Befimmo

Annual Financial Report 2009-2010

Reflecting on the future

15 years

Understand – Anticipate - Sustain

Celebrating your fifteenth anniversary is the perfect opportunity to stop for a minute and look forward: even if we can't predict the future, we can at least imagine what it might be like. To do this, we have invited five people who work in the fields of architecture, design, forward planning, Sustainable Development and art. They are considered to be authorities in these fields, and the ideas that they have shared with us are revealing.

Michel Jaspers is an internationally renowned Belgian architect who has a very "constructed" view of office architecture. Axel Enthoven is an industrial designer, teacher and the founder of one of the most influential design studios in Belgium. Luc de Brabandère is a mathematician, philosopher and a consultant to major companies around the world. Sabine Denis, a Sustainable Development expert, coordinates a network of companies focusing on the issue of Corporate Social Responsibility. With exhibitions at the MOMA in New York and the Tate Modern in London under his belt, Jan De Cock is a driving force in the world of contemporary art.

We would like to thank them from the bottom of our hearts for having stepped up to the challenge of opening the door to the offices that we'll be using in fifteen years… You can read their ideas in this Report, on pages 12, 28, 74, 156 and 200.

Three words have guided our approach:

Understand where we come from to appreciate the social, economic and architectural environment in which we will develop.
Anticipate changes by looking at reality alongside the needs that the future will create.
Sustain the success of our model, based on the values that commit us to durable growth, respecting mankind and our environment.

Consolidated results and key figures 2010

Summary of consolidated profit and loss account
(€ thousand - as at 30.09)

	2010	2009
NET CURRENT RESULT		
Net rental income	123 452	118 645
Net property charges	-7 753	-4 544
Property operating result	**115 699**	**114 101**
Corporate management costs	-12 512	-9 841
Other revenue and operating charges	8 970	1 874
Gains or losses on disposals of investment properties	215	213
Net property result	**112 372**	**106 347**
Financial result (excluding IAS 39 result)	-22 792	-29 277
Taxes on net current result	-651	-461
Net current result	**88 928**	**76 609**
IAS 39 & 40 RESULT		
Changes in fair value of investment properties (±)	-34 557	-74 982
Changes in fair value of financial instruments (±)	-3 774	-35 006
IAS 39 & 40 result	-38 331	-109 988
NET RESULT	**50 598**	**-33 379**
NET RESULT (group share)	**46 659**	**-34 499**
NON-CONTROLLING INTERESTS (10)	**3 938**	**1 120**

(1) The occupancy rate is calculated based on all properties available for lease, i.e. based on the investment properties excluding properties that are being constructed or developed for own account in order to be leased.
(2) The financial data are presented as "group share".
(3) Debt ratio is calculated in accordance with Article 6 of the Royal Decree of 21 June 2006 on the accounting, annual accounts and consolidated accounts of public real-estate Sicafs.
(4) Loan-to-value: ((financial debts – cash)/ fair value of portfolio).
(5) Net cash flow is the net result before depreciation, write-downs and provisions.
(6) The return on an annual basis is the internal rate of return (IRR).
(7) Gross yield is equal to the gross dividend divided by the share price at 30 September.
(8) The details on EPRA figures can be found in the chapter "EPRA Best Practices Recommendations with respect to Performance indicators" of this Report. For more information, please consult the EPRA website (European Public Real Estate Association), www.epra.com.
(9) Publication after the close of the stock exchange.
(10) "Non-controlling interests" are the "minority interests".

Any reference to the portfolio, assets, figures or activities of Befimmo should be understood on a consolidated basis, including those of its subsidiaries, unless it is clear from the context or expressly stated that the contrary is intended.

Key figures
(as at 30.09)

	2010	2009
Total surface of investment properties (m²)	830 164	846 107
Fair value of investment properties (€ million)	1 885.0	1 918.3
Occupancy rate [1] (%)	95.5	96.1
Shareholders' equity [2] (€ million)	1 017.4	988.4
Debt ratio [3] (%)	44.08	45.39
Loan-to-value [4] (%)	40.85	40.81
Investment capacity (€ million)	1 186	1 114

Key figures per share [2]
(as at 30.09)

	2010	2009
Net asset value (€)	60.60	58.87
Closing share price (€)	62.00	62.00
Net cash flow [5] (€)	5.00	5.15
Net result (€)	2.78	-2.45
Return on shareholders' equity [6] (%) (12 months)	4.78	-4.31
Gross dividend (€)	3.90	3.36/1.04
Return on share price [6] (%) (12 months)	1.71	4.70
Gross yield [7] (%)	6.29	6.69

EPRA Key performance measures [8] (as at 30.09)

	2010
EPRA Earnings (€ per share)	5.05
EPRA NAV (€ per share)	61.68
EPRA NNNAV (€ per share)	60.26
EPRA NET INITIAL YIELD (%)	6.22
Vacancy rate (EPRA) (%)	4.72

Key dates for shareholders – 2010/2011

	Date
Payment of 2010 dividend on presentation of coupon No 20	Wednesday 22 December 2010
Interim statement - Publication of book value as at 31 December 2010	Thursday 17 February 2011 [9]
Publication of half-yearly results and book value as at 31 March 2011	Thursday 26 May 2011 [9]
Interim statement - Publication of book value as at 30 June 2011	Friday 15 July 2011 [9]
Publication of annual results and book value as at 30 September 2011	Thursday 17 November 2011 [9]
Ordinary General Meeting 2011	Thursday 15 December 2011
2011 dividend on presentation of coupon No 21	
Former 2010/2011 dividend date	Monday 19 December 2011
Record 2010/2011 dividend date	Wednesday 21 December 2011
Payment of 2010/2011 dividend	from Thursday 22 December 2011

Contents

Annual Financial Report on the statutory accounts as at 30 September 2010 and on the consolidated accounts as at 30 September 2010, presented to the Annual General Meeting of Shareholders on 15 December 2010.

Photos (left to right)
Axento, Luxembourg city
WTC Tower 3, Brussels North area
Inside WTC Tower 3, Brussels North area

Letter to the shareholders

The main thing that strikes us over these fifteen years is that you always placed your trust in us whenever Befimmo began a new stage in its history.

Dear Shareholders,

Befimmo is celebrating its fifteenth birthday.

We are marking the occasion by devoting a few pages of this report to Befimmo's history, and especially also by thanking you for always having come forward whenever Befimmo asked you to. The main thing that strikes us over these fifteen years is that you always placed your trust in us whenever Befimmo began a new stage in its history: first for the public offerings in 1996 and 1998, then for the merger with the Cibix Sicafi in 2001 and finally for the two capital increases organised in 2007 and 2009.

It is undoubtedly thanks to your constant support that Befimmo is today a Sicafi acknowledged and respected on the Belgian and European markets, a specialist whose presence in the BEL20 and DJ Eurostoxx 600 indexes has made its share visible on the international markets. But Befimmo is also a team of forty professionals who have regularly adapted to market developments, fully committed to the smooth running of the Company and aware of their responsibilities, especially in sustaining recurrent dividends for distribution. And they have managed this despite the two historic crises we have come through, the bursting of the technology bubble in 2001 and the subprime collapse in 2008.

It is by capitalising on these real-estate and financial skills that we have grown throughout our history that we face the coming challenges with confidence and determination. Our uncertain political and socio-economic environment is clearly weakening the rental market and restricting opportunities for making new investments. This slowdown in the property market is particularly marked in Brussels and the supply of offices has never been so high. For Befimmo, this is putting pressure on its operating income, although for the time being it is being offset by historically low interest rates which are reducing its financial charges.

Against this background, over the 2009/2010 fiscal year Befimmo has focused as usual on preparing its future results.

For instance, we took the opportunity to sell the Empress Court building in Brussels at an attractive value for Befimmo and we found a new buyer for the Kattendijkdok building in Antwerp. The capital gains on these two transactions should be realised over the 2010/2011 fiscal year. We also found a top-flight tenant, BGL-BNP Paribas bank, to lease most of our Axento building in Luxembourg. Finally, two major tenants, General Electric and Citibank, confirmed that they are staying in our portfolio for several years, thus securing the recurrent income from these leases.

These various operations point to satisfactory results for the 2010/2011 fiscal year. This would not have been possible, in these times of crisis, had Befimmo not always scrupulously followed its policy of investing in quality assets since 1995.

While we are focusing our attention on the 2010/2011 fiscal year, we are already preparing the ground for future years. In that connection, we have in particular devised a major investment programme to improve the energy performance of

our buildings. The first stage of this ambitious process is complete: our Environmental Management System is now ISO 14001 certified.

Returning to the subject of this report, we would point out that the result for the 2010 fiscal year is €2.78 per share, as against -€2.45 in 2009.

At €5.00 per share, cash flow is better than initially forecast (€4.88). This was due mainly to the non-recurring result achieved on the termination of the leasehold on Block II of the World Trade Center that compensated for the delayed sale of the Kattendijkdok building.

The result on the portfolio is still negative but the unrealised decreases in the fair value of the portfolio are gradually reducing, and were limited this year to -1.77% (compared with -3.74% in 2009). According to our experts, this trend towards stable portfolio values should in principle continue.

Thus, as announced, at the General Meeting of Shareholders on 15 December 2010 we will be proposing to distribute a dividend of €3.90 per share.

Be assured that we will do everything in our power to keep Befimmo growing, confident that the standards of quality and professionalism with which the Company has always been managed since it was founded will continue to bear fruit in future.

Thank you again for your continued confidence.

Brussels, 10 November 2010.

For Befimmo SCA
The Managing Agent, Befimmo SA

Benoît De Blieck
Managing Director
Permanent representative

Alain Devos
Chairman of the Board
of Directors

A strong future can only be

1996 1997 1998 1999 2000 2001 2002

Since it was founded, Befimmo has succeeded in sustaining that strategy and believes it has met the expectations of its shareholders by offering them stability, yield and prospects for creating value.

Befimmo is 15 years old!

For 15 years now Befimmo has been pursuing a policy of investing in quality buildings in ideal locations and letting them to reliable tenants.
Since it was founded, and despite a property market that is by its very nature fluctuating, Befimmo has succeeded in sustaining that strategy and believes it has met the expectations of its shareholders by offering them stability, yield and prospects for creating value.

Over time, Befimmo has specialised in particular in investing in office buildings mainly located in city centres, mainly in Brussels. This clear and coherent specialist investment strategy has defined Befimmo's pure-player identity on the Belgian and European property markets. Indeed, by declining to diversify into other segments, Befimmo has chosen to invest as a priority if not exclusively in office buildings that it has selected above all for their intrinsic quality and location. These two aspects give it the potential to create value in the long term, its primary goal. The choice of tenants for its buildings is also an important aspect, and their reliability is a priority for pursuing its policy of long-term growth.

Today Befimmo's portfolio consists of roughly a hundred office buildings, 65% of which are let long-term to public institutions, and almost 70% of which are located in Brussels.

Founded in December 1995[1], with a starting capital of some €136 million and a portfolio initially worth €131.5 million, Befimmo now has equity and a market capitalisation exceeding one billion euros. At 30 September 2010 the fair value of the portfolio (investment properties) was assessed at €1,885.0 million.

Befimmo was introduced on the stock market 15 years ago by Bernheim Comofi SA, now AG Real Estate, a subsidiary of its main shareholder, AG Insurance. It is now listed on Euronext Brussels and adheres strictly to its guiding principle of creating value for its shareholders. In March 2009 it was included in the BEL20 and Dow Jones STOXX 600 indexes. Looking at a fifteen year period, since the

built on solid foundations.

2003 2004 2005 2006 2007 2008 2009

stock market introduction in 1996, the Befimmo share has offered a total annualized return of 8.3% taking into account the reinvestment of dividends.

During the first five years, up to the year 2000, Befimmo operated in a buoyant real-estate market and a growth economy. This environment enabled it to invest successfully in quality property and property portfolios offering a high potential for creating value. Indeed, over those first few years, Befimmo carried out several major mergers that increased the initial value of its portfolio from €131.5 million to more than €543 million.

Over the past ten years, Befimmo has operated in a market shaken first by the collapse of the technology bubble in the early 2000s and then by the economic and financial crisis that broke out in 2007 and 2008, an unprecedented crisis that has shaken markets all over the world. The activity relating to office buildings slowed down considerably, especially since mid-2008, but Befimmo succeeded in limiting the effects of this crisis by dynamically managing its portfolio and financing. It has also striven to foster its tenants' loyalty and judiciously invested in its portfolio to keep it at a high level of quality, thereby maximising its operating income, and finally to efficiently manage its borrowing costs.

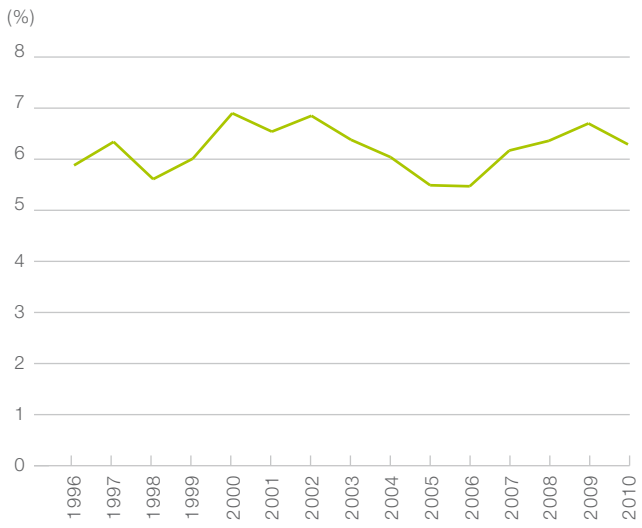
In this way, Befimmo has managed to maintain a high occupancy rate of its buildings and has also succeeded in taking several promising investment opportunities. In this way, Befimmo has carried out several major operations, notably the merger in 2001 with the Sicafi Cibix SCA, the acquisition of a 90% shareholding in Fedimmo, a first investment abroad, in Luxembourg, in 2006, and two capital increases in June 2007 and June 2009, for which Befimmo received the support of its main shareholder, AG Insurance.

(1) The full story, detailing the main stages in Befimmo's history, is available on our website www.befimmo.be.

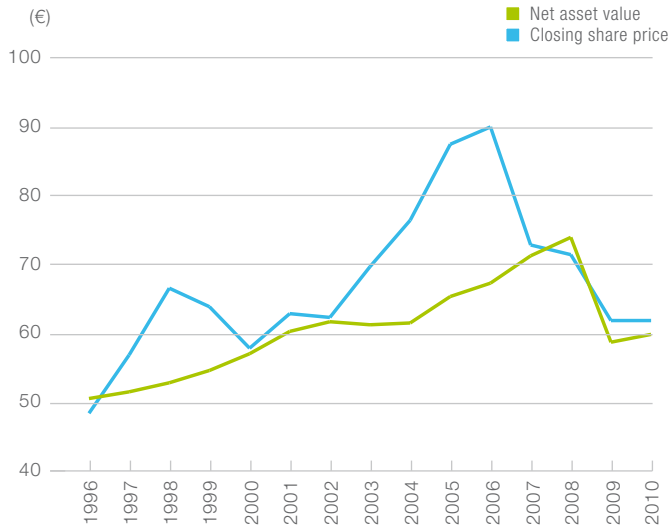
A strong future can only be

(as at 30.09)	1996[1]	1997	1998	1999	2000
	(BGAAP)	(BGAAP)	(BGAAP)	(BGAAP)	(BGAAP)
(Fair) Value of investment properties (€ thousand)	153 944	261 865	282 523	556 261	543 036
Occupancy rate[2]	100.0%	98.0%	94.0%	98.1%	98.0%
Surface area of investment properties (m²)	90 466	145 118	173 362	299 094	303 068
Number of shares	2 750 000	4 366 082	4 366 082	7 549 042	7 549 042
Net asset value (€/share)	50.72	51.69	53.00	54.78	57.20
Closing share price (€)	48.59	57.02	66.68	64.00	58.00
Market capitalisation (€ thousand)	133 623	248 954	291 130	483 139	437 844
Gross dividend per share (€)	2.85	3.62	3.74	3.84	4.00
Pay-out ratio[3]	90%	92%	83%	86%	80%
Net cash flow (€/share)	3.15	3.92	4.53	4.46	5.02
Gross yield[4]	5.88%	6.34%	5.61%	6.01%	6.90%
		> PRIFAST		> WTC	

EVOLUTION OF GROSS YIELD



EVOLUTION OF CLOSING SHARE PRICE[5] AND NET ASSET VALUE (€/share)



built on solid foundations.

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
(BGAAP)	(BGAAP)	(BGAAP)	(BGAAP)	(IFRS)	(IFRS)	(IFRS)	(IFRS)	(IFRS)	(IFRS)
621 208	1 064 818	1 054 527	1 125 313	1 063 217	1 078 357	1 812 899	1 877 636	1 918 316	1 884 964
96.2%	95.9%	94.7%	91.4%	92.8%	94.7%	95.1%	97.3%	96.1%	95.5%
339 935	527 842	527 842	541 842	525 333	523 037	879 470	834 237	846 107	830 164
7 907 420	9 794 227	9 794 227	9 794 227	9 794 227	9 794 227	13 058 969	13 058 969	16 790 103	16 790 103
60.43	61.83	61.39	61.65	65.48	67.41	71.36	74.03	58.87	60.60
63.00	62.45	69.80	76.50	87.50	90.00	72.93	71.53	62.00	62.00
498 167	611 649	683 637	749 258	856 995	881 480	952 391	934 108	1 040 986	1 040 986
4.12	4.28	4.45	4.62	4.80	4.92	4.51	4.55	3.36/1.04	3.90
59%	80%	83%	86%	74%	102%	94%	99%	85%	78%
6.94	5.38	5.38	5.36	6.48	4.84	4.78	4.58	5.15	5.00
6.54%	6.85%	6.38%	6.04%	5.49%	5.47%	6.17%	6.36%	6.69%	6.29%
> BASTIONEN	> CIBIX				> FEDIMMO	> CAPITAL INCREASE		> CAPITAL INCREASE	

Starting with a modest portfolio, after 15 years in existence, Befimmo today has a portfolio (investment properties) worth €1,885.0 million.

This success would not have been possible without its close-knit and dynamic team. It has managed to adapt and grow as Befimmo's business evolved, developing a genuine specialisation in managing property assets, thorough renovations and organising their financing. Today the team consists of about forty staff whose skill and commitment have made Befimmo a successful company.

(1) The Sicafi's first fiscal year was only nine months long.
(2) The occupancy rate, for the 2009 and 2010 fiscal year, is calculated for all properties available for lease.
(3) Gross dividend divided by net consolidated cash flow, group share.
(4) Gross dividend divided by the share price as at 30 September.
(5) The two latest capital increases took place in June 2007 and June 2009.

“High-value infill of prime city sites in synergy with public spaces.”

Michel Jaspers
Architect
www.jaspers-eyers.be

How have offices changed over the last fifteen years?

Offices have been adapted over time in line with developments in IT, communication tools and the accompanying changes in the way teams work together.
A few years ago, both private and large offices started to shrink, before turning into "open-plan" spaces. This quest for saving space has finally reached its limits. Too much proximity turned out to be a source of conflict, with disastrous consequences. The trend has therefore been reversed, back to individual offices or smaller open-plan ones, now often used on a time-share basis. In parallel to this, shared spaces, used both for work and relaxation, are growing. These communal areas, from meeting rooms to gyms and canteens, help nurture communication, which seems in turn to boost creativity. These changes have had an impact on the buildings themselves, which are now being designed to be more "human".

What do you think offices will look like in the future?

Time has become the crucial factor. To compete with networks and make the most of individuals' "meeting" opportunities, their workspaces must first and foremost be accessible. This means going back to town centres, close to as many transport options as possible (train, tram, underground, bus, bicycle, etc.). In the future, offices will break towns up into a number of centres, into different areas, all with their own crèches, post offices, restaurants, shopping centres, etc., making them more attractive and more practical.

This need for proximity and diversity ties in with environmental concerns, which businesses are seizing on more quickly and with greater resources than individuals. The notion of a building's energy performance or carbon footprint will become increasingly important. Architects are already thinking about the idea of the multiple functions of the buildings they design. Corporate Responsibility relies on recycling, converting buildings rather than demolishing them because they can't be adapted. After Le Corbusier and his highly "specialist" constructions, architects like Mies van der Rohe are taking their inspiration from multifunctional buildings from… the Renaissance, able to house schools, hospitals, offices, or even residential spaces…

What is your idea of the perfect office?

It's a pleasant space. Both in terms of the urban environment into which it fits and in terms of its inside spaces. At the cutting edge of the latest technology, suitable for teamwork, it justifies its raison d'être in relation to the networks I'm connected to. It gives me every reason to go there, and ultimately, it helps me keep my private life separate.

Lambermont
Brussels centre

Management report

Key events of the fiscal year

Business development

Investments and disinvestments

Termination of the leasehold granted on Block II of the World Trade Center in Brussels

Fedimmo, which in December 2006 acquired rights and obligations from the Belgian Government, availed itself of its right to early termination of the leasehold granted to SA Companie de Promotion on the land of Block II of the World Trade Center in Brussels. Accordingly, on 1 April 2010, Fedimmo became the freeholder of the existing buildings of Block II, namely the base of Towers 3 and 4 and Tower 3 of the World Trade Center.

This operation culminated in a non-recurrent result (group share) of €0.39/share.

Sales agreements signed for two buildings in the portfolio [1]

Empress Court (15,500 m²)

In July 2010, Befimmo signed an agreement – subject to a suspensory condition – to sell the Empress Court building in Brussels when completed to the Vivaqua company, for the sum of €51 million excluding fees and VAT.

Once the suspensory condition is met and the renovation programme completed, the official deed of sale is expected to be signed and the building handed over by 1 March 2011.

The sale of the building should generate a result of some €0.70/share over Befimmo's 2010/2011 fiscal year.

This operation demonstrates that, even in a difficult market context, buildings that satisfy the quality criteria, such as location, size, accessibility and flexibility, are finding takers for let or purchase.

The success of this operation illustrates Befimmo's ability to actively manage its

(1) The property was sold for more than its appraisal value.

portfolio by seizing market opportunities to take full advantage of the quality of its investments.

Kattendijkdok (12,000 m²)
We would recall that in June 2008 Fedimmo signed an agreement to sell the Kattendijkdok building in Antwerp at a later date, subject to suspensory conditions. This sale was expected to take place early in 2010 but could not go ahead when one of the suspensory conditions was not met in the time allowed.

Fedimmo then reorganised a process for selling the building which culminated in the signature, in September 2010, of an agreement to sell the building, subject to suspensory conditions, for the sum of €7.8 million excluding fees.

The operation should be completed early in 2011 and should generate a result of some €0.10/share (group share) during the 2010/2011 fiscal year.

The operation is in line with Fedimmo's strategy, focusing on the office property sector, of disposing of buildings on short leases which seem to lend themselves to redevelopment for a new use (residential, logistics, etc.).

Other sales

Befimmo is analysing its property portfolio, mainly on buildings located in the decentralised or peripheral areas of Brussels which are no longer in line with its strategic policy.

In this context, over the period Befimmo sold a floor of office space in a jointly owned building at Chaussée de La Hulpe, 177 in Brussels (generating a result per share of some €0.01). A preliminary agreement was also signed for the sale of another floor in the same building; the transaction should be completed over the 2010/2011 fiscal year.

Rentals [1]

In the context of an ongoing difficult economic climate, Befimmo is pursuing its objective of securing the loyalty of its rental customers by continuing to give special attention to satisfying their needs. This policy is designed to protect Befimmo's medium- and long-term income. Thus for the 2010/2011 fiscal year, 99.4% of budgeted rental earnings are already guaranteed under contract. For 2011/2012 the proportion is 94.1% and 85.4% for 2012/2013. These percentages are in line with projections made in previous years.

The occupancy rate [2] of the buildings in the portfolio, calculated on the basis of the properties available for lease, was 95.5% at 30 September 2010 as against 96.1% as the fiscal year opened and 97.3% at 30 September 2008. The occupancy rate of all investment properties at 30 September 2010, i.e. including properties that are being constructed or developed for own account in order to be leased, was 94.0% as against 93.7% at 30 September 2009.

At 30 September 2010 the rental vacancy rate for the Brussels office market was 11.8%. There are still substantial differences between the various districts, however. Vacant space in the Central Business District (CBD) is 9.6% in the Léopold district and 9.4% in the North area. The actual city centre (within the Pentagon) has a lower vacancy rate: a mere 5.4% of available property.

In its portfolio located in the Brussels CBD, over the past fiscal year Befimmo

(1) Source of real-estate market figures: CB Richard Ellis (30 September 2010).
(2) Occupancy rate: current rent (including space already let but where the lease has yet to begin)/(current rent + estimated rental value for vacant space).

Axento
Luxembourg city

95.5%

The occupancy rate of the buildings in the portfolio, calculated on the basis of the properties available for lease, was 95.5% at 30 September 2010.

has completed transactions for a total area of some 8,000m², the most significant of which is the extension of the General Electric lease in the Schuman 3 building for several years. Other tenants such as Ateac and Computer Future Solutions have also renewed, which is a sign of their confidence. Befimmo has also signed a new lease with the Dewey & Leboeuf law firm in Schuman 11.
At 30 September 2010, the vacancy rate of Befimmo buildings in this segment was below the market average (8.1%) at 6.4%.

In its decentralised portfolio, over the period Befimmo carried out transactions covering a total space of some 20,000 m², the main one being the extension of the Citibank lease (15,180 m²) in the La Plaine building. Amongst others, Sumitomo, Lubrizol and Biomedical also confirmed their confidence by renewing their leases. These have enabled Befimmo to sustain a vacancy rate below the market average (14.6%) at 30 September 2010, the availability was no higher than 10%. This rental vacancy figure was well up on the figure at 30 September 2009, owing mainly to the departure of Texaco, the tenant in the Triomphe III building, which decided to regroup its Benelux headquarters in Breda when the lease came to an end at the end of February 2010.

In the Brussels periphery, the situation is still difficult. Befimmo's vacancy rate is 20.6%, against a market rate of 23.6%. Many tenants have nevertheless confirmed their confidence in Befimmo by renewing and extending leases covering a total area of around 15,000 m². They include Caridian, Neopost, Wincor Nixdorf, National Instruments, BNP Paribas Fortis, Buelens, ITP, Mercuri International, Mineral Technologies, Foodstory, Indigo Services, etc. Befimmo was pleased to welcome the following new customers to its periphery portfolio : Bizlaunch, Lyoness Belgium, Syntigo, Axialyze and Ideal Standard.

Major tenants, BGL – BNP Paribas bank, BNP Paribas Real Estate and BNP Paribas Real Estate Investment Management, have taken leases on most of the Axento building in Luxembourg, an overall space in excess of 7,000 m² (out of a total office

space of 10,640 m²). The whole retail ground floor (1,600 m²) is also now let. This demonstrates once again that, even in difficult market circumstances, takers can be found for high quality buildings in good locations.

Over the 2009/2010 fiscal year, Befimmo signed leases for space in excess of 50,000 m²: 43,932 m² of offices and 6,370 m² of retail, storage or multi-purpose space. Of the leases agreed over the year, new customers account for 33.6% of rents received under those leases (12 transactions), the balance being renewals of existing leases (28 transactions).

Befimmo owes this good result, which is well up on the previous three years, to the sustained efforts of its commercial team.

Green investments and ISO 14001 environmental certification

Under its multi-annual investment programme set up to improve the operational energy performance of its buildings (Befimmo's portfolio excluding Fedimmo), Befimmo invested a total of €1.2 million [1] over the fiscal year.

The Environmental Management System (EMS) set up by Befimmo was ISO 14001 certified during the period. This ISO 14001 certification is important, in relation both to external stakeholders to demonstrate Befimmo's level of commitment to Sustainable Development, and to employees to enhance the work done by the whole Befimmo team.

Strengthening of financing and interest rate risk hedging

Befimmo has arranged a credit line for €150 million over a 7-year term. This operation was designed to refinance two lines of €100 million falling due in February and March 2011 respectively.

In accordance with its hedging policy, Befimmo has acquired CAP options for a notional amount of €200 million over the period 2012-2014, as well as fixed-rate one-year IRS covering the fiscal years 2011/2012 to 2013/2014 so as to benefit from the historically low level of interest rates.

Portfolio development

Befimmo always takes care to keep its property in a good state of repair and improve it; over the fiscal year it carried out repair and renovation work costing a total of €4.8 million, notably in the Central Gate, Fountain Plaza, Triomphe, Braine l'Alleud and Haacht buildings. This work has been booked to the accounts for the fiscal year.

Befimmo is also continuing with a major investment programme. Overall, the Company has invested a total of €34.8 million in renovation and construction work on its property portfolio over the fiscal year.

Central Gate (33,000 m²)

Befimmo has decided to make use of the building permit that it obtained in January 2009 with a view to continuing to renovate the Central Gate building in Brussels. This ambitious renovation programme relates mainly to the facades and roofing, rearrangement of the car

(1) This amount is in addition to the specific sums earmarked for improving energy performance in the major renovation budgets (5-10% of total amounts).

(2) BREEAM (BRE Environmental Assessment Method) is the first environmental assessment method for buildings. It is a benchmark for best practice in sustainable design. It has become the most widely used benchmark of a building's environmental performance. For more information, see the website at www.breeam.org.

SUMMARY TABLE OF WORK PLANNED OVER THE NEXT THREE YEARS (as at 30.09)				
(in millions of euros)	2009/2010	2010/2011	2011/2012	2012/2013
	Realised	Forecasts		
Brederode I	-	0.6	0.6	1.2
Central Gate	0.9	9.0	9.4	-
Fountain Plaza	0.3	3.2	-	-
Goemaere	-	0.5	-	-
Ikaros	0.1	2.5	1.5	0.8
Jean Dubrucq	-	0.6	-	-
Mons II	-	1.1	-	-
Empress Court (formerly known as Impératrice)	11.4	10.9	-	-
Triomphe I & II	-	-	-	2.0
Triomphe III	0.5	-	-	-
Science-Montoyer	2.0	7.7	-	-
Froissart	4.9	0.2	-	-
Paradis - New Finance Centre	1.8	0.6	25.6	49.3
WTC 3 (Widnell programme)	7.1	5.0	5.0	-
Fedimmo buildings (Widnell programme)	3.8	0.2	-	-
Befimmo buildings (energy programme)	**1.2**	**3.7**	**2.4**	**2.0**
Others	0.8	2.6	0.1	-
TOTAL	**34.8**	**48.3**	**44.6**	**55.3**

parks, patios and internal routes, and more generally a facelift of the common areas.

The total planned investments, in this occupied building, amount to €19.2 million. The work will begin in January 2011 and should last 18 months.

Empress Court (15,500 m²)
The major renovation work on the Empress Court building (total budget €25.0 million) is nearing completion. The building will be sold to the Vivaqua company (as mentioned above) on provisional handover, planned for February 2011.

Science-Montoyer (5,300 m²)
The Buildings Agency's lease ended on 27 March 2010. Fedimmo immediately started the refurbishment of the building. The project was a prize-winner in the "IBGE 2009 – Green Buildings" competition and is certified "Excellent" in the BREEAM[(2)] Design & Preconstruction category; it involves a full refurbishment of the building, with a reorganisation of the vertical and horizontal routes to optimise the existing space. The budget for the work is €10.3 million.

This building, which enjoys an excellent location in the European district of Brussels, should be available for lease during the second half of 2011.

Froissart (3,200 m²)
Fedimmo is finishing the renovation work on the building at a total cost of €5.7 million. With an ideal location right next to the

Key events of the fiscal year

Schuman roundabout in Brussels, in the heart of the European quarter, the building has been available for lease since the end of October 2010 and is arousing interest.

General renovation programme for Fedimmo buildings

Under its contractual obligations to the Belgian Authorities, Fedimmo completed the agreed general renovation programme on its buildings within the planned deadlines (budget of €26.8 million), apart from the work on Tower 3 of the World Trade Center in Brussels, which was postponed at the request of the Belgian Authorities.

The first two phases of the work in Tower 3 will be fully completed early in 2011, while the last phase should end in September 2012. The total budget for the works in Tower 3 is €22.2 million.

Fedimmo is also acting as coordinator for the initial installation work on behalf of the Buildings Agency.

Over the past three years, these works have led to a gradual increase in Fedimmo SA's annual rental income, of a base amount of €3.4 million over the fiscal year.

Project to build the new Finance Centre at rue Paradis in Liège (39,000 m²)

We would recall that under a public project tender, in early 2009 the Belgian Authorities signed a lease with Fedimmo for a building to be erected at Rue Paradis in Liège (total estimated cost €91.1 million). This building is to house the new offices of the staff of the Finance Federal Public Service, and will be leased for a fixed 25-year term as from 1 June 2013.

Under that contract, Fedimmo has applied for a "single permit" based on

Poelaert
Brussels centre

the building permit it obtained mid-2008. The procedure is currently in progress.

In order to take account of certain remarks made at the public enquiry as part of the procedure, some alterations have been requested by the Walloon Region, the authority responsible for issuing the single permit.

The competent authorities should take a decision on the amended project around mid-2011, resulting in a foreseeable delay of a few months in the handover of the building.

Other investments

Befimmo has also carried out various investment works in its buildings at an overall cost of €1.6 million over the fiscal year. The work relates in particular to the renovation of one unit in the Fountain Plaza complex, improvements to the façades of phases 1 and 2 of the Ikaros Business Park and renovation of the entrance hall of the Triomphe III building.

Brussels property market [1]

The years 2009 and 2010 were rather mediocre in terms of new office leases in Brussels, and 2011 and 2012 are looking likely to be difficult too. We do seem to be slowly emerging from the economic and financial crisis, but real estate is suffering from a delay effect in relation to this crisis; businesses are still being careful, investing little and restructuring to cut their costs. And all this is happening in a context where rental vacancies in the Brussels office market have peaked as a result of the major office investment programmes initiated before October 2008.

Fortunately, the rise in rental vacancies should gradually ease off as a result of the substantial reduction in the handover of new speculative projects onto the market up to the end of 2012.

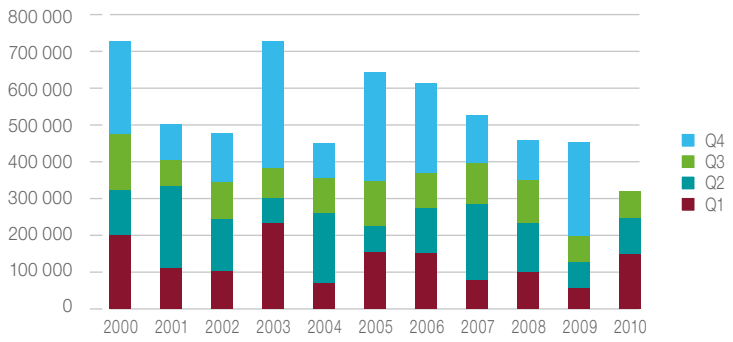
The investment market is still weak, with the volume of investments attaining a mere €320 million over the first nine months of 2010 as against €221 million for the same period in 2009, while the volume stood at nearly to €2 billion a year from 2005 to 2007. Potential investors are actually looking for "prime" quality combined with secure future income, properties that vendors, for the same reasons, prefer not to trade. Therefore, the products that vendors are offering are not meeting potential buyers' expectations, which has dramatically reduced the volume of transactions.

Brussels rental property market

Demand

After reaching a low point last year, take-up of office space in Brussels is gradually improving. For instance, over the first nine months of 2010, total take-up was nearly 320,000 m² compared with less than 200,000 m² for the same period the previous year, i.e. a rise of 60%.
However, a high percentage of this demand comes from tenants with a lease that is expiring or coming up to an intermediate break; they are aiming to

HISTORY OF DEMAND FOR OFFICES BY QUARTER (in m²)



(1) Source: CB Richard Ellis (30 September 2010).

Triomphe I
Brussels decentralised

take advantage of favourable rental terms and/or move to more effective and energy-efficient premises.
Rental activity is expected to improve over the next few quarters. This should be further supported by the public sector, principally the European institutions, which have not recently been very active on the market but are now actively negotiating for new space in the CBD. Accordingly, annual take-up in 2010 could exceed the 2009 level of 454,000 m², and could even top 550,000 m² which was the average before the crisis. However, any lasting recovery of the rental market will depend on a return to more sustained economic growth.

