2016, although in the end no candidates were forthcoming.

1. The Management Committee was established in 2016; the members exercise their mandates as self-employed persons and are therefore no longer included in these figures.

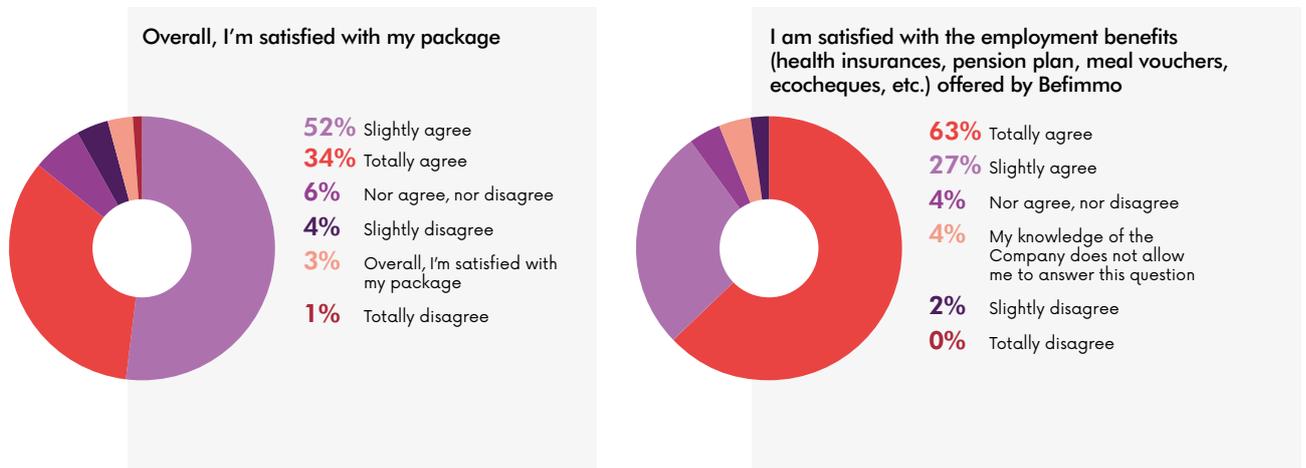
2. This percentage was calculated using the EPRA sBPR methodology, see page 75 of this Report.

3. Absenteeism rate: ratio of the number of hours of short-term sickness (< 30 days) to the total hours worked.

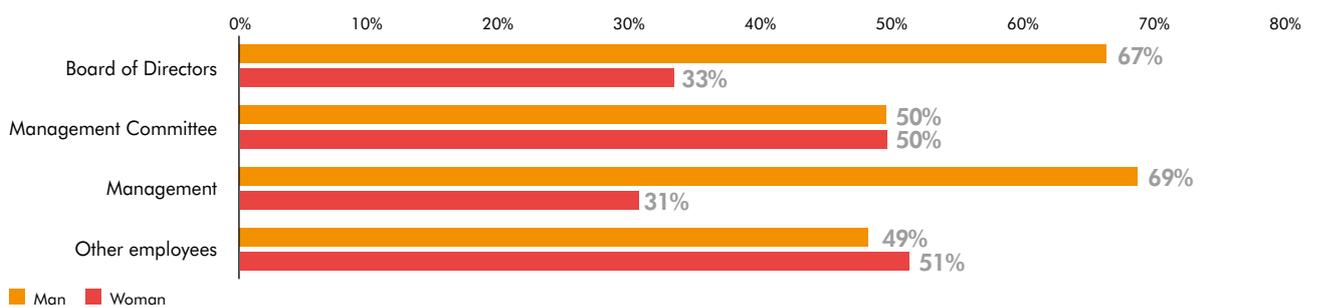
4. Source: "Absentéisme 2017", SDWorx.

5. More detailed information is published in the note « Employee benefits », on page 164.

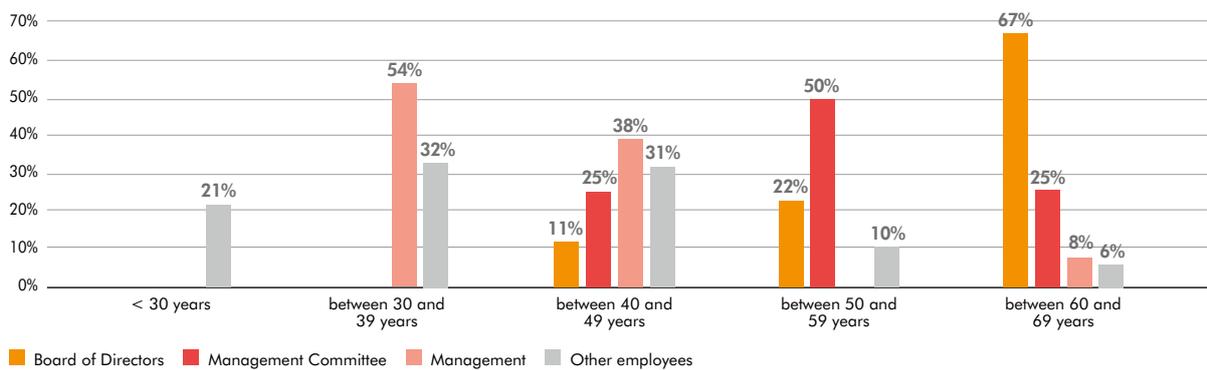
Excerpt from the team survey - December 2017



Composition of governance bodies and breakdown of employees by gender (31 December 2017)



Composition of governance bodies and breakdown of employees by age (31 December 2017)



Well-being

By well-being, Befimmo means work/life balance, staff health and safety, and the working environment and atmosphere. It attaches particular importance to the well-being of its staff, ensuring that they are involved in the life of the Company. It will pursue its efforts to make continuous improvements on these topics.

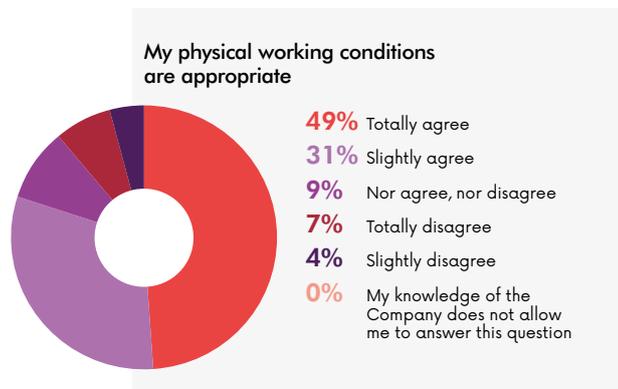
WORKING ENVIRONMENT - SWOW¹

After a year in its new offices, Befimmo continues its ongoing reflection on the New World of Work in order to continue to listen to its team, ensure its well-being, and to experiment with innovative forms of layouts and organisation that can potentially be transferred to the operational property portfolio.

In this context, some improvements will be made over the next few months to meet the expectations of the team, notably:

- better acoustics;
- development of spaces designed for co-creation;
- decoration.

Excerpt from the team survey - December 2017



WELL-BEING AND PREVENTION OF PSYCHOSOCIAL RISKS

▪ Inclusion of an Employee Assistance Programme (EAP) into the Befimmo package

The EAP is a programme for employees who have a private or professional problem, offering them anonymous assistance from experts in a range of areas (psychology, law, sleep, prevention of burn-out, etc.) at the employer's expense. By adding this benefit to the existing package, Befimmo offers support, in full discretion, to any team members who are in difficulty, with a particular focus on psychosocial risks.

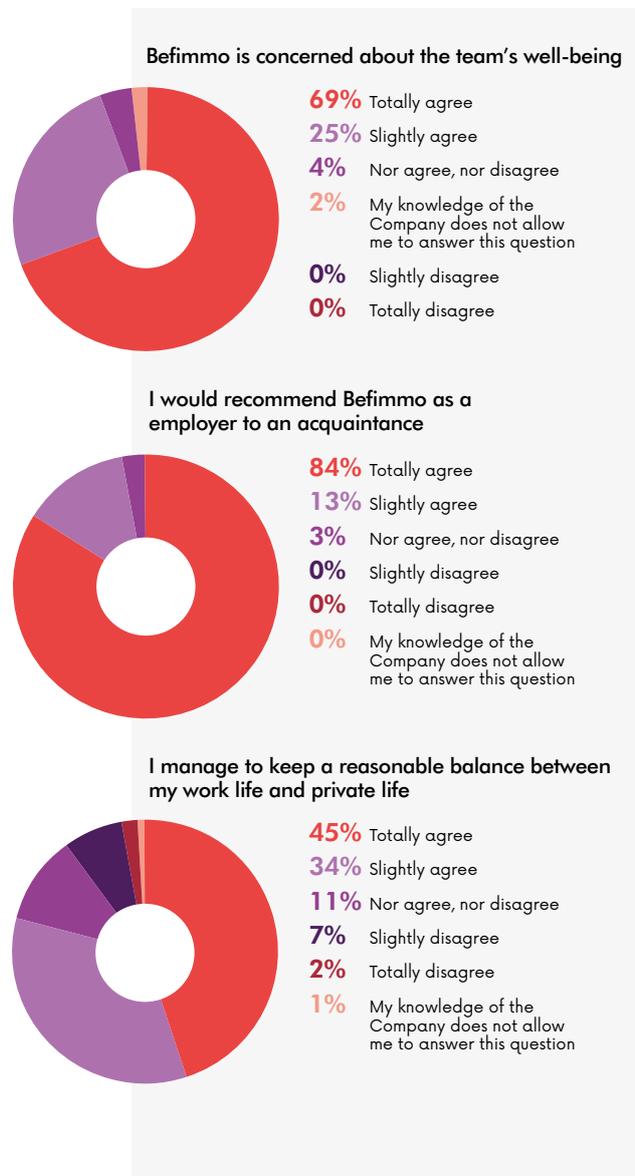
▪ Continuing training sessions on mindfulness

By helping everyone to focus their attention on the present moment, this discipline is designed to reduce stress or help to manage it, and prevent burn-out.

▪ New survey of team satisfaction

It measures the satisfaction in relation to many aspects of well-being, such as working environment, safety, and work/life balance.

Excerpt from the team survey - December 2017



1. SWOW: Smart Ways Of Working.

HEALTH AND SAFETY

- A level 1 prevention advisor carries out an annual study of risks related to office work.
- A person of confidence: no complaints about employment in 2017.
- Three first-aiders: annual training updates by Befimmo.
- Two minor occupational accidents and no cases of occupational disease in 2017. One was an accident on the way to work and the other was an accident at an event organised by Befimmo.

COMITÉ B+ AND SOCIAL ACTION

Comité B+, set up in 2011 at the initiative of the staff and with the support of the Management Committee, has continued its efforts to organise sporting, cultural, festive, family and charity activities.

- Continuation of the partnership initiated in 2011 with the Auderghem Red Cross.
- Continued blood donations at the Goemaere building for the team and the other tenants.
- Participation by part of the team in the Red Cross Fortnight campaign in support of the Auderghem local section to finance its social store.
- Collection of clothes for the “Vestiboutique” set up by the Auderghem Red Cross, the profits of which also go to their social store.
- The team made up food parcels for homeless people in Brussels.
- The more athletic members took part in the 20 km of Brussels for the “Equité” association, a horse riding therapy centre.



Alongside Comité B+ social action, Befimmo continued to take part in certain initiatives by Be.face. Be.face is a movement of responsible businesses which aims to build bridges between the needs of associations and resources of the business world, in terms of time, activities and equipment.

- One person has committed to accompany someone who is in a precarious position on the labour market.
- Another facilitated a workshop of simulated interviews organised for people who struggle to find a job.
- The Befimmo “Saint-Nicolas” budget was again allocated to Saint-Nicolas presents for a party for underprivileged children and older people in the municipality, organised by the CPAS.

- A toy collection was organised for children attending the Centre for Combating Domestic and Family Violence (CPVCF).



APPRAISAL AND TRAINING

Befimmo is convinced that the development of its employees enhances their desire to advance their careers and deploy their skills, and so continued its policy in this area in 2017.

The 2017 satisfaction survey again revealed a good level of satisfaction in the team with regards to training courses.

Excerpt from the team survey - December 2017



Befimmo once again made use of the new “development” topic in its appraisal process to inventory training needs from the beginning of the year.

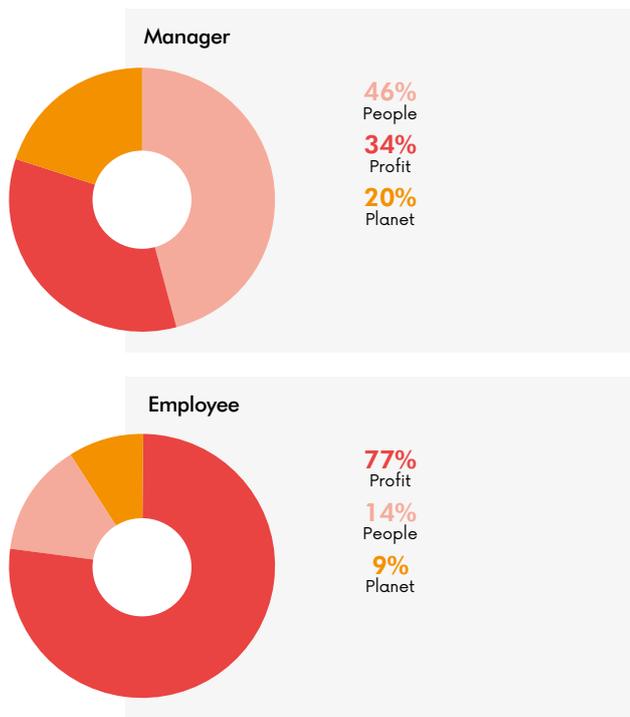
In addition to courses designed to meet individual training needs, here are some examples of group training courses organised in 2017:

- In-house language courses for employees.
- Refresher course on mindfulness.
- Training module on Befimmo’s environmental policy for new employees.
- Refresher training courses on building environmental policy and compliance with fire prevention regulations for operational departments.
- Appreciative leadership training course for people managers, in “collective intelligence” mode.

Over the past financial year, Befimmo provided an average of 35.8 hours of training per employee a year. The average training budget per employee was €1,274.38 in 2017, about half of which was spent on language and IT courses.

Keen to keep pace with the expectations of its team in terms of career development, Befimmo is also setting up in-house communication channels to inform employees of job opportunities within the Company. In 2017, two people who applied for vacant in-house positions were selected and went on to take up new challenges on their career path within Befimmo.

Training hours (excluding language courses) broken down according to the three pillars, and by category (2017)

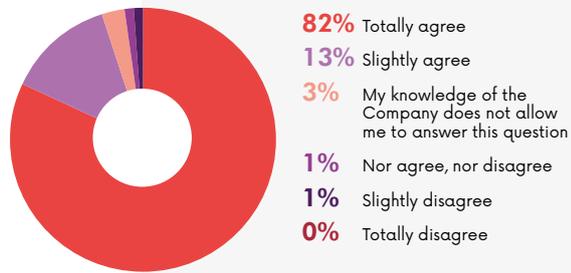


Diversity

Befimmo describes itself as a Company open to diversity, respecting everyone’s identity. During fiscal year 2017, there were no complaints about employment.

Excerpt from the team survey - December 2017

Origin, gender, age, religion and sexual orientation have no impact on how employees are treated within the team



“Ethics”

Dialogue within the team

Befimmo continued its efforts to improve and diversify the communication flows within the team.

A new satisfaction survey was conducted within the team at the end of 2017. 89% of the team took part. This anonymous survey is conducted every two years to take the pulse of the team on a number of topics, such as motivation, corporate culture, communication, working environment, Company organisation, CSR and HR policy.

Befimmo is pleased at the high level participation of its team in this exercise and is committed to sharing with staff the results and improvements that have been put in place on the basis of the outcome of the survey.

The survey, conducted for the third time in 2017, demonstrates the commitment, involvement and motivation of the team.

“Commitment” at Befimmo manifests itself in particular by the team’s constant interest in the Company, its strategy and activities. In a desire to foster this interest, Befimmo is taking several initiatives designed to enhance the team’s involvement and awareness:

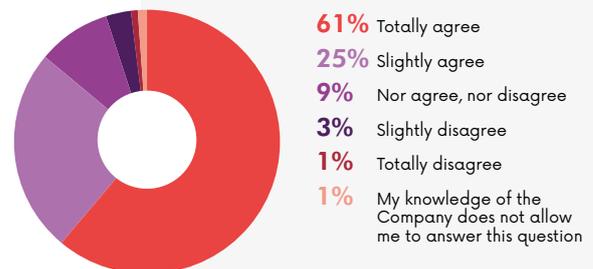
- Organisation of in-house “breakfast presentations”, by team members or departments on a variety of topics;
- Introduction of a “fresh eyes” report process for new team members: a fresh look at the Company, its operation and culture can offer valuable input for Befimmo. In this process, some time after they arrive, new team members are given

the opportunity to share their first reactions to Befimmo’s well-established habits, with a view to constantly improving life within the Company and initiating a dialogue from the beginning of the relationship.

- Launch of an innovation campaign at Befimmo, a genuine participative approach to involve the team in the core topics for which Befimmo is responsible. Team members are invited to share their thoughts on the “innovation wall” and to join one or other working group that inspires them, in a process of collective intelligence, to devise innovation projects and bring them to fruition.

Excerpt from the team survey - December 2017

I have the opportunity to make suggestions at Befimmo



Innovation wall | Befimmo



Innovation wall | Befimmo

Environmental impact of the team

ENERGY CONSUMPTION (MWH AND KWH/PP¹)

In 2016, during the refurbishment of the corporate premises as part of the SWOW project, special attention was paid to the new electrical installations to keep consumption as low as possible and to maintain the benefit of the good environmental practice that Befimmo has developed.

In 2017, Befimmo monitored the electricity consumption of the private areas of its new space to ensure that certain new measures (LED lighting, outsourcing of part of the IT infrastructure, etc.) were effective. The results given in the table below demonstrate how effective they are. Electricity consumption fell by 48% in 2017 (100.1 MWh) in relation to 2015 (192.3 MWh).

CO₂e EMISSIONS

Emissions of CO₂ linked to Befimmo's corporate business, i.e. the IT activities of its staff, were evaluated according to the carbon balance method². The operational scope covers travel in company cars, business travel by air and rail, the use of paper and the use of the Company's headquarters building (heating and electricity).

For some years now, Befimmo has been raising awareness in its team of good (corporate) waste management through various specific measures including cutting paper consumption per employee. Average paper consumption was 53 kg/employee in 2013 and fell to 33 kg/employee in 2017, i.e. a cut of 37% in 2017 in relation to 2013³.

CO₂e emissions linked to Befimmo's own activities (tonnes CO₂e, kg CO₂e/m² and tonnes CO₂e/pp)

Units		2015	2016	2017	
Befimmo "corporate" space	m ²	2 150	2 150	1 668	V
# people (PP)	#	69	72	74	V
Total emissions related to direct energy	t CO₂e	264	265	239	V
Of which total emissions for heating	t CO ₂ e	18	34	17	V
Emissions PP (heating)	t CO ₂ e	0.3	0.5	0.2	V
Emissions per m ² (heating)	kg CO ₂ e/m ²	8.6	n.a. ⁵	10.2	V
Total heating [Lfl]	%	n.a. ⁵	n.a. ⁵	n.a. ⁵	V
Of which emissions from diesel cars ⁴	t CO ₂ e	228	225	212	V
Of which emissions from petrol cars ⁴	t CO ₂ e	18	6	11	V
Total emissions related to indirect energy	t CO₂e	43	48	23	V
Of which total emissions electricity [surface Goemaere]	t CO ₂ e	43	24	23	V
Of which total emissions electricity [surface Goemaere works]	t CO ₂ e	n.a. ⁵	5.2	n.a. ⁵	V
Of which total emissions electricity [surface Triomphe]	t CO ₂ e	n.a. ⁵	15.4	n.a. ⁵	V
Emissions PP	t CO ₂ e	0.6	0.7	0.3	V
Emissions per m ²	kg CO ₂ e/m ²	20.2	n.a. ⁵	13.5	V
Total electricity [Lfl]	%	n.a. ⁵	n.a. ⁵	n.a. ⁵	V
Total emissions related to travel, paper consumption	t CO₂e	14	73	46	V
Short-haul flights	t CO ₂ e	6.9	2.6	1.5	V
Long-haul flights	t CO ₂ e	3.9	67.3	41.1	V
High-speed train	t CO ₂ e	0.2	0.3	0.7	V
Paper consumption	t CO ₂ e	3.0	2.8	2.3	V
Of which vehicle emissions other than Befimmo	t CO ₂ e	0.0	0.5	0.5	V

1. PP: Per Person, or all FTEs (Full-Time Equivalent) and the members of the Management Committee.

2. Methodology developed by ADEME (the French environment and energy management agency).

3. The conversion factor used to calculate CO₂e emissions related to paper consumption is 0.919 kg CO₂e/kg of paper (source Bilan Carbone V7.6).

4. This table showing emission factors linked to means of transport can be found in the methodology, in Appendix IV of the Report.

5. As the Company temporarily moved into the Triomphe building during the Goemaere renovation, no figures are available for 2016.

MOBILITY - CO₂e EMISSIONS RELATED TO TRANSPORT (TONNES CO₂e)

Befimmo reduced the overall rate of average emissions per vehicle (CO₂e/km) in its fleet by 3% in 2017 in relation to 2016. This decrease is the result of applying an updated car policy to vehicles purchased new or replaced.

The vehicle-related CO₂e emissions pass from 231 tonnes in 2016 to 223 tonnes in 2017, a small decrease.

After various analyses, in 2014 Befimmo opted to include a pooled electric vehicle in its fleet of vehicles for intra-urban travel. It is in regular use by the team.

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

Two projects emerged:

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

Befimmo pursues its policy of awareness-raising in the team.



