

**ANNUAL RELEASE - PERIOD FROM OCTOBER 2008 TO 30 SEPTEMBER 2009**



CREATING VALUE IN REAL ESTATE

- **€5.15 cash-flow per share, higher than forecast<sup>1</sup>**
- **Decline in non-realised fair value of property at 3.74%**
- **Confirmation of dividend for fiscal year**

The Board of Directors of Befimmo S.A., Managing Agent of the Befimmo Sicafi, met on 12 November 2009 to establish the annual consolidated financial statements of the Befimmo Sicafi as of 30 September 2009.

The 2008/2009 fiscal year, characterised by a financial crisis on an unprecedented scale, eventually proved better than forecast. The net cash-flow per share was €5.15 as against the €4.98 expected. This improvement arose essentially out of the decrease in financial expenses, linked to the fall in interest rates, but also out of better operational results.

However, negative market influences resulted in negative non-realised variations in fair value on portfolio property (€74.98 million) and financial instruments (€35.0 million)<sup>2</sup>. Net result was therefore -€2.45 per share.

Nonetheless, because of the substantial statutory<sup>3</sup> result brought forward by Befimmo, the Managing Agent will propose to the Shareholders General Meeting of 15 December 2009 the payment of a dividend balance of €0.89 net per share (€1.0471 gross), in addition to the interim dividend of €2.86 net per share (€3.36471 gross) paid for shares existing before the capital increase of June 2009, thus maintaining yield on dividend after this capital increase.

<sup>1</sup> Forecasts published in the capital increase prospectus of June 2009.

<sup>2</sup> Portfolio property and financial instruments are valued at their market values according to the IAS 40 and 39 standards respectively.

<sup>3</sup> The balance of the dividend, i.e. €17.6 million, will be deducted from the statutory result to be assigned.

## THE FISCAL YEAR 2008/2009 CHARACTERISED BY SOME HIGHLY SATISFACTORY OPERATIONS

### Capital increase

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During the fiscal year, Befimmo offered a capital increase with preferential rights to its shareholders amounting to a gross sum of €166.6 million. The primary objective, in the present crisis environment, was to reinforce the Company's shareholders' equity in a pro-active and determined way, thus making Befimmo still stronger in confronting the financial and property crisis and putting it in a position to seize investment opportunities consistent with its strategy.

This operation, aimed at supporting the Company's strategy, was proposed in June 2009, while ensuring that the dividend yield would be maintained at 6.9% on a theoretical price (TERP<sup>4</sup>) of €55.90 after the operation. The capital increase, 92% subscribed during the preferential right quotation period, was an outstanding success with existing and new shareholders, the balance being immediately subscribed by institutional investors after the preferential-right quotation period.

### Significant property operations in the portfolio

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#### The buildings Extension Justice and WTC Tower 2 occupied by the Federal Public Service

After renovation, the Extension Justice and World Trade Center Tower 2 buildings were again put at the disposal of the Belgian State which will occupy them for firm periods of twenty and ten years respectively, thus enhancing the solidity of Befimmo's cash-flow.

#### Grant of a right of usufruct to the European Parliament

The long-term income and rental situation of the Wiertz building has been secured by the granting to the European Parliament of a right of usufruct for a firm period of 15 years to come into effect at the termination of the present contracts, namely on June 2012 .

#### FPS Finance in Liège: Award of a public supply contract

As of 30 March 2009, the Buildings Agency (Belgian State) notified Fedimmo, a 90% subsidiary of Befimmo, of the award of the works promotion contract with a view to providing a building to house the Federal Public Service Finance in Liège.

Fedimmo therefore has another lease with the Buildings Agency, for a firm period of 25 years starting on June 2013. The annual rent will amount to €5.4 million (2008 value, to be indexed).

When the process of obtaining administrative permits has been completed, Fedimmo will construct this building with an office-floor area of 36,700 m<sup>2</sup> on its site in Rue Paradis in Liège, opposite the new Guillemins HST station, beside the present Finance Centre , which is scheduled to be demolished in 2013.