Supply

In Brussels, handovers of new offices have continued at a steady rate, with more than 230,000 m² for the whole of 2010.

However, the volume of new buildings being completed is expected to fall rapidly, as there are currently few projects in progress. In the CBD, projects due for handover in 2010 include the Platinum building (23,600 m²) in the Louise district and the Renaissance (10,100 m²) and Eolis (9,985 m²) projects in the city centre. In the Léopold district, the Meeus 23 building (8,920 m²) is now available for lease.

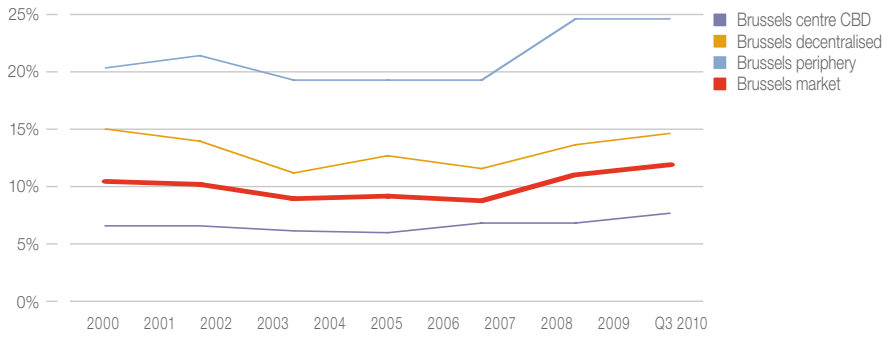
The decentralised and periphery markets, which have higher vacancy rates, will probably see an even more substantial reduction in terms of new projects and future handovers. Construction activity is expected to reach its lowest level in 2011/2012, with a mere 150,000 m² of speculative office space over these two years.

Rental vacancy

With a supply of available office space currently in excess of 1.5 million m², or 11.8% of total space (13.1 million m²) – as against 10.8% one year previously – rental vacancies are at an historic high.

The vacancy rate has increased dramatically in the CBD, where many speculative projects were handed over in 2009/2010 and now offer large areas to let. This trend is particularly apparent in the Leopold district, where the

RENTAL VACANCY PER DISTRICT (as %)



vacancy rate has increased by more than 40% over two years, from 6.8% to 9.6% and in the North area, where the rate is now 9.4%. However, despite an important pipeline, the new projects recently handed over onto the market, notably the city centre (T'Serclaes, Empress Court, Renaissance and gradually the Marquis building), found tenants fairly quickly.

Rental vacancies in decentralised and peripheral areas stand at 14.6% and 23.6%, up 9.8% and 3.5% respectively year-on-year.

However, the vacancy rate for the whole market, recorded for the third quarter of 2010, has stabilised for the first time since the outbreak of the financial crisis in 2008. This stabilisation is a direct consequence of the limited volume of handovers during the summer, and the take-up of a number of projects that recently came onto the market. This trend will probably continue into 2011 on account of the slowdown in building activity.

Rental values

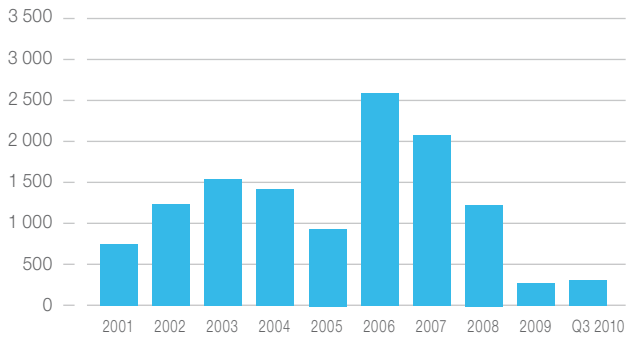
Average rents have held fairly steady since 2008 in an extremely competitive market; however, owners are offering more rental gratuities today than before the crisis.

In the city centre and the Léopold district, for high-quality buildings, a few transactions were nevertheless agreed at pre-crisis rents. Prime-rent office space in Brussels is currently changing hands at €285/m² compared with €265/m² previously for small spaces in the Schuman roundabout micromarket.

Rents are averaging between €169/m² and €202/m². Average rents in decentralised areas and the periphery are of the order of €136/m² and €131/m² respectively. The average rent for the Brussels office market is currently €164/m², compared with €170/m² for the same period last year.

Rents for second-hand office buildings are generally harder hit than those for new buildings. The areas of the Brussels CBD are suffering mainly from the number of new office projects recently

HISTORY OF INVESTMENT VOLUME IN OFFICE BUILDINGS IN BRUSSELS (€ million)



handed over, whereas in decentralised areas and the periphery the rise in vacancy rates has stepped up competition between owners wishing to attract new tenants to fill vacant space.

Top-quality office buildings are selling at a yield of roughly 6.25% in the CBD and 7.50% in the periphery, for 3/6/9-year leases.

Brussels investment market

Over the first nine months of 2010, the total value of transactions on the Brussels office market was €320 million. The low volume of investments is explained to a large extent by the lack of prime products for sale, which are very much in demand. Investors are also proving extremely demanding at the purchasing stage, with consequent delays or cancellations of a number of minor and complex transactions. Meanwhile, in the prime segment of the market, values have begun to rise again owing to the growing competition between investors. Certain prime products on long-term leases (known as 'super-core') are changing hands at yields well below 6%.

Befimmo identity and strategy

Founded 15 years ago, Befimmo is a Sicafi specialising in investing in office buildings located mainly in city centres, notably in Brussels.

Befimmo is a Belgian fixed-capital real-estate investment trust (SICAFI) incorporated under Belgian law. It is bound by the relevant legislation, notably the Law of 20 July 2004 on certain forms of collective management of investment portfolios, and the Royal Decrees of 10 April 1995, 10 June 2001 and 21 June 2006.

Founded 15 years ago, Befimmo is a Sicafi specialising in investing in office buildings located mainly in city centres, notably in Brussels. Its portfolio currently consists of around a hundred office buildings, with a total area of more than 800,000 m², a large part of which is leased long-term to public institutions. It is valued at €1.9 billion and has a market capitalisation of around €1 billion.

Befimmo is listed on Euronext Brussels and a member of the BEL20 index and pursues a sound and informed strategy of maximising its income to offer its shareholders a regular dividend and prospects of creating value.

Befimmo is keen to face the challenges of Sustainable Development in its strategic thinking, and models its day-to-day activities on the principles of Corporate Social Responsibility.

Befimmo focuses its business approach on:

> **pursuing a clear and transparent strategy** as a pure player[1] in office buildings;

> **its customers**, the occupants of its buildings, without whose rental payments nothing would be possible. Befimmo seeks to secure its income over the long term and strives to maintain the highest possible occupancy rate for its portfolio, building over time a relationship of trust with its rental customers;

> **the quality of its new investments** to ensure lasting growth in earnings, cash flow and share price, by incorporating not only real-estate and financial aspects but also the environmental dimension into decisions;

> **judicious disinvestments** in line with a policy of anticipating cycles, arbitrating its portfolio, or simply taking opportunities;

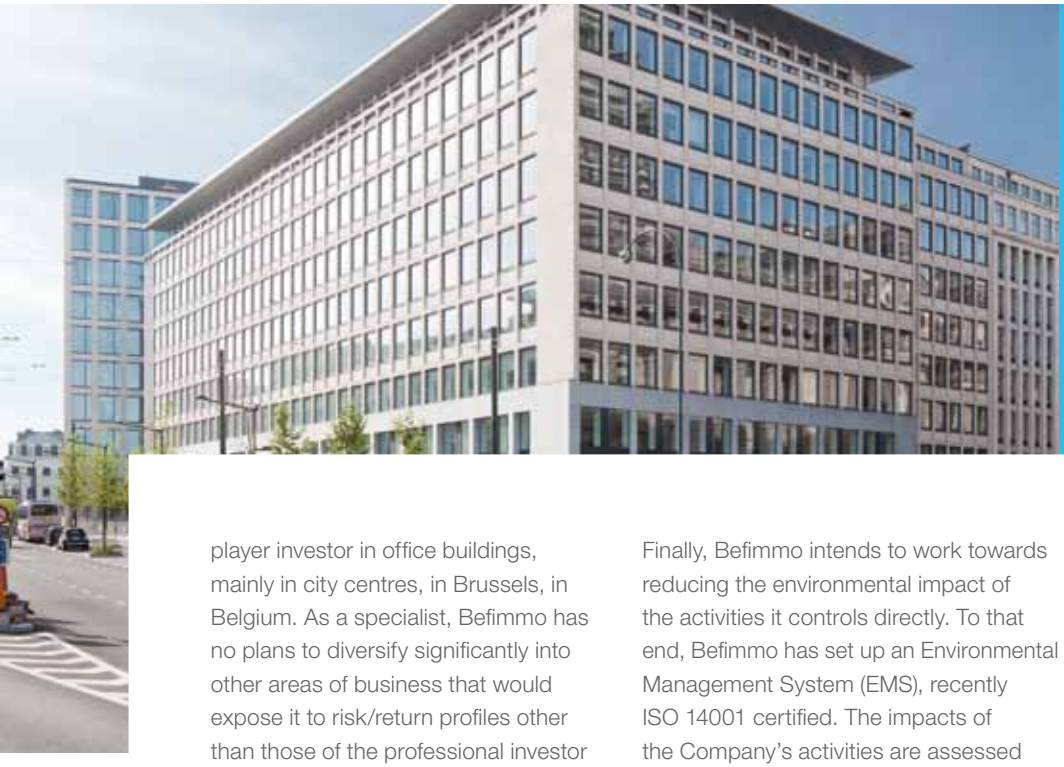
> **controlling costs**, both real-estate expenses and overheads, so enabling Befimmo to rank among the best performing listed European groups;

> **balancing its borrowing structure** to ensure its liquidity while limiting its financing costs and protecting its earnings and cash flow for periods of three to five years against rises in interest rates above certain thresholds;

> **the development and motivation of its team of 40 staff members**, as at 30 September 2010.

As far as possible, Befimmo aims to offer its shareholders a stable dividend of a level that is balanced in relation to the Company's risk profile. Building on its experience, Befimmo will continue to work with the same philosophy of creating long-term value for its shareholders:

> Befimmo is concentrating on its core business of Asset Manager, a pure



Montesquieu [3]
Brussels centre

player investor in office buildings, mainly in city centres, in Brussels, in Belgium. As a specialist, Befimmo has no plans to diversify significantly into other areas of business that would expose it to risk/return profiles other than those of the professional investor in office property. While still giving priority to the Belgian market, Befimmo may get involved in new investment prospects abroad, as it already has in Luxembourg, in other Eurozone countries with strong growth prospects whose legislation guarantees the fiscal transparency specific to Sicafis, and especially in cities offering liquidity and sufficient market depth. For the time being, only the Paris market seems to satisfy these criteria.

> Additionally, Befimmo may take a limited interest in market opportunities deviating from this strategy that involve a higher risk profile as long as they can be shown to be relevant, in particular opportunities for acquiring development projects for own account and for acquisitions with a more financial profile, focused on long-term income from reliable debtors.

Finally, Befimmo intends to work towards reducing the environmental impact of the activities it controls directly. To that end, Befimmo has set up an Environmental Management System (EMS), recently ISO 14001 certified. The impacts of the Company's activities are assessed from a strategic viewpoint (acquisition, major renovation, etc.) and an operational viewpoint (building maintenance, use, etc.). Befimmo considers that, its own merits aside, the EMS, complemented by other tools used for Befimmo properties, such as the energy performance certificate or BREEAM certification [2], is likely to contribute to optimising added value.

(1) Pure player: an investor that focuses on and is specialised in a single geographical or sectoral business segment.

(2) BREEAM (BRE Environmental Assessment Method) is the first environmental assessment method for buildings. It establishes a standard for best practice on sustainable design and has become the benchmark the most widely used for describing a building's environmental performance.
For more information, see the website at www.breeam.org.

(3) Formerly named Extension Justice.

Axel Enthoven
Industrial designer
eadc, Enthoven Associates,
Design Consultants
www.eadc.be

"Furniture will become smarter and more mobile, able to adjust to the morphology of the user."

What will office inner space look like in the future?

They will adapt to the way we work, which is going to change dramatically. Flexitime will become the norm, and anything that doesn't need other people's physical presence can be done at home, or even on the road. All of the places we spend any length of time in – home, transport, office – will adapt to this flexible new way of working by becoming flexible themselves. Offices used by just one person will gradually disappear. Internal boundaries will become temporary, easy to adjust to the number of people who occupy the space and the activity taking place there. Furniture will become smarter and more mobile, able to adjust to the morphology of the user. Network access, opportunities to recharge devices, to view and listen to multimedia content are all features that are taken into account in the furniture that we create.

You've done a lot with light…

Yes, that's right, in all of our projects, light plays an important role. Just as the functionality of a workstation attracts the rational side of a user's brain, light has an impact on his or her emotions. Designers are going to be paying more and more attention to this psychological aspect. Lighting is now acknowledged as being a determining factor when it comes to atmosphere, and we continue to learn lessons from the continuing progress made in the field of light therapy to optimise "working atmospheres". It has been scientifically proved that red wakes us up, orange sends us to sleep and blue keeps us awake. In practical terms, there is a trend for reflective or absorbent walls, with colours that change depending on the time of day and the season. As well as purifying the air and managing the temperature without telling employees, colours will be managed by the company's doctor or psychologist according to the "need" for clearly identified colours.

What does your dream office look like?

How head office in Antwerp isn't a million miles away! It's in the town centre, but surrounded by greenery, it's easily accessible and gives a stunning view to anyone who works there. On top of that, the building, listed as a national example of classic modern architecture, was designed in 1974 by Willy Vander Meeren, a Belgian architect I particularly admire. We have converted it into a showcase for our art, filled with the perfect spaces for communication, as well as for privacy. These offices could definitely be even more flexible, but I'm generally really happy with them, and every time I go there, I'm filled with pleasure and pride.

Portfolio

Profile

Befimmo is an asset manager, pursuing a strategy as a pure-player investor in quality office buildings in districts where there is a structural shortage, such as city centres. Its home markets are Brussels and more generally Belgium. The portfolio is spread across the various submarkets and enjoys both:

1. A firm foundation

> 56.4% of the portfolio is located in the Central Business District (CBD) of Brussels where much of demand is structural, from tenants with a high rating such as the Belgian federal and regional institutions and European institutions, along with the companies, representations and bureaux that need to be close to those institutions;

> a first stage of geographical diversification was achieved in 2009 with the acquisition of the Axento building, in the city of Luxembourg on the Plateau du Kirchberg, one of the best locations in that market. This building, which has guaranteed income until 31 December 2010, represents 4.4% of the value of the Befimmo portfolio;

> some fifty buildings let mainly to the Belgian Government are located in town centres all over Belgium (19.0% in Flanders and 4.8% in Wallonia).

2. and opportunities

> 6.9% of the portfolio is located in decentralised areas, mainly in places where companies nevertheless enjoy the advantages of a city location (served by public transport, access to services, close to customers, etc.);

> 8.5% of the portfolio is located in the Brussels periphery in Zaventem and Vilvoorde. Over half of this portfolio, the Ikaros and Planet business parks, is located in a niche market for business parks with small office buildings, offering a rapid, flexible and effective response to the needs of small and medium-sized companies and subsidiaries of multinationals. This niche market is the most sensitive to market cycles.

Rental income is relatively well protected for the coming years, over 65% of rent coming (for the next 11.2 years on average) from Belgian and European

Befimmo's core business is investment in high-quality office buildings in locations where scarcity creates value, such as in city centres.

Goemaere
Brussels decentralised

public institutions. The running costs (maintenance, management and overheads) are under control. In such a large portfolio – around one hundred buildings – there is a natural redevelopment pipeline that creates value. In this context, the Company is actively managing ongoing or future renovations, such as the Empress Court, Science-Montoyer and Froissart buildings, and the construction of the new Tour Paradis.

Investment strategy

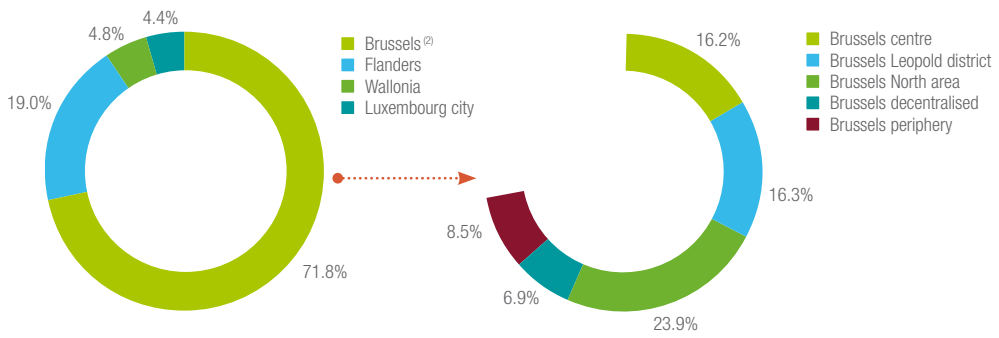
Befimmo's core business is investment in high-quality office buildings in locations where scarcity creates value, such as in Central Business Districts.
Befimmo considers investment projects meeting the following main criteria:

> a good occupancy with quality tenants;
> an adequate critical size, well equipped and efficient;
> suitable for successfully passing the due diligence examinations which look into planning permission and technical, environmental, legal and tax issues;
> potential to create value;
> well located (visible, accessible) and in areas well served by public transport.

Befimmo may also adopt proactive positions, taking on certain marketing risks (for example by letting buildings acquired but yet to be completed), and forming appropriate partnerships with real-estate developers or building contractors in order to cover any risks involved in completion (cost, deadlines, quality). This was the case – for instance – with the Axento project in Luxembourg. Befimmo may also consider forming partnerships for certain real-estate transactions that exceed its own investment capacity.

Portfolio

Geographical breakdown [1]



(1) The proportions are expressed on the basis of fair values at 30 September 2010. This graph does not take account of the fair values of properties held for sale.

(2) Brussels: this means Brussels and its economic hinterland, i.e. the Central Business District (CBD), decentralised areas and periphery.

(3) These values are established in accordance with standard IAS 40 which requires investment property to be booked at "fair value". "Fair value" is obtained by deducting from the "investment value" an average costs for transactions established by independant real-estate experts, corresponding to (i) 2.5% for property worth more than €2.5 million and to (ii) 10% (Flanders) or 12.5% (Wallonia and Brussels) for property worth less than €2.5 million. The Befimmo portfolio consists of investment properties and of properties held for sale.

Portfolio

The fair value [3] of Befimmo's consolidated portfolio was €1,922.6 million at 30 September 2010, compared with €1,922.9 million at 30 September 2009. This change in value incorporates the cost of the renovation work carried out in the portfolio over the fiscal year, and the changes in value booked to the income statement.

Excluding investments and disinvestments, a decrease in value of the portfolio of €34.6 million (-1.77%) was recorded over the fiscal year that closed at 30 September 2010.

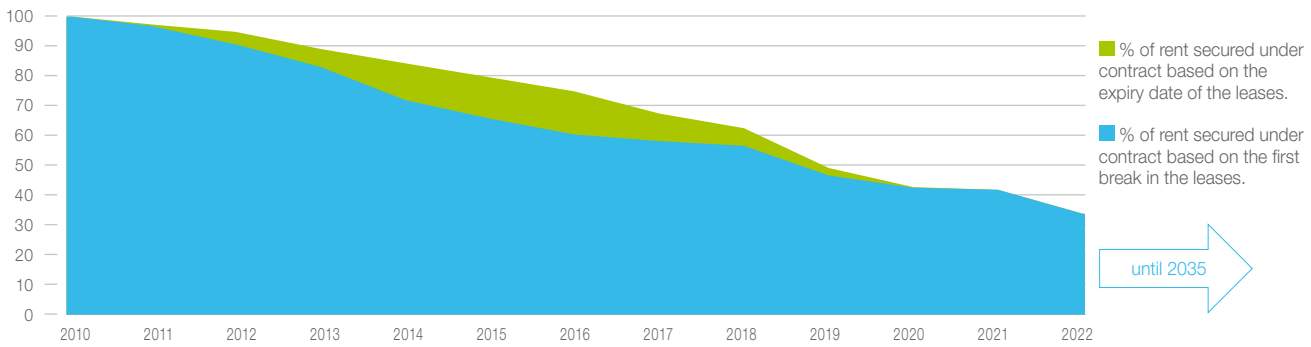
This year has seen a gradual slowdown in the rate of the decreases in value as a result of the effects of the economic and financial crisis, and these values are tending to stabilise in the medium term. This trend, illustrated over the past two fiscal years (-3.74% in 2008/2009, -1.77% in 2009/2010) in the table hereafter, seems to be confirmed in the light of the prospects for changes in value over the next three fiscal years. These prospects for change are detailed hereafter in the "Outlook" section.

The decrease in value is essentially the result of the lower rental values estimated by the real-estate experts, mainly in the decentralised areas and periphery of Brussels, reflecting the current pressure on the office rental market, while capitalisation rates have held steady overall.

The values of buildings with vacant space (in the short or medium terms) have been penalised by higher rates of capitalisation, as the real-estate experts wanted to reflect the substantial discount observed on the investment market for buildings that are partly or entirely vacant or where the residual term of the lease is short.

The values of the Befimmo portfolio were worse affected than those in the Fedimmo portfolio: -2.73%, as against -0.04%. This fall mainly affected the Befimmo buildings in decentralised areas and the suburbs of Brussels: -6.53% and -4.74% respectively. The value of buildings located in the Brussels CBD fell by a more moderate -1.67% since the fiscal year opened, illustrating the traditionally more stable nature of this market

Percentage of rent secured under contract on the basis of the remaining term of the leases in the consolidated portfolio[4] (for ongoing and signed future leases) (as %)



segment. This trend confirms the wisdom of Befimmo's strategy of specialising in investing in property in city-centre locations.

The value of the Fedimmo buildings, on the other hand, most of which are on long-term leases to the Belgian Government, held steady over the fiscal year (-0.04%). This stability in the values of the Fedimmo portfolio illustrates the great interest that investors continue to show, despite the context of the economic and financial crisis, in buildings with secure long-term cash flows, especially with quality debtors.

The occupancy rate[5] of the buildings in the portfolio, calculated on the basis of the space actually available for lease, was 95.53% at 30 September 2010 as against 96.14% as the fiscal year opened.

The occupancy rate of all investment properties at 30 September 2010, i.e. including properties that are being constructed or developed for own account in order to be leased, was 94.03% as against 93.69% as the fiscal year opened.

At 30 September 2010, the weighted average duration of current leases was 9.1 years as against 9.4 years as the fiscal year opened.

The overall rental yield on current rents in investment properties (excluding properties that are being constructed or developed for own account in order to be leased) was 6.60% at 30 September 2010, as against 6.56% as the fiscal year opened.

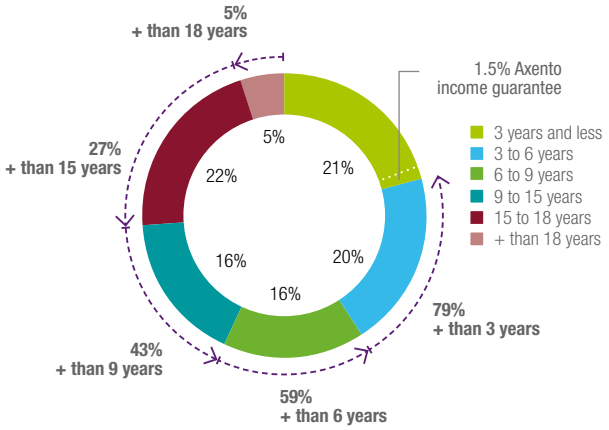
Again at 30 September 2010, the overall rental yield on current rents added to the estimated rental value on unoccupied premises was 6.90% as against 6.82% at 30 September 2009. Taking into account properties that are being constructed or developed for own account in order to be leased, the real and potential yields were 6.42% and 6.83% respectively at 30 September 2010.

(4) Rents for future years calculated on the basis of the present situation, assuming that each tenant leaves at the first break and that no further lease is agreed/current rents at 30 September 2010. This graph does not take account of the new 25-year fixed-term lease with the Buildings Agency for the Paradis building in Liège and rents of properties held for sale.

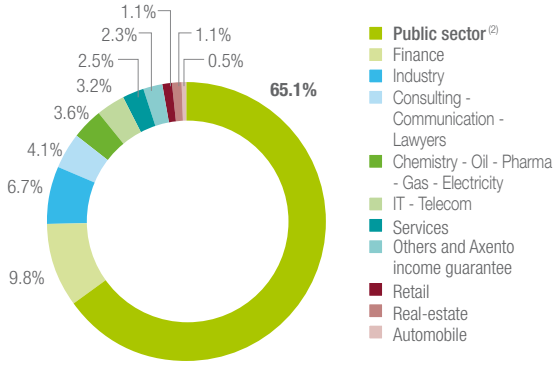
(5) Occupancy rate: current rents (including the rate for space leased but for which the lease has yet to begin)/(current rent + estimated rental value for vacant space).

Portfolio

Duration of leases [1]



Tenants [1]



CHANGE IN FAIR VALUES (at 30.09)					
OFFICES	Change over the year [3]	Proportion of portfolio [4]	2010	2009 (€ million)	2008
Properties available for lease		95.4%	1 835.3	1 866.8	1 787.9
Brussels centre (CBD)	-1.67%	52.9%	1 017.8	1 034.2	1 005.3
Brussels decentralised	-6.53%	6.7%	129.8	139.4	151.4
Brussels periphery	-4.74%	8.3%	159.6	166.7	179.6
Flanders	-0.07%	18.6%	358.4	355.8	358.5
Wallonia	-2.90%	4.6%	87.5	89.2	93.1
Luxembourg city	0.87%	4.3%	82.2	81.5	-
Properties that are being constructed or developed for own account in order to be leased		2.6%	49.6	51.5	89.7
INVESTMENT PROPERTIES		98.0%	1 885.0	1 918.3	1 877.6
PROPERTIES HELD FOR SALE		2.0%	37.7	4.6	8.9
TOTAL	-1.77%	100%	1 922.6	1 922.9	1 886.5

(1) The proportions are expressed on the basis of current rents at 30 September 2010. This graph does not take account of the rents of properties held for sale.

(2) Public sector: Belgian public institutions (federal, regional & Communities), European Institutions and delegations.

(3) The change over the year corresponds with the change in fair value, at a constant floor area, between 30 September 2009 and 30 September 2010 (excluding investments and disinvestments).

(4) The proportion of the portfolio is calculated on the basis of the fair value of the portfolio as at 30 September 2010.

CHANGES IN FAIR VALUES OF BUILDINGS OVER THE PAST TWO FISCAL YEARS, BY QUARTER							
FISCAL YEAR 2008/2009				FISCAL YEAR 2009/2010			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
-2.41%	-0.25%	-0.43%	-0.86%	-0.54%	-0.48%	-0.39%	-0.39%
-3.74%				-1.77%			

CHANGE IN PORTFOLIO YIELD (as at 30.09)	2006	2007	2008	2009	2010
Total surface of investment properties (m²)	523 037	879 470	834 237	846 107	830 164
Fair value of investment properties (€ thousand)	1 078 357	1 812 899	1 877 636	1 918 316	1 884 964
Occupancy rate [5]	94.7%	95.1%	97.3%	96.1%	95.5%
Potential yield [6]	7.55%	6.73%	6.43%	6.80%	6.90%
Breakdown					
m² office space	473 398	829 831	834 237	846 107	830 164
m² others	49 639	49 639	-	-	-
% office space	97.5%	98.4%	100.0%	100.0%	100.0%
% others	2.5%	1.6%	-	-	-

REVERSION RATE (as at 30.09.2010)	Current rent + rent on signed future contracts (€ thousand)	Proportion of rents (%)	Weighted average duration of leases (1st break)	Reversion rate [7]
Brussels centre (CBD)	66 550	53.6%	10.3 years	-4.4%
Brussels decentralised	8 994	7.2%	4.0 years	-9.1%
Brussels periphery	11 529	9.3%	2.8 years	-6.4%
Flanders	20 653	16.6%	14.2 years	-3.4%
Wallonia	11 044	8.9%	6.2 years	-14.2%
Luxembourg city	5 387	4.3%	3.4 years	-4.7%
PROPERTIES AVAILABLE FOR LEASE	**124 157**	**100%**	**9.1 years**	**-5.6%**

(5) The occupancy rate, for the years 2009 and 2010, is calculated for all properties available for lease, i.e. for investment properties excluding properties that are being constructed or developed for own account in order to be leased.

(6) The potential yield of the property portfolio, illustrating the yield if the portfolio was 100% leased, is calculated as the ratio between current rents increased by the rental value of vacant spaces and the investment value. This yield, for the fiscal years 2009 and 2010, is calculated for all properties available for lease.

(7) Reversion rate: 1-((current rent + estimated rental value of vacant space)/estimated rental value of total space).

Portfolio

TENANTS (1st break) (as at 30.09.2010)			
	Annual rent [1]	Weighted average duration [2]	Percentage
1. Public sector (federal & regional)			59.1%
2. European institutions & delegations			6.0%
Top two tenants: PUBLIC SECTOR	**€80.9 million**	**11.2 years**	**65.1%**
3. BNP Paribas Fortis and linked companies			4.8%
4. Linklaters Associates			2.6%
5. Levi Strauss			2.3%
6. BGL BNP Paribas and linked companies			2.3%
7. Citibank			2.2%
8. Sheraton Management LLC			1.5%
9. General Electric			1.0%
10. Scarlet Business			0.7%
Next eight tenants	**€21.5 million**	**7.4 years**	**17.3%**
Next ten tenants	**€5.9 million**	**3.3 years**	**4.7%**
Top 20 tenants	**€108.3 million**	**10.0 years**	**87.2%**
Approx. 165 tenants	**€14.0 million**	**3.5 years**	**11.2%**
Axento income guarantee	**€1.9 million**	**0.3 years**	**1.5%**
TOTAL	**€124.2 million**	**9.1 years**	**100.0%**

(1) The annual rent does not take account of properties held for sale.

(2) Weighted average duration of leases, i.e. the sum of (annual current rents for each lease multiplied by the term remaining up to the first break in the lease) divided by the total current annual rent of the portfolio.

SUMMARY OF DATA ON PROPERTIES IN THE BEFIMMO PORTFOLIO[3] (as at 30.09.2010)				
	Rental space (m²)	Percentage of portfolio[4]	Current rents (€ thousand)	Occupancy rate
Brussels centre 9 buildings	109 639	14.9%	18 642	93.6%
Brussels Leopold district 7 buildings	67 643	13.3%	16 644	98.6%
Brussels North area 3 buildings	187 506	25.0%	31 265	98.8%
Brussel Central Business District (CBD) 19 buildings	**364 788**	**53.2%**	**66 550**	**97.3%**
Brussels decentralised 8 buildings	**60 794**	**7.2%**	**8 994**	**90.6%**
Brussels periphery 7 buildings and office parks	**106 470**	**9.2%**	**11 529**	**79.4%**
TOTAL BRUSSELS	**532 052**	**69.6%**	**87 073**	**93.7%**
Flanders 33 buildings	180 563	16.5%	20 653	100.0%
Wallonia 20 buildings	95 601	8.8%	11 044	100.0%
Luxembourg city 1 building	13 447	4.3%	5 387	100.0%[5]
PROPERTIES AVAILABLE FOR LEASE	**821 663**	**99.3%**	**124 157**	**95.5%**
PROPERTIES THAT ARE BEING CONSTRUCTED OR DEVELOPED FOR OWN ACCOUNT IN ORDER TO BE LEASED	8 501	-	-	-
INVESTEMENT PROPERTIES	**830 164**	**99.3%**	**124 157**	**94.0%**
PROPERTIES HELD FOR SALE	**27 935**	**0.7%**	**862**	**-**
TOTAL	**858 099**	**100%**	**125 019**	**-**

(3) A full list of all the buildings in Befimmo's consolidated portfolio is annexed to this Annual Report.

(4) The share of the portfolio is calculated on the basis of the current rent as at 30 September 2010.

(5) The Axento building is not yet 100% leased, but Befimmo has guaranteed income for 18 months that expires on 31 December 2010.

Conclusions of the real-estate expert

To the Board of Directors
Befimmo SA
Managing Agent
of Befimmo SCA
Parc Goemaere
Chaussée de Wavre 1945
1160 Brussels

Dear Sirs,

Re: Valuation of the real-estate portfolio of Befimmo as at 30 September 2010.

Context

In accordance with article 59, § 1 of the Royal Decree of 10 April 1995 with regard to the Sicafis Befimmo has instructed an independent valuer to provide an opinion of value for its portfolio as at 30 September 2010. We have been mandated to value the part of the Befimmo portfolio with long term leases and the Fedimmo portfolio while Winssinger & Associés has been mandated to value the other Befimmo properties. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder.

Jones Lang LaSalle has been active in Belgium since 1965 and has a long track record in valuing professional real estate. Winssinger & Associés indicates as well that it benefits from sufficient knowledge of the property markets in which Befimmo is active, as well as the required professional qualifications and recognition to fulfil this assignment. The mission of the valuers has been carried out in full independence.

Consistently with market practice, our mission has been carried out on the basis of information provided by Befimmo, in particular relating to tenancy situation, costs and taxes borne by the landlord, works to be carried out, as well as any other element which could have an influence on the assets' value. We have assumed this information to be correct and complete. As specifically mentioned in our reports, our valuation does not constitute in any way a quality or technical survey of the properties, nor an analysis of the possible presence of deleterious materials. These elements are well known by Befimmo, which carries out a technical and legal due diligence prior to the acquisition of each property.

Opinion

The investment value is defined as the most likely value that could reasonably be obtained on the date of valuation in normal sales conditions between willing and well-informed parties before deduction of transaction costs.

As our principal valuation method we have adopted a static capitalisation approach and also carried out a simple "sanity check" in terms of price per square metre.

The static capitalisation is carried out in the form of a "Term and Reversion" valuation, with the current income based on contractual rents capitalised until the end of the current contract, and the ERV capitalised in perpetuity and brought to a net present value.
It should be noted that this method of valuation applies a multiplier to the current and future expected rent that is based on analysis of sales of comparable properties in the market. The multiplier depends on the yield that investors require when acquiring in this market. The yield reflects the risks intrinsic to the sector (future voids, credit risk, maintenance obligations, etc.). Where there are unusual factors specific to the property, then an explicit correction is made either, for example:

- Non-recovered charges or taxes in a market where recovery from the tenant is usual;
- Renovation work or deferred repairs necessary at the date of valuation in order to continue to receive the rent;
- Unusual outgoing costs.

It is important to understand the distinction between this "capitalisation" approach and the discounted cash flow method where future growth and inflation are explicit. This difference is why discount rates in a discounted cash flow valuation are higher than yields in a static capitalisation approach.

The yields used are based on the valuers judgement in comparison with evidence of comparable sales. Factors in the market that determine yield are numerous, and different factors are of importance to different buyers. The following criteria are often taken into account: the quality of the tenant and duration of the lease, the location, the state of repair, the age and the architectural quality of the

building and also the efficiency of the building (gross to net ratio/parking ratio).

Ultimately it is supply and demand in the investment market that determines the price. For the financial accounting of a Sicafi and in accordance with the IAS/IFRS norms it is common practice to use the Fair Value. Following a press release of the Belgian Association of Asset Managers (BEAMA), dated 8 February 2006, the Fair Value can be obtained by subtracting 2.5% transaction costs from properties with an investment value of more than €2,500,000. For properties with an investment value under €2,500,000 registration duties of 10% or 12.5% should be subtracted, depending on the region where they are situated.

In the light of all comments mentioned above, we confirm that the investment value of the Befimmo property portfolio as at 30 September 2010 amounts to a total of

€1,971,947,000
(ONE BILLION NINE HUNDRED AND SEVENTY ONE MILLION NINE HUNDRED AND FORTY SEVEN THOUSAND EUROS);

this amount includes the valuation of the buildings which have been carried out by Winssinger & Associés SA.

The most likely sale value corresponding to the fair value of the Befimmo property portfolio as at 30 September 2010 amounts to a total of

€1,922,611,000
(ONE BILLION NINE HUNDRED AND TWENTY TWO MILLION SIX HUNDRED AND ELEVEN THOUSAND EUROS);

this amount includes the valuation of the buildings which have been carried out by Winssinger & Associés SA.