The electric bicycles fleet

Risk factors

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183	—	Main risks in the property portfolio
186	—	Main economic and financial risks
189	—	Main risks related to regulation
191	—	Main operational risks

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

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

MAIN MARKET-RELATED RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
Risks of segmental and geographical concentration		
<p>The portfolio is not very diversified in terms of segment and geography. It consists of office buildings, mainly located in Brussels and its economic hinterland (67.38%¹ of the portfolio as at 31 December 2017).</p> <p>→ "Property report, page 26"</p>	<p>Sensitivity to developments in the Brussels office property market, which is characterised in particular by a significant presence of European institutions and related activities.</p>	<p>Investment strategy focused on quality office buildings with, among other things, a good location, good accessibility and adequate critical mass (while avoiding excessive concentration of the portfolio in a single area or asset).</p> <p>Buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation.</p> <p>Silversquare @Befimmo can attract a new target of potential occupants: self-employed people and the smallest businesses.</p> <p>Mixed functions in future Befimmo projects (offices in a potentially multifunctional environment).</p> <p>As a matter of interest, the AMCA building in Antwerp, the Paradis Tower in Liège, the Gateway building at Brussels airport and the WTC Tower 3 in Brussels each account for between 5 and 10% of the fair value of the portfolio as at 31 December 2017.</p> <p>→ "Mission and strategy, page 14"</p>
Risks related to rental vacancy		
<p>Overall, the office property market is currently characterised by higher supply than demand.</p> <p>The Company is exposed to the risks of its tenants leaving, and of renegotiating their leases :</p> <ul style="list-style-type: none"> ▪ 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 	<p>Decline in spot occupancy rates and a reduction in the operating result of the portfolio.</p> <p>On an annual basis at 31 December 2017, a 1% fluctuation in the spot occupancy rate of the Company's portfolio would have an impact of some €1.8 million on the property operating result, €0.07 on the net asset value per share and 0.07% on the debt ratio.</p> <p>Direct costs related to rental vacancies, namely charges and</p>	<p>Investment in quality buildings.</p> <p>Professional sales team dedicated to finding new tenants and actively managing the relationship with its customers. Extensive and personalised range of services to make life easier for its tenants.</p> <p>Opening up to a new market segment through coworking, which is also an asset for a building.</p> <p>The building will integrate into the city and become an ecosystem open to its urban environment, bringing together a mix of functions.</p> <p>Steady cash flow depends mainly on rental income being secured. The Company therefore strives to ensure that a</p>

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

properties, etc.	<p>taxes on unlet properties. They are estimated on an annual basis for 2017 at -€2.72 million, equivalent to around 1.59% of total rental income.</p> <p>Higher expenses in connection with the marketing of properties available for lease.</p> <p>Fall in the value of buildings</p>	<p>large proportion of its portfolio is let on long-term leases and/or to multiple tenants, which helps to spread the rental risks.</p> <p>At 31 December 2017, the weighted average duration of Befimmo's current leases until the next break was 7.31 years.</p> <p>The major projects in the North area are an opportunity for the Company to tackle the lack of Grade A buildings¹ in Brussels.</p>
Risks associated with tenants		
Risks related to the insolvency of its tenants.	<p>Loss of rental income, an increase in property charges where rental charges cannot be recovered and the emergence of unexpected rental vacancies.</p> <p>Risk of pressure on the renewal conditions and to grant rental gratuities, etc.</p>	<p>Prior review of the financial health of potential customers.</p> <p>Private-sector tenants² are required to provide a rental guarantee.</p> <p>There is a procedure for regularly monitoring outstanding receivables.</p>
Risk related to market developments		
<p>Office space is being used in increasingly flexible ways. Technological progress is driving a transformation within companies: from a static and "sequential" mode of operation to more dynamic environments.</p> <p>Companies are looking for modern working environments to attract talent. They accommodate themselves according to the Smart Ways of Working and move to Activity Based Working.</p>	<p>The ratio of the number of m² used per employee is decreasing and may lead to a decrease in buildings' occupancy rate.</p> <p>Conventional office environments no longer meet expectations.</p> <p>The coworking business model is still developing.</p>	<p>The Company is committed to this new world of work:</p> <ul style="list-style-type: none"> ▪ A redesigned world of work; workspaces are organised according to the type of activity and the profile of the users. ▪ A mix of functions in the new projects to ensure that the environment is conducive to the development of a genuine community life. ▪ Projects that integrate into the city; the buildings become an ecosystem open to their urban environment, bringing together a mix of functions. ▪ Joint venture with a coworking company.

1. 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.

2. Public-sector tenants (the Belgian Government, Flemish Region and European institutions), which occupy a substantial proportion of the Company's portfolio (68.65% as at 31 December 2017, calculated on the basis of the gross current rent from lease agreements at 31 December 2017), do not generally provide rental guarantees, however, but do have a more limited risk profile.

MAIN RISKS IN THE PROPERTY PORTFOLIO

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
Risk related to the fair value of the properties		
<ul style="list-style-type: none"> ▪ Risk of a negative change in the fair value of the portfolio. ▪ Risk of the real-estate experts overvaluing or undervaluing properties in relation to their true market value. This risk is accentuated in the market segments in which the limited number of transactions gives the experts few points of comparison, which still is true, to some extent, for the decentralised areas and periphery of Brussels (9.01%³ of the portfolio), and more generally in the Belgian provincial towns. 	<p>Impact on the Company's net result, equity, debt ratio⁴ and LTV⁵.</p> <p>Impact on the Company's ability to distribute a dividend⁶ 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.</p> <p>On the basis of the data as at 31 December 2017, a 1% decline in the value of the property assets would have an impact of around -€24.9 million on the net result, entailing a change of around -€0.98 in the net asset value per share, around +0.39% in the debt ratio and around +0.40% in the LTV ratio.</p>	<p>Investment strategy focused on quality office buildings, with a good location, good accessibility and a sufficient critical size, among other factors.</p> <p>Buildings that are well equipped and flexible, in an appropriate rental situation and with potential for value creation.</p> <p>Statutory rotation of independent experts. They are systematically informed of changes in the situation of the buildings, also by organising visits to buildings.</p>
Risks related to inadequate insurance cover		
<p>Risk of occurrence of a major loss affecting the buildings, with insufficient cover.</p>	<p>Costs of refurbishing the affected building.</p> <p>Fall in the operating result of the portfolio and in the fair value of the building following the termination of the lease after it has become moot, and therefore an unexpected rental vacancy.</p>	<p>Buildings covered by a number of insurance policies (risk of fire, storm damage, water damage, etc.) covering loss of rent for a limited period (in principle for the time needed for reconstruction) and the cost of reconstruction, for a total sum (new reconstruction value, excluding the value of the land) of €2,229.4 million as at 31 December 2017.</p> <p>Buildings covered by a policy against acts of terrorism.</p>
Risk of deterioration and obsolescence of buildings		
<p>Risk of wear and tear, and obsolescence in relation to increasingly demanding requirements (legislative, societal or environmental).</p>	<p>Rental vacancies.</p> <p>Investments required to bring the building into compliance with regulatory requirements and tenants' expectations.</p>	<p>Property kept in a good state of repair and kept upgraded in terms of energy, technical and other performance criteria by making an inventory of preventive and corrective maintenance work to be carried out, and establishing a works programme.</p> <p>Most of the buildings are covered by "total guarantee" maintenance contracts⁷.</p> <p>At 31 December 2017, 85% of the consolidated portfolio was covered by such a "total guarantee" contract.</p>

3. Calculated on the basis of the fair value of the investment properties as at 31 December 2017.

4. The debt ratio is calculated in accordance with the Royal Decree of 13 July 2014.

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

6. Please see the chapter "Appropriation of results (statutory accounts)" on page 63 of this Report.

7. A maintenance contract with a total guarantee facility covers all preventive and corrective maintenance activities to be carried out over the duration of the contract and sets a price cap which protects the owner against major unforeseen expenses.

		<p>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.</p> <p>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.</p>
Risks related to execution of works		
<p>Risks of delays, overshooting the budget, environmental damage and organisational problems when erecting, redeveloping and carrying out major works in the buildings in the portfolio.</p> <p>Risk of insolvency and non-compliance with specifications by the contractors responsible for the works.</p>	<p>Adverse impact on the Company's results owing to a loss of rental income and/or an increase in charges.</p> <p>Adverse impact on the Company's reputation.</p>	<p>Monitoring of technical, environmental, budgetary and planning aspects has been introduced to manage the risks associated with this work.</p> <p>Contracts with building contractors generally provide for a number of measures to mitigate such risks (price ceilings, delay penalties, etc.).</p> <p>Regarding environmental issues, specific measures are incorporated into the specifications and contracts applying to successful tenderers.</p> <p>Monitoring of compliance with these environmental measures while the works are in progress (notably by external environmental coordinators, ISO 14001 procedures, site audits, BREEAM assessors, etc.).</p> <p>Regular assessment of main suppliers and service providers, and checks that co-contractors have no unpaid social contributions or taxes.</p>
Environmental risks		
<p>Environmental risks in terms of pollution of soil, water and air (high CO₂ emissions) and also noise pollution.</p> <p>Risk of not achieving the Company's targets for improving its environmental performance and of losing the certifications (BREEAM, ISO 14001, etc.) that it has received.</p>	<p>Adverse environmental impact.</p> <p>High costs for Befimmo.</p> <p>Adverse impact of Befimmo's image on its stakeholders.</p> <p>In some cases, an adverse impact on the fair value of the portfolio.</p>	<p>A responsible approach, under which, for many years, the necessary action has been taken to reduce the environmental impact of the activities that the Company controls and influences directly.</p> <p>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.).</p> <p>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.</p> <p>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.</p> <p>→ "Property report, page 26"</p>
Risks related to mergers, demergers, acquisitions and joint ventures		
<p>Risk that the value of certain assets may have been over-estimated or that hidden liabilities have been transferred</p>	<p>Realisation of the need to revalue certain assets or record certain liabilities could entail a financial loss to the Company.</p>	<p>The usual precautions are taken in operations of this type, mainly by carrying out full due-diligence exercises (accounts, taxation, etc.) on properties contributed and on absorbed or merged companies, that may involve obtaining guarantees.</p>

to the Company during mergers, spin-offs or acquisitions, or joint ventures.		Similar precautions are taken in case of joint ventures.
Risk related to co-ownership		
Some properties in the Befimmo portfolio are co-owned. Co-ownerships are governed by the Civil Code and provide in particular that important decisions other than the routine management of the condominium, where they involve major work affecting the common parts of the building, must be taken by special majorities. Furthermore, no single co-owner may ever have a majority voting power in relation to all other co-owners present or represented.	Impact on the times for carrying out major works or even the feasibility of certain projects, as important decisions must be taken by qualified majority voting.	Limitation of the Company's ownership of co-owned assets.
Risks related to non-compliance of the buildings with the applicable regulations		
The Company runs the risk that one or more of its properties does not immediately meet all the applicable new standards and regulations.	<p>Additional investments which entail increased costs to the Company and/or delays in ongoing projects (renovations, etc.).</p> <p>Fall in the fair value of a building.</p> <p>The Company is liable for civil, administrative or criminal fines.</p> <p>Liability of the Company for non-compliance (e.g. in case of fire for failing to comply with safety standards).</p> <p>An adverse impact on the Company's reputation, business and results.</p>	<p>Introduction of procedures needed (i) to anticipate new standards and regulations (legal and regulatory monitoring), (ii) to check the compliance of buildings newly acquired (technical due diligence) and in the portfolio (product manager in charge of regulatory compliance, checks on compliance with standards and regulations, notably related to the environment), and (iii) to bring the building concerned immediately into compliance by adopting these new standards and regulations (project management).</p> <p>Tenants are made aware of their obligations in this regard by a clause in the standard lease.</p>
Risk associated with entering the coworking market		
	Profitability linked to the success of the underlying activity.	<p>The impact on Befimmo is limited, as it develops this activity progressively.</p> <p>Partnership with a company with long experience in coworking, which commits the necessary resources.</p>

MAIN ECONOMIC AND FINANCIAL RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
Risk of inflation and deflation		
<p>Risk of deflation on income, as Befimmo leases contain clauses indexing rents to changes in the health index.</p> <p>Risk of the costs the Company has to bear being indexed on a basis that changes faster than the health index.</p>	<p>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.</p>	<p>90.36%¹ of the leases in Befimmo's consolidated portfolio are hedged, in line with standard practice, against the effect of any negative indexing (44.18% provide for a minimum equal to the base rent while 46.18% contain a clause that sets a minimum of the last rent paid). The remaining 9.64% of the leases do not provide for any minimum rent.</p> <p>Contractual agreements put in place in relations with contractors.</p>
Risk associated with changing interest rates		
<p>Financial charges, the Company's main expense item, are largely influenced by interest rates prevailing on the financial markets.</p>	<p>Increase in financial charges and drop of net result and EPRA earnings.</p> <p>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.</p> <p>A change in interest rates could also have an impact, with a delayed effect, on valuations of the properties in the portfolio.</p>	<p>Implementation of a policy of hedging the interest-rate risk, consisting of financing part of its borrowings at fixed rates and arranging IRS financial instruments or CAP and FLOOR options on part of its borrowings at floating rates.</p> <p>On the basis of total borrowings as at 31 December 2017, a debt of €831.4 million (84.1% of total debt) is financed at fixed rates (conventional fixed rates or rates fixed by IRS). The remainder of the debt, €157 million, is financed at floating rates, but is fully hedged against rising interest rates by means of optional instruments (CAP/COLLAR²).</p> <p>Without any hedging, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €1.6 million (annual basis).</p> <p>With the hedging arranged at 31 December 2017, the impact of a rise in market rates of 0.25% would entail an increase in financial charges estimated at €0.2 million (annual basis).</p>
Risk related to changing credit margins		
<p>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 the perception of the Company's economic model, and also with the regulations, especially in the banking sector (known as the "Basel III" and "Basel IV" requirements) and the insurance sector (known as "CRD IV").</p>	<p>An increase in financial charges and hence an adverse effect on EPRA earnings and the net result.</p>	<p>Spreading of the maturities of financing over time and diversification of sources of financing.</p> <p>Optimising the use of financing by giving preference to financing with the lowest margins (e.g. a short-term commercial paper programme associated with long-term back-up lines or assignments of receivables from future leases).</p> <p>→ "Financial structure, on page 60". Please also see "Risk related to a change in the Company's rating, on page 187".</p>

1. Based on the gross current rent from lease agreements at 31 December 2017.

2. Buying a collar (buying a cap and selling a floor) places a ceiling (cap) on the impact of a rise in interest rates, but also involves an undertaking to pay a minimum rate (floor).

Currency risk		
<p>Befimmo invests solely in the euro zone and has no plans to take currency risks in its investments, income or financing. Nevertheless, in May 2012 it arranged a private bond placement in the United States and the United Kingdom (US Private Placement (USPP)) denominated in US dollars and sterling, maturing in 2019 and 2020.</p>	<p>Adverse change in the exchange rate of the euro against the currencies.</p>	<p>Exchange rate fluctuations fully offset against the interest and principal to be repaid by the Company through the full and immediate hedging of foreign exchange transactions and conversion risks through the purchase of currency swap agreements (Cross Currency Swaps).</p>
Risk of a change in fair value of financial assets and liabilities carried at fair value		
<p>A change in the interest and exchange rates alters the value of the financial assets and liabilities carried at fair value.</p>	<p>Had the euro, US dollar and pound sterling interest rate curves been 0.5% lower than the reference rate curves at 31 December 2017, the change in fair value of the financial assets and liabilities would have been -€22.75 million. In the opposite case, the change would have been +€21.94 million. Changes in the euro-US dollar and euro-sterling exchange rates can also have a significant impact on the fair value of the USPP finance, which is denominated in US dollars and pounds sterling.</p>	<p>The change in fair value of the USPP debt is substantially offset, however, by a change in the opposite direction of the Cross Currency Swaps, hedging instruments arranged at the same time as the financing.</p> <p>The impact of the change in fair value of the financial assets and liabilities at fixed rates can be partially mitigated by a combination of hedging instruments (options and swaps).</p> <p>At 31 December 2017, the net fair value of all the hedging instruments, including the cumulative change in the fair value of the USPP debt, was -€10.14 million.</p> <p>Part of Befimmo's borrowings (63.94%) are arranged at floating rates, which therefore means that the debt does not change in value in line with changes in interest rates.</p>
Risk related to a change in the Company's rating		
<p>The Company's financing cost is influenced mainly by the rating given today by Standard & Poor's.</p>	<p>Any downgrade of the rating would make it harder to obtain new financing and, if the rating were reduced by one notch from BBB to BBB-, it would generate an additional financing cost estimated at €0.76 million, based on the debt structure as at 31 December 2017.</p> <p>Adverse impact on the Company's image with investors.</p>	<p>The Company regularly reviews the criteria (ratios) used to determine its rating and analyses the potential impact of its decisions on any changes in the rating, and the forecast changes in those ratios.</p>
Financial liquidity risk		
<p>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.</p>	<p>New financing arranged at a higher cost.</p> <p>Sale of certain assets under less than ideal conditions.</p>	<p>Adoption of a financial policy which in particular diversifies the sources and maturities of its financing. At 31 December 2017, the ratio of debt provided by financing from 7 banking institutions was 66.5%. 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).</p> <p>At 31 December 2017, the Company had confirmed unused lines of €270.12 million including cash. The Company aims to keep a defined amount in confirmed unused lines at all times and to hedge this risk over a time frame of at least 12 months.</p> <p>➔ "Financial structure, page 60"</p>

Risk related to counterparty banks		
<p>Arranging finance or a hedging instrument with a financial institution creates a counterparty risk of that institution defaulting.</p>	<p>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.</p>	<p>Befimmo therefore takes care to diversify its banking relationships and to work with banks that have an adequate rating or an acceptable level of risk. As at 31 December 2017, the Company had a business relationship with several banks:</p> <ul style="list-style-type: none"> ▪ At 31 December 2017, Befimmo had credit lines of €856.9 million. The banks, in alphabetical order, providing this finance are Agricultural Bank of China Luxembourg, Bank Degroof Petercam, BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING and KBC; ▪ The counterparty banks for the hedging instruments are BECM (CM-CIC group), Belfius, BNP Paribas Fortis, ING, KBC and RBS. <p>The financial model is based on structural borrowing, so the amount of cash deposited with financial institutions is structurally very limited. It was €0.254 million as at 31 December 2017 compared with €0.2 million as at 31 December 2016.</p>
Risk related to obligations contained in financing agreements		
<p>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.</p> <p>Risk of a penalty if agreements are terminated prematurely.</p> <p>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.</p>	<p>Any call into question of 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.</p>	<p>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.</p>
Risk related to BREXIT		
<p>On 23 June 2016, 51.8% of the population of the United Kingdom voted in a referendum for their country to leave the European Union. On 29 March 2017, the British Prime Minister triggered the process of leaving the European Union. In accordance with the EU treaties, the UK will leave at the end of a two-year period, allowed for the organisation of the exit process and the negotiation of any new form of partnership.</p>	<p>BREXIT creates volatility in the financial markets and uncertainty about the future relationship between the United Kingdom and the European Union. Opinions on the impact of BREXIT are divided, some viewing it as a risk. The uncertainty may have a general impact on the economic situation, including reducing liquidity on the financial and housing markets, and may delay or call into question certain financial or real-estate operations, or even affect their value.</p>	<p>Close monitoring of the unfolding situation and increased prudence during the management of the businesses.</p>

MAIN RISKS RELATED TO REGULATION

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
Risk related to regulation		
<p>The Company is exposed to changes in (Belgian, European and international) law and increasingly numerous and complex regulations, and to possible changes in their interpretation or application by the authorities or the courts, notably accounting, fiscal, environmental, urban-development and public-procurement regulations.</p>	<p>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.</p>	<p>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).</p> <p>The Company also calls upon external consultants.</p>
Risks related to BE-REIT (SIR/GVV) status		
<p>Risk of non-compliance with the BE-REIT regime.</p> <p>Risk of future adverse changes to that regime.</p>	<p>Loss of approval for the BE-REIT status, and no longer qualifying for the transparent tax regime applicable to BE-REITs.</p> <p>Early repayment by acceleration of payment of loans taken out by the Company.</p> <p>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 B-REIT must distribute dividends to shareholders.</p>	<p>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).</p> <p>The Company also calls upon external consultants.</p>
Tax regime		
<p>As a regulated real-estate company, the Company enjoys a specific tax regime. The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute as much cash flow as possible while enjoying certain advantages. In particular, BE-REITs pay a reduced rate of corporation tax as long as at least 80% of the cash flows are distributed (calculated on the basis of Article 13 of the Royal Decree of 13 July 2014). BE-REITs are exempt from corporation tax on the results (rental income and capital gains realised minus operating costs and financial charges)¹.</p> <p>The exit tax is calculated taking account of the provisions of circular Ci.RH.423/567.729 of 23 December 2004, the interpretation or practical application of which is liable to change. The real value of a property, as referred to in that circular, is calculated after deducting the registration fees or VAT. This real value differs from (and so may be less than) the fair value of the property as set out in the BE-REIT's IFRS balance sheet. Any change to this circular could potentially entail an increase in the basis on which the exit tax is calculated. Befimmo complies in all respects with the regulations in force, and the provisions of the above-mentioned circular, for the calculation of exit taxes it owes in connection with the transactions on which the tax is due.</p>		

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

Risk of legal proceedings		
The Company is a party to legal proceedings and may be involved in others in future.	At the time of writing, Befimmo is involved in a number of legal proceedings which, on the whole (according to the information available to the Company at the date of this report), are unlikely to have a major impact on Befimmo, as the potential losses are highly unlikely to materialise and/or are of insignificant amounts.	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.

MAIN OPERATIONAL RISKS

DESCRIPTION OF RISK	POTENTIAL IMPACT	BEFIMMO'S POSITION
Operational risk		
<p>Risk of loss or loss of earnings resulting from inadequacies or failures in internal processes, people and systems or from external events (fraud, natural disasters, human error, failure of information systems, cybercrime, etc.).</p>	<p>The Company is exposed to the risk of the loss or theft of sensitive data, financial loss through fraud, interruption of business in the event of a failure of systems or processes.</p>	<p>Corporate governance charter and code of ethics drafted by the Board of Directors.</p> <p>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.</p> <p>Depending on the type of data, back-ups are organised using a variety of techniques (redundant infrastructure, daily back-ups online and on tape). Measures taken to manage access to the Company's data. Outsourced IT support provided by two partners under a Service Level Agreement (SLA).</p>
Risk related to team members		
<p>Risk of departure of certain key members of staff.</p>	<p>A loss of key skills in the Company could lead to a delay in achieving some of its objectives.</p>	<p>Special attention to the well-being of employees.</p> <p>Pay in line with market rates.</p> <p>Importance of managing the skills of the team members.</p> <p>Importance of dialogue with the team.</p> <p>New procedure for the induction of new employees (mentoring system, etc.).</p> <p>As far as possible, Befimmo prepares for departures and ensures that know-how is passed on.</p> <p>→ "The team, page 118"</p>

General information

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Identification

NAME

Befimmo SA, a public BE-REIT (SIR/GVM) incorporated under Belgian law.

REGISTERED OFFICE

Chaussée de Wavre 1945 in 1160 Auderghem.

Tel.: +32 (0)2 679 38 60

The registered office may be transferred by decision of the Board of Directors to any place in Belgium.

LEGAL FORM

Société Anonyme (Limited-Liability Company).

FOUNDING

Befimmo SA was founded on 30 August 1995 as a Limited-Liability Company under the name "Woluwe Garden D" by a deed executed before Gilberte Raucq, notary public in Brussels. The Company was later converted into a Société en Commandite par Actions (Partnership Limited by Shares), with the name "Befimmo", on 24 November 1995, again by a deed executed before notary Gilberte Raucq.

On 20 December 2012, the Extraordinary General Meeting of shareholders of Befimmo met to approve the transformation of the Partnership structure into a Limited-Liability Company. On that date, the Company was converted back into a Limited-Liability Company under the same name of "Befimmo" by a deed executed before notary Damien Hissette. For further information, please see the Annual Financial Report 2012.

The articles of association have been amended several times, most recently on 27 September 2016. The coordinated articles of association are available on the Befimmo SA website: www.befimmo.be/en/who-we-are/about-befimmo/group-structure.



www.befimmo.be

DURATION

Befimmo SA has been established for an unlimited duration.

REGISTER OF CORPORATE BODIES

Befimmo SA is entered in the Register of Corporate Bodies under number 0 455 835 167.

RECORDING PLACE

Brussels.

COMPANY PURPOSE (ARTICLE 4 OF THE ARTICLES OF ASSOCIATION)

The Company has as exclusive purpose:

- (a) making real estate available to users directly or through a company in which it holds a participation in accordance with the provisions of the BE-REIT regulation; and
- (b) within the limits set out by the BE-REIT regulation, hold real estate assets listed in article 2, 5°, vi) to x) of the BE-REIT law.

By real estate is meant:

- real estate as defined in articles 517 and following of the Civil Code and the rights in rem over real estate, excluding real estate of a forestry, agricultural or mining nature;
- shares with voting rights issued by real estate companies under the exclusive or joint control of the Company;
- option rights on real estate;

- shares of public regulated real-estate companies or institutional regulated real estate companies, provided in the latter case, joint or exclusive control over these companies is exercised by the Company;
- the rights arising from contracts giving one or more goods in finance-lease to the Company or providing other similar rights of use;
- shares in public real-estate investment companies;
- shares in foreign real-estate funds included in the list referred to in article 260 of the law of 19 April 2014 on alternative investment funds and their managers;
- shares in real-estate funds established in another member state of the European Economic Area not included in the list referred to in article 260 of the act of 19 April 2014 on alternative investment funds and their managers, to the extent that they are subject to supervision equivalent to the supervision that is applicable to public real-estate investment companies;
- shares issued by companies (i) with legal personality; (ii) under the law of another member state of the European Economic Area; (iii) which shares are admitted to trading on a regulated market and/or are subject to prudential supervision; (iv) whose main activity consists in acquiring or building real estate in order to make it available to users, or the direct or indirect holding of participations in certain types of entities with a similar corporate purpose; and (v) that are exempt of income tax on profits in respect of the activity referred to in (iv) above subject to compliance with certain requirements, at least pertaining to the legal obligation to distribute part of their income to their shareholders (the Real Estate Investment Trusts, or "REITs");
- real-estate certificates referred to in article 5, § 4, of the law of 16 June 2006.