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<sup>4</sup> TERP: Theoretical Ex-Rights Price, i.e. the theoretical average price of the share, calculated as a function of the number of shares and its price before the capital increase and of the number of shares issued and their issue price.

### Acquisition of SA Axento

On July 2009, Befimmo, in accordance with commitments entered into in December 2006, concluded the acquisition of all the shares<sup>5</sup> in the Luxembourg-registered limited company Axento, the owner of a new high-quality building comprising 10,640 m<sup>2</sup> of office space and 1,600 m<sup>2</sup> of retail units, ideally situated on the Kirchberg Plateau in Luxembourg, along Avenue Kennedy.

The building has not yet been let; however Befimmo has a guaranteed revenue for 18 months, terminating on 31 December 2010.

### Disposal of a Fedimmo building on a short-term lease

Pursuing its strategy of disposing of so-called “short-term-lease” buildings, Fedimmo, in February 2009, assigned its rights *in rem* on the Frankrijklei building in Antwerp for €4.3 million (a global capital gain of €0.21 million, i.e. €0.02 per share).

## LISTING ON THE BEL 20 AND DOW JONES STOXX 600 INDEXES

Responding to stock-market capitalisation and liquidity criteria, Befimmo was listed on the Bel 20 index at the close of the stock-market sitting of 2 March 2009, with a weighting of 1.83%.

Befimmo has also become listed on the Dow Jones STOXX 600 index on 23 March 2009.

Befimmo therefore has the benefit of increased visibility and liquidity on the international financial markets.

## REAL ESTATE PORTFOLIO

The fair value<sup>6</sup> of Befimmo’s consolidated property portfolio amounted to €1,922.9 million as of 30 September 2009, as against a value of €1,886.5 million a year previously. This progress takes account of the acquisition of Axento in Luxembourg, the disposal of the Frankrijklei building in Antwerp and the renovation works carried out in the portfolio during the fiscal year, from which is deducted the non-realised variation in fair value of the buildings recorded in the profit-and-loss statement. Apart from investments and disinvestments and apart from the reduction in value of €8.1 million<sup>7</sup> on the Axento building, the negative non-realised variation in the fair value of the portfolio amounts to €74.98 million (-3.74%). This non-realised variation in fair value is limited with respect to the market average, which reflects the quality of Befimmo’s portfolio and tenants.

An analysis of the variations in fair value of the portfolio by geographic sector enables the following trends to be identified: the values of buildings corresponding to Befimmo’s base strategy – namely investment in well located properties in city centres and preferably let on long leases to highly rated tenants – have resisted well during the year, despite the difficult economic

<sup>5</sup> The share price of SA Axento was determined on the basis of an investment value for the building of €93.5 million.

<sup>6</sup> The values are established in compliance with the IAS 40 standard, which requires investment property to be booked at fair value. This “fair value” is obtained by deducting from the “investment value” the average transaction costs recorded over the last three years, which corresponds to 2.5% for buildings of a value exceeding €2.5 million and 10% (Flanders) or 12.5% (Wallonia and Brussels) for buildings valued at less than €2.5 million. Befimmo’s portfolio comprises investment buildings and buildings held with a view to sale.

<sup>7</sup> Value recorded in compliance with the IFRS frame of reference with regard to financial expenses during the period 1<sup>st</sup> October 2008 to 30 June 2009.

context. The buildings in Befimmo's portfolio situated in the CBD of Brussels (excepting unoccupied buildings undergoing renovation) and the buildings in Fedimmo's portfolio experienced limited negative non-realised variations in fair value during the year, -1.30% and -2.89% respectively.

On the other hand, portfolio buildings situated in decentralised areas and in the suburbs, which are more exposed to market cycles and where the vacancy is more pronounced, have experienced more marked negative variations in fair value, of -7.87% and -7.73% respectively.

Finally, unoccupied buildings or buildings being renovated were the most severely penalised during the year, clearly reflecting the down-turn in the rental market.

As of 30 September 2009, the occupancy rate<sup>8</sup> of Befimmo's portfolio amounted to 93.7% compared with 97.3% as of 30 September 2008 and 95.1% as of 30 September 2007. This decrease is mainly due to the renovations of the Telex (formerly called "Impératrice") and Froissart buildings. Excluding the impact of buildings at present undergoing renovation, the occupancy rate would amount to 96.14%.