On this basis, the initial yield of the portfolio with properties held for letting is 6.60 %. Should the vacant accommodation be fully let at estimated rental value, the initial yield would be 6.90 % for the same portfolio. The occupation rate of the portfolio with properties held for letting is 95.53 %. For the total portfolio of investment properties this rate is 94.03 %. The average level of passing rent obtained is currently approximately +/- 5.60 % above the current average estimated rental value.

The property portfolio comprises:

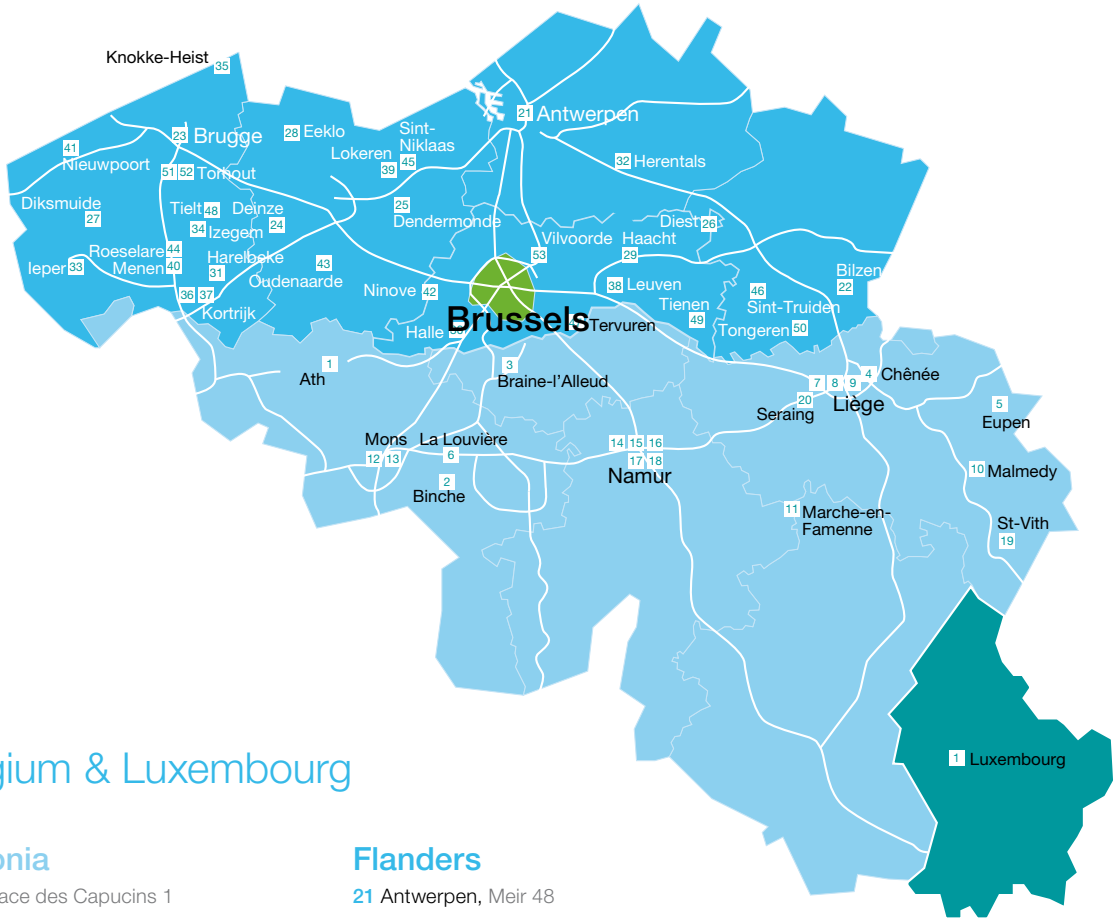
Offices	Fair Value (€ million)	%
INVESTMENT PROPERTIES	**1 884.9**	**98.0**
Properties available for lease	1 835.3	95.4
Brussels centre (CBD)	1 017.8	52.9
Brussels decentralised	129.8	6.7
Brussels periphery	159.6	8.3
Flanders	358.4	18.6
Wallonia	87.5	4.6
Luxembourg city	82.2	4.3
Properties that are being constructed or developed for own account in order to be leased	49.6	2.6
PROPERTIES HELD FOR SALE	**37.7**	**2.0**
TOTAL	**1 922.6**	**100**

Yours sincerely,

Brussels, 22 October 2010.

R.P. Scrivener M.R.I.C.S.
National Director
Head of Valuations and Consulting
On behalf of Jones Lang LaSalle

Portfolio in detail



Belgium & Luxembourg

Wallonia

1 Ath, Place des Capucins 1
2 Binche, Rue de la Régence 31
3 Braine-l'Alleud, Rue Pierre Flamand 64
4 Chênée, Rue Large 59
5 Eupen, Vervierserstrasse 8
6 La Louvière, Rue Ernest Boucqueau 15
7 Liège, Avenue Émile Digneffe 24
8 Liège, Rue Paradis 1
9 Liège, Rue Rennequin-Sualem 28
10 Malmedy, Rue Joseph Werson 2
11 Marche-en-Famenne, Av. du Monument 25
12 Mons, Rue Joncquois 118
13 Mons, Digue des Peupliers 71
14 Namur, Avenue de Stassart 9
15 Namur, Rue Henri Lemaître 3
16 Namur, Rue Pépin 5
17 Namur, Rue Pépin 31
18 Namur, Rue Pépin 22
19 Saint-Vith, Klosterstrasse 32
20 Seraing, Rue Haute 67

Flanders

21 Antwerpen, Meir 48
22 Bilzen, Brugstraat 2
23 Brugge, Boninvest 1
24 Deinze, Brielstraat 25
25 Dendermonde, St-Rochusstraat 63
26 Diest, Koning Albertstraat 12
27 Diksmuide, Woumenweg 49
28 Eeklo, Raamstraat 18
29 Haacht, Remi van de Sandelaan 1
30 Halle, Zuster Bernardastraat 32
31 Harelbeke, Kortrijksestraat 2
32 Herentals, Belgiëlaan 29
33 Ieper, Arsenaalstraat 4
34 Izegem, Kasteelstraat 15
35 Knokke-Heist, Majoor Vandammestraat 4
36 Kortrijk, Bloemistenstraat 23
37 Kortrijk, Ijzerkaai 26
38 Leuven, Vital Decosterstraat 42/44
39 Lokeren, Grote Kaai 20
40 Menen, Grote Markt 10
41 Nieuwpoort, Juul Filliaertweg 41
42 Ninove, Bevrijdingslaan 7
43 Oudenaarde, Marlboroughlaan 4
44 Roeselare, Rondekomstraat 30
45 Sint-Niklaas, Driekoningenstraat 4
46 Sint-Truiden, Abdijstraat 6
47 Tervuren, Leuvensesteenweg 17
48 Tielt, Tramstraat 48
49 Tienen, Goossensvest 3
50 Tongeren, Verbindingstraat 26
51 Torhout, Burg 28
52 Torhout, Elisabethlaan 27
53 Vilvoorde, Groenstraat 51

Luxembourg

1 Luxembourg, Avenue John Fitzgerald Kennedy 44 (Plateau du Kirchberg)

Brussels

Brussels centre

54 Brederode 1 and Brederode Corner
55 Central Gate
56 Keizer
57 Montesquieu [1]
58 Gouvernement Provisoire
59 Lambermont
60 Pacheco
61 Poelaert

Brussels Leopold district

62 Arts
63 Froissart
64 Guimard
65 Joseph II
66 Schuman 3 and 11
67 Science-Montoyer
68 View Building
69 Wiertz

Brussels North area

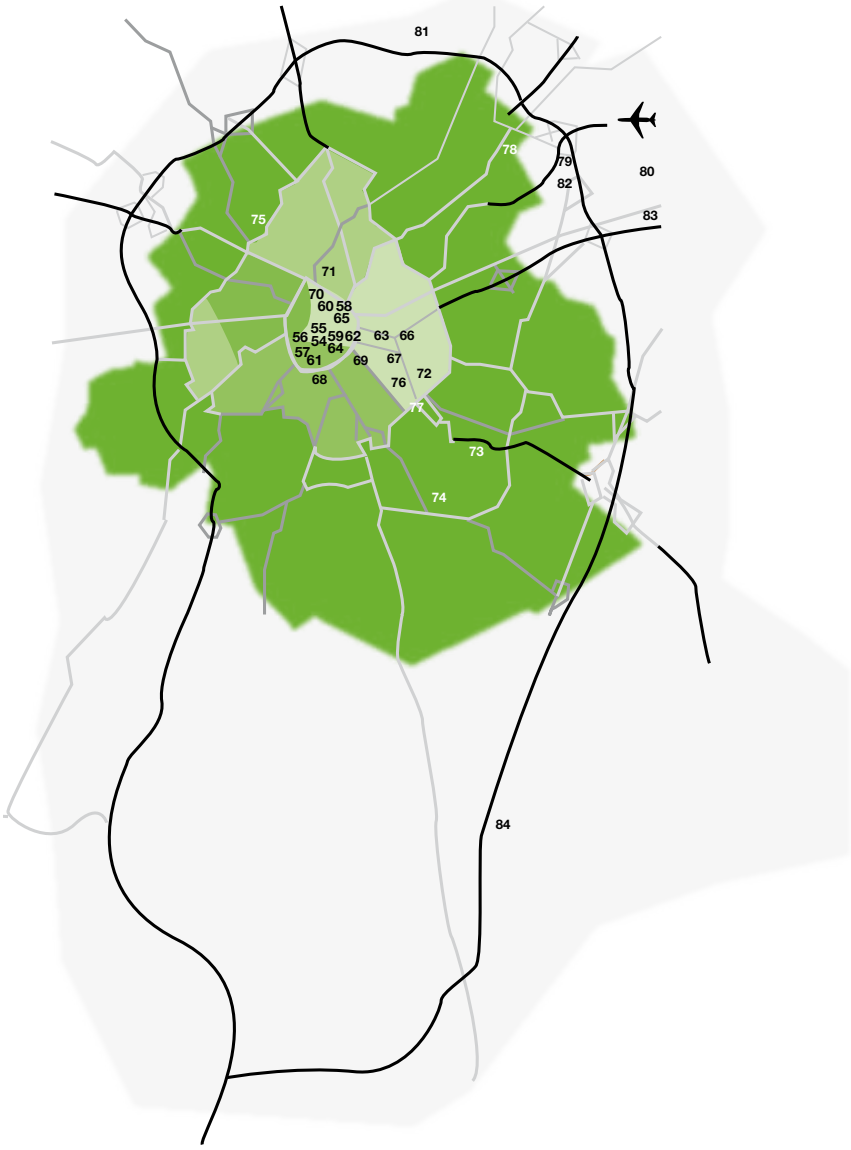
70 Noord Building
71 World Trade Center Tower 2 and 3

Brussels decentralised

72 Eudore Devroye
73 Goemaere
74 La Hulpe
75 Jean Dubrucq
76 La Plaine
77 Triomphe I, II and III

Brussels periphery

78 Eagle Building
79 Fountain Plaza
80 Ikaros Business Park
81 Media
82 Ocean House
83 Planet II
84 Waterloo Office Park



(1) Formerly: Extension Justice

Office buildings[1] > 10,000 m²

Brussels centre

Central Gate

Rue Ravenstein 50-70
Cantersteen 39-55
1000 Brussels
Space: 32,730 m²
Year renovated: 1997-2000

Poelaert

Place Poelaert 2-4
1000 Brussels
Space: 14,146 m²
Year renovated: 2001

Brederode 1

Rue de Brederode 9/11/13/13a,
Rue de Namur 28/30/32/48/50/52
and Rue Thérésienne 14
1000 Brussels
Space: 19,665 m²
Year renovated: 1990-2001

Montesquieu

Rue des Quatre Bras 13
1000 Brussels
Space: 19,004 m²
Year renovated: 2009

Brussels Leopold district

Wiertz

Rue Wiertz 30-50
1050 Brussels
Space: 10,865 m²
Year built: 1996

Joseph II

Rue Joseph II 27
1000 Brussels
Space: 12,831 m²
Year built: 1994

View Building

Rue de l'industrie 26-38
1040 Brussels
Space: 11,106 m²
Year renovated: 2001

Arts

Avenue des Arts 28/30
Rue du Commerce 96/112
1000 Brussels
Space: 16,793 m²
Year renovated: 2005

(1) A full list of all the buildings in Befimmo's consolidated portfolio is annexed to this Report.

Office buildings > 10,000 m²

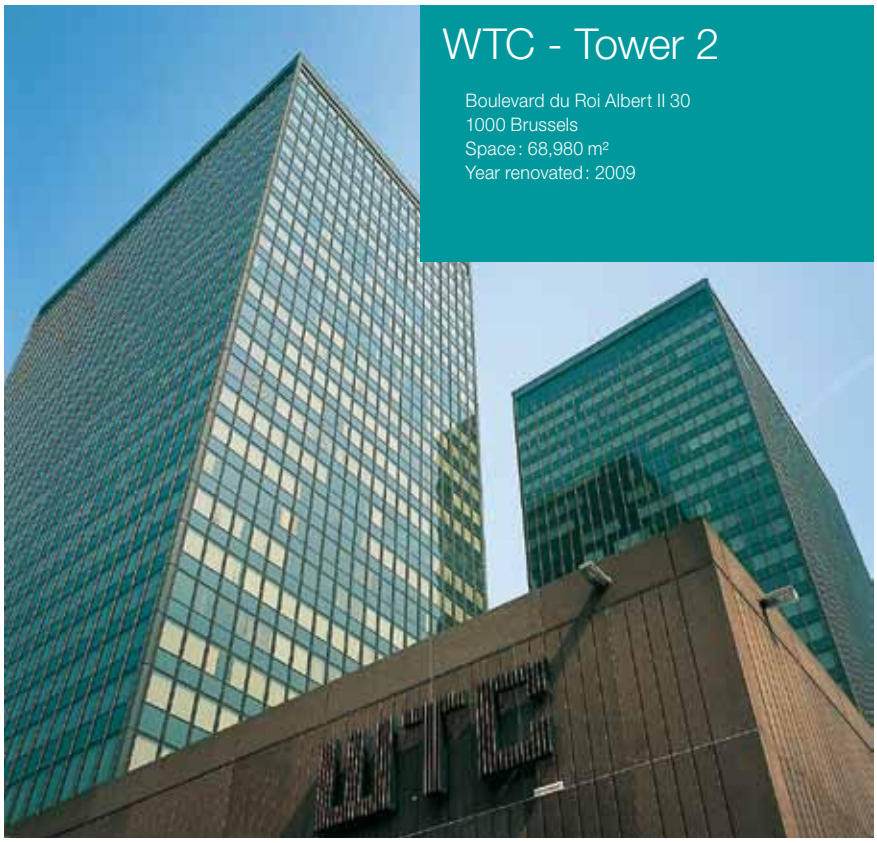
Brussels North area

Noord Building

Boulevard du Roi Albert II 156/1
1000 Brussels
Space: 42,726 m²
Year built: 1989

WTC - Tower 3

Boulevard du Roi Albert II 30
1000 Brussels
Space: 75,800 m²
Year built: under renovation



WTC - Tower 2

Boulevard du Roi Albert II 30
1000 Brussels
Space: 68,980 m²
Year renovated: 2009

Brussels periphery

Media

Medialaan 50
1800 Vilvoorde
Space: 18,104 m²
Year built: 1999

Fountain Plaza

Belgicastraat 1/3/5/7
1930 Zaventem
Space: 16,690 m²
Year built: 1991

Planet II

Leuvensesteenweg 542
1930 Zaventem
Space: 10,279 m²
Year built: 1988

Ikaros Business Park (phases I to V)

Ikaroslaan 1-15; 17-21; 23-25; 27-28; 33; 37; 41; 45; 49; 53; 57; 61
1930 Zaventem
Space: 46,053 m²
Year built: 1990 tot 2008

Office buildings > 10,000 m²

Brussels decentralised

La Plaine

Boulevard Général Jacques 263G
1050 Brussels
Space: 15,933 m²
Year built: 1995

Triomphe I & II

Avenue Arnaud Fraiteur 15-23
1050 Brussels
Space: 20,530 m²
Year built: 1998

Wallonia

Liège - Paradis

Rue Paradis 1
4000 Liège
Space: 38,945 m²
Year built: 1987

Luxembourg

Axento

Avenue John Fitzgerald Kennedy 44
Plateau du Kirchberg
Space: 13,447 m²
Year built: 2009

Flanders

Kortrijk - Bloemistenstraat

Bloemistenstraat 23
8500 Kortrijk
Space: 11,505 m²
Year built/renovated: 1995/2005

Antwerp - Meir

Meir 48
2000 Antwerp
Space: 20,612 m²
Year built: 1985

Leuven - Vital

Vital Decosterstraat 42/44
3000 Leuven
Space: 19,033 m²
Year renovated: 1993

Tervuren - Leuvensesteenweg

Leuvensesteenweg 17
3080 Tervuren
Space: 20,408 m²
Year built: 1980

List of main risks

Some of the risks associated with Befimmo's business are heightened by the difficult economic climate we are experiencing. This mainly entails the following risks: risk of a fall in the fair value of the assets, insolvent tenants, unlet space and changing interest rates. Details of these risks are set out below.

The nature of the risks identified by Befimmo is the same as last year.

Guimard, Brussels Leopold district

Main risks relating to Befimmo and its business

Rental market risk

Today the property market is characterised by higher supply than demand. Owing to the concentration of its portfolio – by segment – in the market for office buildings and – geographically – in Brussels, the Company is sensitive to developments in the Brussels office property market and faces a risk related to the occupancy rate of its buildings.

Economic risk

Any investment, even in property, involves a certain level of risk; Befimmo's portfolio is not very diversified in terms of segment and geography (office buildings located mainly in Brussels and its economic hinterland) and in commercial terms (the Belgian Government as a tenant accounted for 59.1% of rents at 30 September 2010); the investment in the Axento project in Luxembourg, in July 2009, was a first step towards a limited international diversification. This diversification may be extended to the Parisian market, if appropriate.

Risks associated with tenants

The Company is exposed to risks relating to the departure or financial default of its tenants and the risk of vacant rental property. The weighted average duration of leases agreed by Befimmo was over nine years at 30 September 2010. To mitigate this risk, the Company actively manages its relationships with its customers so as to minimise as far as possible vacancies in premises in its property portfolio.

At 30 September 2010 the occupancy rate was 95.5% as compared with a market rate of 88.2%. Nevertheless, the vacancy rate is still sensitive to the economic climate, especially in the suburbs. On an annual basis, a 1% fluctuation in the occupancy rate of the Company's portfolio would have

an impact of some €1.2 million on the property operating result.

In line with standard market practice, private-sector tenants are generally required to provide a rental guarantee equivalent to six months' rent. By contrast, public-sector tenants (the Belgian Government, Flemish Community, Flemish Region, Walloon Region and European institutions), which account for a substantial proportion of the Company's portfolio, do not give rental guarantees.

The constancy of Befimmo's cash flow depends mainly on its rental income being secured over the long term. Accordingly, the Company endeavours to let a large proportion of its property portfolio on long leases. This strategy came to fruition in particular in December 2006 when it acquired Fedimmo SA, which at the time had a portfolio of leases with an initial weighted average duration of 17 years, the signature that same year of a new lease agreement with the public authorities with an initial duration of 20.5 years for the Montesquieu building (formerly Extension Justice) in Brussels, the acquisition in June 2008 of two buildings located in Antwerp and Leuven, let mainly to Fortis Bank for a weighted average duration of over 17 years, the signature of a 15-year usufruct agreement with the European Parliament relating to the Wiertz building and when it won the contract to provide offices to house the staff of the Finance Ministry in Liège for a 25-year duration from 2013 (Paradis project). It was also confirmed by the negotiation during the fiscal year of extensions on leases in the Schuman 3 and La Plaine buildings for several years.

Risk on the fair value of buildings

The Company is exposed to the risk of a change in the fair value of its portfolio as valued by independent appraisals, which affects the Company's net result, net asset value per share and debt ratio; a 1% change in value of the property assets has an impact of some €19.23 million on the net result and about €1.15 on the net asset value per share. It also has an impact on the debt ratio of some 0.43%

Risk of loss

The Company is naturally exposed to the risk of major losses in its buildings. In order to mitigate this risk, the buildings are covered by a number of insurance policies (covering fire, storm, water damage, etc.) for a total sum insured (new reconstruction value, excluding the land) of around €1,763.4 million at 30 September 2010.

Risk of deterioration of buildings

The Company is exposed to the risk of depreciation of its buildings as a result of wear and tear in use, and the risk of obsolescence associated with the growing (legislative and societal) demands in terms of Sustainable Development (energy performance, etc.). Befimmo strives to keep its property in a good state of repair and upgrade it in terms of sustainable performance by examining the preventive and corrective maintenance work to be carried out, and implementing works programmes, in cooperation with the property manager. Befimmo is also keen to an important part of its buildings covered by "Total Guarantee" maintenance contracts. More than 59% of the consolidated portfolio is covered by such a "Total Guarantee" contract.

List of main risks

Risks related to execution of major works

The Company is exposed to the risks of delays, overshooting the budget and organisational problems when carrying out major works on the buildings in its portfolio. Detailed monitoring of technical, budgetary and planning aspects has been introduced to manage the risks associated with this work. Furthermore, contracts with building firms generally provide for a number of measures to limit these risks (delay penalties, price ceilings, etc.).

Risks of inflation and deflation

The risk of the costs that the Company has to bear (renovation work, etc.) being indexed on a basis that changes more quickly than the health index (used as a basis for indexing the leases); the impact of rent adjustments in line with inflation (based on the health index) can be estimated at €1.2 million, on an annual basis, per percentage point of change in the health index.

Regarding the risk of deflation, 81% [1] of the leases in the Befimmo consolidated portfolio provide for a minimum rent in the event of a decrease (in 48% the rent may not fall below the base rent and in 33% the minimum level is the most recent paid rent). The remaining 19% of the leases do not provide for any minimum rent.

Risks related to co-contractors

Besides the risk of defaulting tenants, the Company is also exposed to the risk of default by co-contractors (property management, building companies, etc.).

Risks specific to operations outside Belgium and Luxembourg

The Company has less experience and knowledge of the market and the parties it would be doing business with.

Regulatory and environmental risks

The Company is exposed to the risk of infringing increasingly complex regulations, notably environmental and fire-safety regulations, environmental risks related to property purchase or ownership, and the risk of refusal or non-renewal of permits.

The Company is exposed to the risk that new constraints might limit the possibility of operating and/or letting certain buildings or impose more stringent obligations upon it, notably in terms of environmental performance.

Risks of staff turnover

Given the relatively small size of its team, the Company is exposed to a certain risk of organisational problems in the event of certain key members of staff leaving.

Risks of legal proceedings

The Company is a party to legal proceedings and may be involved in others in future. Currently Befimmo is involved, as defendant or plaintiff, in a number of legal proceedings. In the Company's view, these proceedings are overall unlikely to have a major impact on Befimmo, as the potential gains or losses involved are highly unlikely to materialise or involve insignificant amounts.

(1) The proportions are expressed on the basis of current rents at 30 September 2010.

Main financial risks

Risks related to financing cost

Most of the Company's current borrowings are based on floating rates (commercial paper and bilateral and syndicated lines). This policy protects the Company against relatively high fixed-rate financial charges while its income is depressed by the fall in rents and relatively limited indexing.
It nevertheless creates a situation in which the result is sensitive to changes in interest rates. An increase in the Company's financial charges could also have an influence on its rating, currently BBB/outlook stable.

However, the interest rate risks of this type of financing are mitigated by implementing a policy of hedging interest rate risks over a three- to five-year period, in principle covering between 50 and 75% of total borrowings. The goal is to protect against a significant rise in rates, while preserving at least some possibility of the Company benefiting from falling rates. Thus, on the basis of borrowings at 30 September 2010, part of borrowings, €378.8 million (or 48.0% of total borrowings) is financed on the basis of fixed rates (conventional fixed rates, IRS or IRS callable). The remaining borrowings, of €410.1 million, are at variables rates, protected against rises by means of options instruments (twin caps) for a notional €400 million. At 30 September 2010, the hedging ratio was 98.55%. The choice and level of instruments is based on an analysis of rate forecasts by a number of banks, arbitrage between the cost of the instrument and the level and type of protection offered and an estimate of the level of cash flow needing protection to allow payment of the forecast dividend.

Based on the borrowings situation and the Euribor rates at 30 September 2010 (not including the impact of the hedging instruments), the exposure to the rate risk is estimated at €1.78 million (annual basis) for every 0.25% change in market rates without hedging.

Based on the hedging arranged, the borrowings situation and the Euribor rates at 30 September 2010, the impact of a drop in financing rates of 0.25% would lead to a reduction in financial charges estimated at €1.03 million on an annual basis and a rise of the same order would lead to an increase in financial charges estimated at €1.03 million on an annual basis.

The Company's financing cost is mainly related to Standard & Poor's rating, which depends in particular on its indebtedness. Should the debt ratio remain significantly above about 55%, one possible consequence would be a "credit watch" on Befimmo's rating, and a possible downgrade to BBB-. Any such downgrade in the rating would make it harder to obtain new financing, generate an additional financing cost of around €1.4 million (on an annual basis, taking account of indebtedness at 30 September 2010), and could damage the Company's image with investors, which could also adversely affect the share price.

The Company's financing cost also depends to a large extent on the bank margins and margins charged on the financial markets. Financing margins have risen sharply, which could impact the cost of additional financing or renewals

that need to be arranged. During the fiscal year Befimmo arranged the finance it needs. At a constant floor area, the next renewals of credit lines need to be arranged by March 2012. The Company's forecasts take account of this factor.

Risks related to a change in fair value of the hedging instruments

A change in the forecast movements of short-term interest rates could alter the fair value of the hedging instruments. Based on the fair value of the IRS instruments at 30 September 2010, we can estimate that if the rate curve at 30 September 2010 were 0.25% lower than the benchmark curve, the additional change in fair value of the IRS instruments would be -€2.4 million. Otherwise, the change would be +€2.4 million. Regarding the change in fair value of the options type financial instruments (Caps and Twin Caps), the same change of 0.25% would have a limited impact since, at 30 September 2010, the instruments are 'out of the money' (in other words their rates are significantly higher than the rates of the benchmark curve).

Liquidity risks

Befimmo is exposed to a liquidity risk resulting from insufficient cash flow should its financing contracts – including the existing credit lines – not be renewed or be terminated.

The Company's debt ratio was 45.4% at 30 September 2009 and 44.1% at 30 September 2010.

The short-term liquidity risk is covered by the use of medium- to long-term facilities as a backup for the commercial paper programme (up to €400 million). The weighted average duration of financing was 2.87 years at 30 September 2010. The first due date for the Company's financing consists of the renewal of a credit line and part of a syndicated loan amounting to a total of €230 million to be repaid in March/April 2012.

The next due date is for the repayment of €520 million in 2013, borrowed under two syndicated loans.

At the end of September 2010 the Company had €388.5 million of unused lines.

Risks related to bank counterparties

Arranging a hedging instrument with a financial institution creates a counterparty risk of that institution defaulting. Befimmo has a business relationship with 13 banks:

> The main banks providing finance, in order of importance, are ING, BNP Paribas Fortis, Dexia, LB-Lux, BECM (CM-CIC group), ABN-AMRO/RBS and Lloyds TSB. These banks provided €1,079 million of the €1,179 million in lines available to Befimmo at 30 September 2010.

> The counterparty banks for the hedging instruments are BNP Paribas Fortis, ING, Dexia and KBC.

Since Befimmo's financial model is based on structural borrowing, the amount of cash deposited with a financial institution is structurally very limited. It was €6.1 million at 30 September 2009 and €3.5 million at 30 September 2010.

Meir
Antwerp

Risks related to covenants for financing agreements

The Company is exposed to the risk of its financing agreements being cancelled, renegotiated, terminated or subject to early repayment should it fail to abide by its commitments to certain financial ratios (covenants) that it made when signing those agreements. Using the 3-year forecasts that it has reasonably been able to make (see chapter Forecasts) on the basis of a number of assumptions, some of which are external (changes in interest rates, health index, etc.). Befimmo is not at risk of having to default on any of its covenants.

Risks related to the Sicafi status

Should the Company lose approval for its Sicafi status, it would lose the benefit of the favourable tax regime applicable to Sicafis; loss of approval is also generally regarded as grounds for early repayment by acceleration of payment of loans arranged by the Company; the Company is subject to the risk of future changes to the Sicafi regime.

Financial structure

Befimmo aims to secure the availability of its financing over the longest possible periods, while doing its best to maintain variable interest rates, with an upper ceiling on a substantial part of its borrowings.

Financing policy

Befimmo proactively manages its financing cost – its main cost item – which therefore has a significant impact on its result and cash flow.

Befimmo aims to secure the availability of its financing over the longest possible periods, while doing its best to maintain variable interest rates, with an upper ceiling on a substantial part of its borrowings. This policy is based on the observation that, except in exceptional circumstances, this strategy offers a degree of protection against the disruptions associated with changing economic cycles.

When the economic climate is favourable, the cost of borrowing will certainly rise but will in principle be partly offset by an improvement in operating income (higher inflation and occupancy of buildings), possibly with a delayed action. As this offset effect is limited, a hedging policy has been put in place.

Conversely, in an adverse economic climate, the reduction in finance costs offers a measure of compensation for decreasing operating cash flows.

At the end of September 2010, Befimmo's financial structure had the following main characteristics:

- confirmed credit facilities for a total sum of €1,179 million, €200 million of which will fall due in February/March 2011, €789 million of which was in use;
- a debt ratio [1] of 44.1%, an LTV [2] of 40.9%;
- a weighted average duration of borrowings of 2.87 years;
- an interest-rate risk hedging policy limiting the impact of a sudden rise in Euribor short-term rates, while benefiting substantially, conversely, from any fall in those rates;
- an average finance cost (including hedging margin and costs) of 2.97% over the 2010 fiscal year.

In previous years, the average finance cost was 3.58% in 2008/2009 and 4.78% in 2007/2008.

In February 2010 the Standard & Poor's rating agency confirmed the rating of BBB/outlook stable for Befimmo's long-term debt and A-2 for its short-term debt.

Debt structure

Borrowings consist principally of the following:

- a syndicated loan arranged in 2006 totalling €350 million for a term of six years (2006-2012), extended for a further year at €220 million;
- a syndicated loan arranged in June 2008 totalling €300 million for a five-year term (2008-2013);
- a number of credit lines totalling €450 million falling due in February 2011 (€100 million), March 2011 (€100 million), April 2012 (€100 million) and November 2017 (€150 million);
- various fixed-rate loans, with a residual total of some €79 million, corresponding to the assignment of future rents (unindexed) on four buildings in the Fedimmo portfolio and one in the Befimmo SCA portfolio.

In order to reduce its finance costs, Befimmo has set up a commercial paper programme with a maximum amount of €400 million. In the context of the crisis on the financial markets, €157.4 million were in use under this programme at 30 September 2010. This programme has backup facilities consisting of the various credit lines arranged.

These credit lines allow the Company to meet its commitments and fund the planned renovation work in the portfolio.

The table below shows the annual refinancing needs at a constant floor area, taking account of credit lines falling due and the forecast financial debt.

The Company makes sure that it arranges the necessary finance in due time, seeking a balance between cost, duration and diversification of its sources of finance.

At 30 September 2010 the Company had €390 million of unused lines. This relatively high level is explained by the fact that two credit lines are falling due in February and March 2011 (€200 million).

(1) **Debt ratio** is calculated in accordance with Article 6 of the Royal Decree of 21 June 2006 on the accounting, annual accounts and consolidated accounts of public real-estate Sicafs.

(2) **Loan-to-value ("LTV"):** ((financial debts – cash)/ fair value of portfolio).

(as at 30.09 - € million)	Realised	Forecasts (at constant floor area)		
	2010	2011	2012	2013
Financial debt	789	769	807	858
Existing credit lines	1 179	975	741	216
Refinancing planned for 2011/2012 fiscal year			325	314
Refinancing planned for 2012/2013 fiscal year				520
Credit lines available for investments	390	205	258	192

Interest rate risk hedging

(€ million)	Notional amount	Interest rate	Hedging period	
Twin cap	400	3.5% - 5.0%	Dec. 2008	Dec. 2011
Cap	25	3.50%	Jan. 2012	Jan. 2014
Cap	25	3.50%	Jan. 2012	Jan. 2016
Cap	50	3.50%	Jan. 2012	Jan. 2015
Cap	100	4.00%	Jan. 2012	Jan. 2015
Cap	150	4.50%	Jan. 2012	Jan. 2015
IRS	200	3.73%	March 2007	March 2012
IRS callable	100	3.90%	April 2008	Jan. 2018
IRS	140	1.40%	Sept./Oct. 2011	Sept./Oct. 2012
IRS	140	1.77%	Sept./Oct. 2012	Sept./Oct. 2013
IRS	160	2.18%	Sept./Oct. 2013	Sept./Oct. 2014

The interest rate hedging policy aims to cover between 50% and 75% of borrowings, over a 3-5 year time scale. All the instruments currently in place give the Company a hedging ratio of 98.55% at the end of September 2010.

Specifically, and according to the circumstances, the Company arranges more occasional hedges, such as Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA), to cover, for example, the risk related to the end-of-year transition.

Financial results

ANALYSIS OF CHANGES IN CASH FLOW (€ MILLION)		
Net cash flow 2008/2009 (group share)	**72.4**	
Change in contribution of Befimmo consolidated portfolio at constant floor area [1]	-1.3	
Differential in income from change in property floor area [2]	3	
Booking *prorata temporis* of premiums paid on CAP options	-0.1	
Impact of the decrease in interest rates and of debt reduction	6.3	
Overheads and other operating income and charges	-2.7	
Early termination of the leasehold on Block II of WTC	6.5	
Corporate taxes	-0.2	
Net cash flow 2009/2010 (group share)	**83.9**	**+15.9%**

Note that the floor area of the properties did not change substantially over the fiscal year. However, the comparison of the 2009/2010 fiscal year with the 2008/2009 fiscal year is influenced by a full year's impact of Axento after it entered the portfolio in July 2009, the disposal of the Frankrijklei building in February 2009 and the capital increase of €166 million in June 2009.

The property **operating result** improved 1.4%, or €1.6 million, compared with last year. The change in the contribution of the consolidated portfolio at a constant floor area (-€1.3 million) is explained on the one hand by a modest increase in rents as a result of indexing and the handover of the work completed in the Fedimmo portfolio, offset by an increase in rental charges and, on the other hand, by the loss of income from the Sciences-Montoyer building after its renovation commenced in the middle of the fiscal year.

The impact of the acquisition of Axento generated a net increase in income for the full year of €3.9 million.

The increase in **overheads** of some €2.7 million is explained on the one hand by the absence of remuneration for the Managing Agent the previous fiscal year and, on the other hand, by the expansion of the team, and the study costs linked to investment projects.

Other operating income amounted to €9 million. This was mainly the non-recurrent result from the completion of the leasehold granted on block II of the WTC (€7.2 million, or €6.5 million group share), the restatement over time – in accordance with IFRS standards – of rental gratuities incorporated in income, and fees received for coordinating the initial installation work for the Belgian Authorities under the leases signed for Tower 3 of the World Trade Center in Brussels.

The unrealised decrease in the fair value of the portfolio was -€34.6 million (-1.77%) as compared with -€75.0 million (-3.74%) last year. Excluding the impact of the change in fair value of the properties, the operating result therefore grew by 5.7%.

The **financial result** was -€26.6 million compared with -€64.3 million one year previously. This change in the financial result is explained by a much more limited decrease in unrealised value (IAS 39) of the hedging instruments (-€3.8 million as against -€35.0 million last year) and a 22% drop in financial charges (-€22.8 million as against -€29.3 million last year) mainly due to the fall in interest rates.

All of these factors show a **net result** (group share) of +€46.7 million, compared with a net result (group share) of -€34.5 million for the previous fiscal year.

(1) 'At constant floor area' i.e. excluding properties acquired or sold during the fiscal year, or properties undergoing renovation.
(2) The change in contribution of all these properties is included under the heading 'Differential in income'.