In the context of the making available of real estate, the Company can, in particular, exercise all activities related to the construction, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate.

On an ancillary or temporary basis, the Company may make investments in securities which are not real estate within the meaning of the BE-REIT regulations. These investments will be made in compliance with the risk management policy adopted by the Company and will be diversified in a way to ensure an adequate risk diversification. The Company can also hold unallocated liquidities, in any currency, in the form of cash or term deposit or in any instrument of the monetary market that can be easily mobilised.

It may also trade in hedging instruments, with the exclusive aim to hedge the interest rate and exchange risk in the context of the financing and management of real estate of the Company and with the exclusion of any transaction of a speculative nature.

The Company may take or give one or more real estate assets in finance-lease. The activity of giving real estate assets in finance-lease with a purchase option can only be carried out in ancillary order, save where these real estate assets are intended for the public interest including social housing and education (in which case the activity can be carried out as a primary activity).

The Company may by way of a merger or otherwise, take an interest in all businesses, undertakings or companies having a similar or related purpose and which are of a nature that favours the development of its business, and, in general, to do all transactions that are directly or indirectly linked to its corporate purpose as well as all acts that are useful or necessary for the realisation of its corporate purpose.

FISCAL YEAR

The financial year begins on 1 January and ends on 31 December of each year.

PLACES WHERE PUBLICLY ACCESSIBLE DOCUMENTS CAN BE CONSULTED

- The articles of association of Befimmo SA can be consulted at the Clerk's Office of the Brussels Commercial Court, at the registered office and on the website: www.befimmo.be/en/who-we-are/about-befimmo/group-structure.
- The annual accounts will be deposited at the Banque Nationale de Belgique and may be consulted at the Clerk's Office of the Brussels Commercial Court.
- The annual accounts as well as the relative reports of Befimmo SA are sent every year to registered shareholders as well as to any other person requesting a copy.
- They are also available on the Befimmo website: www.befimmo.be/en/investors/publications.
- Decisions concerning the appointment and termination of the mandates of the members of the Board of Directors of Befimmo SA are published in the Annexes to the Belgian Official Gazette.

- Invitations to General Meetings are published in the Annexes to the Belgian Official Gazette and in two daily financial newspapers with nationwide distribution. These notices and all documents relating to General Meetings may be consulted on the Befimmo website: <http://www.befimmo.be/en/investors/general-meetings>.
- Financial notices concerning Befimmo SA are published in the financial press and are sent to Euronext. They may also be consulted on the Befimmo website at www.befimmo.be/en/investors/publications.



The other documents accessible to the public and referred to in the Annual Financial Report can be consulted at the registered office of Befimmo SA.

Registered capital

ISSUED CAPITAL

As at 31 December 2017, the registered capital totalled €371,627,206.35.

It is represented by 25,579,214 fully paid no-par-value shares.

AUTHORISED CAPITAL

The Board of Directors is authorised to increase the share capital, in one or several stages, on the dates and pursuant to the terms and conditions resolved by him, by an amount of maximum:

- 1°) €334,464,491.53 if the capital increase to carry out is a capital increase by contribution in cash, which includes a preferential subscription right for the shareholders of the Company, as foreseen in articles 592 and following of the Code of Company Law;
- 2°) €66,892,898.30 if the capital increase to carry out is a capital increase by contribution in cash, which includes an irreducible allocation right for the shareholders of the Company, as foreseen in article 26, §1 of the law of 12 May 2014 related to BE-REITs;
- 3°) €66,892,898.30 for all other forms of capital increases which are not referred to in sections 1°) and 2°) above;

with the understanding that, in all cases, the share capital may never be increased, within the framework of the authorised capital, by more than €334,464,491.53.

Subject to the same conditions, the Board of Directors is authorised to issue convertible bonds or subscription rights.

This authorisation is granted for five years from 13 May 2016 and may be renewed.

Capital increases may be performed as a cash contribution, a contribution in kind or by the incorporation of reserves.

As at 31 December 2017, the authorised capital amounts €297,301,776.71.

CHANGES TO THE CAPITAL SINCE 31.12.2013

The following table shows the changes in capital since 31 December 2013.

The complete history of changes to capital is set out in article 50 of the articles of association.

	Amount (in €)	Number of shares
As at 31 December 2013	320 537 602.80	22 062 701
As at 25 November 2014	323 252 293.66	22 249 554
As at 16 December 2014	329 413 170.03	22 673 609
As at 31 December 2014	329 413 170.03	22 673 609
As at 15 December 2015	334 464 491.53	23 021 293
As at 31 December 2015	334 464 491.53	23 021 293
As at 27 September 2016	371 627 206.35	25 579 214
As at 31 December 2016	371 627 206.35	25 579 214
As at 31 December 2017	371 627 206.35	25 579 214

SHAREHOLDER STRUCTURE

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

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

Declarants	Number of shares (declared)	Date of the statement	(in %)
Ageas and affiliated companies	2 647 540	27.09.2016	10.4%
AXA Belgium SA	2 741 438	27.09.2016	10.7%
BlackRock Inc.	769 229	13.12.2016	3.0%
Other shareholders under the statutory threshold	19 421 007	13.12.2016	75.9%
Total	25 579 214		100%

This data is based on the transparency declarations or based on the information received from the shareholder. Befimmo SA is not aware of the existence of shareholder agreements.

The shareholders do not dispose of different voting rights.

Identity of the founder of Befimmo SA

Befimmo SA was founded at the initiative of Bernheim-Comofi SA (now known as AG Real Estate SA) with registered office at avenue des Arts 58, 1000 Brussels.

Articles of association of Befimmo SA

The complete coordinated articles of association of Befimmo SA can be consulted at the Clerk's Office of the Brussels Commercial Court, at Befimmo's registered office and on the website: www.befimmo.be/en/befimmo/group-structure.

 www.befimmo.be

Société Anonyme (Limited-Liability Company)

The Extraordinary General Meeting of 20 December 2012 approved the conversion of Befimmo SCA into a Société Anonyme (Limited-Liability Company).

Befimmo SA owns directly or indirectly 100% of the shares of Fedimmo SA, 100% of the shares of Meirfree SA, 100% of the shares of Vitalfree SA, 100% of the shares of Axento SA, 100% of the shares of Befimmo Property Services SA and 100% of the shares of Beway SA.

Name and qualifications of the real-estate experts¹

For the 2017 fiscal year, Befimmo SA uses two real-estate experts, namely: Mr Rod P. Scrivener (JLL - avenue Marnix 23, 1000 Brussels) and Mr Pieter Paepen (CBRE - avenue Lloyd George 7, 1000 Brussels). Moreover, Mr Rod P. Scrivener is coordinating this expertise.

The mandates of the two experts mentioned above expire as at 31 December 2017.

For the 2017 fiscal year, Befimmo has also appointed two back-up experts: Mr Christophe Ackermans (Cushman & Wakefield, a company incorporated under Dutch law, acting through its Belgian branch Wissinger & Associés SA - rue Royale 97, 1000 Brussels) and Mr Jean-Paul Ducarme (PWC - Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe).

1. For more information, please consult page 110 of this Report.

In the context of the renewal of the mandates of real estate experts, Befimmo entrusted the expertise of its portfolio to Mr Rob Vaes (JLL - avenue Marnix 23, 1000 Brussels), Mr Rod P. Scrivener, (JLL - avenue Marnix 23, 1000 Brussels) and Mr Christophe Ackermans (Cushman & Wakefield, a company incorporated under Dutch law, acting through its Belgian branch Wissinger & Associés SA - rue Royale 97, 1000 Brussels), as from the year 2018. Mr Rod P. Scrivener will have the mission of coordinating the expertise.

The allocation of these new mandates was done pursuant to the provisions of the Royal Decree of 13 July 2014, which aims in particular at ensuring a rotation of real estate experts assessing the portfolio. This new mission runs from 1 January 2018 for three years until 31 December 2020.

These are expert real-estate companies with specialist knowledge of the market and which enjoy a first-class international reputation.

Group structure



Befimmo's subsidiaries are Belgian companies, except for Axento SA, which is a Luxembourg company.

Public BE-REIT

Since 2014, Befimmo is a BE-REIT (SIR/GVV). The BE-REIT pursues the same goals as a Real Estate Investment Trusts (REIT) put in place in several countries (REIT (USA), SIIC (France) and FBI (Netherlands)).

The legislator intended the BE-REIT to ensure a high degree of transparency for real-estate investments and distribute a large part of its cash flow as possible while enjoying certain advantages.

The BE-REIT is monitored by the Financial Services and Markets Authority (FSMA) and subject to specific regulations. The main rules are as follows:

- it must have the status of "Société Anonyme" or "Société en Commandite par Actions";
- it must be listed on the stock exchange;
- borrowings may not exceed 65% of total assets at market value;
- there are strict rules relating to conflicts of interest;
- it must keep accounting according to IFRS standards, with notably the assignment at market value of the property portfolio;
- the real-estate assets must be valued every quarter by independent experts;
- the risk must be diversified: no more than 20% of the assets may be invested in only one property complex;
- a reduced base for corporation tax provided that at least 80% of "cash flows" are distributed (calculated on the basis of article 13 of the Royal Decree of 13 July 2014);
- a withholding tax² of 30% is deducted when paying out dividends.

This set of rules is designed to minimise the risk incurred.

² Withholding tax rate applicable from 1 January 2017.

Institutional BE-REIT

Fedimmo SA and Beway SA (100% subsidiaries of Befimmo SA) are institutional BE-REITs.

The main features of the institutional BE-REIT are:

- a company controlled by a public BE-REIT;
- registered shares held by institutional investors;
- no requirement for diversification or debt ratio (consolidated at the level of the public BE-REIT);
- compulsory distribution of a dividend at a minimum of 80% of the “cash flows” (calculated on the basis of article 13 of the Royal Decree of 13 July 2014);
- holdings of at least 25% by a public BE-REIT;
- no obligation to appoint a real-estate expert, the real-estate assets being valued by the expert of the public BE-REIT;
- statutory accounts prepared in accordance with IFRS standards (same accounting scheme as the public BE-REIT);
- strict rules regarding conflicts of interest;
- subject to FSMA control.

Typical investor profile

The profile of a typical Befimmo investor is a private or institutional investor wishing to make an investment in office property, mainly in Belgium.

The share ownership structure is set out before.

Statements

PERSONS RESPONSIBLE FOR THE CONTENT

Mr Benoît De Blicq, Managing Director, and Mr Laurent Carlier, Chief Financial Officer of the Company, declare for and on behalf of Befimmo SA, that to the best of their knowledge:

- (a) the financial statements, prepared in accordance with the applicable accounting standards, give an accurate picture of the assets, financial situation and the results of the Company and the businesses included in the consolidation;
- (b) the Annual Financial Report contains an accurate account of the development of the business, results and situation of the Company and the businesses included in the consolidation.

Mr De Blicq and Mr Carlier declare that, to the best of their knowledge, there is no omission likely to affect the import of information in this Report.

DECLARATION REGARDING THE DIRECTORS

The Board of Directors of Befimmo SA hereby declares that to its knowledge:

- none of the Directors has ever been convicted of fraud, no official and/or public accusation has been made and no penalty has ever been imposed by a judicial or supervisory authority;
- no Director has been disqualified by a court from acting as a member of a Board;
- no Director has ever been involved in that capacity in a bankruptcy or liquidation;
- no contract of employment or management has been concluded with the Directors that provides for the payment of compensation upon termination of the contract with the exception of what is mentioned in the chapter “Corporate governance statement” on page 107 of this Report;
- the Directors and the members of the Management Committee do not hold shares in Befimmo SA except for Mr Laurent Carlier (200 shares) and Mr Benoît Godts (1,109 shares);
- so far no Befimmo SA share option has been awarded;
- there is no family relationship between the Directors.

INFORMATION FROM THIRD PARTIES¹

The real-estate experts JLL and CBRE have agreed that their assessment methods and the conclusions of the real-estate expert reports may be included in this Annual Financial Report.

The Statutory Auditor has agreed to the inclusion of its report of 20 March 2018 in this Annual Financial Report on the consolidated accounts closed as at 31 December 2017, of its report on forecasts of 20 March 2018.

Deloitte has agreed to the inclusion of its limited review on selected environmental performance indicators of 15 March 2018.

The Company confirms that the information taken from the reports of the real-estate experts JLL and CBRE, and of the Statutory Auditor have been faithfully reproduced and that, to the best of the Company's knowledge and as far as it can ascertain in the light of the data published by these third parties, nothing has been omitted that would make the information reproduced inaccurate or misleading.

All of the information in the "Office property market" chapter comes from Cushman & Wakefield's databases, analyses and market reports.

Corporate Social Responsibility

GENERAL INFORMATION

Contact person & further information

Emilie Delacroix – Head of CSR & Innovation
e.delacroix@befimmo.be - +32 2 679 38 63

Reference to external standards

Since several years, Befimmo has followed the trend towards standardisation of financial reporting and also reporting on Social Responsibility by adopting the indicators published by EPRA, the GRI Standards guidelines ("Compliance" – Essential criteria) and those for the real-estate sector, GRI-CRESS.

The summary table of all the EPRA indicators can be found on page 75 of this Report, whilst the index of GRI content can be found in Appendix V of this Report.

Reporting period

This Report covers activities over the 2017 fiscal year. It follows the Annual Financial Report 2017. The perimeter is as at 31 December 2017.

Reporting perimeter and changes since 1 January 2017

The floor area of the Company's portfolio was changed during fiscal year 2017 by the following events: the granting of a 99-year leasehold on the Brederode complex; the sale of the Liège-Digneffe and Ninove buildings

The reporting perimeter for sustainable development activities covers the activities of Befimmo SA and its subsidiaries, Fedimmo SA, Meirfree SA, Vitalfree SA, Axento SA and Beway SA. Befimmo's commitments to sustainable development apply to its whole portfolio. We would point out, however, that the policy implemented by Befimmo at operational level cannot be applied in the same way to the Fedimmo portfolio.

The Environmental Management System (EMS) covers the activities under Befimmo's direct control. Initially, the operational aspects of the EMS are being deployed for the common areas of the buildings. This does not preclude the implementation of activities for aspects over which Befimmo has less direct influence, notably tenants management of private areas.

External assurance

Befimmo commissioned Deloitte to carry out a limited assurance review. Data marked with the V symbol have been audited by Deloitte as part of this limited assurance review. The Deloitte report can be found in Appendix VI of this Report.

1. Please consult the chapter "Corporate governance statement – Other stakeholders" on pages 109 and 110 of the Report for the identity of the Statutory Auditor and the real-estate experts.

Content Index Service

As part of its GRI Standards reporting, Befimmo made use of the GRI Content Index Service to help improve accuracy in the GRI content index and ensure that it is in line with GRI-102-55. This service is designed to improve the transparency of GRI reporting.

Methodology

The reporting methodology is described in Appendix IV of this Report.

FURTHER INFORMATION

Befimmo's website www.befimmo.be provides additional information that may be a helpful supplement to the Social Responsibility parts of this Annual Financial Report. This includes:

- explanatory sheets of the strategic axes;
- the CSR policy (March 2018);
- the "Social Responsibility" chapter from previous Annual Financial Reports;
- previous Annual Financial Reports;
- the ISO 14001 certificate;
- the BREEAM certificates;
- external stakeholders' answers to questionnaires.

Appendices

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216	—	Appendix V: GRI Content Index
222	—	Appendix VI: Limited Assurance report

Appendix IV: Methodology

DIRECT ENERGY (GAS AND OIL), INDIRECT ENERGY (ELECTRICITY AND DISTRICT HEATING), WATER, GREENHOUSE GAS EMISSIONS

For its non-financial reporting, Befimmo has opted to report the data for the Befimmo and Fedimmo portfolios in consolidated form.

Even though it has limited control and influence on the buildings in its portfolio let to the Buildings Agency, as most of the recurring work and operational management of the buildings is the Agency's responsibility, Befimmo believes that it should align its sustainable development commitments across its entire portfolio.

GENERAL REMARKS

Some additional historical data, complete or partial, obtained after the publication of the last Annual Financial Report were verified and then integrated with previously published data. This could explain any differences with previous publications.

Other minor adjustments were also made to the data with a view to improving the quality and accuracy of the consolidated non-financial reporting data, notably:

- the conversion factors needed to calculate the CO_{2e} emissions were verified and updated and the conversion factors used in reporting associated with waste were adjusted;
- the accuracy and updating of tariff data were verified for energy supply contracts used to calculate the financial savings from energy saving;
- the alteration or adaptation of certain spaces following work and/or resurveying;
- the correction of missing or incorrect historical data, in particular following the receipt of credit notes or adjustment invoices for electricity and water;
- the adaptation of the ratio between allocation to common/private areas on the basis of any data on under-estimates.

INTERPRETATION OF DATA IN THE ENVIRONMENTAL REPORTING TABLES

Befimmo intends to keep segmenting its reporting by the size of the buildings, by classing the buildings as [1-5,000 m²], [5,001-10,000 m²], [>10,000 m²]. This approach allows an analysis from a different angle and the exploitation of certain specific data. Full detailed tables, including four years of reporting (2008 and 2015 to 2017) are published on the Company's website.

	TOTAL ABOVE-GROUND AREAS			
	2014	2015	2016	2017
Buildings 1 – 5 000 m ²	187 795	176 593	178 053	176 777
Buildings 5 001 – 10 000 m ²	145 379	145 379	138 600	131 947
Buildings > 10 000 m ²	579 795	614 288	571 575	623 303
Total (m ²)	912 968	936 259	888 228	932 027 ¹

MANAGEMENT OF CONSUMPTION DATA

All available energy-consumption data and information are obtained via (i) utility companies and energy suppliers, (ii) maintenance companies, (iii) telemonitoring of consumption and (iv) the in-house manager.

Telemonitoring now covers 75% by floor area of the portfolio. The data collected generally cover all consumption (water, gas and electricity). This centralisation of data and online real-time access to them allows us to remotely identify any malfunctioning technical installations, immediately take the necessary corrective action, assess the energy performance of each building and identify priority future investments to be considered.

With regard to the management of electricity consumption data, Befimmo is continuing to work on separating consumption for private and common areas of the buildings in which it has control over the energy supply contract. Regarding the buildings in which the supply contracts are not in Befimmo's name, the Environmental Technical Team directly asks tenants for consumption data and/or the renewal of the mandates needed for obtaining data via the network managers. This approach is systematically applied for all new tenants, notably when signing the lease.

1. The surfaces of the buildings sold during 2017 are included in the total surface of the portfolio used within the framework of environmental reporting.

In 2017, Befimmo has been systematically using statistical models to refine the detection of abnormal electricity, water and gas consumption. These models for predicting future consumption are based on the energy signature of the building and working hours. More relevant than generic alarms triggered when a maximum threshold is exceeded, these models can detect very slight overconsumption in relation to total consumption.

For its 2017 reporting Befimmo has chosen to disclose all the data available to it, even though for some buildings its level of control is limited, and consumption and/or generation data are not always accessible or available.

DETERMINING THE UNCERTAINTY LEVEL OF THE DATA

Befimmo is aware that the accuracy and reliability of the data it uses for monitoring the environmental performance of its portfolio are directly related to the quality of the information received, inaccuracies in the metering systems, transfer of partial or incorrect information, spurious data, inaccuracy of conversion factors, reading errors, missing data and in particular the degree of uncertainty of the metering instruments in its buildings.

In 2017, it stepped up and developed its requirements for the selection, installation, maintenance and preventive replacement of metering equipment in its buildings to minimise the risk of loss and distortion of information.

REPORTING PERIMETER

The reporting perimeter is expressed as a percentage and is determined on the basis of the ratio between the area covered by the data obtained and the total floor area of the portfolio for the period. It is directly affected by any sales and/or acquisitions.

The areas mentioned above each table correspond to the areas of the buildings in use during the reporting year.

CALCULATION AT CONSTANT PERIMETER

The calculation at constant perimeter (like-for-like [Lfl]), expressed as a year-on-year percentage difference, helps to assess how an indicator changes over time. Indeed, by excluding variations due to changes in floor area (as a result of major renovations, acquisitions or sales), it is possible to analyse, compare and explain the results achieved in relation to the stated objectives. Note, however, that the calculation at constant floor area does not take account of changes in the occupancy of the buildings.

CALCULATION OF SPECIFIC CONSUMPTION (KWH/M² AND LITRES/M²)

To ensure consistency in specific consumption and to ensure that it is properly representative, some buildings are excluded from the scope solely for the calculation of specific consumption. These are:

- buildings under construction and/or renovation;
- buildings not used as offices (for 2017, part of a building that houses an indoor pool/fitness centre, a building housing only showers and a service building were excluded);
- buildings with incomplete consumption data;
- buildings with an average annual occupancy rate below 50%² (calculated on the basis of the quarterly occupancy history and the floor area occupied).

Regarding the calculation of the greenhouse gas emissions intensity (GRI-305-4), the following are excluded from the reporting scope:

- all buildings with ongoing works or that were bought or sold during the year;
- buildings with an occupancy rate of less than 50%;
- buildings with incomplete and/or missing consumption data.

The resulting emission values form the numerator which is divided by the total area of buildings within the perimeter.

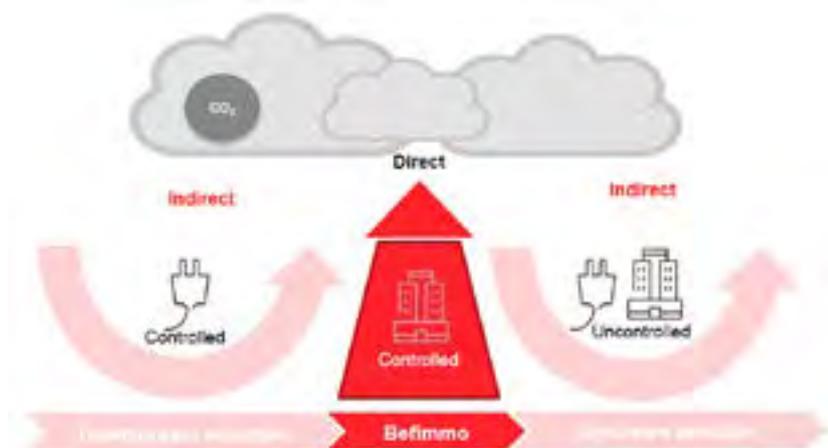
2. On the basis of the long-term lease agreements with the Buildings Agency, the occupancy rate of Fedimmo's buildings is considered to be 100%. It may nevertheless happen that, in certain special circumstances, that rate does not reflect the actual occupancy of the building and that the figures reported in these few cases are not representative.

REPORTING CO₂e EMISSIONS AND EMISSION FACTORS

When reporting CO₂e emissions related to its activities, Befimmo follows the recommendations and methodology of the Greenhouse Gas Protocol¹ (GHG Protocol). This international accounting method is the one most used by government leaders and business to understand, quantify and manage greenhouse gas emissions.

In practice, Befimmo distinguishes emissions in accordance with the diagram below, namely emissions:

- controlled directly relating to the heating of buildings (gas, oil);
- indirectly controlled and relating to the use of electricity in controlled installations (common areas of buildings);
- indirectly uncontrolled and relating to the use of electricity in installations not under Company control (private areas of buildings).