Considering the consolidated portfolio, the global rental yield on on-going leases (projects excluded) amounted to 6.48% on 30 September 2009, compared with 6.26% at the beginning of the year. If the estimated rental value for vacant spaces is added, it amounts to 6.92% as against 6.43%.

The table below gives the values of Befimmo's consolidated portfolio by geographic area.

### Variation in values<sup>9</sup>

(as of 30.09 – in millions of €)	2007	2008	2009	Variation (1)
<b>Offices</b>	<b>1 753.7</b>	<b>1 886.5</b>	<b>1 897.6</b>	<b>-3.80%</b>
Brussels centre (CBD)	1 028.8	1 095.0	1 057.4	-2.86%
Brussels decentralised	154.7	151.4	139.4	-7.87%
Brussel suburbs	209.1	179.6	166.7	-7.73%
Flanders	268.2	367.4	360.4	-2.19%
Wallonia	93.0	93.1	92.2	-6.06%
Luxembourg city	-	-	81.5	-4.53% (2)
<b>Others</b>	<b>27.3</b>	<b>59.2</b>	<b>25.3</b>	<b>-</b>
<b>TOTAL</b>	<b>1 812,9</b>	<b>1 886,5</b>	<b>1 922,9</b>	<b>-3,74%</b>

(1) Variation in the fair value between 2008 and 2009 (excluding investments and disinvestments).

(2) Variation for the third quarter taking account of the recording of the initial fair value of the Axento building (including the abatement of 2.5%). The values are established in compliance with the IAS 40 standard, which requires entering the "fair values" of investment buildings. This "fair value" is obtained by deducting from the "investment value" the average transaction costs recorded over the last three years, which corresponds to 2.5% for buildings of a value exceeding €2.5 million. Befimmo applies the same percentage in Luxembourg as in Belgium.

<sup>8</sup> Occupancy rate: current rents (including spaces let for which the lease has not yet started)/ (current rents + plus the estimated rental value for the vacant spaces). This occupancy rate takes account of all the buildings in Befimmo's portfolio, including non-let buildings undergoing renovation.

<sup>9</sup> Change in configuration – In addition to the increases in value and the investments of the fiscal year, the portfolio value includes:

- as of 30 September 2008, disinvestment in the semi-industrial portfolio and the Woluwe Garden B and D buildings in February 2008, the disposal of two Fedimmo short-lease buildings [Langerei & Tabaksvest] as well as the acquisition of two buildings situated in Antwerp and Leuven in June 2008 ;

- as of 30 September 2009, the disposal of a Fedimmo short-lease building [Frankrijklei] and the acquisition of Axento in July 2009.

## CONSOLIDATED KEY FIGURES

Data per share [group share- as of 30.09]	2008/2009	Forecast (2009 prospectus)	2007/2008
Number of shares	16,790,103	16,790,103	13,058,969
Average number of shares	14,060,753	14,060,753	13,058,969
Book value	€58.87	60.34 €	€74.03 €
Return (12 months)	-€2.96	-	€4.11
Return on book value (12 months)	-4.31 % <sup>10</sup>	-	5.76 % <sup>11</sup>
Net cash-flow <sup>12</sup>	€5.15	4.98 €	€4.58
Net income	-€2.45	-€0.71	€4.45
Gross dividend	€3.36 / €1.04	€3.36 / €1.04	€4.55
Closing price	€62.00	-	€71.53
Gross yield <sup>13</sup>	6.69 %	-	6.36 %
Debt ratio	45.4% <sup>14</sup>	45.9%	46.9%

The development in the key figures is affected by the change in configuration linked to the capital increase of June 2009. The negative return on equity capital of 4.31% recorded in the course of the 2008/2009 fiscal year is essentially due to the negative variations in the non-realised fair values of the consolidated portfolio and financial instruments assessed at their market values according to the IAS 40 and 39 standards.