EPRA Best Practices Recommendations in terms of performance indicators

In October 2010 the Board of Directors of the European Public Real Estate Association (EPRA) published a draft report entitled Best Practices Recommendations[1]. This document contains its recommendations for defining the main financial performance indicators applicable to listed real-estate companies.

Befimmo supports the reporting standardisation approach designed to improve the quality and comparability of information supplied to investors and has therefore decided to implement most of the EPRA recommendations and to devote a chapter of its Annual Financial Report to this reporting.

The Auditor has checked whether the EPRA Earnings, EPRA NAV and EPRA NNNAV ratios have been calculated in accordance with the definitions given in the EPRA Best Practices Recommendations of October 2010 and whether the financial data used to calculate those ratios tally with the accounting data included in the consolidated Financial Statements. The portfolio figures have been reviewed by the real-estate appraiser, Jones Lang LaSalle.

KEY PERFORMANCE INDICATORS (at 30.09.2010)

Tables	EPRA Indicators	EPRA definitions[2]	Befimmo data (€ thousand)	Befimmo data (€/share)
(1)	EPRA Earnings	"Recurring earnings from core operational activities"	84 746	5.05
(2)	EPRA NAV	"Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long term investment property business model"	1 035 645	61.68
(3)	EPRA NNNAV	"EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes"	1 011 855	60.26
(4)	EPRA Net Initital Yield (NIY)	"Annualized rental income based on the cash rents passing, at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs"[3]	6.22%	
(5)	EPRA Vacancy Rate	"Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio"	4.72%	

(1) This report can be found on the EPRA website: www.epra.com.
(2) Source: EPRA BEST PRACTICES (www.epra.com).
(3) For Befimmo, the annualized rental income used to calculate the EPRA Net Initial Yield is equivalent to the current rents at the balance sheet date plus the rents of future agreements signed at 30 September 2010, as reviewed by the real-estate experts.
(4) EPRA Earnings entails a non-recurring result of €6.5 million (group share), linked to the early termination of the leasehold on the land of Block II of the World Trade Center.

TABLE (1): EPRA EARNINGS[4] (as at 30.09.2010)	(€ thousand)
Net result IFRS (group share)	**46 659**
Adjustements to calculate EPRA Earnings	**38 087**
To exclude:	
I. Changes in fair value of investment properties and properties held for sale (IAS 40)	34 557
II. Gains and losses on disposals of investment properties	- 215
VI. Changes in fair value of financial assets and liabilities (IAS 39)	3 774
X. Adjustments in respect of non-controlling interests	- 29
EPRA Earnings (group share)	**84 746**
EPRA Earnings (€/share) (group share)	**5.05**

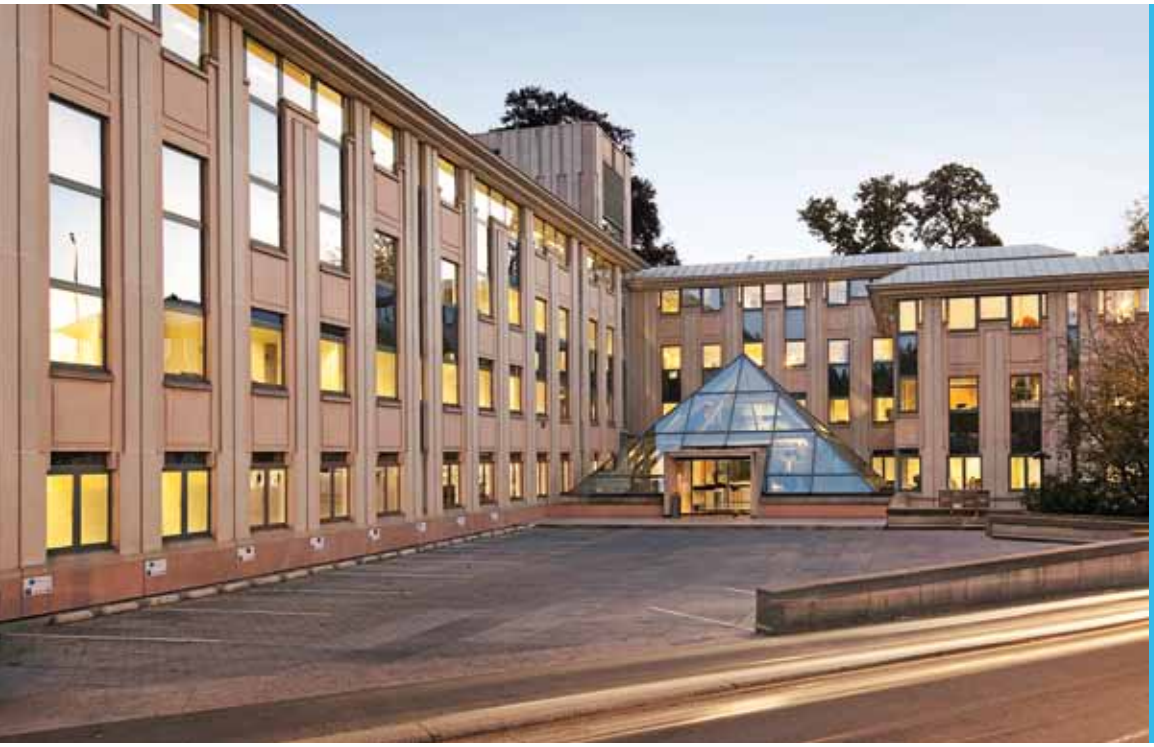
TABLES (2) AND (3): EPRA NAV & NNNAV (as at 30.09.2010)	(€ thousand)
NAV (IFRS) (group share)	**1 017 445**
NAV (IFRS) (€/share) (group share)	**60.60**
Effect of exercise of options, convertible debts and other equity interests	-
Diluted NAV, after the exercise of options, convertible debts and other equity interests	**1 017 445**
To include:	
II. Revaluation at fair value of finance lease credit	- 77
To exclude:	
IV. Fair value of financial instruments	18 269
To include/exclude:	
Adjustments in respect of non-controlling interests	8
EPRA NAV (group share)	**1 035 645**
EPRA NAV (€/share) (group share)	**61.68**
To include:	
I. Fair value of financial instruments	- 18 269
II. Revaluations at fair value of fixed-rate loans	- 5 955
To include/exclude:	
Adjustments in respect of non-controlling interests	434
EPRA NNNAV (group share)	**1 011 855**
EPRA NNNAV (€/share) (group share)	**60.26**

EPRA Best Practices Recommendations in terms of performance indicators

TABLE (4): EPRA NET INITIAL YIELD (NIY) (as at 30.09.2010)	(€ thousand)
Investment properties & properties held for sale	1 922 611
To exclude:	
Properties that are being constructed or developed for own account in order to be leased	- 49 631
Properties held for sale	- 37 647
Properties available for lease	1 835 334
To include:	
Allowance for estimated purchasers' costs	47 114
Investment value of properties available for lease (B)	**1 882 447**
Annualised gross rents [4]	124 157
To exclude:	
Property charges [1]	- 6 765
Annualized net rents	117 392
Adjustments:	
- Signed future rent agreements not yet applicable at balance sheet date	- 52
- Expiration of rent-free periods within next 12 months	- 255
Adjusted annualized net rents (A)	**117 085**
EPRA NET INITIAL YIELD (A/B)	**6.22%**

TABLE (5): VACANCY RATE (EPRA) (as at 30.09.2010)		
Segment	**Gross rental income for the period (€ thousand)**	**Net rental income for the period (€ thousand)**
Brussels centre (CBD)	65 075	62 764
Brussels decentralised	9 370	8 324
Brussels periphery	10 921	9 146
Wallonia	11 042	10 120
Flanders	20 569	19 596
Luxembourg city	5 327	5 262
Total properties available for lease	**122 305**	**115 211**
Reconciliation to the consolidated IFRS income statement		
Rental income related to:		
- Properties booked as financial leases (IAS 17)	-	- 5
- Investment properties held for sale	862	316
- Investment properties sold earlier on	3	- 15
- Properties that are being constructed or developed for own account in order to be leased	282	193
Total	**123 452 [2]**	**115 699 [3]**

(1) The scope of the real-estate charges to be excluded for calculating the EPRA Net Initial Yield is defined in the EPRA Best Practices and does not correspond to "real-estate charges" as presented in the consolidated IFRS accounts.
(2) The total "gross rental income" for the period defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "net rental income" of the consolidated IFRS accounts.
(3) The total "net rental income" for the period defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "property operating result" of the consolidated IFRS accounts.
(4) For Befimmo, the annualized rental income used to calculate the EPRA Net Initial Yield is equivalent to the current rents at the balance sheet date plus the rents of future agreements signed at 30 September 2010, as reviewed by the real-estate experts.



Goemaere
Brussels
decentralised

Lettable space (m²)	Annualized gross rental income [4] (€ thousand)	Estimated Rental Value (ERV) on vacant spaces (€ thousand)	Estimated Rental Value (ERV) (€ thousand)	Vacancy rate
364 788	66 550	1 885	65 532	2.9%
60 794	8 994	931	9 099	10.2%
106 470	11 529	2 994	13 648	21.9%
95 601	11 044	-	9 671	0%
180 563	20 653	-	19 979	0%
13 447	5 387	-	5 145	0%
821 663	**124 157**	**5 810**	**123 074**	**4.72%**

EPRA Best Practices Recommendations in terms of performance indicators

INVESTMENT PROPERTY - "LIKE FOR LIKE" (as at 30.09.2010) (€ thousand)					
			2009/2010		
Segment	Properties owned throughout the 2 years	Acquisitions	Disposals	Properties that are being constructed or developed for own account in order to be leased	Total net rental income
Brussels centre (CBD)	58 650	-	-	3 870	62 520
Brussels decentralised	8 280	-	-	-	8 280
Brussels periphery	9 146	-	-	-	9 146
Wallonia	10 120	-	-	-	10 120
Flanders	20 392	-	1	-	20 393
Luxembourg city	-	5 262	-	-	5 262
Total	**106 587**	**5 262**	**1**	**3 870**	**115 720**
Reconciliation to the consolidated IFRS income statement					
Net rental income related to investment properties sold earlier on					- 16
Net rental income related to properties booked as financial leases (IAS 17)					- 5
Property operating result in the consolidated IFRS income statement					**115 699**

INVESTMENT PROPERTY VALUATION DATA (as at 30.09.2010)								
	Fair value (€ thousand)	Fair value changes in the year (1) (€ thousand)	Fair value changes in the year (1) (%)	EPRA net initial yield (1) (%)	Reversion rate (%)	Reversion (€ thousand)	Weighted average duration of leases (years)	Vacancy rate (%)
Brussels centre (CBD)	1 017 760	-17 237	-1.67%	6.15%	-4.43%	-2 903	10.3	2.9%
Brussels decentralised	129 828	-9 064	-6.53%	6.02%	-9.09%	-827	4.0	10.2%
Brussels periphery	159 632	-7 945	-4.74%	5.93%	-6.40%	-874	2.8	21.9%
Wallonia	87 504	-2 610	-2.90%	11.20%	-14.20%	-1 374	6.2	0%
Flanders	358 365	-251	-0.07%	5.36%	-3.37%	-674	14.2	0%
Luxembourg city	82 244	709	0.87%	6.33%	-4.71%	-242	3.4	0%
TOTAL properties available for lease	**1 835 334**	**-36 400**	**-1.94%**	**6.22%**	**-5.60%**	**-6 893**	**9.1**	**4.72%**
Reconciliation to the consolidated IFRS balance sheet								
Properties that are being constructed or developed for own account in order to be leased	49 631							
Investment properties in the consolidated IFRS balance sheet	**1 884 964**							

(1) Excluding properties that are being constructed or developed for own account in order to be leased.

2008/2009					Evolution
Properties owned throughout the 2 years	Acquisitions	Disposals	Properties that are being constructed or developed for own account in order to be leased	Total net rental income	Properties owned throughout the 2 years
57 243	-	-	4 671	61 914	2.46%
9 731	-	-	-	9 731	-14.91%
10 300	-	-	-	10 300	-11.20%
10 309	-	-	-	10 309	-1.84%
20 313	-	152	-	20 465	0.39%
-	1 354	-	-	1 354	-
107 896	**1 354**	**152**	**4 671**	**114 073**	**-1.21%**
				30	
				-2	
				114 101	

Appropriation of the result (statutory accounts)

The net result for the fiscal year is €46,660,738.80. Taking into account the profit of €230,348,492.79 brought forward, the result to be appropriated amounts to €277,009,231.59.

The result for the fiscal year relates to 16,790,103 shares.

In accordance with Article 20(4) of the law of 20 July 2004 on certain forms of collective management of investment portfolios, no transfer was made to the legal reserve.

The Ordinary General Meeting will be invited to:

> distribute, as return on capital, a dividend of €65,580,463.31, representing a net dividend of €3.32 (or a gross dividend of €3.9059) for each of the Company's 16,790,103 shares, payable on presentation of coupon N° 20 detached from the shares;

> Carry forward the balance again, i.e. the sum of €211,428,768.28.

The amount payable is the net dividend, or €3.32; a bearer of coupons who is exempt from withholding tax will therefore receive an amount equal to the number of shares held multiplied by 3.32 and divided by 0.85.

From the legal point of view, this dividend is higher than the minimum required under the rules laid down in the first indent of Article 7 of the Royal Decree of 21 June 2006 on accounting, annual accounts and consolidated accounts of public real-estate Sicafs.

Coupon No 20 is payable from 22 December 2010 at the following banks: BNP Paribas Fortis, ING and Dexia.

The gross dividend of €3.9059 per share (rounded) represents 78% of the consolidated cash flow generated, group share, and 140% of the consolidated net result, group share, for the fiscal year.

(in €)	
2008/2009 appropriated result	247 929 409.64
(balance) Dividend for 2008/2009 fiscal year	-17 580 916.85
2008/2009 result carried forward	230 348 492.79
2009/2010 result	46 660 738.80
Result to be appropriated for 2009/2010 fiscal year	277 009 231.59
Dividend proposed for 2009/2010 fiscal year	-65 580 463.31
2009/2010 result carried forward	211 428 768.28

Subsequent events after year-end closing

Apart from routine management, the Managing Agent has no particular subsequent events to report.

View Building
Brussels Leopold district

Outlook, Dividend policy

(1) Notably regarding renewal of leases or finding new rental customers, but also changes in interest and inflation rates.

(2) The ratio of actual net income to potential income over a fiscal year is calculated by dividing all rents actually received during the period by all rents that would have been received during the period had not only the let space but also the vacant space been let throughout the period at the estimated rental value.

Outlook

The outlook for the next three fiscal years, prepared in accordance with IFRS standards and presented in consolidated form, is based on information available as at 30 September 2010 (principally existing contracts) and on Befimmo's assumptions [1] and assessment of certain risks.

These forecasts may not be interpreted as a commitment on the part of Befimmo to achieve them and, besides, are not certified by the Auditor. Whether or not these forecasts will actually be achieved depends on a number of factors beyond Befimmo's control, such as developments on the real-estate and financial markets. Given the present context of uncertainty about any economic recovery, the assumptions used may be highly volatile in future.

The assumptions and risk assessments seemed reasonable at the time they were made but, since it is impossible to predict future events, they may or may not prove to be correct. Accordingly, Befimmo's actual results, financial situation, performance or achievements, or the market results may differ substantially from these forecasts. Given these uncertainties, the shareholders should not give undue credence to these forecasts.

Moreover, these forecasts are valid only at the time of writing of the Annual Financial Report. Befimmo does not undertake to update these forecasts, for example to reflect a change in the assumptions on which they are based, except of course as required by law, notably the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market.

The following external and internal assumptions are taken into account:

	Realised			Assumptions		
	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
EXTERNAL ASSUMPTIONS						
Change in health index	4.80%	-0.58%	2.56%	1.82%	1.50%	1.60%
Average of Euribor 1- and 3-month interest rates	4.60%	1.93%	0.61%	1.01%	1.38%	2.06%
INTERNAL ASSUMPTIONS						
Actual net income/potential income [2]	90.8%	94.1%	90.6%	91.9%	92.0%	92.7%
Average financing cost (including hedging margin and costs)	4.78%	3.58%	2.97%	3.31%	3.34%	3.92%
Changes in values of consolidated portfolio	-0.33%	-3.74%	-1.77%	-1.33%	-0.58%	-0.16%

In establishing forecasts of changes in the fair values of the properties over the next three years, Befimmo made use of the market trend scenarios considered by the real-estate appraisers, adjusted in line with specific factors relating to the actual situation of the properties in the portfolio.

The scenarios considered expect the effects of the economic and financial crisis to lessen over the coming years and inflation to remain steady at between 1.5% and 2% a year. On this basis, the further expected pressure on estimated rental values should be offset by slight falls in capitalisation rates; the combination of these two trends should help to stabilise property market values in the medium term.

Aside from these general market trends, Befimmo has incorporated into the forecasts the actual characteristics of its buildings, mainly in terms of their rental situation (notably the residual duration of the leases) and their obsolescence (technical and environmental performance, etc.).

Regarding new investments, Befimmo plans to pursue its growth objectives by taking advantage of market opportunities that might occur in Belgium or, should the case arise, in Luxembourg and Paris provided that the transactions considered are in line with its strategy and offer prospects for creating lasting value for its shareholders.

This growth can take two forms:

- internal, steady and gradual growth, through direct and indirect acquisitions, in line with Befimmo's investment capacities;
- occasional external growth through mergers with other real-estate portfolios, as opportunities arise.

In normal operation, Befimmo's debt ratio could thus reach around 50% so as to optimise the use of its borrowing capacity.

Any growth project structurally raising Befimmo's debt ratio substantially above 50% to 55% would require raising capital on the financial market, as happened in 2007 for the acquisition of Fedimmo, or possibly even a partnership.

The forecasts nevertheless apply to property assets with a constant floor area and own resources, and therefore take no account of any new investments or disinvestments.

Similarly, these projections do not include any external growth.

Outlook, Dividend policy

CONSOLIDATED INCOME STATEMENT FORECAST (as at 30.09 – € thousand)				
	Realised	Forecasts		
	2010	2011	2012	2013
I. (+) Rental income	124 012	119 802	121 346	122 880
III. (+/-) Charges linked to letting	-560	-500	-505	-510
Net rental result	**123 452**	**119 302**	**120 841**	**122 370**
(+/-) Net real-estate charges	-7 753	-7 938	-6 383	-5 958
Property operating result	**115 699**	**111 364**	**114 458**	**116 412**
XIV. (-) Corporate overheads	-12 512	-13 390	-13 322	-13 532
XV. (+/-) Other operating income and charges	8 970	331	552	552
Operating result before result on portfolio	**112 157**	**98 305**	**101 687**	**103 432**
XVI. (+/-) Gains or losses on disposals of investment properties	215	14 491	-	-
XVIII. (+/-) Changes in fair value of investment properties (IAS 40)	-34 557	-26 103	-11 116	-3 096
Operating result	**77 814**	**86 693**	**90 571**	**100 336**
(+/-) Financial result (excluding IAS 39)	-22 792	-24 754	-25 652	-30 523
(+/-) Changes in fair value of financial instruments (IAS 39)	-3 774	7 350	3 524	1 172
Pre-tax result	**51 249**	**69 290**	**68 443**	**70 985**
(+/-) Corporate taxes	-651	-664	-677	-691
Net result	**50 598**	**68 626**	**67 766**	**70 294**
Net result – group share	**46 659**	**64 861**	**63 600**	**66 053**
Net result – minority interests	3 938	3 764	4 166	4 241
Net result – group share	**46 659**	**64 861**	**63 600**	**66 053**
Changes in fair value of investment properties (IAS 40)	34 557	26 103	11 116	3 096
Changes in fair value of financial instruments (IAS 39)	3 744	-7 350	-3 524	-1 172
Minority interests (IAS 39 & IAS 40)	-29	178	567	515
Current net result – group share	**84 961**	**83 792**	**71 759**	**68 491**
of which - EPRA earnings - group share	**84 746**	**69 523**	**71 759**	**68 491**
- Gains or losses on disposals of investment properties	215	14 491	-	-
- Minority interests (result on sale of investment properties)	-	-222	-	-
Net result (€/share) – group share	**2.78**	**3.86**	**3.79**	**3.93**
EPRA earnings - group share (€/share)	**5.05**	**4.14**	**4.27**	**4.08**
Gross dividend (€/share)	**3.90**	**3.94**	**3.98**	**4.02**
Net cash flow – group share	**83 894**			
Net cash flow - group share (€/share)	**5.00**			

CONSOLIDATED BALANCE SHEET FORECAST (as at 30.09 - € thousand)				
	Realised	Forecasts		
	2010	2011	2012	2013
Total assets	**1 985 075**	**1 941 520**	**1 977 658**	**2 027 900**
Real-estate portfolio	1 922 611	1 891 856	1 922 655	1 968 708
Other assets	62 464	49 663	55 003	59 192
Total shareholders' equity	**1 081 884**	**1 083 840**	**1 084 082**	**1 086 189**
Shareholders' equity	1 017 445	1 016 797	1 014 244	1 013 472
Non-controlling interests	64 439	67 043	69 838	72 717
Total liabilities	**903 191**	**857 680**	**893 576**	**941 711**
Financial borrowings	788 939	769 499	807 461	857 796
Other liabilities	114 252	88 181	86 116	83 915
Total liabilities and shareholders' equity	**1 985 075**	**1 941 520**	**1 977 658**	**2 027 900**
Net asset value (group share) (€/share)	**60.60**	**60.56**	**60.41**	**60.36**
Debt ratio	**44.1%**	**44.2%**	**45.2%**	**46.4%**
Loan-to-value	**40.9%**	**40.7%**	**42.0%**	**43.6%**

Dividend policy

Based on the above assumptions, the 2010/2011 fiscal year should be characterised by a current net result (i.e. the net result excluding IAS 39 and IAS 40) which will benefit firstly from the capital gains realised on the sales of assets described above and secondly from the low level of financial charges, in view of the low short-term rates (Euribor 1 and 3 months) that Befimmo enjoys for half of its borrowings which are at floating rates.

From the 2011/2012 fiscal year onwards, assuming that the floor area of the property assets and equity capital remains unchanged, the current net result should tend to fall as a result of a probable rise in interest rates.

Thanks to the capital increase in June 2009, Befimmo nevertheless has the resources to make new investments in line with its strategy.

On that basis, Befimmo expects to be able to distribute dividends as set out in the outlook table above.

Evolution of the Befimmo share

Befimmo on Euronext Brussels

Analysis of the Befimmo share price by Mr Mickaël Van den Hauwe, Senior Equity Analyst - Real Estate at KBC Securities.

"For the stock markets the 2009/2010 fiscal year was a year with two faces. During the first 9 months major market indices moved in a broad trading range and were subject to substantial downside volatility in April-May 2010 as a result of the European sovereign debt crisis. In the last 3 months the stock markets recovered from their lows and ended the year in positive territory.

European property shares were directionless as well in the first 6 months of the year, after which they fell by nearly 17% before bottoming out in May. They bounced back sharply, by 29% on average, and as a result the EPRA Europe index closed the year with a total return of 16%. This solid performance was largely driven by investors' search for defensive yield stocks.

The uncertainty on financial markets caused most stocks to move in a similar pattern. As a consequence, the Befimmo share exhibited broadly the same trends as could be witnessed for the markets in general and also for the shares of other property companies. This trend is illustrated in the various graphs below showing Befimmo's share price evolution in relation to the BEL20 and EPRA indices.

Amidst the market turmoil, the Befimmo share price had essentially lost 13% (between €55.00 and €57.00) by early May compared to the share price at the opening the fiscal year (€62.00). Thereafter, during the last months of the fiscal year, the share recovered markedly, albeit to a lesser extent compared to both the market in general and the listed real estate sector.

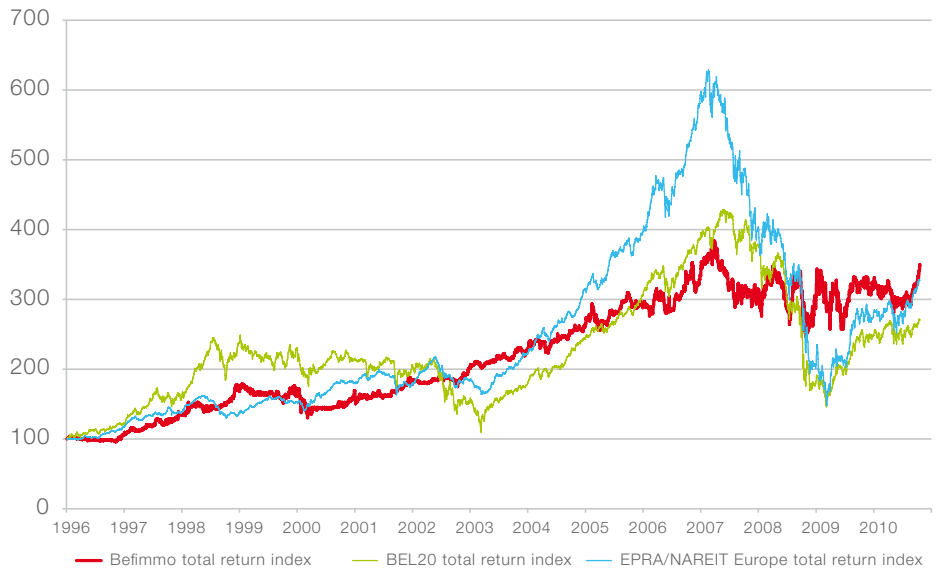
As a consequence, on 30 September 2010, the share closed at €62.00, exactly the same level as one year ago. Taking into account the closing dividend of €1.04 that was distributed in December 2009, the total return on the Befimmo share during the fiscal year equaled 1.7%. At a stock level of €62.00, Befimmo offers a gross dividend yield of 6.3% and trades at a slight premium of 2.31% above net asset value.

Looking at a fifteen year period, since the stock market introduction in 1996, the Befimmo share has offered a total annualized return of 8.3% taking into account the reinvestment of dividends. During the same period, the BEL20 and EPRA Europe total return indices posted annualized gains of 6.8% and 8.1% respectively.

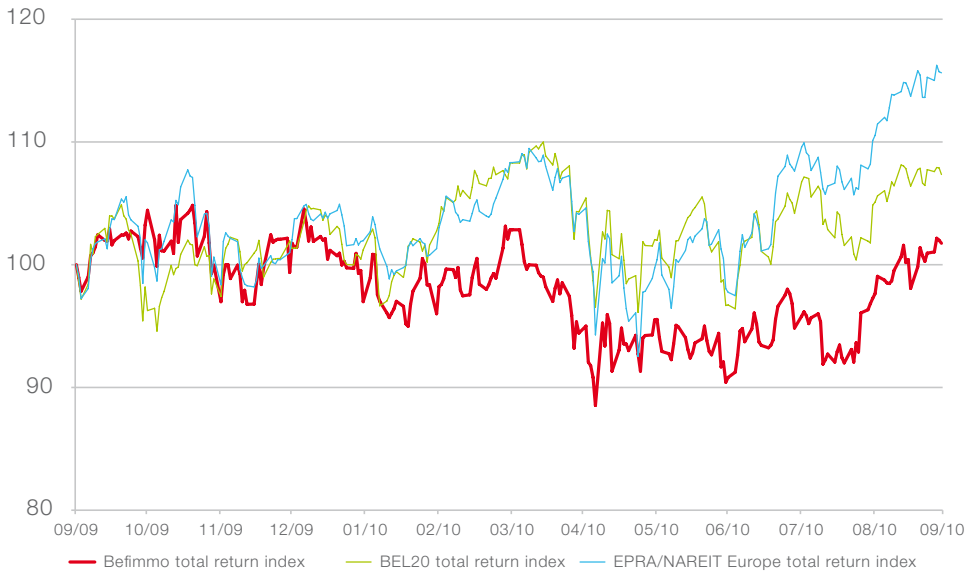
With a market capitalization of over a billion euros (€1,041 million at 30 September 2010) and an average daily volume of €1.5 million or the equivalent of 25,000 shares, Befimmo continues to benefit from market visibility and interest amongst private and institutional investors."

Performance of Befimmo's total return index in relation to the total return index of the BEL20 and EPRA/NAREIT Europe indexes [1]

PERFORMANCE OVER 15 YEARS



PERFORMANCE OVER THE PAST FISCAL YEAR (2009/2010)



(1) Source: Mr Mickaël Van den Hauwe, Senior Equity Analyst – Real Estate at KBC Securities.

Evolution of the Befimmo share

The Befimmo share is listed on Euronext Brussels[1] (compartment B) and is included in the indexes BEL20 and Bel Real Estate of NYSE Euronext Brussels, and in Next 150 and Next Prime indexes of NYSE Euronext and DJ Stoxx 600.

DATA PER SHARE (as at 30.09 – in €)					
	2006	2007	2008	2009	2010
Number of shares at close of fiscal year	9 794 227	13 058 969	13 058 969	16 790 103	16 790 103
Average number of shares during fiscal year	9 794 227	10 822 844	13 058 969	14 060 753	16 790 103
Share price					
Highest	91.65	97.60	81.62	75.40	65.00
Lowest	74.40	69.12	62.01	53.50	53.95
Closing	90.00	72.93	71.53	62.00	62.00
Net asset value	67.41	71.36	74.03	58.87	60.60
Distribution ratio[2] (%)	102%	94%	99%	85%	78%
Gross dividend	4.92	4.51	4.55	3.36/1.04	3.90
Gross yield[3] (%)	5.47%	6.17%	6.36%	6.69%	6.29%
Net dividend	4.18	3.83	3.87	2.86/0.89	3.32

VELOCITY (January to December)					
	2006	2007	2008	2009	2010[4]
Number of shares traded	2 932 917	4 735 440	5 527 288	7 284 304	5 274 414
Average daily turnover	11 547	18 570	21 591	28 454	24 763
Free float velocity[5]	35.8%	43.3%	52.1%	61.2%	46.4%[6]

(1) Befimmo has asked for its shares to be delisted from NYSE Euronext Paris. The delisting of the shares on NYSE Euronext Paris has no effect on Befimmo's strategy or business.
(2) The pay-out ratio is the gross dividend divided by net consolidated cash flow, group share.
(3) The gross yield is the gross dividend divided by the share price at 30 September.
(4) 2010 is the 10-month period from 1 January 2010 to 31 October 2010.
(5) Free-float velocity is the total number of shares traded divided by the total number of shares from the Befimmo SCA free float.
(6) Estimate of annual free-float velocity.
(7) Based on the latest transparency declaration received on 15 October 2008 and the prior undertaking to subscribe to the capital increase of June 2009 for all the rights they held.
(8) Publication after the close of the stock exchange.

DIVIDEND (€/share)					
	2006	2007	2008	2009	2010
Gross dividend	4.92	4.51	4.55	3.36/1.04	3.91
Net dividend	4.18	3.83	3.87	2.86/0.89	3.32

Since 25 June 2010, according to the transparency declarations received, the shareholder structure of Befimmo SCA has been as follows:

SHAREHOLDERS	Number of voting rights declared the day of statement	Date of statement	%
Declarants			
AG Insurance and associated companies	3 156 080	15.10.2008	18.8 [7]
Free float	13 634 023		81.2
	16 790 103		**100**

Description of the denominator of Befimmo SCA

1. Effective voting rights relating to securities representing the capital: 16,790,103
2. Future voting rights, potential or otherwise, resulting from rights and commitments on the conversion into or subscription of securities to be issued, i.e. exercise of warrants: none

KEY DATES FOR SHAREHOLDERS – 2010/2011	
	Date
Payment of 2010 dividend on presentation of coupon No 20	Wednesday 22 December 2010
Interim statement - Publication of book value as at 31 December 2010	Thursday 17 February 2011 [8]
Publication of half-yearly results and book value as at 31 March 2011	Thursday 26 May 2011 [8]
Interim statement - Publication of book value as at 30 June 2011	Friday 15 July 2011 [8]
Publication of annual results and book value as at 30 September 2011	Thursday 17 November 2011 [8]
Ordindary General Meeting 2011	Thursday 15 December 2011
2011 dividend on presentation of coupon No 21	
Former 2010/2011 dividend date	Monday 19 December 2011
Record 2010/2011 dividend date	Wednesday 21 December 2011
Payment of 2010/2011 dividend	from Thursday 22 December 2011

“To prepare for the unpredictable as it’s impossible to predict the future.”

Luc de Brabandère
Mathematician and philosopher
Boston Consulting Group
www.bcg.be

What do you think offices will look like in 15 years? How will we be working in them?

There are two different ways of thinking about the future: one way is to project a vision that we have of it, in itself: I start out with a preconceived idea, and from that, I deduce ways to make it become a reality. That's the so-called "hypothetico-deductive" method. This method can easily be expanded, it's the basis of most mathematical models proposed by economists and financial experts… If they get it wrong, they can endanger the planet, and it turns out that they can only predict something… when not much is happening.
The alternative is the "inductive" method. And it isn't that much more effective. By observing and analysing various elements in the world, I try to predict the future. No computer can help me with this: you'd have to feed in every single piece of data that makes up reality… It's too much. From this perspective, "prediction" means accepting that you're partial, in both senses of the word, and taking short cuts that might turn out to be… short circuits. So telling you what offices will look like in 15 years, imagining a probable future, seems to me – I have to say – rather pointless. I could however describe a number of scenarios, each more improbable than the next. What would be the point? To prepare for the unpredictable as it's impossible to predict the future. And you can make that "futures", plural.

Alright. So what scenario can you describe, to prepare those involved in office buildings for uncertainty?

You need several, as plausible as they are improbable, and based on existing mental models. Off the top of my head, for this subject, it would have to be the "starbuckisation" of workspaces. A highly unlikely reflection and projection, but one that's taken from direct experience. Space, a big table, Wi-Fi, and a good coffee never does any harm. To be so alone without being isolated, at a crossroad of opportunities, with the option to receive people – it seems like the perfect setting for creative reflection. Working on different scenarios like this would be much more useful for those involved in office buildings than my opinion as a philosopher on their subject!

So you don't use an office?

Even nomads need an oasis. Places to meet. As consultants, we only invest in buildings in the historic heart of a city. And they have to be well equipped to keep in touch with the rest of the planet. Places to store documents, meeting rooms and network connections are, and will always be, essential.
So, offices, spaces of the future? Spaces where, today at any rate, we are preparing for the future.

Corporate Governance

I. Compliance with the Belgian Code of Corporate Governance

Befimmo SA, Managing Agent of Befimmo SCA, abides by the principles of corporate governance contained in the Belgian Code of Corporate Governance published on 12 March 2009 (hereafter the "2009 Code"), available on the GUBERNA website at: www.guberna.be.

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

II. Principles

Over the past fiscal year, Befimmo has adapted both its governance practice and its Corporate Governance Charter to the 2009 Code, and to the provisions that were already applicable of the Law of 6 April 2010 on the strengthening of corporate governance in listed companies (Belgian Official Journal of 23.04.2008, p. 22709). Befimmo has also described its Remuneration Policy.

The Corporate Governance Charter, the various Terms of Reference and the Code of Ethics (which was not changed over the past fiscal year) are published on Befimmo's website (www.befimmo.be).

These are set out in the Corporate Governance Charter and its annexes:

> the Terms of Reference of the Board of Directors;
> the Terms of Reference of the Audit Committee;
> the Terms of Reference of the Appointments and Remunerations Committee;
> the Terms of Reference of the Executive Officers;
> the Charter of the Supervisory College of the day-to-day management;
> the Remuneration Policy.

III. Management structure

A. Managing Agent

Befimmo SA manages the Sicafi. In accordance with the Sicafi's articles of association, as Managing Agent, Befimmo SA is empowered to carry out all acts necessary or useful for achieving the corporate aims of Befimmo SCA, with the exception of those reserved by law or the articles of association to the General Meeting, to draw up the quarterly financial statements, financial half-yearly and Annual Financial Reports and prospectuses for Befimmo SCA, to appoint real-estate experts, to propose changes to the list of experts, to propose a change of depositary, to grant special powers to its authorised representatives, to determine their remuneration, to increase the company capital within the limits of the authorised capital and to carry out all operations intended to benefit Befimmo SCA, whether by merger or other transaction, with all companies having similar aims.

According to the articles of association, the Managing Agent can be dismissed on just grounds only. In addition to the reimbursement of any costs directly relating to its mission, Befimmo SA is

entitled to receive remuneration in proportion to the net result for the fiscal year. This remuneration is calculated every year on the basis of the consolidated pre-tax result, group share, for the accounting year concerned, shown by the accounts drawn up in accordance with IFRS standards as adopted in the European Union.