Furthermore, calculations of CO₂e emissions are reviewed and adjusted, including for historical data, on the basis of any new information provided by the tenants regarding their contracts for supplying energy for private areas.

For the calculation of uncontrolled indirect CO₂e emissions, i.e. related to the use in its tenants' private areas of non-renewable electricity or from unidentified/confirmed sources, Befimmo uses the emission factor provided and updated by the International Energy Agency (IEA).

CO₂e EMISSION FACTORS (g CO₂e/kWh)

TYPE	2014	2015	2016	2017
Gas ²	188	188	188	188
Non-renewable electricity, Belgium ³	199	225.8	225.8	225.8
Non-renewable electricity, Luxembourg ³	306	281	281	281
Green electricity	0	0	0	0
District heating ⁴	43	43	43	43

CO₂e EMISSION FACTORS (kg CO₂e/litre) (kg CO₂e/km)

TYPE	2014	2015	2016	2017	UNITS
Diesel	2.662	2.662	2.511	2.511	kg CO ₂ e/litre
Petrol	2.425	2.425	2.264	2.264	kg CO ₂ e/litre
Aircraft (short haul) economy	0.233	0.233	0.233	0.233	kg CO ₂ e/km
Aircraft (long haul) economy	0.202	0.202	0.202	0.202	kg CO ₂ e/km
Aircraft (short haul) business	N/A	N/A	N/A	0.468	kg CO ₂ e/km
Aircraft (long haul) business	N/A	N/A	N/A	0.477	kg CO ₂ e/km
Train	0.048	0.048	0.048	0.048	kg CO ₂ e/km

1. www.ghgprotocol.org

2. Source : Engie Electrabel.

3. Source : IEA (International Energy Agency).

4. Source : Luxembourg city.

NOT APPLICABLE

The expression "N/A" used several times in the data analysis tables means "not applicable".

This applies:

- where a building was not in the portfolio at the reporting date;
- where data are not available;
- for the scope relating to renewable energy production, which is not measured.

Generally speaking,

- in the few cases where consumption of common and private areas could not be obtained separately, a distribution of 40/60 between common areas and private areas assumed in 2012 is confirmed and retained for 2014 to 2017;
- the electricity consumption data for private areas obtained directly from information received from tenants with a utility-company meter and unspecified own supply contracts are counted as non-renewable energy.

Where the type of supply contract is known, only contracts specified as "100% green" are considered renewable, and a zero CO_{2e} emission rate is applied.



Appendix V: GRI Content Index¹

GRI Standard	Disclosure	Page, URL or comment	External assurance ²	SDG
GRI 101: Foundation 2016				
	1. Organizational profile			
	102-1 Name of the organization	193		
	102-2 Activities, brands, products, and services	3,16		
	102-3 Location of headquarters	193		
	102-4 Location of operations	3,14,26,27,42		
	102-5 Ownership and legal form	192		
	102-6 Markets served	14,26,27,32,42		
	102-7 Scale of the organization	30,33,42,120,130	CS ³	
	102-8 Information on employees and other workers	120		8
	102-9 Supply Chain	17,46 Dialogue		
	102-10 Significant changes to the organization and its supply chain	22,76,199		
	102-11 Precautionary principle or approach	47 CSR policy		
	102-12 External initiatives	10 Dialogue		
	102-13 Membership of associations	Dialogue		
	2. Strategy			
	102-14 Statement from senior decision maker	5		
	102-15 Key impacts, risks, and opportunities	14,20,183,189,190		
	3. Ethics and integrity			
	102-16 Values, principles, standards, and norms of behavior	15,108,122,124		16
	102-17 Mechanisms for advice and concerns about ethics	108,111,114,190		16
	4. Governance			
	102-18 Governance structure	89,107		
	102-19 Delegating authority	20,96,107 Strategic axes		
GRI 102: General Disclosures 2016	102-20 Executive level responsibility for economic, environmental, and social topics	107		
	102-21 Consulting stakeholders on economic, environmental, and social topics	18,20		16
	102-22 Composition of the highest governance body and its committees	75,88		5,16
	102-23 Chair of the highest governance body	88,95		16
	102-24 Nominating and selecting the highest governance body	95		5,16
	102-25 Conflicts of interest	111,112		16
	102-26 Role of highest governance body in setting purpose, values, and strategy	96,107		16
	102-27 Collective knowledge of highest governance body	107,124		4
	102-28 Evaluating the highest governance body's performance	96,107		
	102-29 Identifying and managing economic, environmental, and social impacts	18,20,98,108		16
	102-30 Effectiveness of risk management processes	98,108		
	102-31 Review of economic, environmental, and social topics	108		
	102-32 Highest governance body's role in sustainability reporting	107		
	102-33 Communicating critical concerns	107,114,125		
	102-35 Remuneration policies	98,102		
	102-36 Process for determining remuneration	98,102		
	102-37 Stakeholders' involvement in remunerations	98		16
	5. Stakeholder engagement			
	102-40 List of stakeholder groups	19 Dialogue		
	102-41 Collective bargaining agreements	120		8
	102-42 Identifying and selecting stakeholders	19,20 Dialogue		
	102-43 Approach to stakeholder engagement	19,20,119 Dialogue		
	102-44 Key topics and concerns raised	19,20,119 Dialogue		

¹ For more information concerning the GRI Standards, please visit the official GRI website: <https://www.globalreporting.org>.

² External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 222 of the Annual Financial Report 2017.

³ External assurance only for the "Consolidated statement of financial position" (Annual Financial Report 2017 - Statutory Auditor's report on page 172).

GRI Standard	Disclosure	Page, URL or comment	External assurance ¹	SDG	
GRI 102: General Disclosures 2016	6. Reporting practice				
	102-45	Entities included in the consolidated financial statements	2,117 All entities are included.		
	102-46	Defining report content and topic boundaries	19,20 Stakeholders and CSR policy		
	102-47	List of material topics	18,19,20		
	102-48	Restatements of information	199,212		
	102-49	Changes in reporting	18,20,199 Stakeholders and CSR policy		
	102-50	Reporting period	199		
	102-51	Date of most recent report	199		
	102-52	Reporting cycle	199		
	102-53	Contact point for questions regarding the report	199,225		
	102-54	Claims of reporting in accordance with the GRI Standards	2,21,199 This report has been prepared in accordance with the GRI Standards: Core option. GRI Reporting		
102-55	GRI content index	216 GRI Reporting			
102-56	External assurance	199			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources		
	103-2	The management approach and its components	18,19,20,21 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources		16
	103-3	Evaluation of the management approach	18,19,20,21 Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources		

¹ External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 222 of the Annual Financial Report 2017.

GRI Standard	Disclosure	Page, URL or comment	External assurance ¹	SDG
TOPIC-SPECIFIC STANDARDS (MATERIAL TOPICS)				
GRI 200: ECONOMIC STANDARD SERIES				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	
	103-2	The management approach and its components		16
	103-3	Evaluation of the management approach		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	56,129	CS ² 8
	201-2	Financial implications and other risks and opportunities due to climate change	164	CS ² 8,13
	201-3	Defined benefit plan obligations and other retirement plans	164	CS ²
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	
	103-2	The management approach and its components		16
	103-3	Evaluation of the management approach		
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	100%	16
	205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption over the past fiscal year.	16
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	
	103-2	The management approach and its components		16
	103-3	Evaluation of the management approach		
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions for anti-competitive behaviour, anti-trust or monopoly practices during the fiscal year.	16
GRI 300: ENVIRONMENTAL STANDARD SERIES				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	
	103-2	The management approach and its components		16
	103-3	Evaluation of the management approach		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	49,75,126 Use of resources	CS 7,8,12,13
	302-2	Energy consumption outside the organization	49,75 Use of resources	CS 7,8,12,13
	302-3	Energy intensity	49,75,126 Use of resources	CS 7,8,12,13
	302-4	Reduction of energy consumption	49,75 Use of resources	CS 7,8,12,13
	302-5	Reduction in energy requirements of products and services	49,75 Use of resources	CS 7,8,12,13
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	
	103-2	The management approach and its components		16
	103-3	Evaluation of the management approach		
GRI 303: Water 2016	303-1	Water withdrawal by source	50,75 Use of resources	CS 6
	303-3	Water recycled and reused	50,75 Use of resources	CS 6,7,12

¹ External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 222 of the Annual Financial Report 2017.

² This data was audited by the Statutory Auditor (Annual Financial Report 2017, Statutory Auditor's report on page 172).

GRI Standard	Disclosure	Page, URL or comment	External assurance ¹	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018		
	103-2 The management approach and its components			16
	103-3 Evaluation of the management approach			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	48,75,126,127 Use of resources	CS	3,12,13
	305-2 Energy indirect (Scope 2) GHG emissions	48,75 Use of resources	CS	3,12,13
	305-3 Other indirect (Scope 3) GHG emissions	48,75,126 Use of resources	CS	3,12,13
	305-4 GHG emissions intensity	48,75,212 Use of resources	CS	12,13
	305-5 Reduction of GHG emissions	48,75 Use of resources	CS	12,13
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018		
	103-2 The management approach and its components			16
	103-3 Evaluation of the management approach			
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	52,75 Use of resources	CS	3,6,12
	306-5 Water bodies affected by water discharges and/or runoff	Waste water is discharged into public sewers.	CS	6,15
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018		
	103-2 The management approach and its components			16
	103-3 Evaluation of the management approach			
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	There were no fines for non-compliance over the past fiscal year.		16
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018		
	103-2 The management approach and its components			16
	103-3 Evaluation of the management approach			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	0% Use of resources		
	308-2 Negative environmental impacts in the supply chain and actions taken	0% 46 Use of resources		

¹ External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 222 of the Annual Financial Report 2017.

GRI Standard	Disclosure	Page, URL or comment	External assurance ¹	SDG
GRI 400: SOCIAL STANDARD SERIES				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	16
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	75,120	5,8
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	75,120	8
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	16
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	75,120,123	3,8
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	16
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	75,124	4,5,8
	404-2	Programs for upgrading employee skills and transition assistance programs	123,124	8
	404-3	Percentage of employees receiving regular performance and career development reviews	100% 75	5,8
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	16
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 405: Diversity and Inclusion 2016	405-1	Diversity of governance bodies and employees	75,121	5,8
	405-2	Ratio of basic salary and remuneration of women to men	75,120	5,8
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	16
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There were no cases of discrimination over the past fiscal year.	5,8,16
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018	16
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	29,123 Integration into the city	

¹ External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 222 of the Annual Financial Report 2017.

GRI Standard	Disclosure	Page, URL or comment	External assurance ¹	SDG
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018		
	103-2 The management approach and its components			16
	103-3 Evaluation of the management approach			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	0% Dialogue		5,8,16
	414-2 Negative social impacts in the supply chain and actions taken	0% Dialogue		5,8,16
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018		
	103-2 The management approach and its components			16
	103-3 Evaluation of the management approach			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	29		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	29		16
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018		
	103-2 The management approach and its components			16
	103-3 Evaluation of the management approach			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	53		12
	417-3 Incidents of non-compliance concerning marketing communications	0 Setting an example		16
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	18,19,20,21 - Strategic axes 6 axes: Integration into the city The world of work Setting an example Mobility Dialogue Use of resources Action Plan 2018		
	103-2 The management approach and its components			16
	103-3 Evaluation of the management approach			
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	There were no sanctions over the past fiscal year.		16
Environment				
CRE1: Building Energy Intensity 2016		49,75 Use of resources		7,8,12,13
CRE2: Building Water Intensity 2016		50,75 Use of resources		6,12,13
CRE3: Greenhouse gas emissions intensity from buildings 2016		48,75 Use of resources		12,13
Product Responsibility				
CRE8: Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment 2016		53,75 Use of resources		12

¹ External assurance: In the context of the GRI reporting of its sustainable development indicators, Befimmo calls upon an external consultant to carry out a limited assurance review of the non-financial data. The report can be found on page 222 of the Annual Financial Report 2017.

Appendix VI: Limited Assurance report

INDEPENDENT AUDITOR'S REPORT ON THE LIMITED REVIEW PERFORMED ON SELECTED ENVIRONMENTAL PERFORMANCE INDICATORS PUBLISHED IN THE ANNUAL FINANCIAL REPORT OF BEFIMMO SA OF 31 DECEMBER 2017

To the Board of directors

As independent auditor we have been engaged to perform limited review procedures to express a limited assurance on selected environmental performance indicators ("the Data") published in the Annual Financial Report of Befimmo SA for the year ended the 31 December 2017 ("the Annual Financial Report"). The environmental performance indicators have been defined following the guidelines of the "Global Reporting Initiative" GRI Standards, EPRA Sustainability Best Practice Recommendations (sBPR) (3rd version September 2017) and GHG protocol guidelines scope I, II, III. The Data have been selected by Befimmo SA and are identified with the symbol ✓ in the tables¹ as mentioned on pages 75, and 126 of the Annual Financial Report.

The scope of our work has been limited to the Data covering the year 2017 and including the selected environmental performance indicators of the buildings of Befimmo SA, Fedimmo SA, Axento SA and Beway SA. The limited review was performed on the data gathered by Befimmo SA and retained in the reporting scope of the Annual Financial Report. Our conclusion as formulated below covers therefore only these Data and not all indicators presented or any other information included in the part "Corporate Social Responsibility" of the Annual Financial Report.

Responsibility of the Board of directors

The Board of directors of Befimmo SA is responsible for the Data and the references made to it presented in the Annual Financial Report as well as for the declaration that its reporting meets the requirements of the « Global Reporting Initiative» (GRI) G4, the EPRA Sustainability Best Practice Recommendations (sBPR) (3rd version, September 2017) and GHG protocol guidelines scope I, II, III, as described in the part "Corporate Social Responsibility" of the Annual Financial Report.

This responsibility includes the selection and application of appropriate methods for the preparation of the Data, for ensuring the reliability of the underlying information and for the use of assumptions and reasonable estimations. Furthermore, the Board of directors is also responsible for the design, implementation and maintenance of systems and procedures relevant for the preparation of the Data.

The choices made by the Board of directors, the scope of the part "Corporate Social Responsibility" of the Annual Financial Report and the reporting policies, including any inherent limitations that could affect the reliability of the information are set out on pages 212 to 215 of the Annual Financial Report.

Nature and scope of works

Our responsibility is to express an independent conclusion on the Data based on our limited review. Our assurance report has been made in accordance with the terms of our engagement letter.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information".

We planned and performed the procedures deemed necessary for expressing a limited assurance on the fact that the Data are not materially misstated. A limited assurance engagement provides less assurance than an audit.

The scope of our work included, amongst others the following procedures:

- Assessing and testing the design and operating effectiveness of the systems and procedures used for data-gathering, classification, consolidation and validation, and that for the methods used for calculating and estimating the 2017 environmental, social, and governance performance indicators identified with the symbol ✓ in the tables as mentioned on pages 75, and 126 of the Annual Financial Report;
- Conducting interviews with responsible officers;
- Examining, on a sample basis, internal and external supporting evidence and performing consistency checks on the consolidation of these data.

1. The complete and detailed tables are published on the website of Befimmo (www.befimmo.be).

Conclusion

Based on our limited review, as described in this report, we have not identified any significant misstatement that causes us to believe that the Data related to Befimmo SA identified with the symbol ✓ in the tables¹ as mentioned on pages 75, and 126 of the Annual Financial Report has not been prepared in accordance with GRI Standards guidelines, the EPRA sBPR (3rd version, September 2017) and the GHG protocol.

Observation

Without qualifying the conclusion above, we draw your attention to the following points:

- For the BREEAM In-Use certificates, the expiration date has in most cases passed. These expired certificates were reported as active certification. Furthermore, no recertification process of these buildings was initiated.

Zaventem, 15 March 2018

The independent auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises

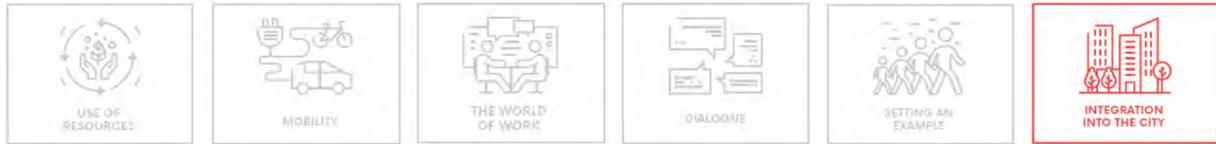
BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Rik Neckebroeck



INTEGRATION INTO THE CITY

- The building, a key player in an ecosystem -



DESCRIPTION

Every building is part of a community, an environment. Befimmo aims to ensure that every building in its portfolio integrates harmoniously into the neighbourhood where it is located, in terms of its architecture, the pooled services it offers and the activities taking place inside.

In this context, Befimmo reaffirms its commitment to meet the expectations, firstly, of its **occupants**, offering them an environment that is open to multifunctionality, evolving work spaces and business networks and, secondly, of the **outside community** by designing buildings that are open to the city and thus contribute to security, by exploiting less-used spaces such as roofs, large entrance halls, etc.

Aware that its approach is sometimes limited by urban planning regulations, the location of certain existing buildings or a property's specific constraints, etc., Befimmo advocates responsible urban development.

APPROACH

Befimmo integrates its buildings in cities in terms of (i) architecture during renovation and/or reconstruction, (ii) services and facilities offered to tenants and other stakeholders, (iii) mixed use by offering shared spaces, coworking spaces, restaurants, housing, etc.

Any new project is considered in this light, in cooperation with both administrations and architects. It is above all a collaborative effort between the various departments of Befimmo, which are coached and trained to that end through training courses, lectures, trips and visits to other sites and inspiring examples.

There are many examples of ongoing and future iconic projects supporting this approach.

OBJECTIVE

Befimmo's objective is to devise a new vision for its renovation and/or construction projects.

It believes that they must be integrated as part of a sustainable and human ecosystem.

This is why it will ensure that it is listening to stakeholders active in the environments in which these projects are located.



Up4North

Befimmo is a co-founder of the Up4North association¹, consisting of eight real-estate partners, which has the mission of giving a new impulse to the North district of Brussels. Eventually, it will become a new, pleasant, multifunctional city district, lively and accessible to all.



The area's strategic position and easy accessibility are sufficient advantages to justify this new development venture. To foster a mix of functions in the city, this project aims to recreate diversity by connecting large businesses and start-ups, culture and associations, residents and visitors, as well as local, national and international players.

To create this dynamic, Befimmo has temporarily made available several floors of the WTC 1 building where many players (architects, contractors, artists, students, etc.) are working together. Today, all these stakeholders are collaborating towards the same objective of participating - according to their skills - in the project of reinventing the North district. Other specific projects are still under consideration but should emerge over the coming months, including the creation of an urban kitchen garden, a "living archive" space, exhibitions, the opening of a Fablab, event spaces, etc.

Quatuor project

With its new architecture, the Quatuor project (60,000 m²), located in the North district of Brussels, has been designed to fit harmoniously into its urban environment. The project, open to diversity, is in line with the new trends (opening-up of the building to the city, multifunctionality, etc.). The quality of the build and its facilities, its iconic character, proximity to the city centre, accessibility by public transport and the provision of innovative services for the occupants all make for a flagship project.



It will consist of four buildings of differing heights opening onto a large green patio featuring terraces and restaurants. This patio, easily accessible through wide openings from the public thoroughfare, will be a genuine extension of the city. The ground floor and first floor will be fully glazed to create transparency and an immediate relationship between the indoor and outdoor spaces of the building.

To offer its users a unique experience, the Quatuor will be offering a very wide range of services to make life easier for the occupants. The Quatuor site forges a connection between two clearly distinct yet contiguous urban fabrics: the North district, home to the Gare du Nord multimodal station and the Pentagon, the historic centre of Brussels offering many shops and cultural spaces.

The Quatuor's multi-functional design will be able to develop in a business centre that is undergoing a radical rebirth along the inner ring road.

¹ <http://www.labnorth.be/en>



The "future ex-WTC 1 & 2": a new multifunctional space²

The current WTC 1 & 2 dates from the 1970s and is a mono-functional office space that no longer meets the expectations and needs of the market. With all the visionary architects and teams, Befimmo is working on the redeployment and re-configuration of the overall space. The design team includes renowned experts in engineering, sustainability, the circular economy and well-being.

The new project, covering Towers 1 and 2, is designed to contribute to the evolution and revitalisation of the immediate environment in which it is located and also keep in step with the evolving expectations of the occupants (see *Up4North*, before). Integrated and complementary functions are planned. The office space will be reduced to about two thirds of the current area, the rest being divided among several other uses, mainly housing.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

The in-depth analysis of the Sustainable Development Goals (SDGs)³, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic priority **Integration into the city** impacts the targets of the following SDGs:



9.1: Develop quality, reliable, sustainable and resilient infrastructure



11.3: Enhance sustainable urbanisation



11.4: Strengthen efforts to protect and safeguard heritage

11.6: Reduce the adverse per capita environmental impact of cities

11.7: Provide universal access to safe green and public spaces



13.3: Awareness-raising on climate change mitigation, adaptation and impact reduction

15.5: Halt the loss of biodiversity

KEY INDICATORS

Sustainable integration into the city is a recent topic, so no target has yet been set. However, the "Community Engagement" indicator, published by EPRA, was calculated for the first time this year. To calculate it, Befimmo takes account of the projects that it is supporting and setting up in the North area, and public announcements, surveys or consultations that it organises when making applications for environmental and urban planning permits. In the 2017 fiscal year, this approach covered 41% of the consolidated portfolio and the goal is to improve this result each year. The teams work together on implementing urban evolution, establishing indicators to measure progress in terms of the number of buildings following this evolution.

² Please see the press release of 18 September 2017 for more information (<http://www.befimmo.be/en/investors/publications?type=227>).

³ <http://www.un.org/sustainabledevelopment/>



Furthermore, Befimmo also follows and is inspired by other benchmarks and certifications, such as *Well*⁴ or *Be Exemplary*⁵ certifications, etc. that take account in particular of the building's integration into the city.

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	RESULT 2017	OBJECTIVES
<i>Community engagement, impact assessments and development programmes</i>	Percentage of buildings in the portfolio developed after consultation with local residents and communities	413-1 Comty -Eng	41%	Continuous improvement
<i>Infrastructure investments and services supported</i>	Amounts invested in outdoor facilities benefiting not only the occupants but also local communities	203-1	N.A.	Continuous improvement

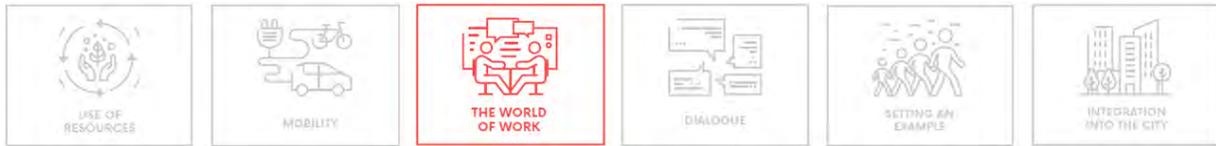
⁴ <https://www.wellcertified.com/>

⁵ Exemplary Brussels buildings (<https://urbanisme.irisnet.be/be-exemplary>)



THE WORLD OF WORK

- Rethinking workspaces based on the type of activity and profile of the user -



DESCRIPTION

The world is changing, professions are evolving: new technologies are emerging fast, new generations have alternative lifestyles, environmental and health concerns are coming to the fore.

Nowadays, tenants are looking for a landlord who offers them much more than a "premium" building. They want to work in bright and pleasant spaces, that are open to the outside, with access to services that facilitate their daily lives, and move around easily without parking or other constraints.

Today, companies face the challenge of retaining their employees, and attracting new talent and new generations. Despite the complex configuration of some buildings, some more difficult locations, and resistance to change among some occupants, Befimmo intends to embrace this evolution.

In response to this, Befimmo is broadening its vision of tomorrow's workspaces, and of how to design and use them. It is convinced that it must ride this trend and adapt its property portfolio to keep it highly attractive.