## NET ASSET VALUE AS OF 30 SEPTEMBER 2009

The total net asset value – group share – of Befimmo amounted to €988.4 million on 30 September 2009; the book value – group share– can therefore be established at €58.87 per share compared with a value of €60.34 per share, published in the supplement to the prospectus in June 2009. This decrease is due to the variation in consolidated portfolio fair values recorded in the half of the fiscal year. In the present uncertain context of the financial and property markets, it did not appear relevant to establish assumptions about the development of values when establishing the forecast published in the prospectus of June 2009.

<sup>10</sup> This is the IRR [Internal Rate of Return], calculated for a shareholder who participated to the capital increase of June 2009.

<sup>11</sup> The return on an annual basis is the latest gross dividend distributed during the period plus the increase in the inventory value over the past 12 months, divided by the inventory value of a year earlier.

<sup>12</sup> The net cash-flow is the net earnings before depreciation, variations in value and provisions.

<sup>13</sup> Gross dividend divided by the share price on 30 September. For the year 2008/2009, taking account of the capital increase, this is the gross average dividend.

<sup>14</sup> Excluding the impact of the interim dividend, this would be 43.2%

**TREND OF RESULTS**

(in millions of € - group share)	2008/2009	FORECAST (2009 PROSPECTUS)	2007/2008
Net income	-34.5	-9.9	58.2
Net cash-flow	72.4	70.0	59.8

**Analysis of changes in cash-flow**

<b>Net cash-flow 2007/2008 ( in millions of € - group share)</b>	<b>59.8</b>
Variation in Befimmo's consolidated portfolio contribution on a stable perimeter	8.7
Change in perimeter:	
- <i>Differential in properties operating</i>	3.4
- <i>Differential in capital gains</i>	-8.5
Net impact of rate-hedging instruments (mainly IRS)	-6.9
Amortization on a <i>pro rata temporis</i> basis of premiums paid on CAP options	-1.4
Impact of the fall in interest rates and reduction of the debt	14.3
Management costs and other operating income and charges	2.6
Taxes	0.2
Other	0.2
<b>Net cash-flow 2008/2009 [group share]</b>	<b>72.4</b>

In comparison with the 2007/2008 fiscal year, the total **net cash-flow** of the fiscal year has been favourably influenced by the combination of an increase in rental revenue and a decrease in property charges, and by a net decrease in financial expenses, linked essentially to the fall in interest rates.

**Events affecting the configuration of the Company**

As indicated, the property configuration was affected mainly by the acquisition of Axento and the disposal of Frankrijklei.

In addition, the capital of Befimmo has developed following the capital increase carried out in June 2009.

**Analysis of results**

The **operating result of the buildings** is up by 11.8%, i.e. €12.0 million, compared with last year. The variation in the consolidated portfolio contribution on a comparable basis (+ €8.7 million) is explained by the full resumption of letting the renovated buildings (Extension Justice, Tower 2 of the World Trade Center and Brederode Corner), the increase in rental income (indexation of rents and higher rental revenues following the acceptance of works carried out in the Fedimmo portfolio) and by the decrease in net property charges.

The change in the property configuration gave rise to a net increase in revenue of €3.4 million, explained by the full-year impact of the acquisitions and disposals<sup>15</sup> carried out during the 2007/2008 fiscal year, but also by the impact of the acquisition of Axento and the disposal of Frankrijklei during the 2008/2009 fiscal year.

The reduction in **corporate management costs** of some €2 million is explained principally by the decrease in the Managing Agent's remuneration and lower study costs for investment projects.

The **other operating revenues** amount to €1.8 million. These are principally non-recurring revenues, such as fees paid for the coordination of the initial installation works on behalf of the Belgian state with respect to the leases concluded in Towers 2 and 3 of the World Trade Center.

The **portfolio result** is negative by €74.8 million, compared with a positive result of €2.5 million a year before. This development is explained, on the one hand, by a negative non-realised variation in the fair value of the portfolio (- €75.0 million, i.e. -3.74%) as against - €6.3 million last year, and, on the other hand, by the capital gain of €0.2 million made on the disposal of the Frankrijklei building, as against property disposal capital gains of €7.5 million made last year.