This result is adapted as follows for the purposes of calculating that remuneration:

(i) gains or losses resulting from the valuation at fair value of the buildings of the Company or its subsidiaries and other real-estate property within the meaning of the Royal Decree of 10 April 1995, will be excluded from the result in so far as they relate to the excess of the purchase value of these items (including subsequent investments);

(ii) where buildings and other real-estate property referred to at (i) above are realised during the course of the fiscal year, the result of the realisation will be corrected so that the gain or loss made is calculated with reference to whichever is the lower of the purchase value (including subsequent investments) and the latest fair value of the realised asset booked to the quarterly accounts, without prejudice to the application of point (i).

This remuneration amounts to 2/100^{ths} of a benchmark profit (if a profit was made) corresponding to 100/98^{ths} of the result referred to in the previous paragraph and after this remuneration has been booked to the fiscal year concerned; in this way, once the remuneration has been entered into Befimmo SCA's accounts, the remuneration for the year will represent 2.04% of the above-mentioned result. This remuneration is due on 30 September of the fiscal year concerned, but is payable only after approval of the annual accounts.

The calculation of the remuneration is checked by the Company's statutory Auditor.

B. Permanent Representative

In accordance with the law, Befimmo SA has appointed a Permanent Representative in the Sicafi, responsible for implementing

Corporate Governance

Board of Directors of Befimmo SA

1 Alain Devos
2 Benoît De Blieck
3 André Sougné [1]
4 Marc Blanpain
5 Gustaaf Buelens
6 Benoît Godts
7 Jacques Rousseaux [2]
8 Marc Van Heddeghem
9 Luc Vandewalle

on behalf of Befimmo SA the decisions taken by the competent bodies of Befimmo SA, namely the Board of Directors and the Managing Director.

He is Mr Benoît De Blieck.

C. Board of Directors of the Managing Agent, Befimmo SA

> the Board is composed of at least three directors who are independent within the meaning of the Code of Company Law and the Belgian Code of Corporate Governance;
> the Board is composed of a majority of non-executive directors;
> the Board is composed of a majority of directors not associated with the Promoter.

The directors are appointed for up to four years and may be re-elected.

The Board of Directors met 15 times during the 2009/2010 fiscal year.

The Board of Directors comprised nine Directors at the close of the fiscal year:

• **Alain Devos** (1953)

Chairman of the Board of Directors
Director, linked to the Promoter
First appointed: October 2002
Directorship expires: March 2011
Board meetings attended over the 2009/2010 fiscal year: 14

Since 2003, Mr Alain Devos has been Permanent Representative of A. Devos SPRL and CEO of AG Real Estate SA (formerly Fortis Real Estate). He holds directly or indirectly many directorships in companies affiliated with AG Real Estate SA. He is Chairman of Befimmo and is also a member of the Appointments and Remunerations Committee. He is Vice-Chairman of Interparking SA and a Director of the Managing Agent of the Sicafi Ascencio SCA.

After studying as a Solvay sales engineer at ULB (1975), he 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). Mr Alain Devos is also currently a Director of Brussels Enterprises Commerce and Industry (BECI) and a Director of the 'Union Professionnelle du Secteur Immobilier' (UPSI).

• **Benoît De Blieck** (1957)

Managing Director, not linked to the Promoter
First appointed: August 1999
Directorship expires: March 2011
Board meetings attended over the 2009/2010 fiscal year: 15

Mr Benoît De Blieck has been Managing Director of Befimmo SA since August 1999 and of its subsidiary Fedimmo SA since it was founded in December 2006. Before that (1992-1999), he was a member of the management committee of Bernheim-Comofi SA (then a subsidiary of Groupe Bruxelles Lambert), responsible for international development. He began his career in 1980 at entreprises Ed. François & Fils, which later became CFE,

(1) Permanent Representative of Arcade Consult bvba, Director
(2) Permanent Representative of Roude bvba, Director

responsible for a number of building sites in Saudi Arabia (1980-1985) and project studies (1985-1988). He was then responsible for real-estate project development, first at Codic (1988-1990) and later at Galliford (1990-1992). He is a civil engineer (ULB, 1980), a post-graduate (Cepac) of the 'Ecole de Commerce Solvay' (ULB, 1986) and a fellow member of the Royal Institute of Chartered Surveyors (RICS - 2008). Mr Benoit De Blieck has also held a directorship, since 2008, at the Union Professionnelle du Secteur Immobilier (UPSI) and, since December 2009, at the European Public Real Estate Association (EPRA).

- **Arcade Consult BVBA, represented by its Permanent Representative, André Sougné** (1944)

Independent Director
First appointed: March 2006
Directorship expires: March 2013
Board meetings attended over the 2009/2010 fiscal year: 14

A Doctor of Law (ULG), Mr André Sougné began his career in 1967, focusing entirely on real-estate promotion and management. He worked for over 20 years in the real-estate subsidiary of the An-Hyp savings bank as Secretary-General, Director and then Managing Director. He is currently Permanent Representative of Arcade Consult on the Board of Directors of 'Compagnie Het Zoute NV', 'Compagnie Het Zoute Real Estate NV' and 'Compagnie Het Zoute Reserve NV', Honorary Chairman of 'Union professionnelle du secteur immobilier' (UPSI) and of the European Union of Developers and House Builders (UEPC).

- **Marc Blanpain** (1941)

Director, not linked to the Promoter
First appointed: March 2002
Directorship expires: March 2011
Board meetings attended over the 2009/2010 fiscal year: 15

Mr Marc Blanpain joined Générale de Banque (which later became Fortis banque) in 1969. He quickly became a financial analyst before taking up a variety of management posts. He also headed the International Department, the International and National Network, Private Banking International (Managing Director), Quality Coordination and the subsidiary 'Belgolaise' (Chairman of the Management Committee) and the holding 'Banque Commerciale Zaïroise' (which later became the 'Banque Commerciale du Congo') (Member of the Board of Directors). From 1988 to 1996, he was Managing Director of Générale de Banque (later to become Fortis Banque in which he became a member of the Audit Committee). In 1997 he became Chairman of the Board of Directors of Belgolaise where he worked until April 2006, when his mandate expired and he became Honorary Chairman. Mr Blanpain is a Doctor of Law (ULB, 1965) and a graduate in Economic Law (ULB, 1966). He is a Director of Befimmo, chairs the Appointments and Remunerations Committee and is a member of the Supervisory College of the day-to-day management. He is a Director of 'Floridienne' and 'Acide Carbonique Pur'. Previous directorships include AG Groupe, Umicore and Solvac.

- **Gustaaf Buelens** (1941)

Independent Director
First appointed: November 1995

Directorship expires: March 2011
Board meetings attended over the 2009/2010 fiscal year: 12

Mr Gustaaf Buelens has been Chairman and Managing Director of a number of real-estate companies since 1969.

He is a member of Befimmo SA's Appointments and Remunerations Committee.

- **Benoît Godts** (1956)

Director, linked to the Promoter
First appointed: November 1995
Directorship expires: March 2011
Board meetings attended over the 2009/2010 fiscal year: 13

Mr Benoît Godts, a law graduate (UCL 1983), is Managing Director of AG Real Estate Asset Management SA (formerly Fortis Real Estate Asset Management SA), responsible for third-party asset-management business at AG Real Estate SA. He holds directly or indirectly many directorships in companies affiliated with AG Real Estate SA. Benoît Godts is a Director of Befimmo and a member of the Audit Committee and the Supervisory College of the day-to-day management. He is also a Director of Fedimmo and a Director and member of the Audit Committee of the Sicafi Ascencio SCA.

- **Roude BVBA, represented by its Permanent Representative, Jacques Rousseaux** (1938)

Independent Director
First appointed: March 2006
Directorship expires: March 2013
Board meetings attended over the 2009/2010 fiscal year: 15

Mr Rousseaux has acquired management know-how and experience as Chairman of the Management Committee of 'Crédit Agricole', Managing Director of the 'Fédération des caisses coopératives of Crédit Agricole', and as director of companies in the banking, real-estate and insurance sectors. At present he is also, Chairman of Befimmo's Audit Committee, Director of the subsidiary Fedimmo SA and a member of the Guberna Board of Trustees.

- **Marc Van Heddeghem** (1949)

Independent Director
First appointed: July 2004
Directorship expires: March 2014
Board meetings attended over the 2009/2010 fiscal year: 9

Mr Marc Van Heddeghem is an Independent Director and a member of the Appointments and Remunerations Committee of Befimmo SA. Since 2003 he has been Managing Director of Redevco Belgium. Before that (1998-2003), he was Managing Director of Wilma Project Development SA. He began his career in 1972 as an industrial Engineer with a variety of building contractors. After that, he was a director of various companies working in investment and/or real-estate development. Next, he was Director of investment, development and real-estate holdings at Groupe Royale Belge (1984-1998). Mr Van Heddeghem is currently a Director of Leasinvest Real Estate SA, 'Compagnie Het Zoute NV', 'Compagnie Het Zoute Real Estate NV' and Kinepolis S.A.

• **Luc Vandewalle** (1944)

Independent Director
First appointed: November 1995
Directorship expires: March 2011
Board meetings attended over the 2009/2010 fiscal year: 7

Mr Vandewalle is an Independent Director and a member of Befimmo SA's Audit Committee. He has a degree in economics from the University of Ghent (RUG). He has a long experience and an in-depth knowledge of the financial world. His present posts include Chairman of the Board of Directors of ING Belgium, Chairman of the Board of Directors of Transics and Chairman of Matexi Group. He holds many directorships in a variety of companies such as Sea Invest NV, Pinguin Lutosa, BESIX and Sioens.

Activity report
The Board of Directors of Befimmo SA, Managing Agent of Befimmo SCA, acts in the sole interest of all the shareholders, ruling on strategic decisions, investments, disinvestments and long-term financing.

It closes the annual, half-yearly and quarterly accounts of the Sicafi; it draws up the management report for the General Meeting of Shareholders; it rules on the use of the authorised capital and convenes Ordinary and Extraordinary General Meetings of 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 accounts, and published press releases.

Over the 2009/2010 fiscal year, the Board of Directors has made decisions on the following topics:

- all the investment and disinvestment dossiers that the Sicafi has considered. These all related to office buildings in Belgium and in Luxembourg;
- determining corporate strategy;
- refinancing borrowings and the interest-rate risk hedging policy;
- investments in Sustainable Development;
- revising the Corporate Governance Charter and Terms of Reference.

The Befimmo SA Board also determined the position of Befimmo SCA as a shareholder of Fedimmo on the following dossiers:

- Liège Paradis: procedure for obtaining the single permit for erecting a building to house the Finance FPS in Liège;
- early termination of the leasehold granted to Compagnie de Promotion SA on Block 2 of the World Trade Center in Brussels;
- sale of the Kattendijkdok building in Antwerp.

Self-assessment
The Board of Directors carried out a thorough self-assessment over the 2008/2009 fiscal year. In June 2010 the Board of Directors followed up the issues raised during that procedure.

Remuneration
The Directors (but not the Managing Director) receive attendance tokens drawn on Befimmo SCA for €2,500 per meeting, in addition to a fixed remuneration of €10,000 a year. Details of the remuneration earned by the Directors are set out in the Remuneration Report hereafter.

D. Committees

A. Audit Committee

The Audit Committee assists the Board of Directors of Befimmo SA and the Executive Officers of Befimmo SCA in ensuring that Befimmo SCA's accounts and financial information are accurate and truthful. 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 Auditor, is involved in appointing the latter and in supervising the tasks entrusted to him over and above his statutory duties.

The Committee met 10 times during the fiscal year.

Composition

> **BVBA Roude**, represented by its Permanent Representative, Jacques Rousseaux, Independent Director - Chairman of the Committee
Number of Audit Committee meetings attended during the 2009/2010 fiscal year: 10

> **Benoît Godts**, Director, linked to the Promoter
Number of Audit Committee meetings attended during the 2009/2010 fiscal year: 10

> **Luc Vandewalle**, Independent Director
Number of Audit Committee meetings attended during the 2009/2010 fiscal year: 7

The members of this Committee are paid €1,500 per meeting.

In 2009/2010 the following main issues were addressed:

- quarterly, half-yearly and annual accounts;
- accounting method for specific operations and choice of new indicators in financial communication;
- financing and interest-rate hedging policy;
- risk management (review of disputes, monitoring on internal control and follow-up of internal audit, etc.);
- budgets and outlook for the coming years;
- selection procedure for an auditor;
- review of the Terms of Reference of the Committee.

B. Appointments and Remunerations Committee

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

- drawing up profiles for directors, members of the committees of the Board, the Chief Executive Officer (CEO) and the other Executive Officers of Befimmo SCA;
- seeking candidates for positions to be filled in the Board of Directors of Befimmo SA; 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.

Regarding remunerations, the Committee assists the Board in making proposals on:

- Remuneration Policy;
- individual remuneration, setting of performance objectives and performance appraisal for the CEO and Executive Officers.

The Committee also prepares the Report on Remuneration which is included in Befimmo SA's Corporate Governance Statement, and comments on it at the Annual General Meeting of Shareholders.

The members of this Committee are paid €750 per meeting.

The Committee met 4 times during the fiscal year.

The Committee is composed of four members appointed by the Board of Directors from among its members. The members of this Committee are:

> **Marc Blanpain**, Director, not linked to the Promoter – Chairman of the Committee
Number of Appointments and Remunerations Committee meetings attended during the 2009/2010 fiscal year: 4

> **Gustaaf Buelens**, Independent Director
Number of Appointments and Remunerations Committee meetings attended during the 2009/2010 fiscal year: 4

> **Alain Devos**, Chairman of the Board of Directors. Director, linked to the Promoter
Number of Appointments and Remunerations Committee meetings attended during the 2009/2010 fiscal year: 4

> **Marc Van Heddeghem**, Independent Director
Number of Appointments and Remunerations Committee meetings attended during the 2009/2010 fiscal year: 3

The present composition of the Committee does not comply with the recommendations of the 2009 Code (Principles 5.3/1 and 5.4/1) or with the Corporate Governance Charter which advocate a majority of Independent Directors. Befimmo SA has not yet adapted the composition of the Committee as it did not wish to jeopardise the continuity in the Committee's work. Befimmo nevertheless proposes to bring the composition into line in March 2011, at the end of the mandate of one of the directors who is not classed as independent.

In 2009/2010 the following main issues were addressed:

- remuneration of management staff;
- growth of the gross salary bill;
- financial status of the Managing Director;
- recommendations for the renewal of a Directorship;
- confirmation of the classification of a Director as independent;
- review of the Terms of Reference of the Committee;
- definition of a Remuneration Policy;
- drafting of the Remuneration Report.

E. Supervisory College of the day-to-day management

The Supervisory College of the day-to-day management ensures that the Managing Director and other executive officers implement and abide by procedures and methods covering the whole of day-to-day management. Its duties do not include checking all the actions of those persons nor assessing the wisdom of the decisions they take.

The remuneration of the members of this Committee is €750 per meeting.

The Committee met nine times over the past fiscal year.

It is composed of two natural persons selected from among the Board of Directors of Befimmo SA:

> **Marc Blanpain**, Director, not linked to the Promoter.
Number of Supervisory Committee meetings attended during the 2009/2010 fiscal year: 9

> **Benoît Godts**, Director, linked to the Promoter
Number of Supervisory Committee meetings attended during the 2009/2010 fiscal year: 9

Apart from monitoring the ongoing real-estate business, it was called upon in particular to consider the following issues:

- building works award procedures;
- analysis of Befimmo SCA's insurance cover;
- introduction of an electronic document management system;
- feedback from the CEO on the road shows;
- powers of attorney;
- major deadlines management system;
- review of the Terms of Reference.

F. Managing Director of Befimmo SA, Managing Agent of the Sicafi

The Board of Directors delegates day-to-day management to the Managing Director who regularly reports back on his management activities, prepares the meetings of the Board of Directors and implements the management decisions.

The Managing Director makes proposals to the Board of Directors on strategic matters, investments, disinvestments and financing.
Currently, the Managing Director of Befimmo SA is also Befimmo SA's Permanent Representative in the Sicafi and the CEO.

This is Mr Benoît De Blieck.

The Managing Director's remuneration is set out in the Remuneration Report hereafter.

G. Executive Officers

Pursuant to Article 38 of the law of 20 July 2004, the following were appointed as Executive Officers: Benoît De Blieck, CEO, Laurent Carlier, Chief Financial Officer (CFO), Martine Rorif, Chief Operations Officer (COO) and Jeannine Quaetaert, General Counsel & Company Secretary (GC&S). Under their Terms of Reference they are responsible for running the Company and its policy-making in accordance with the decisions of the Board.

With the exception of the CEO, the Executive Officers are remunerated in their capacity as members of the Management Team, under a contract of employment with Befimmo SCA.

The various components of the Executive Officers' remuneration are described in the Remuneration Report hereafter.
They do not receive any remuneration from Fedimmo SA. The attendance tokens received by Mr De Blieck and Mr Carlier are automatically returned to Befimmo SCA as a Director of Fedimmo SA.

The Executive Officers lead a team of 40 staff and endeavour to keep operating costs at an optimum level.

The heads of the operational departments are Mr Cédric Biquet (Investment Officer), Mr Marc Geens (Head of portfolio), Mr Rikkert Leeman (Chief Technical Officer) and Mrs Emilie Delacroix (Investor Relations and External Communication Manager). Mrs Jeannine Quaetaert is Secretary-General.

H. Remuneration Report

1. General

During the 2009/2010 fiscal year, the Board of Directors asked the Appointments and Remunerations Committee (hereinafter "the Committee") to draft a document describing the Remuneration Policy the Company's directors and executive Management, so as to abide by the provisions of the Belgian Code of Governance (2009) and the Law of 6 April 2010.
The Committee met to discuss this specific issue on 18 June 2010 and approved the final version of the Remuneration Policy at its meeting of 13 October. It then submitted it to the Board of Directors, which approved it at its meeting of 15 October 2010.
The Remuneration Policy is an integral part of the Corporate Governance Charter and is published on the Befimmo website (www.befimmo.be).
At the close of the fiscal year, the Company did not decide to make major changes to its Remuneration Policy over the next two fiscal years. However, it may consider the possibility of setting up a scheme for offering shares or stock options in future.

The last review of the remuneration of the Non-Executive Directors took place on 1 October 2007.

The variable remuneration of the CEO and other Executive Officers for the 2008/2009 fiscal year, and the last review, where appropriate, of their basic pay (with effect from 1 January 2010) was determined by the Committee at its meeting of 7 December 2009.

2. Remuneration and benefits

The remuneration and benefits mentioned hereafter are in accordance with the Company's Remuneration Policy. There is no stock option plan or share purchase scheme for the Executive Directors or executive Management.

(a) **The Non-Executive Directors** of Befimmo SA receive a fixed annual remuneration in that capacity. They also receive tokens for attending meetings of the Befimmo SA Board of Directors, and meetings of the committees of the Befimmo SA Board that they attend as members. Their total remuneration is paid by Befimmo SA in March of the year following the close of the Befimmo SCA fiscal year to which it relates. It is charged to Befimmo SCA, which makes provision for it at the close of its fiscal year. The following table sets out the remuneration due to the Non-Executive Directors for Befimmo SCA's 2009/2010 fiscal year.

The Managing Director receives remuneration not as a Director, but as Chief Executive Officer.

Two of Befimmo SA's Non-Executive Directors are also Directors of Fedimmo, a 90% subsidiary of Befimmo. In this capacity, they receive tokens for attending meetings of Fedimmo's Board of Directors. They are paid this remuneration at the

end of the calendar year. The table (p.88) also sets out the remuneration due to them for the 2009/2010 fiscal year.

(b) **The executive Management** receive basic pay and variable pay; they have a pension plan and certain other benefits mentioned in the table (p. 89), which are individual for the CEO and collective for the other Executive Officers.

The fixed pay given in the table is as actually paid to the four executive Management over the 2009/2010 fiscal year. The variable pay is as paid for the 2008/2009 fiscal year during the 2009/2010 fiscal year.

The CEO carries out his duties as a self-employed person. His variable pay was determined in December 2009 by the Appointments and Remunerations Committee on the basis of contractual criteria relating to the cash flow, execution of the budget and an overall assessment of his management of the Company over the 2008/2009 fiscal year. He was paid this variable remuneration in January 2010.

He has a pension plan (defined benefits scheme) which cost the Company €90,473. He also has guaranteed income insurance and health and hospitalisation insurance, is paid a flat-rate monthly allowance for using his private car for business purposes, and his business expenses are refunded.

The Non-Executive Directors

	BEFIMMO						FEDIMMO
(in €)	Fixed annual remuneration	Attendance tokens					Attendance tokens
	Board of Directors	Board of Directors	Audit Committee	Appointments/ Remunerations Committee	Supervisory Committee	Total	Board of Directors
bvba Arcade Consult - André Sougné	10 000	35 000				45 000	
Marc Blanpain	10 000	37 500		3 000	6 750	57 250	
Gustaaf Buelens	10 000	30 000		3 000		43 000	
Alain Devos	10 000	35 000		3 000		48 000	
Benoît Godts	10 000	32 500	15 000		6 750	64 250	7 500
bvba Roude - Jacques Rousseaux	10 000	37 500	15 000			62 500	6 250
Marcus Van Heddeghem	10 000	22 500		2 250		34 750	
Luc Vandewalle	10 000	17 500	10 500			38 000	
TOTAL	**80 000**	**247 500**	**40 500**	**11 250**	**13 500**	**392 750**	**13 750**

The cost to the Company of these various benefits for the 2009/2010 fiscal year was €25,384.

The CEO's severance grant was set at €650,000 before the 2009 Code of Governance came into effect.

The other Executive Officers are Company employees. They may receive variable remuneration not exceeding 25% of their annual remuneration. With the exception of the Executive Officer who joined the Company in November 2009, they received, in January 2010, variable remuneration for their performance over the 2008/2009 fiscal year. This variable remuneration was awarded to them by the decision of the Appointments and Remunerations Committee of 7 December 2009, on the basis of the following criteria:

- successful operational results (award of the public contract for the Finance Centre in Liège);
- introducing a Sustainable Development policy;
- the successful capital increase of June 2009;
- the achievement of a substantially improved cash flow in relation to forecasts and in general;
- good coordination of the objectives of the Befimmo team.

They have a pension plan (defined benefits scheme) of a cost to the Company as shown in the table (p.89).

They also have health care insurance, a flat-rate monthly entertainment allowance, meal vouchers and 'ecocheques'. They have a company car (with the usual accessories) and a mobile phone. The cost to the Company of all these benefits is given under the heading "other components of remuneration and miscellaneous benefits" of the table (p.89).

The executive Management

(in €)	Fixed pay	Variable pay	Post-employment benefits	Other components of remuneration and miscellaneous benefits	Total	Severance grants
Benoît De Blieck	302 500	150 000	90 473	25 384	568 357	650 000
Management	537 546	91 100	139 537	58 910	827 093	
Executive Management total	**840 046**	**241 100**	**230 010**	**84 294**	**1 395 450**	

The contracts of these Executive Officers do not contain any reference to a severance grant.

I. 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), identifying and classifying the main risks to which it is exposed, analysing its level of control of these risks and organising 'control of control'.
It also pays particular attention to the reliability of the financial reporting and communication process.

1. Control environment

1.1 Company organisation:

- the Company is organised into a number of departments as set out in an organisation chart. Each person has a job description. There is a power of attorney procedure;
- the support functions are the Accounts, IT, Legal and Human Resources Departments and the Secretariat-General;
- of the control functions, the Compliance function is exercised by the Secretary-General. Management control is the responsibility of the Controlling Team. The CFO is in charge of organising risk management;
- for the annual closure, the Company's executive Management fill in an individual questionnaire so that any transactions they have carried out with the Company as "related parties" can be identified.

1.2 Organisation of internal control:

The Audit Committee has a specific duty in terms of internal control and corporate risk management. In this context, the Audit Committee makes use in particular of the work of internal auditing, which reports directly to it. The role, composition and activities of the Audit Committee are described in this Corporate Governance chapter of the Annual Report, and in the Terms of Reference of the Audit Committee which can be consulted on the Company's website (www.befimmo.be).

1.3 Ethics:

The Board of Directors has drafted and approved a Corporate Governance Charter and a Code of Ethics. They can also be consulted on the website.

2. Risk analysis and control activities

In 2009, a study designed to classify the Company's major risks, by order of importance and frequency of occurrence, and to determine the level of control of these risks, was conducted with the help

of an external consultant. The conclusions of the study form the framework of the internal audit priorities, set by the Audit Committee. The Audit Committee reviews the risk analysis twice a year. These risks are described in the chapter entitled "Details of main risks" of this Report. That chapter also describes the measures taken to control and limit the potential impact of each of the risks identified.

3. 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. Befimmo has a check list of actions to be followed up by the Financial Department. The accounts team produces the accounting figures under the supervision of the Chief Accountant. The Controlling team checks the validity of these figures and produces the reporting.

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.

4. Players involved in the supervision and assessment of internal control

The quality of internal control is assessed over the fiscal year:

- by internal auditing in the context of their audits. Three audits were carried out over the fiscal year, covering invoicing and receipts from customers, the Financing – Liquidity – Rating and covenants risks process, and the Building and space improvements process.
- by the Audit Committee. Over the fiscal year, the Audit Committee reviewed the quarterly closures and the specific accounting methods. It validated the internal audit charter. It reviewed the disputes and main risks facing the Company and considered the recommendations of internal auditing.
- by the Auditor in the context of their review of the half-yearly and annual accounts. Over the year, the Auditor made recommendations in particular concerning the keeping of the financial statements.
- by the Supervisory College of the day-to-day management. Over the fiscal year, the Supervisory College reviewed the procedure for awarding building works contracts and analysed the Company's insurance cover. It also examined the powers of attorney and the system for managing major deadlines.
- occasionally by the Banking, Finance and Insurance Commission (CBFA).

The Board of Directors supervises the performance of the duties of the Audit Committee in that connection, notably through that Committee's reporting. Over the fiscal year it also examined the awards procedure for building works.

IV. Others involved

A. Auditor

The Auditor is designated with the prior agreement of the Banking, Finance and Insurance Commission. It exercises two kinds of control.

Firstly, in accordance with the Code of Company Law, it checks and certifies the financial information in the annual accounts.

Secondly, in accordance with the law, it cooperates with the CBFA's controls. The CBFA may also ask it to confirm the accuracy of other information sent to the CBFA.
The mandate of the Company Auditor, Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL, represented by Mr Frank Verhaegen and Mr Jurgen Kesselaers, business auditors acting jointly, ends at the close of the Ordinary General Meeting for the approval of the accounts closed as at 30 September 2010. The Board of Directors will propose to this General Meeting that Deloitte's mandate be renewed for a further three-year period.

The Auditor's fees for the 2009/2010 fiscal year are €75,000 excluding VAT per year. In addition, the fees of Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL for auditing the accounts of Fedimmo SA, Vitalfree SA, Meirfree SA and those of Deloitte SA (Luxembourg) for auditing the accounts of Axento SA, amount to €39,000, €500, €500 and €7,000 excluding VAT respectively.

In addition to its statutory role, during the 2009/2010 fiscal year Deloitte and its affiliated companies also provided services related to other non-auditing duties for a fee of €28,830 excluding VAT.

B. Real-estate experts

In accordance with the Royal Decree of 10 April 1995, Befimmo SCA calls on external experts for regular or occasional valuations of its property assets:

> Jones Lang LaSalle, a private limited-liability company incorporated under Belgian law, values all the buildings on long-term leases, principally to public institutions, and has the task of coordinating the surveys (to do so, Jones Lang LaSalle uses the valuations made by Winssinger & Associés in accordance with that expert's valuation method);

> Winssinger & Associés (a member of the DTZ group), a public company incorporated under Belgian law, values all the buildings not included in the remit of the expert Jones Lang LaSalle.

The real-estate experts are remunerated on the basis of a combination of various criteria (flat-rate annual fees, fees per property, fees per m²) which are not linked to the value of the assets.

C. Depository bank

Dexia Bank has been designated as the depository bank of Befimmo SCA pursuant to Article 12 et seq. of the Royal Decree of 10 April 1995. The fees of Dexia Banque Belgium amount to €65,000 excluding VAT per year.

V. Research & development

Befimmo did not carry out any research or development activities during the period.

VI. Rules for preventing conflicts

A. Principles

Regarding the prevention of conflicts of interests, Befimmo is governed firstly by legal rules – Articles 523 and 524 of the Code of Company Law and Article 24 of the Royal Decree of 10 April 1995 (which requires the CBFA to be notified beforehand of operations planned with persons referred to by that provision, such operations to take place under normal market conditions and to be made public) – and secondly by the supplementary rules of its Corporate Governance Charter. Accordingly, where a director of the Managing Agent has an interest that conflicts with that of Befimmo SCA, in the interests of transparency Befimmo applies the procedure provided for by Article 523 of the Code of Company Law.

Whenever it would be contrary to the interests of the shareholders of Befimmo SCA for the Director concerned to be informed of the terms on which Befimmo SCA 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) (Article 26 of the Charter). If Befimmo SCA intends to carry out a transaction with a Director or a company controlled by that Director or in which he has a shareholding other than a minor one that is not covered by Article 523 of the Code of Company Law (for example, because it is a routine transaction subject to normal market conditions and guarantees), Befimmo SCA nevertheless requires:

- that Director to declare his interest to the other Directors before the discussion by the Board of Directors;
- 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;
- him to 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 SCA shareholders for the Director concerned to be informed of the conditions under which Befimmo SCA 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.

In any case, the transaction must be carried out at arm's length. If the transaction does take place, it must be mentioned in the "Corporate Governance" chapter of the Annual Financial Report, but the minutes for the transaction need not be reproduced in full (Article 27 of the Charter).

Since Befimmo SA's Directors are appointed 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 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 SCA has decided to apply a procedure modelled closely on Article 523 of the Code of Company Law relating to conflicts of interests. In particular, the Director concerned shall immediately report such a situation to the Chairman of the Board of Directors and the Managing Director. 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 is 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 shall withdraw from the discussion and decision-making process. He shall not be sent the preparatory notes, shall withdraw from the Board of Directors when the item is discussed and the item shall be covered by an appendix to the minutes which shall not be sent to him (Article 29 of the Charter).

B. Obligatory information pursuant to the Code of Company Law (Articles 523 and 524)

Over the past fiscal year, no transactions gave rise to the application of Articles 523 or 524 of the Code of Company Law.

C. Application of Article 24 of the Royal Decree of 10 April 1995

Over the past fiscal year, no transactions gave rise to the application of Article 24 of the Royal Decree of 10 April 1995.

D. Operations not covered by the legal provisions on conflicts of interests

Renewal of the directorship of an Independent Director.

On 12 February 2010, on a recommendation of the Appointments and Remunerations Committee, the Board of Directors of Befimmo SA decided to propose to the Ordinary General Meeting of Befimmo – subject to the agreement of the CBFA – to renew the directorship of Mr Marc Van Heddeghem, as an Independent Director for a four-year term.

Since the decision fell to the General Meeting and not the Board of Directors, Article 523 of the Code of Company Law did not apply. Furthermore, Mr Van Heddeghem did not take part in the Board meeting of 12 February, so that the internal rules on conflicts of interests did not have to be applied.

E. Further information

Services of AG Real Estate Holding SA

Befimmo continued the contract with AG Real Estate Property Management SA ("AG RE PM") and for the fiscal year ending on 30 September 2010, AG RE PM invoiced fees under the contract of the order of €957,000 including VAT, of which an amount of €521,434 (net honorary) including VAT was borne directly by Befimmo. The open balance in Befimmo's

accounts at the closing date was a trade debt of €211,170 including VAT.

In its day-to-day management, Befimmo can have occasional access to certain services, essentially fiscal, provided by the Promoter's group. All of these services are billed at market rates. During the fiscal year to 30 September 2010, Befimmo spent €6,280 including VAT on such fiscal consultancy services.

VII. Rules to prevent market abuse

A. Principles

The Corporate Governance Charter incorporates rules designed to prevent market abuses, applicable to Directors, Executive Officers and anyone else likely to have access to privileged information on account of their involvement in the preparation of a particular transaction. These rules have been supplemented by an internal document setting out the main relevant legal obligations, taking account in particular of the Royal Decree of 5 March 2006 on market abuses, with a view to raising awareness among the persons concerned of their obligations.

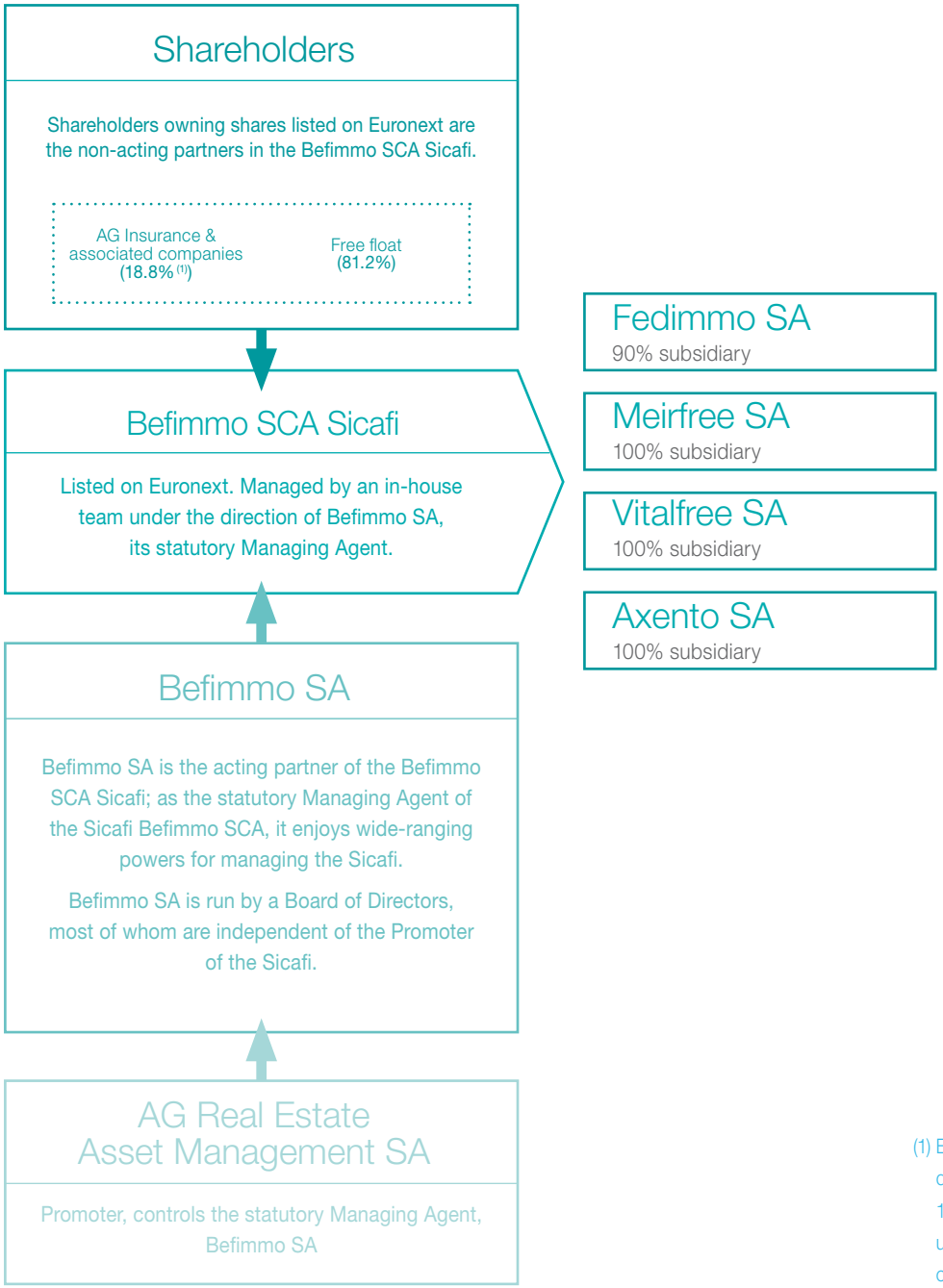
The Compliance Officer is responsible for ensuring that these rules are complied with in order to reduce the risk of market abuses by insider trading. To that end, he or she shall make and keep up-to-date lists of persons having or likely to have access to privileged information and who know or cannot reasonably fail to know that it is privileged information. Where such persons plan to carry out transactions on financial instruments issued by Befimmo SCA, Befimmo SA or one of their subsidiaries, 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 shall inform the person concerned whether there is any reason to believe that the planned transaction would amount to insider trading. If so, he will be advised not to carry out the transaction. Such persons must notify the CBFA of transactions carried out on their own behalf and affecting the Company stock within five working days of the transaction concerned taking place; notification may be legally postponed until such time as the total of transactions carried out during the current calendar year exceeds the threshold of €5,000.