It aims to support digitisation and offer environments that are human, flexible, innovative and open to multifunctionality, to accommodate new ways of working and connect these spaces together. Premises occupied by a mix of occupants (scale, profession, structure, etc.) forming a community, create new links in a changing world of work.

Befimmo's buildings, offices, and coworking and meeting spaces are all designed and developed with one idea in mind: to make working a productive and enjoyable experience.

The well-being, health and safety of the occupants are still paramount in the design of these spaces.

Depending on the characteristics of the buildings (rental situation, location, type of lease, etc.), tenants are provided with a restaurant, a catering service, a nursery, a fitness centre, showers, secure lockers and bicycle and car parks equipped with electrical charging stations.

The Company is striving to make efficient and sustainable use of urban space. Other challenges for Befimmo are to exploit little-used spaces, to give them new functions, to leave more room for green spaces, for relaxation, to transform conventional spaces into inspiring spaces.

OBJECTIVE

To connect together the various buildings in Befimmo's portfolio, give tenants more flexibility by offering them different working environments across interconnected buildings and extend the range of services throughout the portfolio.



APPROACH

Eventually, all of Befimmo's multi-tenant buildings, as well as new projects, will be eligible to be equipped with a variety of inspiring facilities that encourage exchanges between organisations and businesses. Befimmo will gain added value by offering its tenants a concept of networks and exchanges, by designing:

- office space featuring various "activity-based" layouts tailored to the user's activity. These are shared offices designed for working together, concentration spaces, inspiring meeting rooms, etc. ;
- spaces where the occupant's well-being is a priority from the design stage: the main focus is on acoustics, air quality, thermal comfort, etc.;
- coworking spaces, inhabited by a genuine community of different organisations;
- "meeting centres" for organising meetings, seminars, brainstorming sessions, etc.;
- a wide range of pooled services to facilitate occupants' everyday lives: *food trucks, secure lockers for receiving and returning parcels, nurseries, fitness centres, restaurants, showers, charging points for electric cars and bicycles, etc.*

To conceive and design these working environments, Befimmo (i) draws inspiration from and surrounds itself with experts, (ii) encourages its various teams to work together (Property, Project, CSR, Environment, Commercial, etc.) and (iii) builds partnerships to share know-how and expertise, such as the one set up in mid-2017 with Silversquare.

Incident management - One Property Manager works half-time as Risk Coordinator. He is responsible, among others, for regular monitoring of quality and risks related to the operational, technical and administrative management of the buildings and renovation and upgrade projects. In 2017, they managed two minor incidents involving people.

Silversquare @Befimmo

Befimmo and Silversquare, the Belgian leader in coworking, have joined forces to create a facility in Befimmo's buildings. Based on the concept of *membership*, extending over several networked buildings, Silversquare @Befimmo aims to offer its members much more than just office space: animation, emulation, cooperative spirit, flexible spaces and of course networking, offering access to many diverse workplaces.

Silversquare @Befimmo plans to develop four or five spaces over the next two years. The first 4,000 m² of coworking space will be set up in the Triomphe building, chosen for its excellent location. This first Silversquare @Befimmo is due to open in the first half of 2018.

Business and meeting Centres

Befimmo has already carried out various projects at its Ikaros Business Park site, located in the Brussels periphery, which is equipped with the most advanced tools in terms of efficiency and working convenience. All tenants have access to a nursery, a restaurant, a fitness centre, shared meeting rooms, flexible office spaces, etc.



Another example is the fitting-out of flexible meeting rooms on the ground floor of the Blue Tower and Triomphe buildings. At an ideal location, these meeting rooms are equipped with the latest audio-visual technologies and are offered to tenants of the portfolio at attractive rates, and also to any other companies wishing to rent a room for one or more meetings.



Smart Ways of Working (SWOW) - the Befimmo environment as a laboratory

Befimmo attaches great importance to taking a coherent approach. In the buildings it occupies it has tested the transformation of offices into meeting spaces and exchanges between the various team members. It has devised a project for implementing "Smart Ways of Working" (SWOW) for its employees, which came to fruition in late 2016. Today, Befimmo offers an open, bright, flexible working environment equipped with modern technology, that stimulates exchange and creativity.



The focus has been placed on opening up workspaces, collaboration, ergonomics, acoustics, computing and ease of movement and connection. Apart from the physical transformation of the working environment, Smart Ways of Working also involve a change of mindset in the organisation of work. A series of workshops was therefore organised to support the team leaders in managing this change: flexible working, accountability and rules for working in shared spaces were all discussed to ensure a smooth and constructive transition and to make the most of the new opportunities for exchange and communication.

In 2017, Befimmo continued its ongoing reflection on the New World of Work in order to keep listening to its team, ensure its well-being, and to experiment with innovative forms of layouts and organisation that can potentially be transferred to the operational property portfolio.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

The in-depth analysis of the Sustainable Development Goals (SDGs)¹, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic priority **World of work** impacts the targets of the following SDGs:



3.9: Substantially reduce the number of illnesses from hazardous chemicals and air, water and soil pollution and contamination in the workplace



8.2: Achieve higher levels of economic productivity through technological upgrading and innovation: offer pleasant and innovative workspaces

8.8: Promote safe and secure working environments

¹ <http://www.un.org/sustainabledevelopment/>



KEY INDICATORS

The best way to measure this evolution of the world of work, and Befimmo's ability to adapt to it, is to observe the occupancy rate of its buildings, the development of a community in coworking spaces and hence indirectly the satisfaction of the tenants.

Befimmo applies the global method for assessing the environmental performance and sustainability of buildings developed by BREEAM (BRE Environmental Assessment Method) to the whole of its portfolio, whether in operation or under construction/renovation. It pays special attention during the design phase of its projects to the future satisfaction of the occupants and users of its buildings and aims to secure their loyalty by providing quality spaces in good locations and that are flexible, efficient in terms of environmental management, use of space, etc. The high level of BREEAM certification and quality criteria that it strives for in its developments take full account of the considerations and requirements regarding people's health and well-being.

Furthermore, Befimmo also follows and is inspired by other benchmarks and certifications, such as *Well*² or *Be Exemplary*³ certifications, etc. that take account of the well-being of the occupant.

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	RESULT 2017	OBJECTIVES
Asset health and safety assessments	<i>H&S-Asset refers to the proportion of assets controlled by the reporting company for which health and safety impacts have been reviewed or assessed for compliance or improvement.</i>	H&S -Asset 416-1	55%	100%
Asset health and safety compliance	<i>H&S-Comp refers to any incidents of non-compliance with regulations and/or voluntary standard concerning the health and safety impacts of assets assessed during the reporting period.</i>	H&S -Comp 416-2	2	Zero
Spot occupancy rate of properties available for lease	Current rents/(current rents + estimated rental value of vacant space).	EPRA Vacancy Rate	94.44%	Continuous improvement

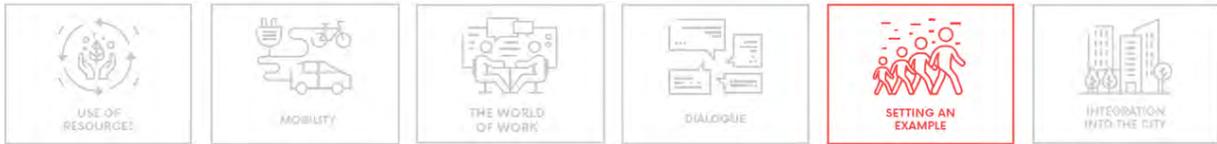
² <https://www.wellcertified.com/>

³ Exemplary Brussels buildings <https://urbanisme.irisnet.be/be-exemplary>



SETTING AN EXAMPLE

- Being a positive influence on our stakeholders -



DESCRIPTION

Befimmo is a real-estate operator specialising in quality office buildings. With a property portfolio of more than 900,000 m², Befimmo has the opportunity to engage its stakeholders in a responsible approach.

Befimmo has decision-making power over many of the real-estate projects it develops. This allows it to have a positive influence on the choices and decisions of its partners (architects, subcontractors, suppliers, public authorities, investors) so as to meet the expectations of society.

APPROACH

▪ Towards investors

- » The Management Committee publicly commits to the Company's Social Responsibility.
➔ AFR17, chapter "Message from the President and the CEO"
- » Social Responsibility is integrated into the Company's strategy and its approach to innovation.
➔ AFR17, chapter "Befimmo's Mission, values and strategy"
- » Befimmo responds each year to questionnaires from analysts such as GRESB, EPRA and CDP. In return, their assessments allow Befimmo to measure the progress in its performance from year to year and compare itself with its peers.
➔ Sheet on "Reporting & Recognitions"

▪ Towards suppliers

- » Befimmo's approach to innovation is open to collaboration with external partners (suppliers, subcontractors, research and development partners and the academic world), such as in the "Future ex-WTC" project.
➔ Sheet on "Integration into the city"
- » Befimmo is finalising the implementation of a collaborative supplier assessment tool. This tool will allow all staff to assess and search for suppliers on the basis of the quality of their services and their approach to Social Responsibility in a list incorporating these assessments.

OBJECTIVE

Befimmo intends to use its influence in a beneficial way to meet the expectations of society and, more generally, to make a positive contribution to the Sustainable Development Goals set by the United Nations.



- » Environmental impact is integrated into the technical procurement specifications.
➔ Sheet on "Use of resources - Responsible procurement"
- » Maintenance companies are made aware of the impact of the running of the technical installations on the quality and environmental and energy performance of the buildings in the portfolio.

▪ **Within the team**

- » All staff are invited to take part in the innovation process. 2017 saw the launch of an innovation campaign at Befimmo. Its genuine participatory approach allows the team to be involved in the core topics of Befimmo's Social Responsibility. Team members have been invited to share their thoughts on the "innovation wall" and to join a working group on a topic that they care about, in a process of collective intelligence, to devise innovation projects and bring them to fruition.

This process is accompanied by two in-house projects launched concurrently:

- Optimisation of in-house operation, with the aim of encouraging innovation at Befimmo;
 - Discussion on the setting-up of an "Innovation Lab": a research laboratory and a place to meet external partners to discuss innovation in building technologies and workspaces.
- » As the occupant of a building in its own portfolio, Befimmo uses its own workspaces to test innovative solutions with the participation of its employees.
 - » The General Counsel & Secretary General (member of the Management Committee) is responsible for updating and compliance with the code of ethics and the corporate governance charter. She also acts as Compliance Officer and, in that capacity, checks that in-house rules and procedures are followed, so as to prevent the risks of market abuse.

➔ Sheet on "CSR governance"

▪ **Towards other stakeholders**

- » Befimmo keeps its communication transparent and relevant in response to stakeholder expectations.

➔ Sheet on "Dialogue"

- » Open to dialogue with its stakeholders, Befimmo takes part in many debates to learn, describe and share experiences, challenges and solutions.

➔ Sheet on "Dialogue"

In 2017, Befimmo asked for its Social Responsibility issues to be challenged by a panel of experts (academic, political, real-estate, etc.), external stakeholders and staff, meeting in a workshop or individually.

▪ **Towards the local community**

- » In the context of the Up4North association, Befimmo is making space available in the WTC 1 building to foster meetings and cooperation between the various stakeholders in the neighbourhood.

➔ Sheet on "Integration into the city"



- » Participation in social action in the local community via Be.Face. This body is a movement of responsible businesses which aims to build bridges between the needs of associations and resources of the business world, in terms of time, activities and equipment. Through Be.face, Befimmo contacted the municipal public social welfare centre (CPAS) and decided to reallocate its budget usually assigned to end-of-year treats for the team to end-of-year presents for disadvantaged children and older people in the municipality, organised by the municipal public social welfare centre (CPAS).
- » Comité B+, set up in 2011 at the initiative of the staff and with the support of the Management Committee, has continued its efforts to organise sporting, cultural, festive, charity and family activities.
➔ AFR17, chapter "The team"

ASSESSMENT

- External recognition by neutral organisations such as EPRA, CDP and GRESB.
➔ Sheet on "Reporting & recognitions"
- Assessment of the quality of relationships with suppliers: the supplier assessment system allows for data to be extracted to reach conclusions about the quality of relationships with suppliers. These conclusions will be presented to the CSR Team which will initiate any necessary dialogue with the supplier concerned for corrective action to be taken.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

*The in-depth analysis of the Sustainable Development Goals¹, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the **Setting an example** strategic area impacts the targets of the following SDGs:*



1.2: Give preference to suppliers who have a CSR approach



4.7: CSR training and awareness
Awareness-raising among suppliers



11.a: Participate in urban development planning



16.5: Take part in the participatory decision-making process

¹ <http://www.un.org/sustainabledevelopment/>



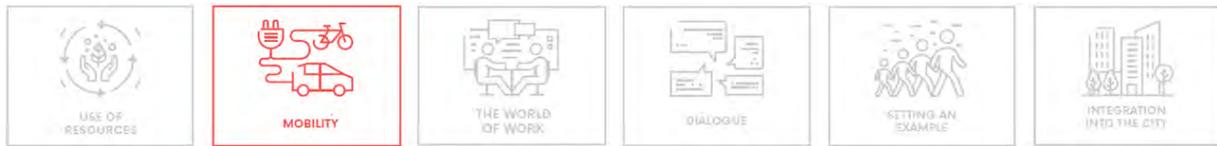
KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	RESULT 2017	OBJECTIVES
<i>Collective knowledge of highest governance body</i>	Involvement of the Management Committee in the CSR process	102-27	The CSR Team met four times	Hold at least one meeting of the CSR Team each quarter
<i>Non-compliance with laws and regulations in the social and economic area</i>	Non-compliance with governance obligations	419-1	0	Zero non-compliance
<i>Non-compliance with laws and regulations in the social and economic area</i>	Incidents of non-compliance: number of incidents of non-compliance with marketing communication laws or codes	419-1	0	Zero
<i>Operations with local community engagement, impact assessments, and development programmes</i>	Percentage of buildings in the portfolio developed after consultation with local residents and communities	413-1 Comty -Eng	41%	Continuous improvement
<i>New suppliers that were screened using social criteria</i>	Percentage of new suppliers assessed using social and environmental criteria	414-1 308-1	N.A. [this indicator will be calculated from 2018]	-
<i>Negative social impacts in the supply chain and actions taken</i>	Number of suppliers who received a negative assessment for social and environmental criteria	414-2 308-2	N.A. [this indicator will be calculated in 2018]	-



MOBILITY

- Accessible buildings and optimised commuting -



DESCRIPTION

Brussels is one of the most congested cities in the world. According to the "Traffic Index 2016", Brussels is the eighth most congested European city¹. Constant car traffic has an impact on air quality and the quality of life in the city. Two thirds of this congestion is due to the use of cars for commuting².

Since almost all of Befimmo's property is located in a city, stakeholders have emphasised the importance of Befimmo contributing to solutions for more fluid and environmentally friendly mobility in relation to its buildings. Within the limits of existing infrastructures and available public transport, Befimmo intends to mitigate the societal impact of the occupants of the building and its employees commuting by car.

OBJECTIVE

Befimmo maintains its policy of raising awareness in the team, testing and gradually incorporating mobility solutions into its services for occupants of buildings in the portfolio.

APPROACH

These issues are managed at various levels of the organisation:

- A mobility team initiates cross-cutting measures under the innovation programme (alternatives to the company car, awareness raising, etc.);
- The property managers initiate specific measures for the occupants of their buildings (provision of car-pooling services, etc.);
- The project and investment teams integrate mobility criteria into their investment choices and renovation plans (proximity of public transport, alternative modes of transport, etc.);
- The HR department devises mobility benefits for employees (teleworking, consideration of cafeteria plan, etc.).

¹ Le « Traffic Index 2016 » is based on user GPS data (https://www.tomtom.com/en_gb/trafficindex/).

² 65.6% in Brussels according to a study by the Federal Public Mobility Service in 2014 (https://mobilit.belgium.be/fr/mobilite/domicile_travail/rapport_derniere_edition).



ACHIEVEMENTS 2017

▪ Raising staff awareness

- » An awareness-raising and discussion workshop was held for all employees on the topic of mobility. It led to specific projects being implemented, such as the renovation of the cycling infrastructure at Befimmo's headquarters, the review of its HR mobility policy and the B-Switch project;
- » B-Switch Project: Befimmo has acquired a fleet of ultralight folding electric bicycles. In exchange for a commitment to share a parking space with a colleague, team members taking part in the programme are provided with a bicycle. A win-win solution in every respect: grateful commuters, a clear reduction in car use and the associated pollution, and a saving in car park rental. Nearly half of the employees have joined the programme. In view of the project's success, Befimmo is offering shared electric bikes for daytime business trips to all tenants in its headquarters building.



Since 2014, befimmo has incorporated a pooled electric vehicle in its fleet of vehicles for intra-urban travel. It is in growing use by the team.



▪ Soft-mobility infrastructure for building occupants

- » Installation of electric vehicle charging points for building occupants and their visitors;



» Installation of showers and cycling infrastructure in all buildings, in accordance with BREEAM standards.



ASSESSMENT OF OUR APPROACH

- The mobility team has demonstrated its ability to deliver concrete projects, notably the launch of the B-Switch project.
- The mobility section of BREEAM assessments covers the assessment of our mobility initiatives for buildings in the portfolio.



IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

The in-depth analysis of the Sustainable Development Goals³, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the **Mobility** strategic axe impacts the targets of the following SDGs:



3.6: Promote the use of public transport
Reduce commuting distances



11.2: Provide access to sustainable transport systems

11.6: Pollution generated by motor vehicles

KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	RESULT 2017	OBJECTIVES
BREEAM assessment of the mobility offered to occupants of our buildings	BREEAM certification gives a score relative to the mobility aspects for the occupants. Here we measure the percentage of certified buildings that have a maximum score.	N.A.	New indicator to be announced in 2018	100% of buildings in urban centres
Total direct greenhouse gas (GHG) emissions	Average overall emissions per vehicle (CO ₂ e/km) in the corporate fleet	305-1 GHG-Dir-Abs	-3% (2016 vs. 2017)	Continuous improvement

³ <http://www.un.org/sustainabledevelopment/>



DIALOGUE

- Understand the expectations of our stakeholders -



DESCRIPTION

Befimmo brings together many players at the different stages of a building's life cycle (see figure hereafter).

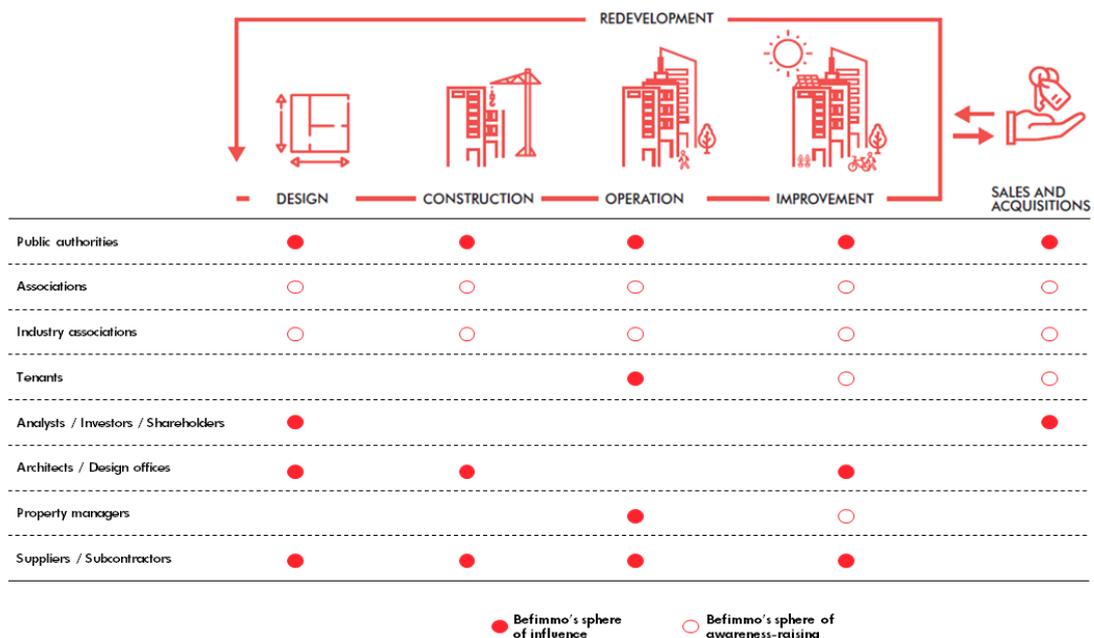
Conducting a constant and proactive dialogue with them ensures that the Company keeps in step with the expectations of its stakeholders and a constantly changing society. Alongside electronic channels, we give preference to direct face-to-face contacts because they strengthen human bonds and allow qualitative exchanges that transcend figures and surveys.

Dialogue and listening are the best ways for Befimmo to move forward in a positive societal direction. This approach is used in a cross-cutting way to develop the various strategic areas, namely integration in the city, the changing world of work, mobility and setting an example.

Befimmo's whole Social Responsibility approach is underpinned by dialogue to ensure that it is accurate and relevant.

OBJECTIVE

Befimmo's objective is to continually improve the regular dialogue with all its stakeholders, enhancing the communication tools by adapting them to each stakeholder and giving preference to human contacts.





APPROACH

▪ Dialogue with external stakeholders:

- » The communication department is responsible for communicating transparently about the Company's activities and their follow-up.
➔ Sheet on "Reporting & recognitions"
- » Dialogue with public authorities
 - European Union: monitoring developments in new legislation.
 - Brussels: BIM/IBGE (Leefmilieu Brussel | Brussels Environnement): Befimmo endeavours to maintain good relations and synergies with IBGE. This ensures follow-up of regional legislation and facilitates interactions during the design phase of major renovations.
 - In 2017, Befimmo started a collaboration in the Totem project¹.
➔ Sheet on "Use of resources - Circular economy"
- » Active participation in multi-stakeholder forums
 - **Professional Union of the Real-Estate Sector (UPSI)**: Befimmo remains committed to its relationship with UPSI. UPSI and Befimmo actively cooperated again in 2017 via working groups to incorporate federal and regional real-estate requirements. During the 2017 fiscal year, the following main topics were dealt with: P.L.A.G.E., the reform of property taxation, prevention of fire and explosion in car parks, ventilation of workplaces, public car parks, VAT on rental of professional buildings, urban planning charges (Wallonia), etc. The CEO is a member of the UPSI board of directors. The CFO also participates in the UPSI Taxation Committee. The COO and the CFO co-chair the UPSI Investors Committee, which discusses dossiers of specific interest for investor members (new IFRS 16 standard on Leases, impact of Solvency II, etc.).
 - **RICS | Royal Institution of Chartered Surveyors**: RICS is a British professional body whose mission is to regulate and promote the real-estate profession, maintain a level of excellence and professionalism among its members through continuous training, and protect customers and consumers through a strict code of ethics. It is an independent not-for-profit body with nearly 100,000 qualified members in some 140 countries. RICS assists its members in fine-tuning their sustainable development strategy. The CEO of Befimmo is a fellow member of RICS.
 - Befimmo is an active member of the Belgian network **The Shift** which brings together more than 300 organisations committed to Sustainable Development. In 2017, the CSR team took an active part in the debate on integrating the Sustainable Development Goals into the GRI guidelines.
 - **European Public Real Estate Association (EPRA)**: EPRA is a professional organisation that defends the real-estate sector's interests across Europe. In 2017, the General Counsel & Secretary General ("GC") and the CFO again sat on the Tax & Regulatory Committee, a working group on European regulatory issues.

The CFO has joined the Reporting & Accounting Committee, a working party handling the standardisation of financial performance indicators and accountancy topics. The Head of IR & Communication has joined the IR Committee, on communication towards investors.

¹ The TOTEM project, set up by the three Regions, consists of developing a method and tools for assessing the impact of materials adapted to the Belgian construction context. This method has been developed in line with European standards for assessing the environmental impacts of buildings.