Excluding the impact of variations in the fair value of the buildings, the increase in current **operating result** is + 6.1%.

The **financial result** was - €64.3 million, as against - €31.3 million a year previously. This development in financial performance is explained, on the one hand, by the lower non-realised value (IAS 39) of the hedging instruments (- €26.9 million) and, on the other hand, by the decrease of €8.1 million - from October 2008 to 30 June 2009 – in non-realised value of the Axento building, recorded in compliance with the IFRS frame of reference with regard to financial expenses.

Excluding the impact of non-realised elements, **financial result** is at - €29.3 million, up by 21% in comparison with last year. This is essentially linked to the fall in interest rates.

On the basis of all these elements, there is a book loss of €34.5 million, a consequence of the non-realised losses in values of portfolio buildings and financial instruments, while the cash-flow of €72.4 million was higher than forecast.

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<sup>15</sup> Acquisition of the Vital and Meir buildings and disposal of Tabaksvest & Langerei, of the semi-industrial portfolio and Woluwe Garden B & D.

## DEBT STRUCTURE AND HEDGING POLICY

The debt ratio of the Company amounted to 45.39% as of 30 September 2009. Excluding the entering as debt of the interim dividend distributed in June 2009 for shares existing before the capital increase, this debt ratio would amount to 43.2% as against the ratio of 46.9% to be found as of 30 September 2008.

During the fiscal year, Befimmo strengthened its financial structure by renewing a bilateral credit line of €100 million for a duration of 3 years. As of 30 September 2009, the average duration of its debt was 3.18 years. In addition, the Company has €285 million available to it in non-used credit lines.

Befimmo is pursuing an interest-rate hedging policy aimed at securing a 50 to 75% hedge ratio. As of 30 September 2009, following the impact of the capital increase operated in June, which helped to reduce the debt by €159.5 million, the hedge ratio is of 105%. As cover is ensured to a significant extent by option-type instruments, Befimmo has the benefit of low levels of short-term interest rates on approximately half of its debt.

During the fiscal year, the Company extended the range of its cover by acquiring CAP instruments.

## CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT (in thousands of €)

	30.09.2009	30.09.2008
I. (+) Rental income	119 086	109 507
III. (+/-) Charges linked to letting	-441	-346
<b>NET RENTAL INCOME</b>	<b>118 645</b>	<b>109 161</b>
IV. (+) Recovery of property charges	11 653	14 072
V. (+) Recovery of income charges and taxes normally payable by the tenant on let properties	20 945	21 922
VII. (-) Charges and taxes normally payable by the tenant on let properties	-19 714	-23 296
VIII. (+/-) Other revenue and charges for letting	239	159
<b>PROPERTY RESULT</b>	<b>131 767</b>	<b>122 017</b>
IX. (-) Technical costs	-14 542	-16 814
X. (-) Commercial costs	-581	-1 138
XI. (-) Charges and taxes on unlet properties	-1 361	-1 028
XII. (-) Property management costs	-1 157	-970
XIII. (-) Other property charges	-24	-7
<b>(+/-) Property charges</b>	<b>-17 666</b>	<b>-19 957</b>
<b>PROPERTY OPERATING RESULT</b>	<b>114 101</b>	<b>102 060</b>
XIV. (-) Corporate management costs	-9 841	-11 888
XV. (+/-) Other operating income and charges	1 874	1 255
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>106 134</b>	<b>91 427</b>
XVI. (+/-) Gains or losses on disposals of investment properties	213	8 801
XVIII. (+/-) Changes in fair value of investment properties	-74 982	-6 316
<b>OPERATING RESULT</b>	<b>31 364</b>	<b>93 913</b>
XIX. (+) Financial income	5 032	19 545
XX. (-) Interest charges	-30 010	-40 239
XXI. (-) Other financial charges	-39 304	-10 655
<b>(+/-) Financial result</b>	<b>-64 282</b>	<b>-31 349</b>
<b>PRE-TAX RESULT</b>	<b>-32 918</b>	<b>62 563</b>
XXIII. (-) Corporation tax	-461	-646
<b>(+/-) Taxes</b>	<b>-461</b>	<b>-646</b>
<b>NET RESULT</b>	<b>-33 379</b>	<b>61 918</b>
RESULT GROUP SHARE	-34 499	58 170
MINORITY INTERESTS	1 120	3 748
<b>BASIC NET RESULT AND DILUTED PER SHARE</b>	<b>-2.45</b>	<b>4.45</b>