During so-called "closed periods", such persons may not carry out transactions on financial instruments issued by Befimmo SCA, Befimmo SA or one of their subsidiaries.

B. Application

Over the past fiscal year, the position of Compliance Officer of Befimmo SCA was held first by Mrs Caroline Maddens, Legal Officer, and then by Mrs Jeannine Quaetaert, as soon as she joined Befimmo in November 2009.
The above-mentioned rules were applied without giving rise to any difficulties.

Structure and organisation



(1) Based on the latest transparency declarations received on 15 October 2008 and the prior undertaking to subscribe to the capital increase of June 2009 for all the rights they held.

VIII. Shareholdings and stock options

Befimmo did not set up any stock options scheme and did not grant any stock options over the past fiscal year. At the close of the fiscal year, the CEO and an other Executive Officer had the following holdings:

- Benoît De Blieck, CEO: 1,206 shares
- Laurent Carlier, CFO: 156 shares

IX. Compliance with the Code

The current composition of the Appointments and Remunerations Committee does not comply with the Code of Corporate Governance. While the Code requires a majority of independent Directors, the Appointments and Remunerations Committee has two independent Directors out of four. The reason for this is that during the previous fiscal year, one independent member of the Committee had his directorship renewed as a Director not linked to the Promoter, and in order to ensure continuity in the Committee's work and in view of the skills of these Directors, the composition of the Committee has not yet been altered. Befimmo nevertheless proposes to bring the composition into line in March 2011, at the end of the mandate of one of the directors who is not classed as independent.

Furthermore, there were no departures from the rules of the Code of Corporate Governance over the past fiscal year.

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 financial option writers admitted to trading on a regulated market (hereafter 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 SCA's administrative body in that respect are restricted by the Company's Sicafi status. While a company that does not have that status must be managed in the interests of the company, which may cover a range of interests (the interests of the shareholders and also those of the group to which the company belongs, of the workers, etc.) and while the decisions of the administrative body for implementing the mechanisms provided for in the event of a takeover bid are assessed in the light of those company interests, any Sicafi must be managed in the interests of the shareholders alone, and these are the only interests that the administrative body may take into consideration when appraising a takeover bid.

- 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))

Joseph II
Brussels Leopold district

Like any partnership limited by shares, Befimmo SCA has two categories of partners: one partner with unlimited liability (Befimmo SA) and limited partners.

Befimmo SA is also the Managing Agent of Befimmo SCA and, as such, is entitled to remuneration determined by Article 21 of the articles of association in accordance the Royal Decree of 10 April 1995 on real-estate Sicafs. The Managing Agent may not be dismissed, except by a court on just grounds (Article 18 of the articles of association of Befimmo SCA). Besides those linked to the structure of a partnership limited by shares, the Managing Agent has certain powers concerning the right to issue or buy shares (clause on authorised capital and authorisation for buying and selling its own 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 inquorate), 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 9 of the articles of association of Befimmo SCA, the Managing Agent is authorised to increase the capital, in one or more stages, by contributions in cash or in kind or by incorporating reserves, on the dates, terms and conditions it lays down, by a maximum carrying amount of €135,519,304.09. This authorisation was granted for five years as from the date of publication of the minutes of the General Meeting of 17 December 2007 (8 February 2008) in the annexes to the Belgian Official Gazette; the use of the clause may lead

to a significant increase in shareholders' equity, higher than the above-mentioned amount of €135,519,304.09 provided that the issue price of the new shares set by the Managing Agent includes an issue premium;

> pursuant to the same provision and subject to the same conditions, the Managing Agent is authorised to issue convertible bonds or subscription rights, but may not limit or revoke the preferential right of the shareholders (this authorisation was granted for a period of five years from 8 February 2008);

> pursuant to Article 13(2) of the articles of association of Befimmo SCA, The Managing Agent is authorised (within the limits of the law) to acquire fully paid-up shares in Befimmo SCA where such acquisition is necessary in order to prevent serious and imminent damage to the Company. This authorisation is valid for three years as from 8 February 2008 (the date of publication of the minutes of the General Meeting of 17 December 2007 in the annexes to the Belgian Official Gazette) and may be renewed for further three-year periods;

> pursuant to Article 13(4) of the articles of association of Befimmo SCA, the Managing Agent is also *"authorised to dispose of the Company's own shares that it has acquired in the following cases : 1) where these shares are listed in the meaning of Article 4 of the Code of Company Law; 2) where the resale takes place on a stock exchange or as a result of a takeover bid addressed under the same conditions to all shareholders, in order to prevent serious and imminent damage to the company (this authorisation being valid for a period of three years as from the date of publication of the minutes of the meeting of 17 December 2007 and renewable for identical periods); 3) in all the other cases permitted by the Code of Company Law".*

- Legal or statutory restriction of voting rights (Royal Decree, Article 34(5))

No statutory provision restricts the voting rights of Befimmo SCA's partners since, as stated above, a decision may be adopted by the General Meeting only with the agreement of the Managing Agent.

Note, moreover, that, pursuant to Article 29 of the articles of association, "*In order to be admitted to the Shareholders' Meeting, every holder of bearer shares must deposit his securities at the registered office of the Company or at an institution specified in the notice, five days before the date set for the meeting (unless a shorter period applies by law). Holders of registered shares must, within the same time period, inform the Managing Agent in writing (letter or power of attorney) of their intention to attend the meeting and specify the number of shares in respect of which they intend to vote. Holders of dematerialised shares must, within the same period, file with the company's registered office or with the institutions specified in the notices of the meeting, a certificate issued by a recognised bookkeeper or the settlement institution, attesting that the shares are unavailable until the date of the General Meeting*". 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))
Pursuant to Article 9 of the Royal Decree of 10 April 1995 on real-estate Sicafs, any draft amendment of the articles of association must first be approved by the CBFA. 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 CBFA. Like any decision of the General Meeting, amendments to Befimmo SCA's articles of association require the agreement of the Managing Agent.

- Important agreements to which the option writer is a party and which can take effect, be amended or lapse in the event of a change in the control of the option writer 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's capital were to have a material adverse effect on the Company.

The following banks have such a change of control clause:

> ABN Amro
> Banca Monte Paschi
> Banque LBLux
> Banque de l'Economie du Commerce et de la Monétique
> BBVA
> BCE Luxembourg
> Degroof
> Dexia
> BNP Paribas Fortis Bank
> ING
> Lloyds
> Mizuho

Brederode 1
Brussels centre

Financial Report

Consolidated statement of total comprehensive income
(€ thousand)

		Notes	30.09.10	30.09.09
I.	(+) Rental income	5	124 012	119 086
III.	(+/-) Charges linked to letting	6	- 560	- 441
NET RENTAL RESULT			**123 452**	**118 645**
IV.	(+) Recovery of property charges	7	5 572	11 653
V.	(+) Recovery of rental charges and taxes normally paid by tenants on let properties	8	26 936	20 945
VII.	(-) Rental charges and taxes normally paid by tenants on let properties	8	-26 109	-19 714
VIII.	(+/-) Other revenue and charges for letting		106	239
PROPERTY RESULT			**129 956**	**131 767**
IX.	(-) Technical costs	7	-9 417	-14 542
X.	(-) Commercial costs	7	- 948	- 581
XI.	(-) Charges and taxes on unlet properties	7	-2 124	-1 361
XII.	(-) Property management costs	7	-1 584	-1 157
XIII.	(-) Other property charges	7	- 185	- 24
	(+/-) Property charges		**-14 258**	**-17 666**
PROPERTY OPERATING RESULT			**115 699**	**114 101**
XIV.	(-) Corporate overheads	9	-12 512	-9 841
XV.	(+/-) Other operating income and charges	10	8 970	1 874
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**112 157**	**106 134**
XVI.	(+/-) Gains and losses on disposals of investment properties	11	215	213
XVIII.	(+/-) Changes in fair value of investment properties	12	-34 557	-74 982
OPERATING RESULT			**77 814**	**31 364**
XIX.	(+) Financial income	13	5 510	5 032
XX.	(-) Interest charges	13	-20 704	-30 010
XXI.	(-) Other financial charges	13	-11 371	-39 304
	(+/-) Financial result		**-26 566**	**-64 282**
PRE-TAX RESULT			**51 249**	**-32 918**
XXIII.	(-) Corporation tax	14	- 651	- 461
	(+/-) Taxes		**- 651**	**- 461**
NET RESULT		15	**50 598**	**-33 379**
NET RESULT (group share)			46 659	-34 499
NON CONTROLLING INTERESTS			3 938	1 120
BASIC NET RESULT AND DILUTED (€/share) (group share)			**2.78**	**-2.45**
Other comprehensive income			-	-
TOTAL COMPREHENSIVE INCOME			**50 598**	**-33 379**
TOTAL COMPREHENSIVE INCOME (group share)			46 659	-34 499
NON CONTROLLING INTERESTS			3 938	1 120

Consolidated statement of financial position
(€ thousand)

ASSETS	Notes	30.09.10	30.09.09
I. Non-current Assets		**1 905 723**	**1 939 688**
A. Goodwill	16	15 890	15 890
C. Investment properties	17	1 884 964	1 918 317
E. Other property, plant and equipment	18	658	630
F. Non-current financial assets	19	1 888	2 412
G. Finance leases receivables	20	2 323	2 439
II. Current Assets		**79 352**	**49 707**
A Assets held for sale	17	37 647	4 576
B. Current financial assets	19	411	551
C. Finance leases receivables	20	58	7 326
D. Trade receivables	21	19 475	23 520
E. Tax receivables and other current assets	22	3 973	3 281
F. Cash and cash equivalents	23	3 492	6 096
G. Deferred charges and accrued income	24	14 296	4 357
TOTAL ASSETS		**1 985 075**	**1 989 395**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	30.09.10	30.09.09
TOTAL SHAREHOLDERS' EQUITY		**1 081 884**	**1 049 999**
I. Equity attributable to shareholders of the parent company		**1 017 445**	**988 367**
A. Capital		233 985	233 985
B. Share premium account		485 340	485 340
D. Reserves		21 113	21 113
E. Result		277 008	247 930
a. Result brought forward from previous years		230 349	282 429
b. Net result for the fiscal year		46 659	- 34 499
II. Non controlling interests		**64 439**	**61 632**
LIABILITIES		**903 191**	**939 396**
I. Non-current liabilities		**604 919**	**764 268**
B. Non-current financial debts	25	584 796	745 414
a. Credit institution		425 552	529 068
c. Other		159 245	216 346
C. Other non-current financial liabilities	26	20 122	18 854
II. Current liabilities		**298 272**	**175 128**
A. Provisions	27	1 383	2 422
B. Current financial debts	25	205 967	47 019
a. Credit institution		205 967	1 877
b. Finance lease		-	45 142
D. Trade debts and other current debts	28	84 169	110 506
F. Accrued charges and deferred income	29	6 752	15 181
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 985 075**	**1 989 395**

Consolidated cash flow statement
(€ thousand)

	30.09.10	30.09.09
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	**6 096**	**4 556**
Net result for the fiscal year	**50 598**	**-33 379**
Operating income	77 814	31 364
Interest paid	-15 449	-24 337
Interest received	112	2 588
Dividends received	162	439
Taxes paid	- 625	- 501
Changes in fair value of non-current financial assets/liabilities booked to income statement (+/-)	-3 774	-34 978
Other income	-7 643	-7 955
Items with no effect on cash flow to be extracted from earnings	**43 161**	**116 360**
Loss of (gain in) value on trade receivables (+/-)	299	178
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)	216	193
Fair value adjustment for investment buildings (+/-)	34 557	74 982
Fair value adjustment on non-current financial assets/liabilities booked to earnings (+/-)	3 774	34 978
Other items	4 316	6 030
Items with cash flow effects to be extracted from the operating result	**-**	**- 213**
Capital gain realised on disposal of investment property	-	- 213
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	**93 759**	**82 769**
Change in working capital requirements	**-6 075**	**4 835**
Change in assets items	1 439	-1 713
Change in liabilities items	-7 514	6 548
CASH FLOW FROM OPERATING ACTIVITIES	**87 684**	**87 604**
Investments (-) / Disposals (+)		
Acquisition Axento	-	-1 800
Investment properties		
Investments	-23 742	-29 848
Disposals	-	4 178
Other property, plant and equipment	- 244	- 100
Financial hedging instruments and other financial assets	-1 996	-1 817
CASH FLOW FROM INVESTMENT ACTIVITIES	**-25 982**	**-29 386**
CASH FLOW BEFORE FINANCING ACTIVITIES	**61 702**	**58 218**
Financing (+/-)		
Increase (+) / Decrease (-) in financial debts	43 473	-142 547
Increase (+) / Decrease (-) in finance lease debts	-45 127	-12 941
Capital increase / Decrease	-	159 453
Dividend for previous fiscal year (-)	-62 652	-60 642
CASH FLOW FROM FINANCING ACTIVITIES	**-64 306**	**-56 678**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-2 604**	**1 540**
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	**3 492**	**6 096**

Consolidated statement of changes in equity
(€ thousand)

	Capital	Share premiums	Reserves [1]	Undistributed result	Equity group share	Non controlling interests	Total equity
EQUITY AS AT 30.09.08	**186 919**	**372 952**	**21 113**	**385 825**	**966 809**	**61 698**	**1 028 507**
Total comprehensive income	**-**	**-**	**-**	**-34 499**	**-34 499**	**1 120**	**-33 379**
Befimmo capital increase [2]	**47 065**	**112 387**	**-**	**-**	**159 453**	**-**	**159 453**
Dividend distributed	**-**	**-**	**-**	**- 103 396 [3]**	**- 103 396**	**- 1 186**	**- 104 582**
Befimmo 2008 dividend				- 59 457	- 59 457	-	- 59 457
Befimmo 2009 Interim dividend				- 43 940	- 43 940	-	- 43 940
Fedimmo 2008 dividend to non controlling interests					-	- 1 186	- 1 186
EQUITY AS AT 30.09.09	**233 985**	**485 340**	**21 113**	**247 930**	**988 367**	**61 632**	**1 049 999**
Total comprehensive income	**-**	**-**	**-**	**46 659**	**46 659**	**3 938**	**50 598**
Dividend distributed	**-**	**-**	**-**	**-17 581**	**-17 581**	**-1 131**	**-18 712**
Befimmo 2009 final dividend				-17 581 [3]	-17 581	-	-17 581
Fedimmo 2009 dividend to non controlling interests					-	-1 131	-1 131
EQUITY AS AT 30.09.10	**233 985**	**485 340**	**21 113**	**277 008**	**1 017 445**	**64 439**	**1 081 884**

(1) The details of the reserves are as follows:
- statutory reserves: €1.3 million
- undistributable reserves: €3.6 million
- available reserves: €16.2 million

(2) The capital increase carried out in June 2009 raised a total of €159.45 million, after deduction of the associated transaction costs. This increased the number of shares representing the Company capital from 13,058,969 to 16,790,103.

(3) For the 2008/2009 fiscal year the heading *Dividends distributed* includes the dividend for the previous period, paid out in December 2008 amounting to €59.5 million, and the interim dividend allocated in June 2009 (but payable in December 2009) amounting to €43.9 million. The final dividend for the 2008/2009 fiscal year of €17.6 million was paid out in December 2009.

Notes to the consolidated Financial Statements

1. GENERAL BUSINESS INFORMATION

Befimmo (the Company) is a SICAFI (Société d'Investissement à capital fixe publique de droit belge – fixed-capital investment trust incorporated under Belgian law). It is organised as a "Société en commandite par actions" (partnership limited by shares) under Belgian law. Its registered office is at Chaussée de Wavre 1945, 1160 Brussels (Belgium).

During the 2006/2007 fiscal year the Company acquired a 90% majority shareholding in Fedimmo SA, a public company under Belgian law, founded on 28 December 2006. Fedimmo SA's accounting year also closes on 30 September. In June 2008, Befimmo founded the limited companies Meirfree and Vitalfree, of which it is the shareholder. These companies also close their fiscal years at 30 September. On 1 July 2009, Befimmo acquired all the shares in the Luxembourg company Axento SA. This company also closes its accounts at 30 September.

The Company therefore presents its consolidated Financial Statements as at 30 September 2010. The Board of Directors of the Managing Agent Befimmo SA adopted and authorised the publication of these consolidated Financial Statements on 10 November 2010.

The Company's activities are dedicated solely to the ownership and management of a real-estate portfolio. At 30 September 2010, the portfolio consisted principally of office buildings located in Brussels and let to public authorities or private businesses, office buildings in various towns in Flanders and Wallonia, let long-term to public authorities, and a building in the city of Luxembourg.

The Company is listed on Euronext Brussels and is in the BEL20 index.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union. Except where otherwise specified, they are denominated in thousands of euros, rounded to the nearest thousand. Accounting policies have been applied consistently to the periods presented.

In preparing its consolidated Financial Statements at 30 September 2010, the Company has applied the following new or amended standards and interpretations which entered force this fiscal year:

> Standard IFRS 8 – *Operating segments*, which requires additional segment information to be presented in the notes. However, this new standard has not impacted the identification of the segments to be presented separately.

> The amendments to standard IAS 40 – *Investment properties*, which require properties under redevelopment or construction to be included under investment properties where they are intended for letting at a later date. Any buildings under redevelopment or construction will be valued at fair value.

> The revision of standard IAS 23 – *Borrowing costs*, which requires borrowing costs (interest) to be capitalised when incurred for the acquisition, construction or production of an asset requiring a long period before they can be used or sold (qualifying asset). Taking account of the previous change (booking of redevelopment or construction projects at fair value), this revision has no impact on the net result, only on the presentation of the components of the result. This new accounting policy is applicable to construction projects started on or after 1 October 2009.

> The amendments to standard IAS 1 – *Presentation of Financial Statements* and which requires in particular total comprehensive income to be stated, incorporating items of income and expense booked directly to shareholders' equity.

> The amendments to IFRS 7 – *Financial instruments*.This amendment to the standard requires additional information to be presented on Financial Statements, notably regarding the way of assessing the fair value of a financial instrument (three levels).

> The revision of standard IFRS 3 – *Business combinations* which, for acquisitions after 30 September 2009, introduces substantial changes in relation to the previous version of the standard, notably: expensing of costs directly related to acquisition, valuation at fair value of any price supplements and booking to the income statement of subsequent changes, treatment of step acquisitions, possibility of valuing minority interests (now renamed "non-controlling interests") at fair value with recognition of 100% of goodwill. Since the Company did not make any acquisitions over the fiscal year, the revision of IFRS 3 did not have any impact on the Financial Statements.

> The amendments to standard IAS 27 – *Consolidated and Separate Financial Statements* could have an impact on the handling of transactions involving the purchase / sale of shares in the subsidiaries. Since the Company has not carried out any such transactions over the fiscal year, the amendments to IAS 27 have not had any impact on the Financial Statements.

None of the other new or amended standards or interpretations which entered force during the fiscal year had any impact on the Company's Financial Statements.

Furthermore, the Company has chosen not to apply early new or amended standards or interpretations issued before the date that the consolidated Financial Statements were authorised for publication with a date of entry into force later than the fiscal year closing at 30 September 2010, namely:

> Standard IFRS 9 – *Financial instruments* which restructures the treatment of financial instruments but which has yet to be adopted at European level while waiting for the IASB to finalise the whole draft. It is planned to enter force for the 2013-2014 fiscal year.

> Annual improvements to the IFRS standards which involve a series of minor amendments to the existing standards and interpretations. Noteworthy among these changes is the amendment of IAS 17 – *Leases* which now states that a lease on land may be classed as a finance lease even if there are no plans to transfer ownership, notably where land is leased for a very long term. These amendments should not have any significant impacts on the Company's Financial Statements. These improvements are due to enter force in the 2010-2011 and 2011-2012 fiscal years.

> Amendments to standard IAS 24 – *Related-party information* which in particular change the definition of a related party and introduce exceptions for entities linked to the State. These amendments could have a limited impact on the information provided in the annexes concerning related parties. They are due to enter force in the 2011-2012 fiscal year.

None of the other new or amended standards or interpretations which will enter force during subsequent fiscal years should have any impact on the Company's Financial Statements

In most cases, the value of the assets and liabilities recorded in Befimmo's IFRS accounts is equivalent to their fair value, since the main assets items (investment properties, real-estate certificates, etc.) are booked at their market value or closing share price and the financial debts are mostly at floating rates (except for the debts linked to assignments of future rent, which are at fixed rates and represent 10% of financial debts at 30 September 2010), while trade payables are short term; these liabilities hence have a nominal value almost equivalent to their market value.

Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company, i.e. when the Company, directly or indirectly via its subsidiaries, has more than 50% of the voting rights or has the power to govern the financial and operational policies of a subsidiary so as to obtain benefits from its activities.

Subsidiaries are consolidated by full incorporation from the date on which the Company obtains control. They are deconsolidated from the date on which control ceases.

Jointly controlled entities

A jointly controlled entity is an entity of which the Company has joint control under a contractual arrangement with other venturers. Jointly controlled entities are accounted using the equity method from the date on which the Company has joint control and until such time as that control ceases.

Business combinations

Shareholdings in companies over which the Company has significant influence, but no controlling interest, are accounted using the equity method.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Statements. Unrealised gains arising from transactions with jointly controlled entities are eliminated in proportion to the Company's interest in such entities. Unrealised losses are eliminated in the same way as unrealised gains, but only if there is no indication of any impairment.

Business combinations and goodwill

Where the Company takes control of a business as defined in standard IFRS 3 – *Business combinations*, the assets, liabilities and any identifiable liabilities of the business acquired are recorded separately at fair value. The difference between fair value of the consideration transferred to the vendor and Befimmo's share of the fair value of the net asset acquired, is booked under goodwill on the assets side of the balance sheet. If that difference is negative (often termed negative goodwill or badwill), after confirmation of the values, it is booked straight to the income statement.

Costs related with acquisition, such as fees paid to consultants are expensed directly.

Goodwill is subject to an impairment test carried out at least once a year in accordance with IAS 36 – *Depreciation of assets* (see note below).

Foreign currency

Foreign currency transactions

Foreign currency transactions are recorded initially at the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are then remeasured at closing rate. Resulting gains and losses are recorded in the income statement.

Gains and losses resulting from the settlement of foreign currency transactions are included in the income statement as financial gains or losses.

Foreign operations

In the context of the consolidation, assets and liabilities of foreign operations are converted into euros at the closing rate. Income statement items are converted into euros at the average exchange rate for the period. The resulting translation differences are transferred to the equity item "currency translation differences".

Intangible assets

Intangible assets are recognised only when it is probable that the expected future economic benefits associated with the asset will flow to the Company and its cost can be measured reliably. They are recognised initially at cost. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and impairment losses.

Intangible assets are amortised using the straight-line method to allocate the cost over the best estimated useful life of the asset. The useful life and amortisation method of intangible assets are reviewed at least at each financial year end.

Costs associated with training and marketing or promotion, as well as reorganisation costs, are expensed as incurred.

Investment properties

General principles

Property that is held for rent or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and non-deductible VAT. For buildings acquired through a merger, split or contribution of a branch of activity, taxes due on the potential capital gains on the companies absorbed are included in the cost of the assets. After initial recognition, investment property is carried at fair value.

Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value. Buildings under construction for use as investment properties at a later date are also booked at fair value.

An independent expert determines the investment value of the property portfolio (also known as "deed in hands value"). This valuation is based on the present value of the net rental income in accordance with the International Valuation Standards, established by the International Valuation Standards Committee, as set out in the expert's report. The fair value of the investment property is obtained by deducting from this investment value the amount of expenses and taxes (registration duties and/or value added tax, notary's expenses) that the investor has to defray in order to acquire ownership of the property. Based on the various transfer methods in use on the market, the average rate of these transaction costs amounts to 2.5%[(1)] for properties costing more than €2.5 million and between 10% and 12.5% for property below this value, depending on the region where it is located.

The independent expert establishes the investment value of the real-estate portfolio in detail at the end of each fiscal year. At the end of each of the first three quarters of the accounting year, the expert updates the valuation in line with market developments and the specific characteristics of the properties.

Any gain or loss arising from a change in fair value is posted in the income statement.

Commissions paid to real-estate agents and other transaction costs

Commissions relating to the acquisition of investment properties are included in the asset's carrying amount. The same applies where the acquisition involves buying shares in a property company, a contribution in kind of a property in consideration for new shares, or a contribution of assets through a merger or takeover of a property company. In these various cases, however, notary and audit costs are recorded as costs in the income statement.

Commissions relating to property rentals are recorded as costs in the income statement.

(1) Average transactions costs paid, as recorded by experts on the Belgian market. This accounting method is described at length in the BeAMA press release of 8 February 2006.

Works carried out on investment properties

The accounting treatment of works carried out on investment properties depends on the type of work concerned:

> Improvement works: these are works carried out on an occasional basis to add functionality to the property or significantly enhance the standard of comfort, thus making it possible to raise the rent and, hence, the estimated rental value. The costs of these works are capitalised within the asset's carrying amount provided and to the extent that the independent expert recognises an equivalent appreciation in the value of the property. Example: installation of an air-conditioning system where one did not previously exist.

> Major renovation works: these are normally undertaken at intervals of 25 to 35 years and involve virtually reconstructing the building whereby, in most cases, the existing carcass work is reutilised and state-of-the-art building techniques applied. These costs are capitalised within the asset's carrying amount. Borrowing costs linked to the redevelopment or construction of a building, provided that it does not generate any income during the period, are then booked to the assets of the balance sheet under the heading 'Investment property'. Since investment properties are valued at fair value, this new accounting policy has no impact on the net result, only on the presentation of the components of the result.

> Expenditure relating to maintenance and repair works which does not add any extra functionality to or increase the standard of comfort of the building is recorded as costs in the income statement. Examples: repairs to a roof, replacement of lifts or window frames.

Investment property occupied by owner

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If the Company occupies only a minimal part of the property it owns, the whole property is recognised as an investment property at fair value.

Other property, plant and equipment

Other tangible assets are recorded at cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and appropriate allocation of indirect costs incurred to bring the asset to working condition for its intended use.

The straight-line depreciation method is applied through the estimated useful life of the assets. The useful life and depreciation method are reviewed at least at each financial year-end. Useful life is defined as follows per each type of asset:

Buildings

> Buildings: 30 years.

> Technical equipment: 20 years.

> Improvements to owned buildings: 10-20 years.

> Improvements to leased buildings: period of the lease - maximum 10 years.

Furniture and vehicles

> Vehicles: 4 years.
> Computer equipment: 3 years.
> Furniture and office equipment: 5 years.
> Finance-leased equipment: duration of contract.

Financial assets

Financial assets are classified as follows:

> assets held to maturity;
> assets at fair value through profit or loss;
> assets available for sale;
> loans and receivables.

They are classified in the balance sheet as current or non-current financial assets, based on the intention or probability of realisation within twelve months at the balance sheet date.

i. Assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.

   Held-to-maturity investments are carried at amortised cost using the effective-interest method.

ii. Assets at fair value through profit or loss. These assets include:

   > assets held for trading, i.e. assets acquired principally for the purpose of selling in the short term;
   > assets designated by management to be recognised based on the fair value option in accordance with IAS 39.

   These two categories of assets are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the income statement in the period in which they arise.

iii. Assets available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

   Assets available for sale are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in equity. In case of sale or impairment, the accumulated fair-value adjustments already recorded in equity are transferred to the income statement.

iv. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They arise when the Company provides money directly to a debtor with no intention of trading the receivable.

   Loans and receivables are initially stated at their carrying amount less appropriate allowance for irrecoverable amounts, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount. The amount of the allowance is recognised in the income statement.

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing of its activities. The Company does not hold or issue derivative financial instruments for proprietary trading purposes. However, derivatives that do not qualify (under IFRS standards) for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequently they are stated at fair value. Recognition of any resulting gain or loss depends on whether or not hedge accounting is applied and possibly on the nature of the item being hedged.

At inception of the hedge, the derivative is designated either as a hedge of the fair value of recognised assets or liabilities or of a firm commitment (fair value hedge) or as a hedge of future cash flow (cash flow hedge).

Derivative financial instruments that qualify for hedge accounting are recorded as follows:

(i) Fair-value hedge

Changes in the fair value of derivatives that are designated and qualify as fair-value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are transferred to the income statement in the periods during which the hedged cash flows affect the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the commitment or hedged cash flows are ultimately recognised in the income statement.

When hedged cash flows are no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Even if they do result in an effective economic hedge, certain derivative instruments do not qualify for hedge accounting according to IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

Properties held for sale

An investment property is classified as held for sale when it satisfies the criteria laid down in IFRS 5.

Investment property held for sale is valued on the same basis as investment property.

Trade receivables

Trade receivables are stated at their carrying amount less appropriate allowance for irrecoverable amounts. The amount of the allowance is recognised in the income statement.

Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash, have maturity dates at acquisition of three months or less and are subject to an insignificant risk of change in value.

These items are carried in the balance sheet at their carrying amount or at cost.

Impairment of assets

The Company reviews the carrying amount of intangible and tangible assets other than investment property at each balance sheet date to determine whether there is any indication of impairment, in which case an impairment test is carried out. Such a test is carried out systematically every year on the cash-flow generating units (CGUs) or groups of CGUs to which goodwill has been allocated in the context of a business combination.

In so far as it generates cash influxes independently of other assets, investment property is in principle a CGU.

An impairment test consists of comparing the carrying amount of an asset or CGU (group of CGUs) with its recoverable amount being the higher of (i) its fair value less costs to sell and (ii) its value in use. The value in use is the updated value of the estimated future cash flows from the use of an asset or CGU (group of CGUs).

If the carrying amount of an asset or CGU (group of CGUs) exceeds its recoverable amount, the excess is recognised as impairment loss recorded directly in costs and charged as a priority as a reduction in the goodwill for the CGU (group of CGUs).

An impairment loss is reversed if the recoverable amount of the asset or CGU (group of CGUs) exceeds the carrying amount, with the exception of impairment of goodwill which is never reversed.

Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends are recognised as a liability when they are declared by the general meeting of shareholders.

Interest-bearing borrowings

Borrowings are initially recognised for the amount of the proceeds received, net of transaction costs.

Borrowings are subsequently stated at amortised cost; any difference between the net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Trade and other payables

Trade and other payables are stated at their carrying amount.

Employee benefits

The Company has both defined-benefit and defined-contribution plans.

> A defined-benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The amount presented in the balance sheet is based on actuarial calculations (using the projected unit credit method) and represents the present value of the defined-benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of the plan assets. If this amount is positive, a provision will be recorded on the liability side of the balance sheet, representing at this time the complement of the amount the Company would have to pay to its employees at their retirement. Conversely, if this amount is negative, an asset will be recorded on the balance sheet only if the Company can benefit in the future from this overfunding of the plan.

Actuarial gains and losses are recognised if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded the higher of (i) 10% of the present value of the defined benefit obligation at that date and (ii) 10% of the fair value of any plan assets at that date. The portion of actuarial gains and losses exceeding these limits is divided by the expected average remaining working lives of the employees participating in that plan. These calculations are performed for each of the Company's defined-benefit plans.

> A defined-contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions are recognised as expenses as they fall due, and as such are included in personnel costs.

Provisions

Provisions are recognised in the balance sheet when:

> there is a present obligation (legal or constructive) as a result of a past event;

> it is probable that an outflow of resources will be required to settle the obligation; and

> a reliable estimate can be made on the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Revenue

Rental income from operating leases is recognised in income on an accrual basis over the lease term.

Rental gratuities and other incentives granted to customers are recognised over the first firm period of the lease term, on a straight-line basis.

Gain or loss on sales of investment property

The result on disposals of investment property represents the difference between sales proceeds net of transaction costs and the latest reported fair value of the property sold. The result is realised at the time of the transfer of risks and rewards.

Income taxes

Income taxes for the fiscal year include both current tax and deferred tax. Taxes are recorded in the income statement except where they relate to items recorded directly in equity, in which case they too are recorded in equity.

Current tax is the expected tax payable on the taxable income of the year, and any adjustment to tax payable (or receivable) in respect of previous years. It is calculated using tax rates enacted at the balance sheet date.

Deferred taxes are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. These taxes are measured using the tax rates expected to apply when the asset is realised or the liability settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable earnings will be available against which the temporary differences can be utilised.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND MAIN SOURCES OF UNCERTAINTY REGARDING ESTIMATES

Significant judgments in the application of the Company's accounting policies

For buildings on a long-term let, except for limited exceptions, the Company considered that hardly any of the risks and benefits inherent in the ownership of the assets have been transferred to the tenant and, therefore, that these contracts are simple lease agreements pursuant to IAS 17.

Main sources of uncertainty regarding estimates

Estimate of the fair value and, if appropriate, of the value in use of investment property

The fair value and, if appropriate, the value in use of investment property are estimated by independent experts in accordance with the principles set out in the accounting policies.

Disputes and uncertainties

Befimmo is involved, as defendant or plaintiff, in a number of legal proceedings which, on the whole, are unlikely to have a major impact on Befimmo, as the gains or losses which could arise are highly unlikely to occur or are of insignificant amounts.

4. SEGMENT INFORMATION [1]

Befimmo owns a property portfolio consisting entirely of offices.

Following the acquisition of Fedimmo in December 2006, the Flanders and Wallonia segments were formed. In addition, after the acquisition of the Axento building was completed, in July 2009, the city of Luxembourg segment was formed.

In terms of geographical distribution, most of Befimmo's real-estate portfolio is located in Brussels (71.8%), the remaining 28.2% being in Flanders (19%), Wallonia (4.8%) and the city of Luxembourg (4.4%).

In the Brussels market (see map in the management report), a distinction can be made between a number of sub-markets that have experienced different trends in recent years:

Central Business District (CBD)

City centre

Market:

> Space: 2.2 million m^2.

> Significant presence of Belgian public administrations, banks and law firms.

> Rental vacancy rate: 5.4% (approx. 118,000 m²), steady over the past year.

> Speculative projects by end 2012: approx. 11,000 m^2.

> Take-up in 2010 (Q1-Q3): approx. 58,000 m².

There are fewer developments in progress or planned than in recent years.
With the South area, the rental vacancy rate in the city centre is the lowest on the Brussels market (5.4%).

Befimmo:

More than 16% of Befimmo's portfolio is located in the city centre, represented by nine buildings with a total area of 109,639 m², reduced by the sale of Empress Court, which should be completed during the 2010/2011 fiscal year.

Befimmo's vacancy rate seems high at 30 September 2010 (6.4%); this is due to the renovation of the Central Gate building, which is partly unoccupied.

Leopold district

Market:

> Space: 3.4 million m^2.

> Significant presence of European institutions and representation offices.

> Rental vacancy rate: 9.6% (approx. 327,000 m^2), up following the hand-over of speculative projects.

Developments in progress or planned in the Léopold district are still relatively numerous in relation to other sub-markets. Some 61,000 m^2 of speculative office projects will be handed over by the end of 2012.

> Take-up in 2010 (Q1-Q3): approx. 38,000 m².

Rents in the Leopold district, the most expensive area of Brussels, rose over the decade up to 2005. Since then they have fallen; prime rent was down from €300/m² at 30 September 2009 to €285/m² at 30 September 2010.

(1) Source: real-estate market data: CB Richard Ellis – 30 September 2010.

Befimmo:

16.3% of Befimmo's portfolio is located in the Leopold district, represented by seven buildings and a further two being renovated, with a total area of 76,144 m^2.

These buildings are particularly well located (Rond-point Schuman, rue Wiertz) or let long-term to the public sector (Joseph II, avenue des Arts) and they do not involve any major uncertainties. The occupancy rate (not including ongoing projects) is still very high, at almost 99%.

North area

Market:

> Space: 1.5 million m^2.

> Significant presence of Belgian and regional public administrations.