The CSR team also took an active part in the debate on integrating the Sustainable Development Goals into the GRI guidelines.

At the end of 2017, Befimmo won the "EPRA Gold Award - Financial Reporting" and "EPRA Gold Award - Sustainability Reporting" prizes for the Annual Financial Report 2016.

- The members of the Management Committee belong to professional associations in their fields of expertise. For example, the General Counsel & Secretary General is a director of the **Federation of Enterprises in Belgium (FEB)** (analysis and exchange on topics of common interest for listed companies, monitoring of financial regulations, governance issues, etc.) and is a member of the **Institut Des Juristes d'Entreprise** (institute of company lawyers).
- The CFO and the General Counsel & Secretary-General are members of the **BE-REIT Association**, founded in December 2015 (discussion of various aspects of accounting and tax regulations impacting the sector). The CFO is the Chairman and the General Counsel & Secretary-General is the Head of the Legal & Regulatory Committee.

▪ **Dialogue with internal stakeholders:**

» The team

In addition to the day-to-day support work of the Talent Management Department, Befimmo has set up a number of internal communication channels:

- The Intranet is the main communication channel for formal and informal information in a user-friendly way;
- Team members or departments give "breakfast presentations" on a variety of topics, to highlight particular aspects of the Company's business;
- In late 2017, all Befimmo staff were invited to express their degree of satisfaction with the Company's internal workings. This survey is conducted every other year, and gives the HR department feedback on office layout, working conditions, etc. The results of this survey were published early in 2018.

➔ AFR17, chapter "The team"

» The Board of Directors

The Directors of Befimmo take part in defining and approving budgets and taking major decisions on Social Responsibility, especially at strategy meetings and at the quarterly meetings when the results are published.

» Management Committee

At strategic level, the Social Responsibility Team (SRT) consists of five people including three executive officers: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Head of Environmental Management (HEM) and the Head of CSR & Innovation (HCSR&I). This Team meets every quarter and is responsible for developing and monitoring the CSR Action Plan, and releasing adequate resources, and takes an active part in the annual management review of the ISO 14001 Environmental Management System.

➔ Sheet on "CSR governance"



▪ Dialogue with occupants

» Provision of a Building User Guide

The Building User Guide is a guide for the tenants of the building to the proper operation of the installations and for limiting its environmental footprint.

The Property Manager sends this document to new and existing tenants.

The objective is to finalise and distribute Building User Guides for all Befimmo buildings managed by the Property Management by 2019.

» Helpsite

The Helpsite is a powerful automated system that covers the entire operational management of the buildings and allows the Property Manager to plan, implement and monitor services. This online collaborative application offers secure external access for tenants (and suppliers).

The Helpsite enables the Property Management to optimise management and follow up tenants' requests effectively.

» Extranet

In 2017, Befimmo set up an extranet for tenants. It is a website with secure access specific to each tenant. On the site, Befimmo provides occupants with information about their buildings: a photo gallery, news and documents specific to their building(s), news and general documents, and documents specific to their lease(s).

A pilot phase in 2017 enabled the approach to be tested on the occupants of three buildings. Eventually, the site will be rolled out across all the buildings in the portfolio.

▪ Dialogue with players involved in construction: architects, consultants, contractors, trades

» The Project department coordinates the various players in the planning and design stages for building and renovation work;

» The Property department coordinates the players involved in improvement works in the buildings;

» The Building Information Management (BIM) system is a set of processes designed to guide the implementation of certain construction processes and to facilitate the communication, exchange and management of data for real-estate projects. The BIM involves all players involved in construction and several Befimmo departments. It is not restricted to the building process, but concerns a property's entire life cycle. It was introduced in early 2017.

» The BRE Environmental Assessment Method ("BREEAM") is a global standard and rating system for buildings. Befimmo has been following up and applying BREEAM certification since 2010 for all of its portfolio, both operational buildings and those under construction or renovation.

➔ Sheet on "Certification and Compliance"

ASSESSMENT

Assessment of relations with investors

Assessments of its responses to CDP, EPRA and GRESB allow Befimmo to see how it is evolving over time and to compare itself with its peers. The results of these assessments also help to determine the relevance of the aspects of its Social Responsibility.

➔ Sheet on "Reporting & recognitions"



IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

The in-depth analysis of the Sustainable Development Goals (SDGs)², conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the **Dialogue** strategic area impacts the targets of the following SDGs:



16.7 Include stakeholder expectations in decision -making



17.16 Share experience and expertise with stakeholders

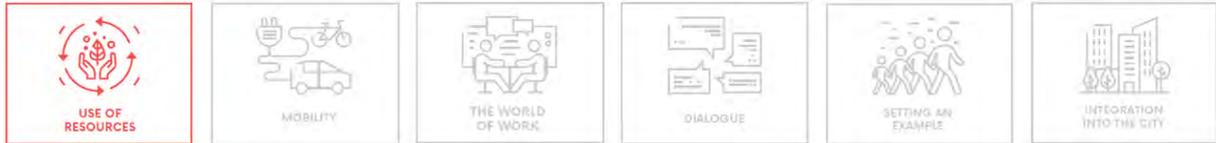
KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	RESULT 2017	OBJECTIVE
<i>Claims of reporting in accordance with the GRI Standards</i>	Declaration of use of the GRI standards and the chosen option (core or comprehensive)	GRI 102-54	Report complying with the latest GRI standards	Keep in line with GRI standards
<i>External initiatives</i>	Description of external initiatives in which Befimmo participates	GRI 102-12	See before	Continuous improvement
<i>External initiatives</i>	Commitment to recognised external organisations	GRI 102-12	See before	Continuous improvement

² <http://www.un.org/sustainabledevelopment/>



USE OF RESOURCES



- Water | energy | global warming -

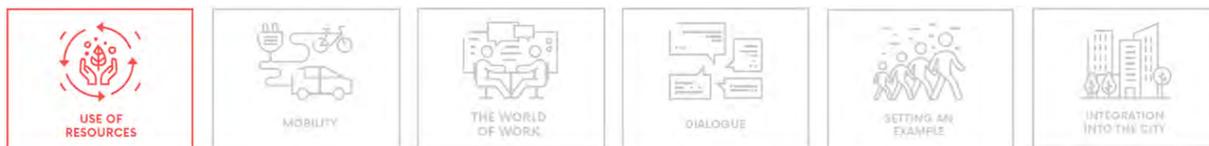
- Responsible procurement -

- Circular economy -



USE OF RESOURCES: WATER | ENERGY | GLOBAL WARMING

- Environmental footprint, greenhouse gas emissions -



DESCRIPTION

Given the scale of its property business, its local roots and its use of resources, Befimmo continues to work on the environmental aspect of its Social Responsibility.

The depletion of fossil-fuel resources and global warming are the main environmental impacts on which Befimmo must act as a responsible landlord.

Energy consumption related to a building's life cycle is a very significant share of the environmental impact linked to the property business, such as the acquisition or sale of assets, the renovation or construction of buildings and their use.

To a lesser extent, water consumption is also an important topic for the real-estate service sector. Befimmo is always very sensitive and careful about conserving this resource as far as possible.

Today, the intrinsic value of a building includes criteria related to sustainable development, which reflect attention to and awareness of the climate issues on the international agenda.

Among these, COP21 set a goal of stabilising global warming due to human activities "significantly below" 2°C by 2100 (relative to the temperature of the pre-industrial era) and even aim to limit this temperature rise to 1.5°C.

Achieving these objectives at European level necessarily entails drastic cuts in greenhouse gas emissions, of the order of 80 to 95% by 2050 in relation to the level of emissions in 1990.

Belgium's commitment to this process has led to the development of a low-carbon strategy up to 2050.

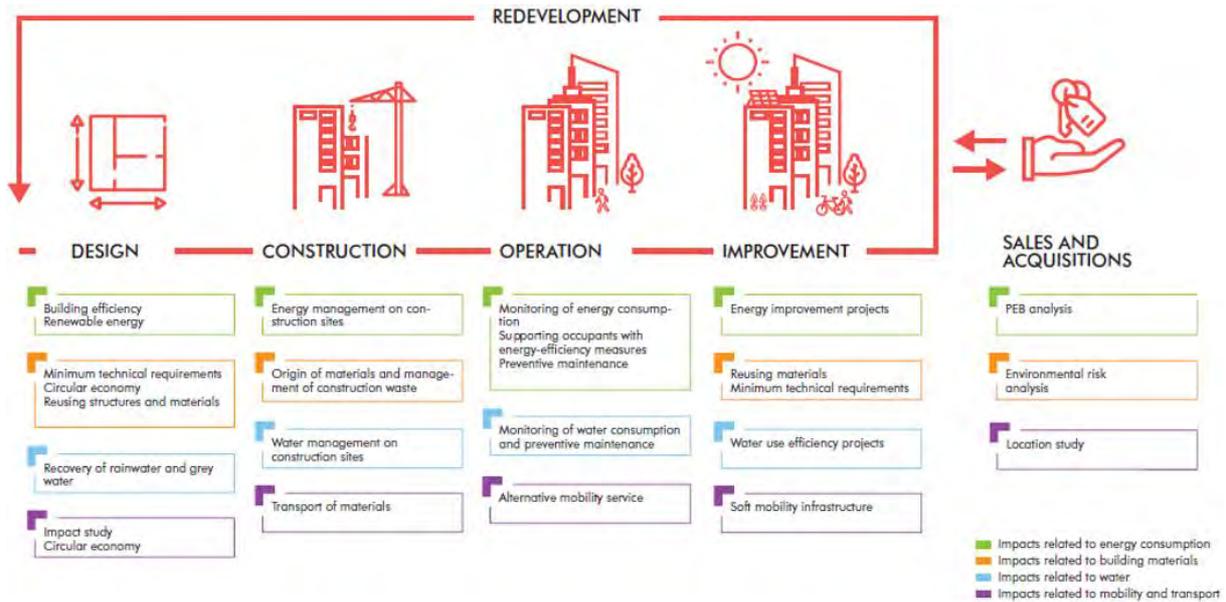
Given the scale of its property business, its local roots and its use of resources, Befimmo continues to work on the environmental aspect of its Social Responsibility.

Befimmo is sensitive to the expectations of its stakeholders and is aware that its environmental impact affects all levels of its business and value chain as illustrated in the figure hereafter.

OBJECTIVE

Befimmo is investing to reduce the environmental impact of the management of its property portfolio.

It aims to continue marketing and offer its tenants high-quality environmentally-friendly buildings.



Moreover, Befimmo considers that a broad and clear vision of energy consumption is a basic requirement essential to the good management of its buildings.

The systems for measuring and collecting consumption that Befimmo has developed and consolidated over the past few years have given it a good understanding of its environmental impact.

Apart from having full and reliable information, its policy of reducing the use of resources means that it must also factor in certain constraints related in particular to the expiries of leases¹, the occupants' needs for comfort², and at the lowest level, the control of private installations.

All of these factors are part of the challenges and points requiring attention that Befimmo intends to keep addressing in the day-to-day management of its assets.

APPROACH

1) Energy efficiency

Rational use of energy and CO₂e emissions generated by its consumption are integrated into Befimmo's day-to-day management, throughout all the operational processes.

The overall environmental performance and energy consumption, in particular of buildings subject to acquisition projects, are analysed in the context of detailed environmental and technical audits carried out by Befimmo's teams and supplemented, as needed, by the expertise of specialist external consultants.

The conclusions of the audits and the energy aspects in particular are incorporated into an in-house decision tool developed on the basis of Science-Based Targets. This tool, presented and validated by the Management, reflects the energy performance in the form of CO₂e emissions and assesses the impact of the asset on the overall objective of reducing CO₂e in the long term (2030).

¹ Major works that allow a complete overhaul of a building, incorporating an energy strategy that goes beyond the statutory obligations, can generally take place only on the expiry of a lease. Indeed, such work involves altering the building's envelope and technical installations that are hardly compatible with the premises being occupied.

² Befimmo leases require it to provide minimum comfort conditions for the occupants of its buildings. However some tenants, on account of the nature of their business, require the technical installations to operate for longer hours, which entails additional energy consumption.



As the case may be, the tool identifies any potential improvement work, budgets and the timescale required to achieve the desired objective.

In addition, in the context of building design and construction, Befimmo's teams pay particular attention to the conception and design phases of future projects that they develop, in terms of the choice of materials and the optimisation of techniques to minimise energy consumption during the operational phase of its buildings.

The choice of materials and techniques to be implemented in the projects is made in particular on the basis of the extent of the work to be carried out on the BREEAM certification criteria and/or on the minimum technical requirements developed in-house and incorporated into a quality matrix.

→ See "Use of resources - Sustainable procurement" hereafter

With this approach and this objective, Befimmo aims to achieve energy efficiency that exceeds the statutory requirements.

The Environmental Technical Team and the team of about 15 Property Managers in charge of the operational management of the buildings are also involved in each project when the works programme is implemented and during the analysis of the projects. They provide the development teams with support and operational thinking based in particular on their experience.

These teams can call upon the Green Adviser who plays an important role in monitoring the effectiveness of energy investments on the ground while ensuring a high level of comfort for tenants.

This important work helps to structure the process and work towards a coherent overall vision on sustainable development. It also allows each project to be compared with the needs and requirements of the market and to ensure that proper thought is given to good resource management and limiting consumption. Finally, the feasibility of incorporating renewable self-generated energy systems is systematically considered for each project and, if adopted, ensures that it has a positive impact on the environment.

2) Managing and exploiting consumption data

All energy-consumption data and information for the portfolio are obtained via (i) the utility companies and energy suppliers, (ii) maintenance companies, (iii) telemonitoring of consumption, (iv) the in-house manager and (v) the building occupants.

Telemonitoring now covers 75% of the surface of the portfolio. The buildings equipped with this facility are mainly those over which Befimmo has a significant level of control, enabling it to take immediate specific action that can lead to energy savings.

In late 2017, Befimmo proposed to the tenants of one of its buildings to subscribe to the electricity supply contract that it has negotiated for its entire portfolio. This initiative will allow tenants to benefit from green electricity, as from 2018, without any increase in the associated costs. This positive step should be extended until the end of 2020 to a few buildings in the portfolio.

Finally, all building consumption data are recorded in an in-house database which can also generate detailed reports useful for benchmarking, strategic thinking, provision of information for occupants. and decision-making.

→ Sheet on "Dialogue"

3) Cutting CO₂e emissions



In addition to measures to optimise energy efficiency, Befimmo has been limiting the CO₂e emissions of its portfolio by investing each year since 2010 in self-generation energy systems such as photovoltaic solar panels, cogeneration systems and heat pumps.

At the same time, Befimmo is pursuing its objective of covering its entire portfolio by 2020 with green electricity supply contracts with a guarantee of origin label.

→ See "Use of resources - Responsible procurement" hereafter

The additional cost of these more sustainable contracts, in line with its objectives to reduce CO₂e emissions, is offset by negotiating a deal for the whole portfolio.

4) Rational use of water

Befimmo considers that water consumption is also an important topic for the real-estate sector.

It therefore pays particular attention in each of its development projects to incorporating water recovery systems, leak detection, and deploying low-consumption appliances, in particular following the guidelines provided by BREEAM certification and its in-house quality standards.

These appliances are generally supplemented by telemonitoring where available, while detailed accounting and continuous monitoring by means of warning systems for ongoing optimisation of consumption and limitation of leaks are carried out from an operational standpoint by Befimmo's Green Adviser.

ACHIEVEMENTS IN 2017

Multi-annual investment plan

In addition to the budget allocation, in the context of the construction and redevelopment projects for its buildings, the optimisation of environmental performance and the anticipation of the associated regulations, Befimmo is implementing a specific multi-annual investment plan, with the aim of carrying out work to optimise the environmental performance of operational buildings³ and generally leading to an improvement in the BREEAM In-Use certification of the buildings. In 2017, the budget allocated to these works, which was fully integrated into the Company's internal mode of operation via the quality matrix it has developed, was of the order of €0.82 million.

→ See "Use of resources - Responsible procurement" hereafter

Study of the potential for installing photovoltaic panels throughout the entire portfolio

In 2017, Befimmo carried out a study of the potential for installing photovoltaic panels throughout its entire portfolio. Depending on the configuration of the buildings and any subsidies granted on account of their geographical situation, the study helped to define a number of opportunities for projects to be implemented, together with the technical and financial resources required.

Three new sites are to be considered in 2018 for a potential area of around 1,000 m² of photovoltaic panels in addition to the 3,854 m² already installed.

Furthermore, self-generation by all these installations should cover electricity needs equivalent to the annual consumption of some 580 households.

ASSESSMENT

³ Replacement of old technical installations with more energy-efficient equipment, implementation of new equipment management technologies, installation of water-recovery systems, improvement of insulation, fitting of photovoltaic panels, heat pumps, etc.



Since 2010, Befimmo implemented an Environmental Management System (EMS) based on the ISO 14001 standard. It ensures a systematic approach to the environmental aspects of its activities and also contributes to the sustainable ongoing implementation and monitoring of its commitments.

→ Sheet on “Environmental certification & compliance”

More specifically, in terms of the use of resources related to energy and the associated CO₂e emissions, in 2017, Befimmo developed a model and a method including two approaches that enable it to assess its environmental performance and to compare it with the long-term targets that it has set itself.

→ AFR17, Appendix "Methodology"

CO₂e emissions related to direct and indirect energy consumption, whether or not under Befimmo's control, have been constantly declining (14.2 kg CO₂e/m² in 2017, as against 43.3 kg CO₂e/m² in 2008). This 67% reduction in specific emissions is the result of continuous investments designed to improve the energy and environmental performance of the buildings.

Befimmo believes that the targets it has set for 2030 are ambitious but achievable. It intends to continue with the investments and all necessary steps to achieve them.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

The in-depth analysis of the Sustainable Development Goals (SDGs)⁴, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic priority **Use of resources – Water, Energy, Global warming** impacts the targets of the following SDGs:



6.3: Consider reusing grey water and limiting the use of drinking water



7: There is still real potential for installing renewable energy generation systems, which should be studied, and access for tenants to the green electricity supply contract with guarantee of origin label



11.6: Reduce the use of fossil fuels to curtail air pollution in cities



13: There is still a margin for improving energy efficiency in the portfolio

KEY INDICATORS AND OBJECTIVES

Increase the reporting perimeter - dialogue with the Buildings Agency

In 2018, Befimmo intends to increase and consolidate its non-financial reporting perimeter by restoring dialogue and cooperation with its main tenant, the Buildings Agency.

In fact, to implement a strategy of reducing energy consumption in the long term, it is essential to have a comprehensive view of the consumption of its portfolio as well as detailed and structured energy accounting.

Reduce the use of fossil fuels and increase self-generation capacity in renewable energy

⁴ <http://www.un.org/sustainabledevelopment/>



Befimmo aims to reduce by 50% its direct CO₂e emissions related to the heating of buildings by 2030. Apart from structural investments, this implies a transition from the use of equipment burning fossil fuels to alternatives such as geothermal energy or electrically-powered equipment such as heat pumps.

This switch from one form of energy to another will entail a potential increase in the electricity consumption of the buildings, which Befimmo intends to anticipate and control.

In addition, Befimmo still has a target of cutting the CO₂e emissions related to controlled indirect energy consumption by 17%, and the CO₂e emissions related to uncontrolled indirect energy consumption by 17% (excluding offsets) of its buildings. It is well aware that this ambitious aim of reducing its environmental impact can be influenced by the constantly changing needs and behaviours of society, the world of work, especially through the use of new technologies and/or a new form of mobility that is now more geared towards electricity, but it intends to stand firmly by this target.

This approach assumes flexibility and anticipation of the electricity needs that Befimmo will immediately integrate into all of its projects.

Finally, to achieve its objectives, Befimmo's ambition is firstly to maximise and/or develop existing and future renewable energy generation facilities, and to achieve 100% use of green energy across its entire portfolio, including private areas, by 2020.

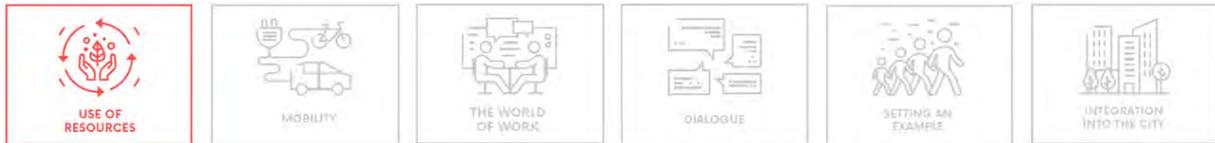
EPRA SUSTAINABILITY PERFORMANCE MEASURES	REFERENCES GRI Standards & CRES	REFERENCE VALUE	RESULT 2017	OBJECTIVES FOR 2030
-	-	-	750 tCO ₂ e	53,000 tCO ₂ e
-	-	30.5 kg CO ₂ e/m ²	30.2 kg CO ₂ e/m ²	30.2 kg CO ₂ e/m ² -33%
GHG-Dir-Int	305-4 CRE3	14.7 kg CO ₂ e/m ²	14.1 kg CO ₂ e/m ²	7.3 kg CO ₂ e/m ² -50%
GHG-Indir-Int controlled	305-4 CRE3	7.6 kg CO ₂ e/m ²	7.2 kg CO ₂ e/m ²	6.2 kg CO ₂ e/m ² -17%
Of which, offset			7.1 kg CO ₂ e/m ²	
GHG-Indir-Int uncontrolled	305-4 CRE3	9.6 kg CO ₂ e/m ²	9 kg CO ₂ e/m ²	8 kg CO ₂ e/m ² -17%
Of which, offset	-	-	8.2 kg CO ₂ e/m ²	-
Water-Int	CRE2	254.42 l/m ²	254.42 l/m ²	216.25 l/m ² -15%

Until it reaches its target for reducing CO₂e emissions by 2030, Befimmo has anticipated and limited its environmental impact by subscribing to a green electricity supply contract to cover 97% of the consumption of the electrical installations under its control. The targets that Befimmo has set itself do not take account of the positive impact of its supply contract.



USE OF RESOURCES : RESPONSIBLE PROCUREMENT

- Extend Social Responsibility throughout the supply chain -



DESCRIPTION

Befimmo's real-estate activities require substantial quantities of building materials. Meanwhile, corporate activities consume office supplies.

The production of building materials and office equipment requires natural and energy resources that have a significant impact on the environment. Transporting them is also a source of pollution and traffic congestion.

Befimmo intends to raise awareness among its suppliers in relation to budgetary constraints and technological availability, regardless of the history of its relationship with them.

APPROACH

- To further integrate the CSR approach into its supply chain, Befimmo has drafted a Sustainable Procurement Charter to clearly communicate the commitments it expects from its suppliers.
- This charter will be published on the new Befimmo website in early 2018. The standard terms and conditions required of all its suppliers will include abiding by the charter.
- The CSR and environmental teams are responsible for raising the awareness of Befimmo's buyers by offering them responsible procurement guidelines grouped by purchasing categories. These procurement criteria are inspired by those used for public procurement by various administrations/

OBJECTIVE

In 2018, Befimmo plans to extend the adoption of its responsible procurement charter to its suppliers and have the buyers concerned give preference to suppliers that adopt it.

It also aims to set up a process for measuring the effectiveness of and compliance with the quality matrix for construction or renovation projects for the current year.



- Incorporation of environmental impact into the minimum technical quality criteria for buildings. From the operational standpoint, these criteria are included in the quality matrix, which includes all the technical requirements for each component of the building at every stage of its life cycle.

In 2017, Befimmo revised its minimum technical requirements to:

1. align its requirements for procurement of all materials and services;
2. ensure overall consistency by aligning the requirements for all processes required by its activities.

This was reflected in the establishment of a quality matrix. Consolidated in a database, it serves as a quality reference for Befimmo buildings. It is the outcome of cooperation between Befimmo's various real-estate departments (Commercial Management, Environmental Management, Property Management, Services & Facilities and Project Development) and includes the technical requirements for each phase of the building in terms of:

- » Design;
- » Operations;
- » Comfort and well-being;
- » Energy and environmental performance;
- » Choice of materials.