**CONSOLIDATED BALANCE SHEET** (in thousands of €)

<b>ASSETS</b>	<b>30.09.09</b>	<b>30.09.08</b>
<b>I. Non-current Assets</b>	<b>1 939 688</b>	<b>1 927 934</b>
A. Goodwill	15 890	15 977
C. Investment properties	1 918 317	1 877 636
E. Other property, plant and equipment	630	722
F. Non-current financial assets	2 412	23 827
G. Finance leases receivables	2 439	9 772
<b>II. Current assets</b>	<b>49 707</b>	<b>43 817</b>
A. Assets held for sale	4 576	8 865
B. Current financial assets	551	1 870
C. Finance leases receivables	7 326	56
D. Trade receivables	23 520	22 765
E. Tax receivables and other current assets	3 281	3 112
F. Cash and cash equivalents	6 096	4 556
G. Deferred charges and accrued income	4 357	2 594
<b>TOTAL ASSETS</b>	<b>1 989 395</b>	<b>1 971 751</b>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>30.09.09</b>	<b>30.09.08</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>1 049 999</b>	<b>1 028 507</b>
<b>I. Equity attributable to shareholder of the parent company</b>	<b>988 367</b>	<b>966 809</b>
A. Capital	233 985	186 919
B. Share premium account	485 340	372 952
D. Reserves	21 113	21 113
E. Result	247 930	385 825
a. Result brought forward from previous years	282 429	327 655
b. Net result for the fiscal year	-34 499	58 170
<b>II. Minority interests</b>	<b>61 632</b>	<b>61 698</b>
<b>LIABILITIES</b>	<b>939 396</b>	<b>943 244</b>
<b>I. Non-current liabilities</b>	<b>764 268</b>	<b>862 434</b>
B. Non-current financial debts	745 414	857 016
a. Credit institution	529 068	597 651
b. Finance lease	-	51 705
c. Other	216 346	207 661
C. Other non-current financial liabilities	18 854	-
D. Trade debts and other non-current debts	-	5 418
<b>II. Current liabilities</b>	<b>175 128</b>	<b>80 810</b>
A. Provisions	2 422	4 758
B. Current financial debts	47 019	15 379
a. Credit institution	1 877	8 970
b. Finance lease	45 142	6 409
D. Trade debts and other current debts	110 506	46 967
F. Accrued charges and deferred income	15 181	13 706
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 989 395</b>	<b>1 971 751</b>

Befimmo's consolidated accounts will receive the auditor's unqualified opinion.

## 2009 DIVIDEND

The Manager of the Sicafi Befimmo will propose to the General Meeting of shareholders that, for each of the 16,790,103 shares of the Company for the period as of 25 June 2009 to 30 September 2009, they approve a net dividend balance of €0.89 (i.e. a gross dividend balance of €1.0471), payable against the detachment of coupon n°19 from 22 December 2009.

Coupon n°18, representing the interim dividend of €2.86 net (€3.36471 gross) distributed for existing shares before the capital increase, stripped on 24 June 2009, is also payable from 22 December 2009.

The gross dividend represents 85% of the consolidated cash-flow (group share) of the year.

## OUTLOOK

In a difficult environment, and while not being immune, Befimmo appears nonetheless to be well protected by its portfolio, nearly two thirds of which are let for long periods to public institutions.

At this stage and on a comparable basis, the Managing Agent of the Sicafi does not amend the dividend forecast given in the June 2009 prospectus. Unless any other factors intervene, the gross dividend for the fiscal year 2009/2010 could therefore amount to €3.90 per share.

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**The annual accounts of 30 September 2009, the management report and auditor's report will be available at the Company's head-office as of 30 November 2009.**

**Further information:**

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