> Rental vacancy rate: 9.4% (approx. 139,000 m²) and rising.

> Take-up in 2010 (Q1-Q3): approx. 44,000 m², well up on the same period last year.

The vacancy rate in Espace Nord has risen sharply in recent years, following the handover of speculative projects.

This rate should stabilise or even fall, however, as no speculative projects are due to be handed over in the next two years.

Befimmo:

Nearly 24% of Befimmo's portfolio is located in the North area, in three buildings (and a plot of land) with a total space of 187,506 m^2.

The North district portfolio (WTC Towers 2 and 3 and Noordbuilding) is relatively secure in view of the long weighted average duration of the leases on the buildings in that district (10 years at 30 September 2010).

Decentralised

Market:

> Space: 2.9 million m^2.

> Most tenants in this area are private companies, and to a lesser extent the European Commission (back office).

> The rental vacancy rate is still relatively high: 14.6% (approx. 418,000 m²), rising over the past two years owing to the economic downturn.

Speculative projects by end 2012: 23,000 m^2.

> Take-up in 2010 (Q1-Q3): approx. 74,000 m².

Befimmo:

6.9% of Befimmo's portfolio is located in the decentralised area, comprising seven buildings and half a floor in one building, with a total space of 60,794 m^2.

The rental situation of the buildings located in the decentralised area is stabilised in the short and medium terms since the weighted average duration of the leases in those buildings is relatively long (4 years at 30 September 2010).

Befimmo's rental vacancy rate in this segment is 9.4%, below the market average (14.6%), and has increased since last year following the expected departure of a tenant from one building.

Periphery

Market:

> Space: 1.9 million m^2.

> This segment is home mainly to private companies, which are highly sensitive to the economic climate.

> High rental vacancy rate: 23.6% (approx. 456,000 m²), up over the past two years owing to the economic downturn.

New project developments have decreased. Some 32,000 m^2 of speculative office projects will be handed over by the end of 2012.

> Take-up in 2010 (Q1-Q3): approx. 69,000 m².

Befimmo:

8.5% of Befimmo's portfolio is located in the periphery, comprising seven buildings and office parks with a total space of 106,470 m^2.

Fierce competition is depressing rents and prompting owners to grant tenants substantial advantages in terms of rental gratuities.

Flanders and Wallonia

Flanders

19% of Befimmo's portfolio is located in Flanders, comprising 33 buildings with a total space of 180,563 m², slightly reduced following the sale of the Kattendijkdok building, which should be completed during the 2010/2011 fiscal year.

The buildings in Flanders generally have a city centre location and are on long-term leases to public-sector administrations, with the exception of two buildings located in Antwerp and Leuven, also on long-term leases and acquired in June 2008.

The occupancy rate is 100%.

Wallonia

Wallonia is home to 4.8% of Befimmo's portfolio, comprising 20 buildings with a total space of 95,601 m^2.

These buildings are generally located in town centres and are on long-term leases to public-sector administrations.

The occupancy rate is 100%.

Luxembourg

Market:

> Space: 3.5 million m^2.

> Half of the office space in the city of Luxembourg is in the CBD and the Kirchberg district.

> The main tenants are the financial sector, accounting for 32% of all tenants, and the European institutions (19%).

> Rental vacancy rate: 8.2%, rising sharply (+55%) as a result of the economic downturn.

> Take-up in 2010 (Q1-Q3): approx. 84,000 m².

Befimmo:

Following the acquisition, on 1 July 2009, of all the shares in the Luxembourg company Axento SA, 4.4% of Befimmo's portfolio is located in the city of Luxembourg. Axento owns a brand-new office building (13,447 m²) located on the Plateau du Kirchberg, along Avenue Kennedy.

Three quarters of the building is currently let. For the unlet areas, Befimmo has an 18-month rental guarantee which expires on 31 December 2010.

	Brussels Central Business District		Brussels decentralised		Bruxelles periphery	
(€ thousand)	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
INCOME STATEMENT						
A. Rental income	65 751	64 117	9 405	10 320	11 049	11 639
B. Operating income from buildings	62 520	61 914	8 219	9 732	9 189	10 332
C. Fair value adjustment for buildings	- 15 112	- 31 186	- 9 285	- 11 912	- 7 945	- 13 974
D. Income from disposal of buildings	-	-	215	-	-	-
E. SEGMENT RESULT (= B+C+D)	**47 408**	**30 728**	**- 851**	**- 2 180**	**1 243**	**- 3 642**
Percentage by segment	58.3%	78.1%	-1.0%	-5.5%	1.5%	-9.3%
F. Company overheads						
G. Other operating income and charges						
H. Financial result						
I. Income tax						
NET RESULT (= E+F+G+H+I)						
Group share						
Non controlling interests						
BALANCE SHEET						
Assets						
Goodwill	7 391	7 391	-	-	-	-
Investment property			130 228	139 359	159 632	166 736
of which investments during the year	*27 773*	*18 898*	*674*	*- 88*	*842*	*1 066*
Other assets	-	7 269	-	-	-	-
TOTAL ASSETS			**130 228**	**139 359**	**159 632**	**166 736**
Percentage by segment	55.6%	55.2%	6.6%	7.0%	8.0%	8.4%
TOTAL LIABILITIES	-	50 785	-	-	-	-
Total shareholders' equity						
Group share						
Non controlling interests						
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**-**	**50 785**	**-**	**-**	**-**	**-**

	Wallonia		Flanders		City of Luxembourg		Unallocated amounts		Total	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
	11 042	10 729	21 388	20 913	5 376	1 366	-	-	**124 012**	**119 086**
	10 115	10 308	20 394	20 461	5 262	1 354	-	-	**115 699**	**114 101**
	- 3 367	- 5 949	443	- 8 088	709	- 3 873	-	-	**- 34 557**	**- 74 982**
	-	-	-	213	-	-	-	-	**215**	**213**
	6 747	**4 359**	**20 837**	**12 586**	**5 971**	**- 2 520**	**-**	**-**	**81 356**	**39 331**
	8.3%	11.1%	25.6%	32.0%	7.3%	-6.4%	-	-	**100%**	**100%**
							- 12 512	- 9 841	**- 12 512**	**- 9 841**
							8 970	1 874	**8 970**	**1 874**
							- 26 566	- 64 282	**- 26 566**	**- 64 282**
							- 651	- 461	**- 651**	**- 461**
									50 598	**- 33 379**
									46 659	**- 34 499**
									3 938	**1 120**
	2 673	2 673	5 826	5 826	-	-	-	-	**15 890**	**15 890**
	91 466	92 149	363 636	360 374	82 244	81 532	-	-	**1 922 611**	**1 922 893**
	2 685	*4 991*	*2 819*	*4 981*	*3*	*93 495*	-	-	***34 795***	***123 342***
	2 381	2 496	-	-	-	-	44 193	40 847	**46 574**	**50 612**
	96 521	**97 318**	**369 462**	**366 200**	**82 244**	**81 532**	**44 193**	**40 847**	**1 985 075**	**1 989 395**
	4.9%	4.9%	18.6%	18.4%	4.1%	4.1%	2.2%	2.1%	**100%**	**100%**
	-	-	-	-	-	-	903 191	888 611	**903 191**	**939 396**
							1 081 884	1 049 999	**1 081 884**	**1 049 999**
							1 017 445	988 367	**1 017 445**	**988 367**
							64 439	61 632	**64 439**	**61 632**
	-	**-**	**-**	**-**	**-**	**-**	**1 985 075**	**1 938 610**	**1 985 075**	**1 989 395**

5. RENTAL INCOME

I. Rental income (€ thousand)	**30.09.10**	**30.09.09**
Rents	**119 900**	**118 276**
Guaranteed income	4 901	1 265
Cost of rent free periods	-1 229	-1 340
Concessions granted to tenants (incentives)	- 68	97
Indemnities for early termination of rental contracts	507	787
Rental income	**124 012**	**119 086**

This table sets out the various components of rental income. Besides rent, rental income also includes:

- various items relating to the spread of rental gratuities granted, booked in accordance with IFRS standards, and of which the effect is neutralised in Heading XV of the income statement;

- compensation related to early termination of leases.

(€ thousand)	**30.09.10**	**30.09.09**
Less than one year	120 244	123 893
One to five years	387 080	390 694
More than five years	627 308	661 355
Rental income	**1 134 632**	**1 175 943**

This table gives details of future rents that Befimmo is certain to receive under ongoing lease agreements. These are unindexed rents that will be received before the next intermediate termination option provided for in the lease agreements.

Contingent rents collected by Befimmo consist of the annual indexing of rents, and amount to €0.0 and €2.49 million for the 2009/2010 and 2008/2009 fiscal years respectively.

The Befimmo standard lease

The great majority of Befimmo SCA's properties (not including Fedimmo's buildings, those let to the Buildings Agency and certain other leases) are let under a standard lease, generally lasting nine years and allowing, as the case may be, for early termination at the end of the third and sixth year, subject to minimum six months' notice before the end of the term.

The leases may not be terminated at any other time and may not generally be tacitly renewed.

Rent is generally payable quarterly or six-monthly in advance. Rents are indexed annually at the anniversary of the contract, usually with a minimum of the last rent (or, for Buildings Agency leases, the base rent).

In most cases, common and individual charges and insurance premiums are payable by tenants who, in order to cover the amount concerned, pay a quarterly (or half-yearly) provision at the same time as the rent. An account of charges actually incurred is drawn up every year.

All property and other taxes are also passed on to tenants.

As a guarantee of performance of their obligations under the lease, most tenants (except for the Belgian Government and certain Representations) provide an irrevocable rental guarantee that can be called in on demand.

When tenants enter the premises, a detailed inventory is drawn up by an expert. At the end of the lease, the tenants have to surrender the premises in the state described in the inventory, with allowance for normal wear and tear. The

expert draws up a closing inventory. Tenants have to pay compensation covering the amount of any damage to or unavailability of the premises during repair work.

Tenants may not transfer the lease or sublet the premises without the explicit prior agreement of the lessor. Where Befimmo agrees to the transfer of a lease, the transferor and the transferee remain jointly and severally liable to Befimmo.

Each lease is registered.

The Fedimmo standard lease

Fedimmo SA's buildings are let to the Belgian Government under a standard lease.

Leases may not be terminated before expiry and are generally long-term. Unless notice is given before the expiry of the term, they are tacitly renewed for a period that varies according to the lease.

The rent is payable six-monthly during the period and is subject to annual indexing, with a minimum of the initial rent.

Rental charges are charged to the tenant under the special conditions and all taxes are payable by the tenant.

Inventories are drawn up on entry and departure by two experts, on designated by the lessor and the other by the tenant, with a view to determining the amount of any compensation for damage payable by the tenant to the lessor.

The Belgian Government, as tenant, is not required to provide a rental guarantee. If the lease is transferred to anyone other than a Government department, a rental guarantee must be provided.

The premises may be sublet by the tenant only with the lessor's consent, unless to a Government department. If the lease is sublet or transferred, the tenant and sub-tenant or transferee remain jointly and severally bound by all the obligations under the lease agreement.

The standard lease requires the lessor (Fedimmo SA) to carry out renovation work (listed in an appendix specific to each lease) within three years and, in consideration of all of this work, increases the rent (also as specified in the appendix) payable by the tenant (the Belgian Government). The rent increase for each item of the work is calculated proportionally and applied after each item is completed.

Accordingly, Fedimmo completed the agreed general works programme on its buildings within the planned deadlines at a cost of €26.8 million (2007-2009 renovation programme). The part of the programme concerning WTC Tower 3 (budget €22.2 million) was postponed at the request of the Belgian Government and will be carried out over 2009/2012.

The leases are registered.

6. CHARGES LINKED TO LETTING

III. Charges linked to letting (€ thousand)	**30.09.10**	**30.09.09**
Rents payable on rented premises	- 261	- 263
Write-downs on trade receivables	- 519	- 290
Write-back of write-downs on trade receivables	221	113
Charges linked to letting	**- 560**	**- 441**

This tables includes the following amounts:

- rent paid for leased premises which were subsequently re-let to customers of the Company;

- write-downs and write-backs on write-downs on trade receivables, realised and unrealised.

(€ thousand)	**30.09.10**	**30.09.09**
Less than one year	435	368
One to five years	1 377	1 182
More than five years	11 654	11 674
Rental paid	**13 466**	**13 224**

This table gives details of future payments that Befimmo is certain to make under ongoing lease agreements signed by Befimmo as lessee (rent of buildings, vehicles, etc.). The rental amounts given are fixed and so do not take account of future indexing. Conditional rental amounts paid by Befimmo, consisting mainly of the annual indexing of rents, are estimated at less than €10,000 for the two previous fiscal years.

7. PROPERTY CHARGES AND RECOVERY OF PROPERTY CHARGES

2009/2010 (€ thousand)

AT CHARGE		NET		RECOVERY
IX. Technical costs	**-9 417**		**5 572**	**IV. Recovery of property charges**
Recurrent	-7 179	-3 924	3 255	Recurrent
Repairs	-5 017	-2 453	2 564	Repairs
Total-guarantee charge	-1 281	- 906	375	Total-guarantee charge
Insurance premiums	- 881	- 565	316	Insurance premiums
Non recurrent	-2 238	-1 165	1 073	Non recurrent
Major repairs (building companies, architects, engineering offices, etc.)	-2 056	-1 482	574	Recovery of major repair costs
Damage expenses	- 182	317	94	Recovery of damage expenses
		-	86	Compensation of damage by insurers
		-	319	Compensation for damage by tenants
XII. Property management costs	**-1 584**	- 340	1 244	Property management costs
Fees paid to (external) managers	-1 584	- 340	1 244	Management fees received
X. Commercial costs	**- 948**	**- 948**		
Letting fees paid to real estate brokers	- 712	- 712		
Advertising	- 15	- 15		
Fees paid to lawyers and other experts	- 222	- 222		
XI. Charges and taxes on unlet properties	**-2 124**	**-2 124**		
XIII. Other property charges	**- 185**	**- 185**		
Property charges	**-14 258**	**-8 686**	**5 572**	**IV. Recovery of property charges**

2008/2009 (€ thousand)

AT CHARGE		NET		RECOVERY
IX. Technical costs	**-14 542**		**11 653**	**IV. Recovery of property charges**
Recurrent	-5 866	-2 600	3 266	Recurrent
Repairs	-3 495	-1 025	2 471	Repairs
Total-guarantee charge	-1 248	- 930	318	Total-guarantee charge
Insurance premiums	-1 122	- 646	477	Insurance premiums
Non recurrent	-8 676	-1 165	7 511	Non recurrent
Major repairs (building companies, architects, engineering offices, etc.)	-8 559	-1 733	6 826	Recovery of major repair costs
Damage expenses	- 117	568	24	Recovery of damage expenses
			120	Compensation of damage by insurers
			541	Compensation for damage by tenants
XII. Property management costs	**-1 157**	- 282	876	Property management costs
Fees paid to (external) managers	-1 157	- 282	876	Management fees received
X. Commercial costs	**- 581**	**- 581**		
Letting fees paid to real estate brokers	- 212	- 212		
Advertising	- 50	- 50		
Fees paid to lawyers and other experts	- 320	- 320		
XI. Charges and taxes on unlet properties	**-1 361**	**-1 361**		
XIII. Other property charges	**- 24**	**- 24**		
Property charges	**-17 666**	**-6 013**	**11 653**	**IV. Recovery of property charges**

These tables set out, for the 2009/2010 and 2008/2009 fiscal years, the origins of the net property charges borne by the Company.

8. CHARGES AND TAXES NORMALLY PAID BY TENANTS ON LET PROPERTIES

(€ thousand)	30.09.10	30.09.09
V. Recovery of rental charges and taxes normally paid by tenants on let properties	**26 936**	**20 945**
Rebilling of rental charges invoiced to the landlord	11 391	10 711
Rebilling of withholding taxes and other taxes on let properties	15 545	10 233
VII. Rental charges and taxes normally paid by tenants on let properties	**-26 109**	**-19 714**
Rental charges invoiced to the landlord	-9 893	-8 953
Withholding taxes and other taxes on let properties	-16 216	-10 761
Total	**827**	**1 231**

Most lease agreements provide for rental charges and taxes to be borne by the tenant. Under some leases, however, the terms provide for flat-rate billing of charges, which the owner pays at its own risk, or make the owner liable for certain taxes.

9. CORPORATE OVERHEADS

XIV. Corporate overheads (€ thousand)	30.09.10	30.09.09
Staff costs	4 906	3 862
Operating costs	1 839	1 699
Fees	1 799	1 740
Costs linked to SICAFI status	1 630	1 548
Amounts paid to the managing agent Befimmo SA	2 338	993
- Refund of costs directly linked to its mission (including remuneration of directors)	*982*	*993*
- Remuneration directly proportional to Befimmo SCA's result	*1 356*	-
Corporate overheads	**12 512**	**9 841**

The Sicafi's corporate overheads cover all costs not directly chargeable to the management, upkeep and maintenance of the properties. They include the costs of the Company staff (salaries, social contributions, etc.), operating costs (office rents, office supplies, etc.), and fees paid to various external consultants (legal, technical, financial, fiscal, etc.), notably in the context of special projects.

Costs linked to Sicafi status cover all costs involved in listing on a public stock market (Euronext, cost of paying coupons, etc.) and the status of Sicafi (quarterly portfolio valuation, depositary bank charges, etc.).

Amounts paid to the Managing Agent, Befimmo SA, comprise the costs directly linked to its duties, including the remuneration of the Directors, and the remuneration of Befimmo SA, the Managing Agent, as defined in the articles of association of Befimmo SCA.

	30.09.10	30.09.09
COMPANY STAFF		
Number of persons under a contract of employment	40	34

10. OTHER OPERATING INCOME AND CHARGES

XV. Other operating income and charges (€ thousand)	**30.09.10**	**30.09.09**
Spreading of the cost of rental gratuities	945	49
Others	809	1 825
Non recurrent result on the termination of the leasehold granted on Block II of WTC	7 216	-
Other operating income and charges	**8 970**	**1 874**

This heading includes recurring compensation for the effect of spreading rental gratuities granted. Spreading of rental gratuities, recorded in accordance with IFRS standards under rental income, is neutralised here, so that the effect is zero on the Company's net result.

The other items under this heading are not recurring and for this fiscal year consist mainly of the completion of the termination of the leasehold granted on Block II of the World Trade Center in Brussels.

11. GAINS OR LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES

XVI. Gains and losses on disposals of investment properties (€ thousand)	**30.09.10**	**30.09.09**
Net sale of properties (selling price - transaction costs)	735	4 178
Book value of properties sold	- 520	-3 965
Gains and losses on disposals of investment properties	**215**	**213**

The gains and losses on disposals of investment properties consist solely of the sale of a floor of office space in a jointly owned building at Chaussée de la Hulpe 177, Brussels.

12. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

XVII. Changes in fair value of investment properties (€ thousand)	**30.09.10**	**30.09.09**
Positive changes in fair value of investment properties	17 824	22 005
Negative changes in fair value of investment properties	-52 381	-96 987
Changes in fair value of investment properties	**-34 557**	**-74 982**

The changes in fair value of investment properties do not include investments. The "Portfolio" section of the management report contains more information on changes in value.

13. FINANCIAL RESULT

(€ thousand)		30.09.10	30.09.09
XIX. (+) Financial income		**5 510**	**5 032**
(+)	Interests and dividends received	172	2 237
(+)	Leasing charges	197	334
(+)	Revaluation earnings on financial assets	5 141	2 448
(+)	Others	-	12
XX. (-) Interest charges		**-20 704**	**-30 010**
(-)	Nominal interest on loans	-9 253	-21 000
(-)	Reconstitution of the face value of financial debts	- 608	- 559
(-)	Other interest charges	-10 842	-8 451
XXI. (-) Other financial charges		**-11 371**	**-39 304**
(-)	Bank charges and other commissions	-2 457	-1 878
(-)	Revaluation deficits on financial assets	-8 915	-37 426
(+/-)	**Financial result**	**-26 566**	**-64 282**

The above table sets out the financial result in accordance with the layout required by the Royal Decree of 21 June 2006.

The following table sets out the financial result in analytical form and allows a distinction to be made between items linked to revaluations of the financial instruments and other financial charges and revenue.

(€ thousand)		30.09.10	30.09.09
(+)	**Financial income**	**369**	**1 328**
(+)	Interests and dividends received	172	994
(+)	Charges for finance leases and similar	197	335
(+/-)	**Net interest charges**	**-20 704**	**-28 755**
(-)	Nominal interest on loans	-9 253	-20 988
(-)	Reconstitution of the face value of financial debts	- 608	- 559
(-)	Other interest charges	-1 245	-2 544
(+)	Revenues from financial hedging instruments	-	1 243
(-)	Charges from financial hedging instruments	-9 597	-5 907
(-)	**Other financial charges**	**-2 457**	**-1 877**
(-)	Bank charges and other commissions	-2 457	-1 877
(+/-)	**Changes in fair value of financial assets and liabilities**	**-3 774**	**-34 978**
(+/-)	Financial hedging instruments	-3 789	-26 916
(+/-)	Others	15	-8 062
(+/-)	**Financial result**	**-26 566**	**-64 282**

The financial result for the 2009/2010 fiscal year is much improved in relation to last year. This is explained mainly by:

- a sharp reduction in net interest charges paid on the part of borrowings at floating rates. This reduction is due to the fall in short-term rates;
- the much more limited negative impact than last year of the change in market value of the financial hedging instruments (mainly IRS, IRS Callables, Twin Caps and Caps) amounting to €3.8 million net, as against €26.9 million for the previous fiscal year;
- the booking, during the previous fiscal year, of a drop of €8.1 million in the value of the financial asset consisting of the undertaking to buy the shares of Axento SA in Luxembourg (signed on 1 July 2009).

As required by IFRS 7.20, the following tables allow a distinction to be made between the types of financial assets and liabilities behind the financial charge or revenue reflected in the financial result of the fiscal year just closed:

2009/2010 (€ thousand)	**TOTAL**	**Financial assets or liabilities at fair value throught profit or loss account**	**Loans and receivables**	**Financial liabilities valued at amortised cost**
Financial income	**369**	162	207	-
Net interest charges	**-20 704**	-9 597	390	-11 497
Other financial charges	**-2 457**	-	-	-2 457
Changes in fair value of financial assets and liabilities	**-3 774**	-3 785	-	11
Total result on financial assets/liabilities	**-26 566**	**-13 221**	**597**	**-13 942**

2008/2009 (€ thousand)	**TOTAL**	**Financial assets or liabilities at fair value throught profit or loss account**	**Loans and receivables**	**Financial liabilities valued at amortised cost**
Financial income	**1 328**	439	889	-
Net interest charges	**-28 755**	-4 664	- 6	-24 085
Other financial charges	**-1 877**	-	1	-1 878
Changes in fair value of financial assets and liabilities	**-34 978**	-35 007	-	30
Total result on financial assets/liabilities	**-64 282**	**-39 232**	**884**	**-25 934**

14. INCOME TAXES

The income tax burden is broken down as follows:

XXIII. Corporation tax (€ thousand)	**30.09.10**	**30.09.09**
Current taxes for fiscal year	- 652	- 460
Adjustment of current taxes from previous periods	1	- 1
Deferred taxes	-	-
Corporation tax	**- 651**	**- 461**

Befimmo is a public limited company by shares with the status of Sicafi. This status exempts the Company from corporation tax on its earnings.

The Company is nevertheless liable for corporation tax at the rate (33.99%) on its non-deductible expenses. A full provision of €0.65 million has been made at 30 September 2010 for the estimated amount of tax payable on these expenses at 30 September 2010.

The subsidiary Fedimmo is a public company and as such is liable to corporation tax. Yet, after deducting notional interest calculated on Fedimmo's shareholders' equity, its tax base for the 2009/2010 fiscal year is zero and the sum of €6.0 million of notional interest is carried forward to future years. Taking account of the reserves of notional interest constituted previously, the total reserve to be carried forward to future years at 30 September 2010 amounts to €33.3 million.

Even though no income tax is recorded for Fedimmo, it will therefore be necessary to book a deferred tax asset, equivalent to 33.99% of the notional interest carried over, to reflect the tax reserve deductible from future profits. However, since the financial forecasts for Fedimmo show that its tax base should be zero every fiscal year, since the notional interest is deductible, the Company need not realise this deferred tax asset and so it has not been recorded.

Likewise, since Fedimmo is not subject to IFRS standards for the preparation of its statutory accounts, Belgian accounting standards require its property portfolio to be valued using the amortised cost method. This valuation method therefore creates a discrepancy between the fiscal value of the properties (established according to Belgian standards) and their investment value determined by the experts. Since the realisation value of the assets (investment value minus the applicable registration fees) is less than their fiscal value, no fiscal latency need be recorded.

15. RESULT PER SHARE

RESULT FOR THE FISCAL YEAR (€ thousand)	**30.09.10**	**30.09.09**
NUMERATOR		
Net result for the fiscal year	50 598	-33 379
Non controlling interests	3 938	1 120
Group share	46 659	-34 499
DENOMINATOR		
Shares outstanding at the end of the period (in units)	16 790 103	16 790 103
Weighted average of shares outstanding during the period (in units)	16 790 103	14 060 753
Net result per share (basic and diluted) (in €)	**2.78**	**-2.45**
Dividend for the fiscal year		
Interim dividend (gross)	-	43 940
Gross attributable dividend	65 580	17 581
Total gross dividend for the fiscal year	**65 580**	**61 521**
Gross dividend per share (in €)	3.9059	3.36 / 1.04

The result per share is calculated by dividing the net result by the weighted average of the number of shares outstanding during the relevant fiscal year.

Since Befimmo has no diluting instruments, the basic and diluted results are identical.

16. GOODWILL

Befimmo's acquisition of Fedimmo generated goodwill from the positive difference between the acquisition cost (including transaction costs) and Befimmo's share of the fair value of the net asset acquired. This goodwill, recorded on the assets side of the consolidated Financial Statements, represents the future financial advantages associated with the synergies, optimisations and development prospects of a geographically diversified portfolio.

The following table illustrates the change in value of the goodwill over the fiscal year:

(€ thousand)	**30.09.10**	**30.09.09**
COST		
Opening balance	**15 890**	**15 977**
Additional amounts linked to business combinations carried out during the period	-	-
Reductions linked to assets sold during the period	-	- 87
Closing balance	**15 890**	**15 890**
DECREASE IN VALUE		
Opening balance	**-**	**-**
Decreases in value posted during the period	-	-
Closing balance	**-**	**-**
CARRYING AMOUNT		
Opening balance	**15 890**	**15 977**
Closing balance	**15 890**	**15 890**

The goodwill has been allocated to the cash generating units that will benefit from the synergies of the acquisition, which corresponds in the case of the Fedimmo portfolio to the buildings grouped by geographical segment according to their location. This breakdown of goodwill by geographical segment is illustrated in the table below.

No change was recorded over the year.

Impairment test

GEOGRAPHICAL SEGMENTS (€ thousand)	Goodwill	Carrying amount (including 100% goodwill)	Value in use	Depreciation
Brussels centre	597	29 533	29 596	-
Brussels Leopold district	2 108	106 540	106 818	-
Brussels North area	4 685	222 547	222 811	-
Wallonia	2 673	83 741	83 848	-
Flanders	5 826	278 919	279 432	-
Total portfolio	**15 890**	**721 280**	**722 503**	**-**

Each time the accounts are closed, the goodwill is subject to an impairment test (conducted on the groups of buildings to which it was allocated on the basis of geographical segment), comparing the carrying amount of the groups of buildings (including the goodwill allocated at 100%) with their value in use. The value in use of the groups of buildings is assessed by the real-estate expert on the basis of a calculation for updating the cash flows generated by these buildings, based on assumptions in accordance with standard IAS 36. This value in use is equivalent to the investment value of the buildings.

The result of this test carried out at 30 September 2010 (illustrated in the table above) shows that no impairment need be recorded as the value in use by segment is higher than the carrying amount.

Sensitivity test

The method for calculating the fair value of investment property by independent experts relies on making several specific assumptions, mainly the rate of updating the cash flows generated by the buildings and the residual value of each building.

The sensitivity of the value of the goodwill to changes in the rate of updating the cash flows generated by the groups of buildings to which the goodwill was allocated was tested. It appears that this rate has to be increased by 25.05% before the value of the goodwill recorded begins to be impaired. A further 1% increase in the rate above that level would lead to an impairment of the value of the goodwill of €3,647.

17. INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE

C. Investment properties (€ thousand)	**30.09.10**	**30.09.09**
Proporties available for lease	1 835 334	1 877 236
Properties that are being constructed or developed for own account in order to be leased	49 631	41 081
Investment properties	**1 884 964**	**1 918 317**

As required by the amendment of standard IAS 40 (see above, Significant Accounting Policies > Basis of preparation) investment properties that are being constructed or developed for own account in order to be leased, are included under investment properties where they are intended to be leased. This category covers properties undergoing a major renovation and earning no income over that period, or by their nature not generating income (land).

A. Assets held for sale (€ thousand)	**30.09.10**	**30.09.09**
Investment properties	37 647	4 576
Real-estate certificats	-	-
Other assets	-	-
Assets held for sale	**37 647**	**4 576**

This heading covers property held for sale and which, when certain conditions are met, should therefore leave the Befimmo portfolio during the 2010/2011 fiscal year.

This heading includes:

- the Empress Court building (CBD): in July 2010, Befimmo signed an agreement subject to a suspensory condition to sell the Empress Court building in Brussels when completed to the Vivaqua company, for the net sum of €51 million excluding fees and VAT. Once the suspensory condition is met and the renovation programme completed, the official deed of sale is expected to be signed and the building handed over by 1 March 2011;

- the Kattendijkdok building (Flanders): In September 2010 Fedimmo signed an agreement to sell the building, subject to suspensory conditions, for €7.8 million excluding fees. The transaction should be completed early in 2011;

- half a floor in the jointly owned building at Chaussée de la Hulpe 177, Brussels (Brussels decentralised): a preliminary agreement was signed in September 2010 and the sale should be completed during the 2010/2011 fiscal year.

(€ thousand)	
Carrying value as at 30.09.2008	**1 886 500**
of which: - Investment properties	*1 877 636*
- Assets held for sale	*8 865*
Acquisitions	93 495
Other investments	29 848
Disposals	- 3 878
Changes in fair value	- 74 982
Change in value of Axento before acquisition booked to the financial result	- 8 090
Carrying value as at 30.09.2009	**1 922 893**
of which: - Investment properties	*1 918 317*
- Assets held for sale	*4 576*
Acquisitions	-
Other investments	34 795
Disposals	- 520
Changes in fair value	- 34 557
Carrying value as at 30.09.2010	**1 922 611**
of which: - Investment properties	*1 884 964*
- Assets held for sale	*37 647*

During the fiscal year, an office floor was sold in a jointly owned building at Chaussée de la Hulpe 177, Brussels.

The sale that took place during the 2008/2009 fiscal year related to the Frankrijklei building in Antwerp.

Commitments

Commitments to tenants:

Fedimmo has given the Belgian Government an undertaking to carry out work in the whole portfolio at a cost under contract of €49.0 million, €26.8 million of which was to be done by the end of 2009. The remaining work, under a contract worth €22.2 million, relates to the renovation of Tower 3 of the World Trade Center, postponed (2009/2012) at the request of the Buildings Agency. At 30 September 2010, a total of €32.8 million had been spent.

Fedimmo has also given an undertaking to the Buildings Agency to construct a new building to house the Federal Public Finance Service by 1 June 2013 at Rue Paradis in Liège. The total budget for the project is €91.1 million.

Commitments to purchasers of properties to be sold

Under the agreement - subject to a suspensory condition - to sell the Empress Court building when completed to the Vivaqua company, Befimmo has given an undertaking to Vivaqua to complete the renovation work by the end of February 2011. The total budget for the project is €25.0 million.

Ongoing contractual commitments signed with approved building contractors

Commitments contracted by Befimmo with approved building contractors:

Befimmo's main contractual commitments with approved building contractors are worth some €20.2 million including VAT. These commitments relate to the Empress Court, Central Gate, Triomphe III, Fountain Plaza, View and Triomphe I & II buildings and the whole Befimmo portfolio for the Telemonitoring energy project.

Commitments contracted by Fedimmo with approved building contractors:

Fedimmo's main contractual commitments with approved building contractors are worth some €10.9 million including VAT. These commitments relate to the following buildings: Science-Montoyer, WTC Tower 3, Liège Paradis (new Finance centre), WTC Tower 4 (application for single permit), Tervuren, Braine l'Alleud and Bloemistenstraat in Kortrijk.

Restrictions on assignment

None of the buildings in Befimmo's porfolio is mortgaged or subject to any other restriction on realisation or assignment, save only the standard provisions contained in several loan agreements, notably the syndicated loans of 30 March 2006 and 27 June 2008 (property intended for leasing may not be sold to or bought by a company in the group) and which have no impact on their value.

Similarly, none of Befimmo's real-estate property is subject to any restriction on the recovery of revenue, with the sole reservation that in the context of two financial operations that were arranged on favourable terms, the Poelaert building and four buildings in the Fedimmo portfolio (Avenue des Arts, Rue du Gouvernement Provisoire and Rue Lambermont in Brussels and Majoor Vandammestraat in Knokke) were financed by the assignment of the credit for future rents to a financial institution, and may not be transferred without the prior consent of the assignee of the rents or before first paying off the financial liability.

18. OTHER PROPERTY, PLANT AND EQUIPMENT

E. Other property, plant and equipment (€ thousand)	**30.09.10**	**30.09.09**
Property, plant and equipment for own use	658	630
Others	-	-
Other property, plant and equipment	**658**	**630**

19. NON-CURRENT AND CURRENT FINANCIAL ASSETS

F. Non-current financial assets (€ thousand)	**30.09.10**	**30.09.09**
Assets at fair value through profit and loss	1 854	2 358
Financial hedging instruments - level 2	1 854	2 358
Option - CAP et Twin CAP	1 854	2 358
Forward - IRS	-	-
Loans and receivables	-	23
Other non-current financial assets	34	31
Non-current financial assets	**1 888**	**2 412**

B. Current financial assets (€ thousand)	**30.09.10**	**30.09.09**
Loans and receivables	402	498
Other current financial assets	9	53
Current financial assets	**411**	**551**

The heading “Assets at fair value through profit or loss” mainly covers derivatives that are not recognised as hedging instruments, as defined in standard IAS 39, i.e. the IRS, IRS Callable and Twin Cap options held by the Company, as long as the market value is positive. Otherwise, their value is entered in the equivalent heading under liabilities.

The heading “Loans and receivables” includes various amounts to be recovered from counterparties of the Company.

20. FINANCE LEASES RECEIVABLES

This heading relates to finance lease agreements (as per standard IAS 17) and at 30 September 2010 includes only the asset embodied in the building in Wandre.

In the previous period this heading also included the agreement granting a leasehold on the land of Block II of the WTC. Fedimmo availed itself of its right to terminate the leasehold with effect from 1 April 2010.

21. TRADE RECEIVABLES

Trade receivables arise through rent, the billing of taxes or rental charges. The quantitative description of the principal risks (hereafter) includes a section on the credit risk which analyses the Company’s exposure to such debts in terms of the counterparty or of the maturity.

22. TAX RECEIVABLES AND OTHER CURRENT ASSETS

E. Tax receivables and other current assets (€ thousand)	**30.09.10**	**30.09.09**
Taxes	451	392
Others	3 523	2 889
Tax receivables and other current assets	**3 973**	**3 281**

23. CASH AND CASH EQUIVALENTS

F. Cash and cash equivalents (€ thousand)	**30.09.10**	**30.09.09**
Available values	3 492	6 096

As the Company is structurally indebted, available funds are limited, consisting almost entirely of positive balances in the Company’s various bank accounts.

24. DEFERRED CHARGES AND ACCRUED INCOME

G. Deferred charges and accrued income (€ thousand)	**30.09.10**	**30.09.09**
Rent free periods and incentives granted to tenants to be spread	-	-
Accrued rental income	10 311	-
Prepaid property charges	3 258	3 432
Prepaid interest and other financial charges	184	279
Others	544	647
Deferred charges and accrued income	**14 296**	**4 357**

This heading principally includes income from properties accrued but not yet due, in accordance with the terms of the leases, and real-estate charges paid in advance.