This matrix is inspired by the guidelines that Befimmo follows for BREEAM certification. It evolves in line with technological progress. Any alterations to the matrix are made by consensus between the members of the real-estate teams.

For example, this matrix has made it possible to define specifications for flooring carpet that meets environmental performance requirements while at the same time ensuring comfort for occupants and ease of maintenance.

ASSESSMENT

The environment department is responsible for maintaining and updating the quality matrix. It does so with reference to ISO 14001 procedures.

Each project may eventually be assessed against the minimum technical requirements of the quality matrix.

The matrix includes external parties and where required is subject to review by an external partner.

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

*The in-depth analysis of the Sustainable Development Goals (SDGs)⁵, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic area **Use of resources - Sustainable procurement** impacts the targets of the following SDGs:*

⁵ <http://www.un.org/sustainabledevelopment/>



8.4: Creating real-estate value while minimising environmental impact



11.6: Environmental impact related to the use of buildings and pollution related to construction waste

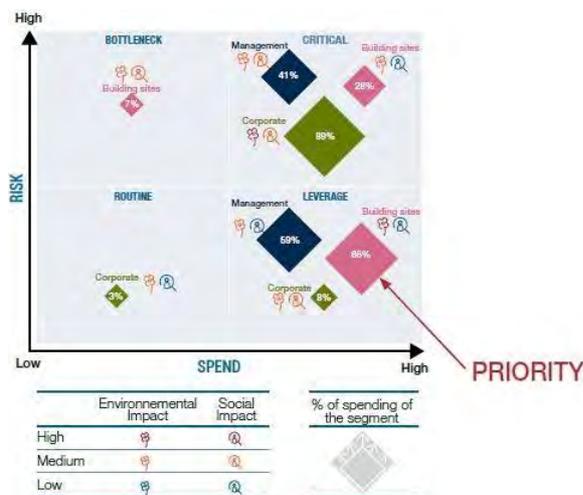


12.2: Impact on natural resources of the production of building materials and installation

KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	RESULT 2017	OBJECTIVES
Environmental requirements for the corporate procurement category	Percentage of the corporate procurement category by environmental requirements	-	N.A. [this indicator will be calculated from 2018]	100% of priority subcategories*
Environmental requirements for the construction procurement category	Percentage of the construction procurement category by environmental requirements	-	N.A. [this indicator will be calculated from 2018]	100% of priority subcategories*
Environmental requirements for the operational procurement category	Percentage of the operational procurement category by environmental requirements	-	N.A. [this indicator will be calculated from 2018]	100% of priority subcategories*

* In 2016, Befimmo carried out a thorough analysis of the value chain, which enabled it to establish a Kraljic matrix⁶ for each main procurement family: "Corporate", "Management" and "Sites" and to identify priority categories among them (see diagram below).

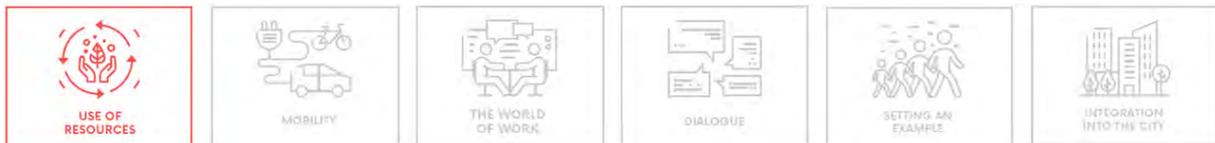


⁶ The Kraljic matrix was designed to plot each purchasing category along two axes: (i) the risk assessed according to the position of the buyer in relation to its suppliers and the criticality of the product/service and (ii) the level of expenditure for the product/service.



USE OF RESOURCES : CIRCULAR ECONOMY

- Consider waste as resources -



DESCRIPTION

At all stages of its life cycle, the building is a source of a considerable amount of waste impacting the Company. On the one hand, there are significant volumes of construction waste. On the other hand, operational waste contains a large volume of general waste sent to incinerators, which have an impact on air quality.

Befimmo's stakeholders want it to take account of its indirect environmental impacts, and pro-actively contribute to reducing them in the design and management of buildings. Special attention is paid to the operational waste generated by its Corporate activities, over which it has direct control.

The aim is to inject circular-economy principles into its real-estate projects, so that waste is considered as a resource.

APPROACH

Impact of construction sites

- Involvement of the environmental team, particularly via the quality matrix, in investment projects to support decisions on the choice of construction or renovation scenarios:
 - » At the design stage of buildings, anticipate the possibility of dismantling of materials;
 - » Select construction and renovation scenarios based on measurements of societal impact and life-cycle analyses;
 - » Contribute to eco-design initiatives for materials;
 - » Consider the materials coming from the service economy;
 - » Consider exploiting building waste on the site itself or for other applications.

OBJECTIVE

The short-term goal is to improve the process of collecting data on operational and construction waste.

In 2018, Befimmo will continue optimising costs and waste treatment, keeping the target of recycling 65% of waste set in 2016.

Finally, it will participate in circular-economy initiatives by including it in the innovation campaign.



In order to measure and compare the overall societal impact of various construction or renovation scenarios, Befimmo has chosen to take part in the Totem initiative⁷ by testing the first version of the tool on one of its renovation projects.

This is a way of taking ownership of a promising tool and helping to improve it.

- Systematic organisation of campaigns for dismantling building materials that could be reused in other projects. In 2017 Befimmo continued to take part in the circular-economy project with not-for-profit association Rotor on some of the Company's sites that had a potential for recovery. More than 10 tonnes of materials were removed for reuse in various projects, bringing the total building components recovered by Rotor to over 115 tonnes since the initiative began in 2013.
- The building contracts and the desired levels of BREEAM certification require contractors to be very strict in the management and traceability of waste produced by the sites. Manual workers and all stakeholders involved in the project are involved and educated in waste sorting. Waste management plans are drawn up by specialist consultancies while environmental coordinators are appointed in addition to the BREEAM coordinator to ensure proper waste management.

Impact of operating buildings

- Befimmo continues to extend the waste management contract with the external service provider. In 2017, the contract covered 21% of the surface of the Befimmo portfolio and helped keep the waste recycling rate at constant perimeter [Like-for-Like] to 59%, notably by continuing to raise awareness among tenants and cleaning companies of the common and private areas.
- Befimmo collects information on the proportion of waste related to construction and/or renovation projects. This information was centralised in a database, consolidated, analysed and presented to management.

ASSESSMENT

Production of construction and operational waste is measured, consolidated and compared from year to year to measure progress on recycling and reuse measures.

All these points are reviewed annually by the CSR Team and notified transparently to our stakeholders.

 [Sheet on "CSR governance"](#)

⁷ The TOTEM project, set up by the three Regions, consists of developing a method and tools for assessing the impact of materials adapted to the Belgian construction context. This method has been developed in line with European standards for assessing the environmental impacts of buildings.



IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS

The in-depth analysis of the Sustainable Development Goals (SDGs)⁸, conducted in 2017, enabled Befimmo to identify the issues on which its activities could have a positive or negative impact and to define strategic priorities. According to this analysis, the strategic priority **Use of resources - Circular economy** impacts the targets of the following SDGs:



8.4: Creating real estate value while minimising the environmental impact



11.6: Environmental impact related to the use of buildings and pollution related to construction waste



12.4 & 12.5: Eco-design of materials and facilities and reduction of waste generated

KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	RESULT 2017	OBJECTIVES
Recycled input materials used	Proportion of operational waste that has been recycled, reused or composted.	301-2	58.1%	Maintain recycling rate at no less than 65%
Materials used by weight or volume	The data given in the table below relate to the quantities of hazardous ⁹ and non-hazardous waste, of all categories (paper and cardboard, plastic, glass, wood, earth, concrete, rubble, metals and other mixed waste).	301-1	Recycled: 9184 t Reused: 17 t Composted 2 t Incinerated: 344 t Landfill: 18 t	-
Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	Proportion of portfolio that has undergone waste-management efficiency measures (buildings with a BREEAM In-Use - Asset certificate)	CRESS-CRE8 Cert-Tot	65 operational buildings representing a total surface of 523,003 m ² (56% of the portfolio)	Continuous improvement
CO ₂ e avoided by recycling waste	CO ₂ e emissions avoided through recycling of operational waste	-	N.A. [this indicator will be calculated from 2018]	-

⁸ <http://www.un.org/sustainabledevelopment/>

⁹ Hazardous waste is waste that presents a specific hazard to humans or the environment. Types of hazardous waste are identified and listed in regional regulations.



ENVIRONMENTAL CERTIFICATION & COMPLIANCE

- Compliance with legislation in force and a proactive attitude towards the authorities -

DESCRIPTION

In order to limit any adverse impact of its activities and preserve the quality of the environment, Befimmo strives to ensure that its portfolio is operated in compliance with current standards and regulations.

APPROACH

In 2010, Befimmo introduced an Environmental Management System (EMS) based on ISO 14001 (2015). It ensures a systematic approach to the environmental aspects of its activities and also contributes to the sustainable ongoing implementation and monitoring of its commitments. EMS procedures cover all stages of the life cycle of a building from sale or acquisition, design and/or construction of new buildings until it is operational.

Befimmo has put in place a proactive environmental compliance management process, integrated into its ISO 14001 EMS. This process can be broken down into several key stages:

- Regulatory monitoring to identify environmental legislation applicable to its activities;
- Circulation of these regulations to its Property Managers;
- Compliance audits of the buildings by the Property Managers;
- Any observations/non-compliances identified during audits by the Environmental Technical Team and the Property Managers are followed up and addressed.

Befimmo also carries out audits of its sites to verify that they are run in accordance with regulations and its working procedures.

Befimmo wants its buildings to achieve an environmental performance that surpasses the regulatory requirements. With this in mind, since 2010 Befimmo has been applying the most widely used method of assessing the environmental performance of buildings, developed by BRE (BRE Environmental Assessment Method), for its entire portfolio of buildings, whether they are under construction or renovation or in operation.

During the design phase of its projects, it pays particular attention not only to the environmental performance of the building but also to the future satisfaction of its occupants and users by providing quality spaces in good locations, that are flexible and efficient in terms of use of space. The high level of

OBJECTIVE

Befimmo aims to fully comply with environmental regulations for the activities it controls.

One of the first steps for achieving such compliance is full coverage of Befimmo's activities by valid environmental permits and compliance with the operating conditions associated with those permits.

Finally, Befimmo is aiming for recertification of its EMS and its EVE® label.



BREEAM certification and quality criteria that it strives for in its developments also take full account of the considerations and requirements regarding human health and well-being.

Furthermore, Befimmo continuously arranges BREEAM In-Use Asset and Management certification for its operational buildings.

The energy performance of its buildings is also reflected in their EPB certification level. Befimmo has "Offices and services" energy performance certificates for all its buildings in Brussels. "Public building" certificates, which are mandatory for occupying some administrative buildings in Brussels are applied for by the relevant administrations and displayed in most of the buildings concerned. In Flanders, most "Public building" certificates are available and displayed, while mandatory display is planned from 2019 in Wallonia. The Axento building in Luxembourg also has a certificate.

These certificates are updated during major works to improve the energy performance of the operational portfolio.

Finally, Befimmo manages the green space of its corporate headquarters in line with the principles of sustainable development and in compliance with the guidelines of Eve® (Ecological plant space) developed by ECOCERT. Befimmo is the only Belgian site to have this certification (since 2011).

ACHIEVEMENTS IN 2017

ISO 14001

With a view to continuous improvement, internal and external audits were conducted during 2017. These audits led to measures to improve the EMS, focused essentially on simplifying the system.

BREEAM

In 2017, Befimmo considered upgrading all its certificates using a portfolio-oriented approach. This comprehensive approach to administrative simplification is a first for a portfolio as large as Befimmo's. The plan is still under consideration and no decision has yet been taken in this regard.

Ecocert

The certification of the green space at Befimmo headquarters was renewed in 2017.

ASSESSMENT

A certification audit is conducted (by an external company) annually to check that the ISO 14001 EMS is being properly managed.

The BREEAM and EVE® labels are also overseen by external audits.



IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS



6: Clean water – Sanitation: Consider reusing grey water and limiting the use of drinking water



7: Clean and affordable energy



11: Sustainable cities and human settlements: Environmental impact of cities



12: Responsible consumption and production: Sustainable and efficient management of natural resources, environmental management of waste over its life cycle and reduce the amount of waste through prevention, recycling and reuse



13: Combat climate change: Environmental impact of the life cycle of a building



15: Terrestrial ecosystems: Possible degradation of biodiversity

KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	OBJECTIVES
Regulations	-	-	Anticipate future regulatory measures and minimise the number of infringements
Environmental permits	-	-	All listed activities and installations covered by environmental permits
ISO 14001 certification	-	-	Maintain certification
Number of BREEAM In-Use (Asset) certificates by level	-	-	In 2018, Befimmo will pursue its goal of improving the ratings of its portfolio (PASS to GOOD). Following a cost/benefit analysis, the Pass score of two buildings in the Befimmo portfolio will not be improved, while the building acquired in 2016 will be certified in 2018 after one year in use. Furthermore, Befimmo will also continue the talks with the Building Research Establishment (BRE) that it began in 2015 on the reassessment of the certification of all the buildings using a portfolio-oriented approach, in line with the planned approach for upgrading the BREEAM In-Use Asset certificates. This comprehensive approach to administrative simplification is a first for a portfolio as large as Befimmo's. If the experience is positive, it will also be extended to the upgrading of the BREEAM In-Use Management certificates.

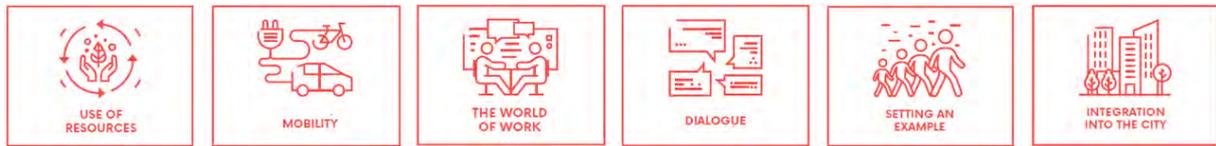


Number of BREEAM In-Use (Asset) certificates by level	-	-	In 2018, Befimmo will continue its work of improving the BREEAM In-Use Management certification of its portfolio following a comprehensive approach.
EPB certificates	-	-	Ongoing objective of updating certificates
EVE® label	-	-	Keep the label



CSR GOVERNANCE

- Befimmo's internal organisation and CSR governance -



DESCRIPTION

Befimmo's Social Responsibility is fully integrated into its strategy. The Directors of Befimmo set and approve the budgets and major decisions on social responsibility, notably at strategy meetings and at the meetings scheduled every quarter when the results are published.

Befimmo's Social Responsibility is now fully integrated into its day-to-day management. Befimmo staff are involved in this approach, one way or another depending on their field of expertise, and are aware of the major impact of the real-estate sector on the environment.

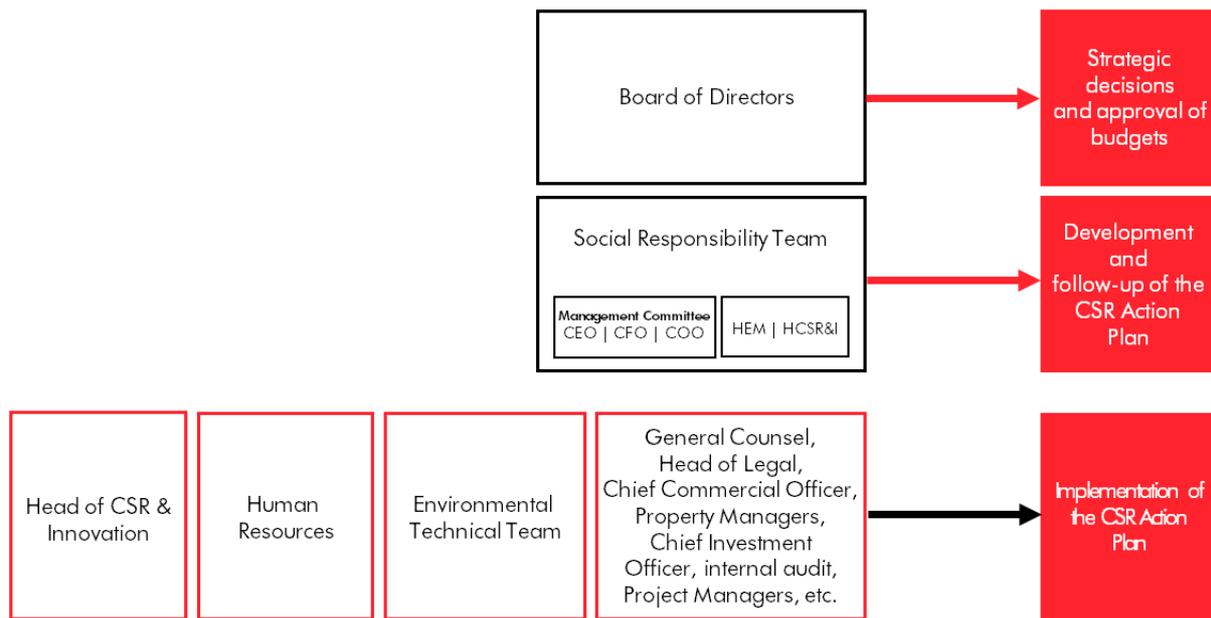
At strategic level, the Social Responsibility Team (SRT) consists of five people including three members of the Management Committee: the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Head of Environmental Management (HEM) and the Head of CSR & Innovation (HCSR&I). This team meets every quarter and is responsible for developing and monitoring the Corporate Social Responsibility Action Plan, and releasing adequate resources, and takes an active part in the annual management review of the ISO 14001 Environmental Management System. The Directors of Befimmo also take part in defining and approving budgets and taking major decisions on Social Responsibility.

At operational level, the Environmental Technical Team consists of five specialists with the task of improving the environmental performance of the portfolio. It meets regularly and its responsibilities include implementing the Corporate Social Responsibility Action Plan. These specialists include the Green Adviser who plays an important role monitoring the effectiveness of energy investments on the ground while ensuring a high level of comfort for tenants.

The Head of CSR & Innovation, a member of the Social Responsibility Team, reports directly to the CEO. Her role is both strategic (developing CSR strategy, managing relations with stakeholders) and operational (coordinating and running CSR projects, managing the Corporate Social Responsibility Action Plan, acting as in-house consultant for other departments and encouraging staff to embrace change).

For human resources the Human Resources & Talent Manager (HR&TM) is responsible for educating all members of the team to take more account Of Social Responsibility, for following up initiatives put in place and for continuing to develop the strong corporate culture that exists within Befimmo. The HR&TM works with the Head of CSR and Innovation and interacts with the Social Responsibility Team.

Other staff also have specific responsibilities defined in the Environmental Management System: General Counsel, Head of Legal, Chief Commercial Officer, Property Managers, Chief Investment Officer, Internal Audit, Project Managers, etc.



AIM

In the coming years, Befimmo aims, firstly, to continue investing in its portfolio in a sustainable manner and to carry out the various projects begun or identified for achieving the objectives and, secondly, to continue its process of dialogue by seeking to achieve the best possible balance between the expectations of its stakeholders and the challenges it regularly faces.

Furthermore, Befimmo also wishes to increase its indirect impact by further stepping up its tenant-oriented approach through the services and facilities that it already offers and that it will increasingly offer them in future. Tenant satisfaction is Befimmo's priority, and it strives to offer quality properties in good locations, that are flexible, environmentally friendly and efficient. Now, it will endeavour more than ever to provide them with comprehensive personalised services, provide the best facilities in its buildings and be even more proactive in raising tenants' awareness of energy and environmental issues.

In 2017, Befimmo plans to go even further in terms of its social responsibility policy and reporting, by (i) switching from GRI G4 to GRI Standards, which involves a thorough review its CSR policy, (ii) considering the possibility of following an approach that enables Befimmo to set long-term targets, up to 2030, for cutting greenhouse gas emissions, as recommended by IPCC¹ scientists, thereby making its own contribution to limiting the rise in global average temperature to below 2°C, in line with the decision of COP21.

The following projects will also be continued:

- The development of coworking in various buildings in the portfolio
- The Innovation@Befimmo project
- Mobility and well-being projects

APPROACH

All achievements related to social responsibility were carried out in accordance with Befimmo's in-house CSR organisation:

¹ Intergovernmental Panel on Climate Change, established in 1988 by the World Meteorological Organization.



- Responsible value chain
- Innovation and new ways of working (Innovation@Befimmo project)
- The partnership with Silversquare and the development of coworking (Triomphe)
- The various mobility and well-being projects
- ...

IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS



Befimmo's Action Plan is aligned with 15 of the 17 Sustainable Development Goals published by the United Nations: 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16 and 17.

- 1: End poverty
- 3: Healthy lives and well-being
- 4: Quality education
- 5: Gender equality
- 6: Clean water and sanitation
- 7: Sustainable and affordable energy
- 8: Decent work and economic growth
- 9: Industry, innovation and infrastructure
- 10: Equality
- 11: Sustainable cities
- 12: Responsible consumption and production
- 13: Combat climate change
- 15: Terrestrial ecosystems
- 16: Peace, justice and effective institutions
- 17: Partnerships

Throughout the various ongoing projects, Befimmo takes account of the SDGs concerned.

KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	OBJECTIVES
<i>Precautionary principle or approach</i>	Organisational profile: Precautionary principle or approach	102-11	Continuous improvement
<i>Statement from senior decision-maker</i>	Strategy: Statement from senior decision-maker	102-14	Continuous improvement
<i>Governance structure</i>	Governance: Governance structure	102-18	Continuous improvement
<i>Delegating authority</i>	Governance: Delegating authority	102-19	Continuous improvement
<i>Executive-level responsibility for economic, environmental, and social topics</i>	Governance: Executive-level responsibility for economic, environmental, and social topics	102-20	Continuous improvement



<i>Role of highest governance body in setting purpose, values, and strategy</i>	Governance: Role of highest governance body in setting purpose, values, and strategy	102-26	Continuous improvement
<i>Evaluating the highest governance body's performance</i>	Governance: Evaluating the highest governance body's performance	102-28	Continuous improvement
<i>Highest governance body's role in sustainability reporting</i>	Governance: Highest governance body's role in sustainability reporting	102-32	Continuous improvement
<i>Communicating critical concerns</i>	Governance: Communicating critical concerns	102-33	Continuous improvement
<i>Entities included in the consolidated financial statements</i>	Reporting practice: Entities included in the consolidated financial statements	102-45	Continuous improvement
<i>Defining report content and topic boundaries</i>	Reporting practice: Defining report content and topic boundaries	102-46	Continuous improvement
<i>Changes in reporting</i>	Reporting practice: Changes in reporting	102-49	Continuous improvement



ETHICS

- Ethical practices in Befimmo's team and governance -



DESCRIPTION

As a publicly traded company and a Regulated Real Estate Investment Trust (BE-REIT), Befimmo is subject to a set of rules designed to prevent conflicts of interest and inform investors and supervisory bodies, and it abides by the principles of corporate governance laid down by the Belgian Code of Corporate Governance.

In addition to these principles of governance, Befimmo applies ethical practices in its human resources management and recruitment.

These practices are described in the following documents published on the Company's website.

-  **Annual Financial Report - chapter on Governance**
-  **Annual Financial Report - chapter on the Team**
- **Code of Ethics:**

In accordance with the law and its articles of association, Befimmo acts in accordance with its corporate interest, which includes the interests of its stakeholders. It undertakes always to act, whether towards its customers, employees and business contacts or towards its shareholders, in compliance with the laws and regulations in force in all economic sectors of the country and in accordance with ethical principles. It does not tolerate any form of corruption, and refuses to enter into a business relationship with anyone involved or suspected of involvement in illegal activities. Against this background, it has developed an in-house policy designed to limit the risks associated with money laundering and funding of terrorism.



http://www.befimmo.be/sites/default/files/gbl_quicklinks/code_ehtique_uk_font_befimmo_2.pdf

OBJECTIVE

Number of infringements: the objective is to prevent and minimise the number of infringements and to uphold exemplary internal ethical standards.

Train and educate all maintenance companies in CSR. Add a "Sustainable development/and energy performance" addendum to existing contracts and devise new environmental performance terms for new contracts.

Befimmo undertakes to (i) establish procedures and take measures to guarantee ethical standards at all levels of Befimmo, (ii) prevent the risks of corruption, anti-competitive behaviour, conflicts of interest, etc.



- **Corporate Governance Charter:**

The Corporate Governance Charter and the attached Terms of Reference describe the set of rules, procedures and practices defining how the Company is managed and controlled. Befimmo has adopted the 2009 Belgian Code of Corporate Governance as a benchmark.



http://www.befimmo.be/sites/default/files/gbl_quicklinks/charte_de_gouvernance_dentreprise_uk_20180207.pdf

- **Dealing code:**

The purpose of this Code is to make its recipients aware of the applicable market abuse regulations (insider dealing, unlawful disclosure and market manipulation) and, without prejudice to the rules applicable under the Regulation, to remind them of the obligations that apply on the one hand to the Company, in its capacity as a listed company issuing Financial Instruments, and on the other hand to all other persons carrying out activities within the Company or for the Company, and who may have access to inside information.



http://www.befimmo.be/sites/default/files/gbl_quicklinks/20180207_dealing_code_befimmo_en_fin_al_sans_annexes.pdf

- **Terms of reference of the internal audit:**

The Internal Audit is an internal, independent and permanent function of the Company, intended to review and assess all the Company's activities, with the aim of improving operational efficiency, risk management and the internal control systems. The Board of Directors decided to implement an internal audit for Befimmo in a step-by-step approach and asked the Audit Committee to adopt the terms of reference of the internal audit.



http://www.befimmo.be/sites/default/files/imce/Corporate_doc/befimmo_-_internal_audit_terms_of_references_-_may_2015.pdf

APPROACH

1. Examples of ethical practices towards the team:

- **Diversity:** This means ethical practices in human resource management and recruitment. Befimmo regards itself as a company open to diversity (age, gender, origin, language, etc.) respecting everyone's identity. During fiscal year 2017, there were no employment-related complaints.
- **Issues** raised by stakeholders: discrimination (origin, gender, disabilities), integration, youth training, pay.
- **Other:** Integrate Social Responsibility into the team through annual targets during year-end appraisals.

2. Example of ethics in terms of governance:

- **Prevention** of the risks of corruption, anti-competitive behaviour, conflicts of interests, risk to reputation and raising awareness of ethics and compliance with the law
- **Issues** raised by stakeholders: corporate culture, values, code of ethics.

These are not specific achievements, but ongoing goals.



IMPACT ON THE SUSTAINABLE DEVELOPMENT GOALS



3.5: Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol: Awareness-raising in the team



5.1: End all forms of discrimination against all women and girls everywhere: Raise awareness of team members, management and Board members

5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life: Gender balance in management positions and the Board of Directors



10.4: Adopt policies, especially budgetary, wage and social protection policies, and progressively achieve greater equality: Analysis by HR

KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	OBJECTIVES
<i>Information on employees and other workers</i>	Information on employees and other workers	102-8	Continuous improvement
<i>Values, principles, standards, and norms of behaviour</i>	Values, principles, standards, and norms of behaviour	102-16	Continuous improvement
<i>Mechanisms for advice and concerns about ethics</i>	Mechanisms for advice and concerns about ethics	102-17	Continuous improvement
<i>Communication and training about anti-corruption policies and procedures</i>	Communication and training about anti-corruption policies and procedures	205-2	Continuous improvement
<i>Employee gender diversity</i>	Diversity of governance bodies and staff and percentage of male & female employees	405-1 Diversity-Emp	Continuous improvement
<i>Incidents of discrimination and corrective action taken</i>	Incidents of discrimination and corrective action taken	406-1	Continuous improvement



REPORTING & RECOGNITIONS

- Maintain a dialogue with the individuals and entities affected by the Company's business, communicate transparently on initiatives taken, and follow them up -



TRANSPARENT COMMUNICATION

Befimmo pays particular attention to the reliability of the reporting process and rigorous, accurate and transparent financial and non-financial communications.

For some years now, throughout its report, Befimmo has been following the trend towards standardisation not only of financial reporting but also of reporting on Social Responsibility, by subscribing to the indicators published by EPRA, the GRI-G4 standards ("In accordance" - Essential criteria) and those for the real-estate sector, GRI-CRESS.

RECOGNITION

Befimmo won the following awards for reporting during fiscal year 2017:

- Befimmo was awarded the "EPRA Gold Award Financial Reporting" for its Annual Financial Report 2016 and for the third time the "EPRA Gold Award Sustainability Reporting" for its Social Responsibility report;
- Befimmo further improved its score with the GRESB by obtaining 86%, corresponding to the GRESB "Green Star" status;
- Befimmo was awarded the "Management B" status for the 2017 CDP questionnaire.

Here is an overview of the scores awarded to Befimmo over the years:

	2011	2012	2013	2014	2015	2016	2017
	Gold & Most Improved	Gold	Gold	Gold	Gold	Gold	Gold
	-	Silver	Silver	Bronze	Gold	Gold	Gold
	-	-	-	83B	95C	A- Leadership ¹	B Management
	-	56%	59%	70%	83% Green Star	82% Green Star	86% Green Star

¹ New rating system (from A to D-) since 2016.



The goal is to conduct and continually improve communication in line with the current reference standards.

DIALOGUE

→ Sheet on "Dialogue"

KEY INDICATORS

INDICATOR	DESCRIPTION	REFERENCES GRI STANDARDS & EPRA sBPR	OBJECTIVES
<i>External initiatives</i>	External initiatives (GRESB, CDP and other questionnaires)	102-12	Continuous improvement
<i>Approach to stakeholder engagement</i>	Approach to stakeholder engagement	102-43	Continuous improvement
<i>Claims of reporting in accordance with the GRI standards</i>	Claims of reporting in accordance with the GRI standards	102-54	Continuous improvement
<i>Incidents of non-compliance concerning marketing communications</i>	Incidents of non-compliance concerning marketing communications	417-3	Continuous improvement

Tables on energy and environmental performances

Direct energy consumption (gas, heating oil) (GWh, MWh and kWh/m²)

		GRI 302-1		GRI 302-2		GRI 302-3		Fuels-Abs				
		2008	2014	2015	2016	2017	External limited assurance 2017	2017				
Units								1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²		
Total portfolio area	m ²	842 801	912 968	936 259	888 228	932 027	✓	176 777	131 947	623 303		
Reporting perimeter	%	68%	98%	95%	99%	99%	✓	95%	100%	100%		
Absolute measures [Abs]	gross total	GWh	69.1	64.0	71.7	66.6	64.5	✓	15.1	10.6	38.8	
	of which heating oil	MWh	7 656.8	184.8	593.2	596.8	660.9	✓	660.9	0.0	0.0	
	of which gas Befimmo "corporate"	MWh	539.6	79.0	98.1	181.5	90.4	✓	n.a.	n.a.	n.a.	
	normalised degree/day	GWh	69.1	77.5	75.1	63.3	66.2	✓	15.5	10.9	39.8	
Reporting perimeter	%	64%	84%	80%	88%	87%	✓	75%	91%	89%		
Intensity measures [Int]	normalised degree/day/m ²	kWh/m ²	119.1	89.1	88.5	75.2	71.4	✓	80.6	87.7	65.7	
	evolution since 2008 - normalised degree/day/m ²	%	n.a.	-25%	-26%	-37%	-40%	✓	n.a.	n.a.	n.a.	
Reporting perimeter	%	59%	79%	83%	90%							
Like-for-Like [Lfl]	gross total - normalised degree/day	GWh	59	65	65	60						
	gross total - normalised degree/day - 2017	GWh	39	56	58	60						
	gross total - evolution	%	-34%	-13%	-11%	1%						
	total heating oil - evolution	%	n.a.	n.a.	10%	20%						

Indirect energy consumption excluding heating network (GWh, MWh and kWh/m²)

		GRI 302-1	GRI 302-2	GRI 302-3	GRI 302-4	Elec-Abs	Elec-LfL	DH&C- Abs	DH&C- LfL		
		2008	2014	2015	2016	2017	External limited assurance 2017	2017			
Units								1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area	m ²	842 801	912 968	936 259	888 228	932 027	✓	176 777	131 947	623 303	
Reporting perimeter	%	69%	100%	92%	100%	98%	✓	97%	100%	98%	
Absolute measures [Abs]	total	GWh	50.5	67.8	65.6	66.0	65.5	✓	9.0	6.6	49.9
	of which private	GWh	23.1	36.6	36.8	36.3	37.2	✓	5.7	4.2	27.3
	of which common	GWh	26.5	30.7	28.8	29.7	28.4	✓	3.4	2.4	22.6
	of which electricity consumption Befimmo "corporate" (excl. autoproduction)	MWh	1 081.5	183.2	192.3	211.8	100.0	✓	n.a.	n.a.	n.a.
	of which autoproduction from electricity Befimmo "corporate"	MWh	0	8.9	6.3	11.5	7.0	✓	n.a.	n.a.	n.a.
	of which autoproduction from solar panels	MWh	0	160.3	320.9	383.9	443.1	✓	48.9	117.0	277.2
	of which autoproduction from cogeneration	MWh	0	1 288.6	1 057.1	828.6	335.9	✓	0	297.8	38.0
Reporting perimeter	%	54%	83%	79%	88%	86%	✓	76%	91%	87%	
Intensity measures [Int]	private/m ²	kWh/m ²	49.2	43.8	44.4	44.2	43.3	✓	31.6	32.5	48.6
	evolution since 2008 private/m ²	%	n.a.	-11%	-10%	-10%	-12%	✓	n.a.	n.a.	n.a.
	common/m ²	kWh/m ²	43.2	34.7	36.1	36.7	32.5	✓	18.4	18.7	39.0
	evolution year/year of the common consumption/m ²	%	n.a.	-12%	4%	2%	-12%	✓	n.a.	n.a.	n.a.
	evolution since 2008 common/m ²	%	n.a.	-20%	-16%	-15%	-25%	✓	n.a.	n.a.	n.a.
	common + private/m ²	kWh/m ²	92.4	78.6	80.6	80.9	75.8	✓	50.0	51.1	87.6
evolution since 2008 private + common/m ²	%	n.a.	-15%	-13%	-12%	-18%	✓	n.a.	n.a.	n.a.	
Reporting perimeter	%	55%	78%	81%	89%						
Like-for-Like [LfL]	total (incl. autoproduction)	GWh	42.6	57.9	60.8	61.9					
	total (incl. autoproduction) - 2017	GWh	31.9	51.6	56.7	58.8					
	evolution	%	-25%	-11%	-7%	-7%					

Heating network (GWh and kWh/m²)

		2008	2014	2015	2016	2017	External limited assurance 2017	2017			
Units								1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area	m ²	842 801	912 968	936 259	888 228	932 027	✓	176 777	131 947	623 303	
Reporting perimeter	%		100%	100%	100%	100%	✓			100%	
Absolute measures [Abs]	gross total	GWh	0	1.4	1.3	1.0	1.9	✓	0.0	0.0	1.9
	normalised degree/day	GWh	0	1.7	1.4	1.0	2.0	✓	0.0	0.0	2.0
Intensity measures [Int]	normalised degree/day/m ²	kWh/m ²	0	136.1	111.3	78.2	42.0	✓	0.0	0.0	42.0
	total heating network	GWh	0	0.9	0.9	0.9					
Like-for-Like [Lfl]	total heating network - 2017	GWh	0	1.7	1.4	1.0					
	total - evolution	%	n.a.	-45%	-33%	-4%					

Total energy consumption, including heating network (GWh and kWh/m²)

GRI 302-1

GRI 302-2

GRI 302-3

Energy-Int

CRESS-CRE1

		2008	2014	2015	2016	2017	External limited assurance 2017	2017			
BEFIMMO Units								1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area	m ²	842 801	912 968	936 259	888 228	932 027	✓	176 777	131 947	623 303	
Absolute measures [Abs]	total	GWh	120	133	139	134	132	✓	24	17	91
	total - not normalised	kWh/m ²	218	150	165	160	141	✓	127	131	147
Intensity measures [Int]	total - normalised degree/day	kWh/m ²	218	166	169	156	143	✓	129	133	149
	evolution since 2008	%	n.a.	-24%	-22%	-29%	-34%	✓	n.a.	n.a.	n.a.

Water consumption (m³ and l/m²)

GRI 303-1

GRI 303-3

Water-Abs

Water-Int

Water-LfL

CRESS-CRE2

		2008	2014	2015	2016	2017	External limited assurance 2017	2017		
Units								1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²
Total portfolio area	m ²	842 801	912 968	936 259	888 228	932 027	✓	176 777	131 947	623 303
Reporting perimeter	%	43%	88%	93%	100%	95%	✓	94%	96%	95%
Absolute measures [Abs]	total	m³ 104 789	224 703	232 042	237 463	239 058	✓	47 524	24 182	167 352
	of which collected and stored rainwater	m ³ 0	543	7 066	11 855	8 879	✓	523	240	8 116
	of which groundwater	m ³ 0	160	913	1 082	4 980	✓	0	896	4 084
	total recycled and re-used	m³ 0	703	7 979	12 937	13 859	✓	523	1 136	12 200
Reporting perimeter	%	42%	74%	78%	88%	82%	✓	74%	87%	84%
Intensity measures [Int]	intensity	l/m ² 284	279	266	266	254	✓	152	185	295
	evolution since 2008	% n.a.	-2%	-6%	-6%	-11%	✓	n.a.	n.a.	n.a.
Reporting perimeter	%	41%	72%	78%	86%					
Like-for-Like [LfL]	total	m ³ 99 555	183 773	191 377	196 447					
	total - 2017	m ³ 81 979	162 168	181 398	188 582					
	evolution	% -18%	-12%	-5%	-4%					

Greenhouse gas (GHG) emissions linked to energy (tonnes CO₂e and kg CO₂e/m²)

		GRI 305-1	GRI 305-2	GRI 305-4	GRI 305-5	CRESS-CRE3	GHG-Dir-Abs	GHG-Dir-Lfl	GHG-Int	GHG-Indir-Abs	GHG-Indir-Lfl
		2008	2014	2015	2016	2017	External limited assurance 2017	2017			
		Units						1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area		m ²	842 801	912 968	936 259	888 228	932 027	✓	176 777	131 947	623 303
total		tonnes CO₂e	21 886.8	12 951.0	14 211.6	13 189.6	12 474.7	✓	3 345.8	2 047.6	7 081.3
Absolute measures [Abs]	of which gas emissions of portfolio	tonnes CO ₂ e	12 602.4	12 001.1	13 363.6	12 415.5	11 590.2	✓	2 711.6	1 996.5	6 882.1
	of which gas emissions Befimmo "corporate"	tonnes CO ₂ e	101.4	14.8	18.5	34.1	17.0	✓	n.a.	n.a.	n.a.
	of which heating oil emissions	tonnes CO ₂ e	1 695.0	40.9	131.3	132.1	146.3	✓	146.3	0.0	0.0
Subtotal emissions linked to direct energy		tonnes CO₂e	14 297.4	12 042.0	13 494.9	12 547.6	11 736.5	✓	2 857.9	1 996.5	6 882.1
Reporting perimeter		%	59%	79%	83%	90%					
Like-for-Like [Lfl]	total emissions linked to direct energy - normalised degree/day	tonnes CO ₂ e	12 135.5	10 023.8	11 732.0	11 871.0					
	total emissions linked to direct energy - normalised degree/day - 2017 evolution	%	-41%	3%	-9%	-7%					
	of which emissions of the portfolio heating network	tonnes CO ₂ e	0.0	59.2	55.9	43.4	38.4	✓	0.0	0.0	38.4
Absolute measures [Abs]	of which electricity emissions of portfolio	tonnes CO ₂ e	7 589.5	849.8	660.8	598.7	699.8	✓	487.9	51.1	160.8
	of which electricity emissions Befimmo "corporate"	tonnes CO ₂ e	0	0	0	0	0	✓	0	0	0
Subtotal emissions linked to indirect energy		tonnes CO₂e	7 589.5	849.8	660.8	598.7	699.8	✓	487.9	51.1	160.8
Reporting perimeter		%	55%	78%	81%	89%					
Like-for-Like [Lfl]	total emissions linked to indirect energy - normalised degree/day	tonnes CO ₂ e	7 074.9	566.6	554.4	584.6					
	total emissions linked to indirect energy - normalised degree/day - 2017 evolution	%	-95%	18%	2%	17%					
	Reporting perimeter	%	45%	81%	78%	86%	85%	✓	74%	91%	87%
total emissions linked to direct and indirect energy and the heating network/m ²		kg CO ₂ e/m ²	43.3	14.5	16.6	15.8	14.2	✓	19.3	16.5	12.5
total emissions linked to direct energy/m ²		kg CO ₂ e/m ²	24.4	13.6	15.9	15.0	13.3	✓	15.9	16.1	12.0
total emissions linked to indirect energy and the heating network/m ²		kg CO ₂ e/m ²	18.1	0.5	0.6	0.8	0.9	✓	3.3	0.4	0.4
evolution year/year		%	n.a.	-75%	10%	31%	12%	✓			
evolution since 2008		%	n.a.	-67%	-62%	-63%	-67%	✓			

Total waste by type (tonnes)

Waste-Abs

Waste- LfL

GRI 306-2

		2008	2014	2015	2016	2017	External limited assurance 2017	2017			
Units								1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area	m ²	842 801	912 968	936 259	888 228	932 027	✓	176 777	131 947	623 303	
total	tonnes	0	3 808	8 649	3 285	11 658	✓	9 290	1 204	1 164	
Reporting perimeter	%	0	100%	100%	100%	100%	✓	100	100	100	
Absolute measures [Abs]	total linked to works	tonnes	0	1 418.9	5 946.5	1 640.3	9 565.0	✓	8 688.6	717.4	159.0
	of which not hazardous	tonnes	0	1 387.2	5 558.9	1 635.7	9 547.0	✓	8 676.6	711.6	158.8
	of which hazardous	tonnes	0	31.7	387.6	4.6	18.0	✓	12.0	5.8	0.2
Reporting perimeter	%	0	62%	63%	64%	41%	✓	55.2	53.4	34.0	
Absolute measures [Abs]	total linked to operational buildings	tonnes	0	2 388.8	2 702.7	1 644.4	2 093.0	✓	601	487	1 005
	of which not hazardous	tonnes	0	2 388.8	2 700.7	1 640.4	2 089.6	✓	601	486	1 003
	of which hazardous	tonnes	0	0.0	2.0	3.9	3.4	✓	0.9	0.8	1.8
Reporting perimeter	%	0	36%	35%	42%						
Like-for-Like [LfL]	total	tonnes	0	2 487.0	1 523.6	2 728.0					
	total - 2017	tonnes	0	2 560.0	2 812.0	2 731.0					
	evolution	%	n.a.	3%	85%	0.1%					

Waste processing (tonnes)

GRI 306-2

		2008	2014	2015	2016	2017	External limited assurance 2017	2017			
		Units						1 - 5 000 m ²	5 001 - 10 000 m ²	> 10 000 m ²	
Total portfolio area		m ²	842 801	912 968	936 259	888 228	932 027	✓	176 777	131 947	623 303
Absolute measures [Abs]	total linked to works and operational buildings	tonnes	0	3 807.8	8 649.2	3 284.7	11 658.0	✓	9 290	1 204	1 164
	of which recycled	tonnes	0	2 330.7	6 381.2	2 427.4	10 400.3	✓	9 008	765	627
	of which re-used	tonnes	0	125.0	16.8	35.9	17.2	✓	0	9	8
	of which composted	tonnes	0	3.2	0.0	4.7	2.0	✓	2	0	0
	of which incinerated	tonnes	0	1 322.6	1 864.7	812.4	1 220.9	✓	268	424	529
	of which buried or landfilled	tonnes	0	26.2	386.5	4.3	17.6	✓	12	6	
	total linked to operational buildings	tonnes	0	2 388.8	2 702.7	1 644.4	2 093.0	✓	601	487	1 005
	of which recycled	tonnes	0	1 142.4	1 540.5	873.0	1 215.9	✓	339	380	497
	of which re-used	tonnes	0	0.0	0.0	0.0	0.0	✓	0	0	0
	of which composted	tonnes	0	3.2	0.0	4.7	0.0	✓	0	0	0
of which incinerated	tonnes	0	1 243.2	1 162.2	766.7	877.0	✓	262	107	508	
of which buried or landfilled	tonnes	0	0.0	0.0	0.0	0.0	✓	0	0	0	
Reporting perimeter		%	0	36%	35%	42%					
Like-for-Like [Lfl]	total recycled	tonnes	0	1 847.5	923.3	2 153.6					
	total recycled - 2017	tonnes	0	1 349.9	1 608.2	1 709.5					
	evolution recycled	%	n.a.	-27%	74%	-21%					
	total composted	tonnes	0	3.2	0.0	1.0					
	total composted - 2017	tonnes	0	2.0	2.0	2.0					
	evolution composted	%	n.a.	-38%	n.a.	108%					
	total incinerated	tonnes	0	610.1	583.2	533.3					
	total incinerated - 2017	tonnes	0	1 184.9	1 178.9	996.9					
	evolution incinerated	%	n.a.	94%	102%	87%					
	total re-used	tonnes	0	0	16.8	35.9					
total re-used - 2017	tonnes	0	17.2	17.2	17.2						
evolution re-used	%	n.a.	n.a.	2%	-52%						
total buried or landfilled	tonnes	0	26.2	0.3	4.3						
total buried or landfilled - 2017	tonnes	0	5.6	5.6	5.6						
evolution buried or landfilled	%	n.a.	-79%	1 789%	30%						

Financial savings due to realised energy savings

The data given in the table below refer to the direct financial impact on Befimmo and its tenants of (i) measures taken to cut energy consumption (excluding potential benefits of green certificates from self-generation) and (ii) close management of the technical installations in the portfolio for 2016 and 2017. These cost savings are calculated using the average cost per kWh depending on the energy supply contract. There were also reductions electricity consumption in private areas but they are not included in the financial savings set out hereafter.

Befimmo + Fedimmo		Perimeter	Energy (in kWh)	Financial savings (in €) (annual basis)
Total savings			3 987 802	€320 051
Like-for-Like [Lfl] 2014 - 2015	of which common energy reduction	79%	537 330	€63 566
	of which self-generation [solar panels and cogenerations]		1 377 988	€163 016
	of which gas reduction (including heating network)	82%	2 072 484	€93 469
Total savings			8 646 708	€378 797
Like-for-Like [Lfl] 2015 - 2016	of which common energy reduction	80%	- 264 918	-€24 108
	of which self-generation [solar panels and cogenerations]		1 212 503	€110 338
	of which gas reduction (including heating network)	82%	7 699 123	€292 567
Total savings			2 926 185	€315 523
Like-for-Like [Lfl] 2016 - 2017	of which common energy reduction	89%	1 581 362	€198 366
	of which self-generation [solar panels and cogenerations]		778 916	€97 707
	of which gas reduction (including heating network)	90%	565 906	€19 450

The average prices for calculating the financial savings, for 2015 to 2016, amount respectively to €91/MWh (including VAT) **V** for electricity, €38/MWh (including VAT) **V** for gas and €125/MWh (including VAT) **V** for electricity and €38/MWh (including VAT) **V** for gas for 2016-2017. The transmission costs are included in these prices.