25. CURRENT AND NON-CURRENT FINANCIAL DEBTS

B. Non-current financial debts (€ thousand)	**30.09.10**	**30.09.09**
Credit institutions	425 552	529 068
Finance lease	-	-
Other: Borrowings	157 420	214 720
Other: Rental guarantees received	1 825	1 626
Non-current financial debts	**584 796**	**745 414**

B. Current financial debts (€ thousand)	**30.09.10**	**30.09.09**
Credit institutions	205 967	1 877
Finance lease	-	45 142
Current financial debts	**205 967**	**47 019**

The headings “Credit institutions” (non-current and current) cover all the bank financing held by the Company. These headings also include the two financing deals involving the assignment of future rents.

The heading “Other – borrowings” covers the outstanding commercial paper issued by the Company at the balance sheet date. Although these were short-term issues, the whole programme has a back-up facility for a residual term of more than 12 months (via the unused portion of the bilateral lines and syndicated loans arranged), which gives the Company the capacity to refinance the issues for the medium and long term. Accordingly, the Company has opted to record these debts under non-current financial debts.

The heading “Other – rental guarantees received” covers the amount of rental guarantees received in cash from some tenants in the Company’s property portfolio. Their carrying amount is equivalent to their fair value.

The subheading “Finance lease” includes the debt associated with the leasehold agreement for WTC Tower 3, where Fedimmo is the leasehold tenant. The leasehold granted on Block II of the World Trade Center has meanwhile been terminated.

As mentioned under “Significant Accounting Policies”, the value of the booked assets and liabilities is equivalent to their fair value, as the main assets and liabilities items are booked at their market value or at the closing share price, or else their carrying amounts are almost equivalent to their market values. The only exception is the financial debt consisting of assignments of future rents, structured at fixed rates, worth a residual total of €78.8 million at 30 September 2010. The fixed rates set for these long-term borrowings generally no longer correspond to the current market rates, giving rise to a difference between the carrying amount of the liabilities on the balance sheet and their

fair value. Moreover, bank margins have also changed substantially since the end of 2008. The table below compares the carrying amount of the fixed-rate borrowings with their fair value at the end of the 2008/2009 and 2009/2010 fiscal years. The fair value of fixed-rate borrowings is estimated by updating their future cash flows using a rate that takes account of the Company's borrowing risk. This fair value is given in the table below as an indication, the carrying amount being used for accounting purposes.

(€ thousand)	30.09.10		30.09.09	
	Nominal value	Fair value	Nominal value	Fair value
Fixed rate financial debts	**78 815**	**84 771**	**82 590**	**88 833**

26. OTHER NON-CURRENT FINANCIAL LIABILITIES

C. Other non-current financial liabilities (€ thousand)	**30.09.10**	**30.09.09**
Financial hedging instruments	-	-
Other non-current financial liabilities	20 122	18 854
Financial hedging instruments at fair value through profit and loss - level 2	20 122	18 854
Forward - IRS	20 122	18 854
Other non-current financial liabilities	**20 122**	**18 854**

The heading "Other non-current financial liabilities" reflects the fair value of the financial instruments, as per IAS 39, which have a negative value. The values of the two IRS instruments that Befimmo held at 30 September 2010, described hereafter, were adjusted in line with the fall in interest rates. They were therefore moved from "Non-current financial assets" to "Non-current financial liabilities" during the previous fiscal year. The resulting difference in value was recorded in the income statement as appropriate under "Revaluation gains on financial assets" or "Revaluation losses on financial losses".

The fair value of the financial instruments is determined purely using (directly or indirectly) observable data, but which are not prices noted on an active market. The IRS contracts therefore belong to level 2 of the fair-value hierarchy, as defined in standard IFRS 7.

The fair value of these contracts is determined at the balance sheet date. We obtain this information from various financial institutions and we check and validate it.

27. PROVISIONS

A. Current provisions (€ thousand)	**30.09.10**	**30.09.09**
Pensions	-	-
Others	1 383	2 422
Current provisions	**1 383**	**2 422**

The amounts of provisions mainly cover the undertakings the Company gave when selling certain properties (rental guarantees, undertakings to carry out works, etc.).

28. TRADE DEBTS AND OTHER CURRENT DEBTS

D. Trade debts and other current debts (€ thousand)	**30.09.10**	**30.09.09**
Trade payables	68 102	43 182
Suppliers	20 893	19 508
Tenants	47 209	23 674
Other	16 067	67 324
Tax, salaries and social charges	13 559	14 058
Others	2 508	53 266
Trade debts and other current debts	**84 169**	**110 506**

The heading “Trade debts” to suppliers includes the amounts owing to the various suppliers of goods and service providers. Debts to tenants relates to amounts received as deposits for provisions for common charges paid in advance by tenants, and advance payments of rent for later periods.

Under the heading “Others”, the first subheading mainly represents debts relating to taxes and charges owed by the Company, while the second sub-heading covers the Company’s other short-term debts. This last heading includes a large amount in September 2009 which was the interim dividend attributed to shareholders in June 2009.

29. ACCRUED CHARGES AND DEFERRED INCOME

F. Accrued charges and deferred income (€ thousand)	**30.09.10**	**30.09.09**
Property income received in advance	5 378	13 824
Interest and other financial charges accrued and not yet due	1 367	1 327
Others	8	30
Accrued charges and deferred income	**6 752**	**15 181**

This heading principally includes income from properties received in advance, in accordance with the terms of the leases, and financial interest and charges accrued but not yet due.

30. QUANTITATIVE DESCRIPTION OF MAIN RISKS

The management report contains a chapter giving details of the main risks, and there is a specific section on page 51 of the report entitled 'main financial risks'. That information complements the quantitative description of the main risks set out below.

A. Credit risk

Please see page 36 of the Annual Report for a breakdown of Befimmo's portfolio of tenants.

The following tables show the maximum amounts of the Company's exposure to credit risk, at the balance sheet date, by category of counterparty:

30.09.10 (€ thousand)	TOTAL	Bank	Corporate	State	Other
Non-current financial assets					
F. Non-current financial assets	**1 888**	1 854	4	-	30
G. Finance lease receivables	**2 323**	-	-	2 323	-
Current financial assets					
B. Current financial assets	**411**	362	40	-	9
C. Finance lease receivables	**58**	-	-	58	-
D. Trade receivables	**19 475**	1 032	9 966	8 476	-
E. Other current assets	**3 523**	-	2 083	1 440	-
F. Cash and cash equivalents	**3 492**	3 415	-	-	77
Total financial assets	**31 170**	**6 663**	**12 093**	**12 298**	**116**

30.09.09 (€ thousand)	TOTAL	Bank	Corporate	State	Other
Non-current financial assets					
F. Non-current financial assets	**2 412**	2 358	27	-	28
G. Finance lease receivables	**2 439**	-	-	2 439	-
Current financial assets					
B. Current financial assets	**551**	406	92	-	53
C. Finance lease receivables	**7 326**	-	7 326	-	-
D. Trade receivables	**23 520**	742	12 738	10 040	-
E. Other current assets	**2 889**	-	1 450	1 440	-
F. Cash and cash equivalents	**6 096**	6 084	-	-	12
Total financial assets	**45 234**	**9 590**	**21 632**	**13 919**	**93**

All the financial assets in the above table are in the "loans and receivables" category, as per standard IAS 39, except for the heading "financial hedging instruments" which accounts for most of the "non-current financial assets" and which are recognised at fair value through the income statement.

To limit the counterparty risk, in the context of its property rental business and also for investment or disinvestment transactions, Befimmo has received the following guarantees:

(€ thousand)		30.09.10	30.09.09
Rental guarantees for leases	Blocked accounts	12 191	15 247
Rental guarantees for leases	Guarantees received in cash	1 825	1 626
Guarantees for investment work	Blocked accounts	17 259	18 379
Instalment on disinvestment (buildings with short leases)	Guarantees received in cash	-	675
Guarantee on disinvestment (buildings with short leases)	Bank guarantee	-	12 825
Guarantee on disinvestment	Blocked accounts	7 096	-
Guarantees on acquisition	Bank guarantee	2 806	9 460
Guarantees received at the close of the fiscal year		**41 176**	**58 211**

Befimmo regularly monitors the recovery of its debts. The details of due dates for trade debts at the closing date are as follows:

Aging balance of trade receivables (€ thousand)	> 3 months	1 to 3 months	< 1 month	Unexpired	Total
As at 30.09.10	909	27	3 772	14 767	**19 475**
As at 30.09.09	5 239 (1)	537	4 251	13 493	**23 520**

Befimmo bears the final risk of trade debts.

For certain tenants in arrears, a debt repayment plan has been arranged; the amount of debt repayable under such a plan was €328,215 at 30 September 2010, compared with €90,134 at 30 September 2009.

Furthermore, write-downs of €519,504 were recorded during the 2009/2010 fiscal year (as against €290,460 in 2008/2009); while €220,757 of write-downs were written back in 2009/2010 (as against €112,693 in 2008/2009).

B. Finance-related risk

Most of the Company's current borrowings are based on loans at floating rates (based on Euribor rates). However, the interest rate risks of this type of financing are mitigated by implementing a policy of hedging interest rate risks, by buying options type financial hedging instruments such as Caps or Twin Caps, or concluding agreements to swap variable rates for fixed ones such as Interest Rate Swaps (IRS) or Forward Rate Agreements (FRA). The rates are therefore fixed for a significant part of its borrowings (48.0% as at 30 September 2010).

Borrowings consist principally of the following:

• a syndicated loan arranged in March 2006 totalling €350 million for a term of six years (2006-2012), extended for a further year at €220 million;

• a syndicated loan arranged in June 2008 totalling €300 million for a five-year term (2008-2013);

• a number of credit lines totalling €450 million and maturing in February 2011 (€100 million), March 2011 (€100 million), April 2012 (€100 million) and November 2017 (€150 million);

• various fixed-rate loans, with a residual total of €78.8 million, corresponding to the assignment of future rents (unindexed) on four buildings in the Fedimmo portfolio and one in the Befimmo SCA portfolio.

(1) Most of this amount is owed by public institutions.

In order to reduce its finance costs, Befimmo has set up a commercial paper programme with a maximum amount of €400 million. In the context of the crisis on the financial markets, €157.4 million were in use under this programme at 30 September 2010. This programme has backup facilities consisting of the various credit lines arranged.

(€ thousand)	30.09.10	30.09.09
Variable-rate borrowings	506 114	663 069
Fixed-rate borrowings	76 857	80 719
Non-current borrowings	**582 972**	**743 788**
Variable-rate borrowings	204 009	-
Fixed-rate borrowings	1 958	1 871
Current borrowings	**205 967**	**1 871**
Total borrowings	**788 939**	**745 658**

The above table shows an amount of €200 million under current borrowings at floating rates representing the financing by two bilateral lines for €100 million each (maturing in February and March 2011) and which have been refinanced early by arranging a new bilateral line of €150 million. It was not necessary to refinance the full amount of these two bilateral lines at a constant floor area, and as mentioned in the section of the management report on the financial structure, the Company even has lines available for taking investment opportunities.

The financial debt linked to the Company's issue of commercial paper is classified as long term, in order better to reflect the economic reality of this type of finance, while abiding by IFRS presentation rules.

Befimmo's financing strategy has resulted in an average financing cost for this fiscal year of 2.97% (margin and current hedging costs included), and in a weighted average term of borrowings of 2.87 years.

Befimmo has put in place an interest-rate hedging strategy designed to limit the potential impact of an increase in short-term interest rates on its financial charges. The Board of Directors has accordingly adopted a policy of hedging some 50-75% of the company's total borrowings, over a 3-5 year time frame, by a combination of financial instruments with option features and agreements to swap variable rates for fixed rates. As a result of applying this policy, the Company has acquired the following financial instruments from financial institutions:

> 3.5%-5.0% Twin Cap options, acquired in October 2006 and March 2007, covering the period from end December 2008 to 31 December 2011, for a notional €400 million. These instruments, half the carrying values of which are based on Euribor 1 month and 3 months, enable the Company to cap the interest rate at 3.5%, and at 5% when rates exceed this latter figure;

> 4.5% Cap options, covering the period January 2012 to January 2015, for a notional €150 million, based on Euribor 3 months;

> 4.0% Cap options, covering the period January 2012 to January 2015, for a notional €100 million, based on Euribor 1 month;

> 3.5% Cap options, covering the periods from:

- January 2012 to January 2015, for a notional €50 million, based on Euribor 1 month;

- January 2012 to January 2014, for a notional €25 million, based on Euribor 1 month;

- January 2012 to January 2016, for a notional €25 million, based on Euribor 1 month;

> IRS at 3.73%, acquired in March 2007 for five years and for a notional €200 million. This instrument sets the interest rate (half at Euribor 3 months and Euribor 1 month) at 3.73%;

> IRS Callable at 3.90%, acquired in November 2007 for ten years and for a notional €100 million. This instrument sets the interest rate (Euribor 3 months) at 3.90% for 10 years. When acquiring this instrument, Befimmo nevertheless sold the bank an option to cancel the swap at a given date, namely 31 December 2010, at its own initiative. The sale of this option secured Befimmo a lower guaranteed fixed rate for the period up to end December 2010;

> several interest-rate swaps at an average rate of 1.40%, acquired in October and November 2010 for a one-year term from September/October 2011 to September/October 2012 and a notional amount of €140 million.

> several interest-rate swaps at an average rate of 1.77%, acquired in October and November 2010 for a one-year term from September/October 2012 to September/October 2013 and a notional amount of €140 million.

> several interest-rate swaps at an average rate of 2.18%, acquired in October and November 2010 for a one-year term from September/October 2013 to September/October 2014 and a notional amount of €160 million.

Befimmo does not practice hedge accounting for the financial hedging instruments it holds. These instruments are therefore regarded as trading instruments under IFRS, and changes in their market value are booked directly and entirely to the income statement. Note that the market value of the derivatives is notified at every closing of the accounts by the financial institutions from which these instruments were acquired.

The following table lists all the hedging instruments held by the Company at 12 November 2010:

(€ million)	Level in IFRS 7.27	Class in IFRS 7.6	Notional	Interest rate	Period of hedge	
Twin cap	2	Option	400	3.5% - 5.0%	Dec. 2008	Dec. 2011
Cap	2	Option	25	3.50%	Jan. 2012	Jan. 2014
Cap	2	Option	25	3.50%	Jan. 2012	Jan. 2016
Cap	2	Option	50	3.50%	Jan. 2012	Jan. 2015
Cap	2	Option	100	4.00%	Jan. 2012	Jan. 2015
Cap	2	Option	150	4.50%	Jan. 2012	Jan. 2015
IRS	2	Forward	200	3.73%	March 2007	March 2012
IRS callable (1)	2	Forward	100	3.90%	April 2008	Jan. 2018
IRS (2)	2	Forward	140	1.40%	Sept./Oct. 2011	Sept./Oct. 2012
IRS (2)	2	Forward	140	1.77%	Sept./Oct. 2012	Sept./Oct. 2013
IRS (2)	2	Forward	160	2.18%	Sept./Oct. 2013	Sept./Oct. 2014

At 30 September 2010, the hedging ratio was 98.55%.

The market value of the financial hedging instruments in the 'option' class is €1.85 million, and in the 'forward' class -€20.1 million.

(1) The bank has a single option to cancel the contract which can be exercised on 30 December 2010.
(2) These IRS were acquired after 30 September 2010, so their fair value is not included in the balance sheet.

In accordance with the significant accounting policies, changes in the value of the derivatives held by the Company taking place during the accounting year are described in the following table:

(€ thousand)	Initial fair value	Acquisitions during the period	Changes in fair value in profit and loss account	Final fair value
2009/2010 fiscal year	-16 497	2 016	-3 789	-18 269 (1)
2008/2009 fiscal year	8 550	1 870	-26 916 (2)	-16 497

C. Liquidity risk

Please see page 52 of the Annual Report for a description of the liquidity risk in the management report.

The residual (weighted) average duration of Befimmo's financing structure is 2.87 years. The tables below illustrate the maturities of the financial liabilities held by the Company.

LIABILITIES (30.09.10)	Total	< 1 year	1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**584 796**	-	525 273	59 523
D. Trade debts and other non-current debts	**-**	-	-	-
Current financial liabilities				
B. Current financial debts	**205 967**	205 967	-	-
D. Trade debts and other current debts	**71 055**	71 055	-	-
Total financial liabilities	**861 818**	**277 022**	**525 273**	**59 523**

LIABILITIES (30.09.09)	Total	< 1 year	1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	**745 414**	-	681 252	64 162
D. Trade debts and other non-current debts	**-**	-	-	-
Current financial liabilities				
B. Current financial debts	**47 019**	47 019	-	-
D. Trade debts and other current debts	**96 827**	96 827	-	-
Total financial liabilities	**889 260**	**143 846**	**681 252**	**64 162**

(1) This amount is composed of €20.1 million in non-current financial liabilities and €1.9 million in non-current financial assets.
(2) The amount of -€26.9 million does not take account of the fall in value of €8.09 million on the financial assets existing before the effective acquisition of Axento.

31. EMPLOYEE BENEFITS

Befimmo's staff are covered by a defined-benefit pension plan. The plan provides for payment of a retirement pension, calculated on the basis of the final salary and seniority, and a survivor's pension. At the member's request, benefits may be paid as a lump sum.

The pension plan is funded by contributions paid into the pension fund of AG Real Estate OFP and by payment of defined contributions into a group insurance.

An actuarial valuation is made every year in accordance with IAS 19 by independent actuaries.

Interpretation IFRIC 14 – IAS 19, the *Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, is applied from the 2008-2009 fiscal year. Based on the funding plan adopted by Befimmo, the application of this interpretation has had no impact on the amounts recognised in the balance sheet for pension obligations.

The current value of the obligation has evolved as follows:

(€ thousand)	30.09.10	30.09.09
RECONCILIATION OF CURRENT VALUE OF THE OBLIGATION		
Opening balance	**2 449.9**	**1 471.5**
Current service cost during the fiscal year	284.0	182.4
Financial cost	138.9	101.4
Plan members' contributions	44.9	36.3
Past service cost	-	71.9
Business combinations	-	-
Actuarial gains or losses	347.6	586.4
Benefits paid	-	-
Closing balance	**3 265.3**	**2 449.9**
Current value of obligations – funded plans	3 265.3	2 449.9
Current value of obligations – non-funded plans	-	-

Actuarial gains or losses are due mainly to a reduction in the discount rate.

The fair value of the assets has evolved as follows:

(€ thousand)	30.09.10	30.09.09
RECONCILIATION OF FAIR VALUE OF PLAN ASSETS		
Opening balance	**2 812.4**	**2 093.2**
Expected return	172.1	139.3
Actuarial gains or losses	- 78.6	116.4
Employer's contributions	598.5	427.2
Plan members' contributions	44.9	36.3
Business combinations	-	-
Reductions or settlements	-	-
Benefits paid	-	-
Closing balance	**3 549.4**	**2 812.4**

The assets or liabilities are recognised in the balance sheet as follows:

(€ thousand)	30.09.10	30.09.09
RECONCILIATION OF AMOUNTS RECOGNISED IN THE BALANCE SHEET		
Current value of the obligation	3 265.3	2 449.9
Fair value of assets	-3 549.4	-2 812.4
(Surplus) / deficit	- 284.1	- 362.5
Actuarial gains or losses not booked to the balance sheet	-	-
Past service costs not yet booked to the balance sheet	-	-
Amount not booked to plan assets owing to limit on plan assets	284.1	362.5
Assets / liabilities recognised in the balance sheet	**-**	**-**
Liabilities booked to the balance sheet	-	-
Assets booked to the balance sheet	-	-

The total charge booked to the income statement amounts to:

(€ thousand)	30.09.10	30.09.09
TOTAL CHARGE BOOKED TO THE INCOME STATEMENT		
Current service cost during the fiscal year	284.0	182.4
Financial cost	138.9	101.4
Expected return	- 172.1	- 139.3
Actuarial gains or losses	426.2	470.0
Effect of the limit on plan assets booked to the balance sheet	- 78.5	- 259.2
Past service cost	-	71.9
Reductions or settlements	-	-
Total charge	**598.5**	**427.3**

The charge is included under the heading ‘corporate overheads’ in the IFRS income statement.

The fair value of plan assets breaks down as follows:

(€ thousand)	30.09.10		30.09.09	
FAIR VALUE OF ASSETS				
Equity instruments	644.3	26.0%	381.8	19.9%
Borrowing instruments	1 685.1	68.0%	1 183.2	61.6%
Real-estate	-	-	35.5	1.9%
Others	148.7	6.0%	320.0	16.7%
Subtotal (pension fund)	2 478.1	100.0%	1 920.5	100.0%
Group insurance	1 071.3		891.9	
Total	**3 549.4**		**2 812.4**	

The expected rate of return is 5.5%, calculated by weighting the expected rates of return on the pension fund and the group insurance.

These expected rates of return are based on the assumption of a risk premium of 3% on the share part of the Pension Fund and a yield of 4.5% a year for the group insurance. The actual yield of the assets during the fiscal year was positive at €93,500. For the 2008/2009 fiscal year, it was positive at €255,700.

The main actuarial assumptions are summarised below:

	30.09.10	30.09.09
Discount rate	4.50%	5.00%
Expected rate of salary increase	4.00%	4.00%
Expected yield rate of plan assets	5.50%	5.50%
Expected rate of pension increase	2.00%	2.00%
Mortality table	MR-5/FR-5	MR-5/FR-5

The history of the scheme's surpluses and deficits and the adjustments linked to the experience of the current value of the obligation and the fair value of the assets (i.e. without taking account of the actuarial gains or losses arising out of changes in the actuarial assumptions) are summarised in the following table:

(€ thousand)	30.09.10	30.09.09	30.09.08	30.09.07	30.09.06
Current value of the obligation	3 265.3	2 449.9	1 471.5	1 224.3	1 316.4
Fair value of assets	-3 549.4	-2 812.4	-2 093.2	-1 946.7	-1 598.0
(Surplus) / deficit	- 284.1	- 362.5	- 621.7	- 722.4	- 281.6
Adjustments based on experience					
a) current value of the obligation	- 36.0	78.6	113.9	78.4	102.2
b) fair value of assets	- 78.6	116.4	- 350.9	54.1	- 54.5

Befimmo expects to contribute an estimated €622,490 for the 2010/2011 fiscal year.

32. RELATED-PARTY TRANSACTIONS

Remuneration of the directors of Befimmo SA and the key management personnel of Befimmo SCA, borne by Befimmo SCA.

FISCAL YEAR 2009/2010 Name	Short-term benefits (salaries, bonuses) [1]	Post-employment benefits (pension, …)
Benoît Godts	71 750	
Alain Devos	48 000	
Gustaaf Buelens	43 000	
Luc Vandewalle	38 000	
Marc Blanpain	57 250	
Marcus Van Heddeghem	34 750	
Roude bvba - Jacques Rousseaux	68 750	
Arcade Consult bvba - André Sougné	45 000	
CEO	477 884	90 473
variable portion	150 000	
Management [2]	687 556	139 537
variable portion	91 100	
Total key management personnel	**1 571 940**	**230 010**

FISCAL YEAR 2008/2009 Name	Short-term benefits (salaries, bonuses) [1]	Post-employment benefits (pension, …)
Benoît Godts	70 000	
Alain Devos	46 500	
Gustaaf Buelens	34 000	
Luc Vandewalle	39 500	
Marc Blanpain	53 250	
Marcus Van Heddeghem	41 500	
Gaëtan Piret	25 000	
Roude bvba - Jacques Rousseaux	62 000	
Arcade Consult bvba - André Sougné	42 500	
CEO	441 279	87 477
variable portion	150 000	
Management [2]	577 645	96 853
variable portion	83 650	
Total key management personnel	**1 433 174**	**184 330**

Post-employment benefits are described in the annex on employee benefits.

Relationships with entities of AG Insurance are described in the chapter on corporate governance.

The Company did not grant any other long-term benefits during the 2008/2009 or 2009/2010 fiscal years.

(1) Short-term benefits are fixed and variable remuneration, and any other miscellaneous components and benefits (including social charges).
(2) This amount may be influenced by fluctuations in staff numbers.

Statutory Auditor's report

DELOITTE
Bedrijfsrevisoren / Réviseurs d'Entreprises
Lange Lozanastraat 270
2018 Antwerp
Belgium

Statutory auditor's report
on the consolidated financial statements for the year ended 30 September 2010
to the shareholders' meeting

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Befimmo SCA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 30 September 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 1,985,075 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 46,659 (000) EUR.

The management of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the

management and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 30 September 2010, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the management.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Antwerp, 12 November 2010
The statutory auditor
DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by

Jurgen Kesselaers Frank Verhaegen

Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Berkenlaan 8b, B-1831 Diegem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB
Member of Deloitte Touche Tohmatsu

Statutory statement of total comprehensive income (€ thousand)

		30.09.10	30.09.09
I.	(+) Rental income	77 463	78 282
III.	(+/-) Charges linked to letting	- 514	- 445
NET RENTAL INCOME		**76 949**	**77 837**
IV.	(+) Recovery of property charges	4 909	11 040
V.	(+) Recovery of rental charges and taxes normally payable by tenants on let properties	19 111	16 743
VII.	(-) Charges and taxes normally paid by tenants on let properties	-18 302	-15 509
VIII.	(+/-) Other revenue and charges for letting	106	235
PROPERTY RESULT		**82 773**	**90 347**
IX.	(-) Technical costs	-6 495	-12 698
X.	(-) Commercial costs	- 856	- 446
XI.	(-) Charges and taxes on unlet properties	-2 062	-1 340
XII.	(-) Property management costs	-1 558	-1 157
XIII.	(-) Other property charges	- 165	- 23
	(+/-) Property charges	**-11 136**	**-15 665**
PROPERTY OPERATING RESULT		**71 637**	**74 682**
XIV.	(-) Corporate management costs	-8 644	-6 734
XV.	(+/-) Other operating income and charges	1 015	1 715
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**64 008**	**69 663**
XVI.	(+/-) Gains or losses on disposals of investment properties	215	-
XVIII.	(+/-) Changes in fair value of investment properties	-35 004	-50 750
OPERATING RESULT		**29 219**	**18 912**
XIX.	(+) Financial income	49 591	30 185
XX.	(-) Interest charges	-17 309	-25 720
XXI.	(-) Other financial charges	-14 189	-57 407
	(+/-) Financial result	**18 093**	**-52 943**
PRE-TAX RESULT		**47 312**	**-34 031**
XXIII.	(-) Corporation tax	- 651	- 461
	(+/-) Taxes	**- 651**	**- 461**
NET RESULT		**46 661**	**-34 492**
TOTAL BASIC NET RESULT AND DILUTED PER SHARE		**2.78**	**-2.45**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**46 661**	**-34 492**

The auditor's report gives unqualified approval to the statutory accounts of Befimmo SCA.

Statutory statement of financial position
(€ thousand)

ASSETS	30.09.10	30.09.09
I. Non-current assets	**1 782 031**	**1 808 528**
C. Investment properties	1 103 804	1 156 987
E. Other property, plant and equipment	329	295
F. Non-current financial assets	677 898	651 246
II. Current assets	**57 813**	**31 499**
A Assets held for sale	32 377	-
B. Current financial assets	418	3 922
D. Trade receivables	12 640	15 683
E. Tax receivables and other current assets	3 705	3 004
F. Cash and cash equivalents	3 014	5 020
G. Deferred charges and accrued income	5 659	3 871
TOTAL ASSETS	**1 839 844**	**1 840 027**

SHAREHOLDERS' EQUITY AND LIABILITIES	30.09.10	30.09.09
SHAREHOLDERS' EQUITY	**1 017 446**	**988 367**
A. Capital	233 985	233 985
B. Share premium account	485 340	485 340
D. Reserves	21 113	21 113
E. Result	277 009	247 929
a. Result brought forward from previous years	230 348	282 421
b. Net result for the fiscal year	46 661	- 34 492
LIABILITIES	**822 398**	**851 661**
I. Non-current liabilities	**551 140**	**708 363**
B. Non-current financial debts	531 017	689 509
a. Credit institution	371 772	473 163
c. Other	159 245	216 346
C. Other non-current financial liabilities	20 122	18 854
II. Current liabilities	**271 258**	**143 298**
A. Provisions	1 348	2 422
B. Current financial debts	217 003	46 847
a. Credit institution	204 889	847
c. Other	12 114	46 000
D. Trade debts and other current debts	48 589	90 117
F. Accrued charges and deferred income	4 318	3 912
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**1 839 844**	**1 840 027**

The auditor's report gives unqualified approval to the statutory accounts of Befimmo SCA.

Explanatory note on changes in the statutory profit (loss) carried forward

The total profit to be appropriated at 30 September 2010 is €277 million. It consists of a realised part of €104.3 million corresponding to the cumulative surplus cash flow realised in relation to the dividend distributed, and an unrealised part of €172.7 million corresponding to the unrealised gains or losses recorded on the property portfolio and hedging instruments.

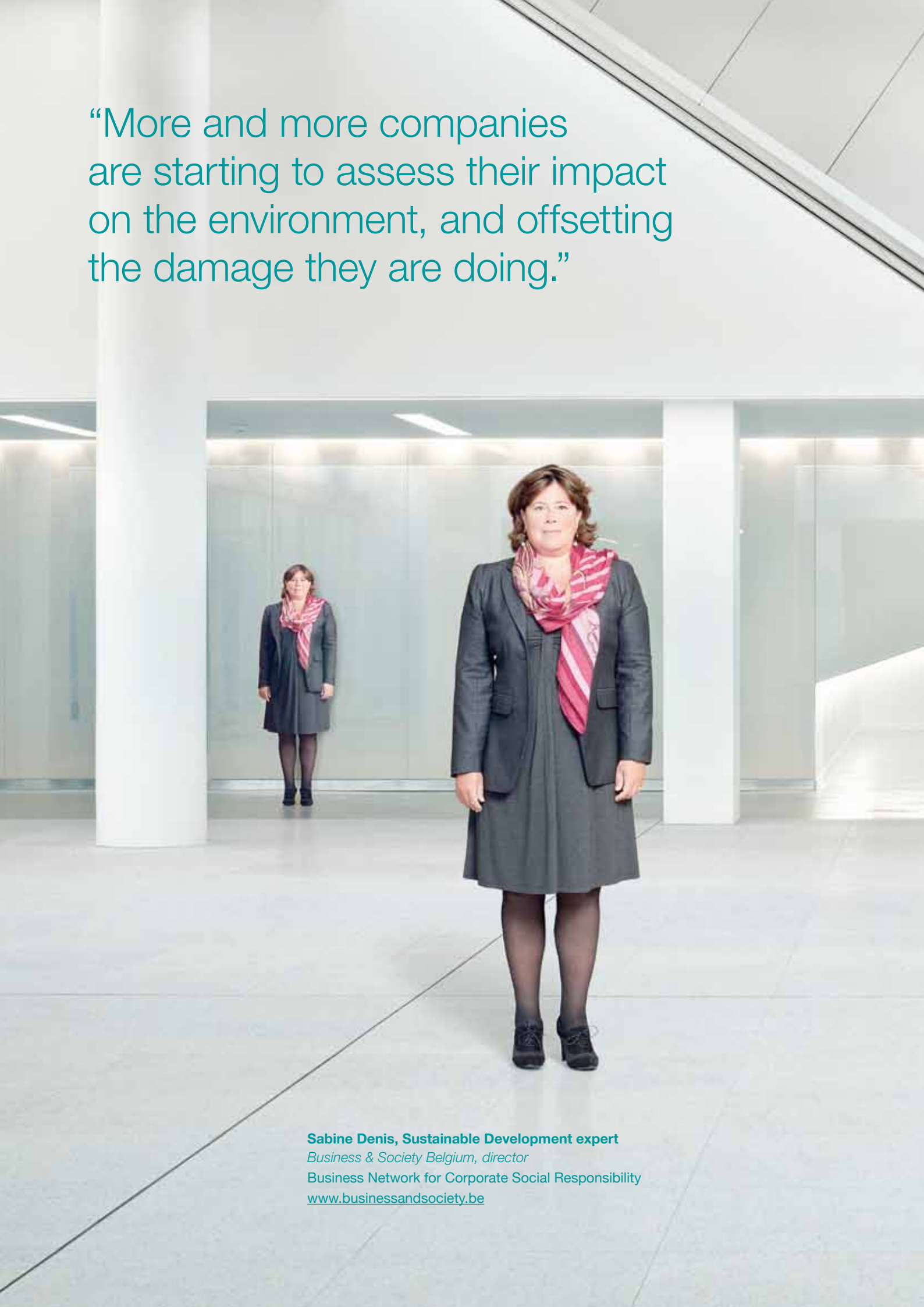
After distribution of the dividend proposed for the fiscal year (€65.6 million), the profit to be carried forward will be €211.4 million, consisting of a realised part of €38.7 million and an unrealised part of €172.7 million.

Explanatory table of the statutory profit (loss) to be carried forward from the 2009/2010 fiscal year

(€ million)	
Profit (loss) to be appropriated as at 30 September 2009	**247.9**
- unrealised	183.3
- realised	64.6
Balance of dividend for the 2008/2009 fiscal year	**-17.6**
Profit (loss) brought forward as at 30 September 2009	**230.3**
- unrealised	183.3
- realised	47.0
Profit (loss) for the 2009/2010 fiscal year	**46.7**
- unrealised	-10.6
- realised	57.3
Profit (loss) to be appropriated as at 30 September 2010	**277.0**
- unrealised	172.7
- realised	104.3
Proposed dividend for the 2009/2010 fiscal year (1)	**-65.6**
Profit/loss to be carried forward as at 30 September 2010	**211.4**
- unrealised	172.7
- realised	38.7

(1) Note that the dividend for the fiscal year is €8.3 million higher than the realised part of the profit for the fiscal year. This is primarily because Fedimmo SA, whose accounts are kept according to Belgian accounting standards, may not distribute all of its cash flow owing to the amortisation it must carry out on its properties. The consolidated cash flow is €83.9 million.

“More and more companies are starting to assess their impact on the environment, and offsetting the damage they are doing.”



Sabine Denis, Sustainable Development expert
Business & Society Belgium, director
Business Network for Corporate Social Responsibility
www.businessandsociety.be

How do you think office architecture incorporates the themes of Corporate Social Responsibility, and what progress do you expect to be made in the next fifteen years?

It seems like only yesterday that we were talking about how the arrival of computers would mark the beginning of a paperless society… And we've never produced and thrown away so much as we do today. So we should be cautious. But Sustainable Development and Corporate Social Responsibility are subjects we are committed to, and the trends we are seeing should back that up. Businesses are at the forefront of this, leading the way for the rest of society. More and more companies are starting to assess their impact on the environment, and offsetting the damage they are doing. Their reflections and action plans are becoming more and more structured and practical. If we look at buildings, and commercial property in particular, there has been considerable progress. The economic future of everyone involved is at stake, as buildings designed according to the principles of Sustainable Development will increase in value on the market. In this sector, it is in the field of Corporate Social Responsibility that the most significant progress is expected. Fundamental parameters will consolidate this trend. One of these is our increasing life expectancy and the resulting extension of our working lives. We will have to incorporate the specific needs of an ageing population, as well as nurturing and maintaining motivation. On top of this, for offices in town centres, thinking about the environment will mean promoting greater integration in the surrounding area. Initiatives are already springing up, with offices offering their car parks to young people who want to play basketball at the weekend, while others lend some or all of their premises to associations. It will take another fifteen years or so to establish these practices across the board.

Are attitudes catching up with technology?

Changes in individual and collective attitudes have a long way to go. Businesses have a leading role to play when it comes to innovation: the move away from paper is a slow process, for example. One of the key priorities of the network that I run is to urge them to get together to tackle issues together, like the mobility of their employees and energy or waste management, for example.

Take yourself fifteen years into the future. Close your eyes. You're sitting down in the office of your dreams. Where is it? What does it look like?

I'm fifteen years older for a start! This office is easily accessible. I basically go there to meet people in person and talk to them. Despite my age, I go there to be creative!

La Plaine
Brussels
decentralised

Corporate Social Responsibility

To help you read this chapter, we have included a short glossary at the end, giving you more information on some of the terms. A more detailed glossary can be found on Befimmo's website www.befimmo.be, in the chapter Corporate Social Responsibility under the heading Glossary.

Corporate Social Responsibility

Context, vision & specific measures

Context

Corporate Social Responsibility is a concept that is increasingly gaining ground as a fundamental value.

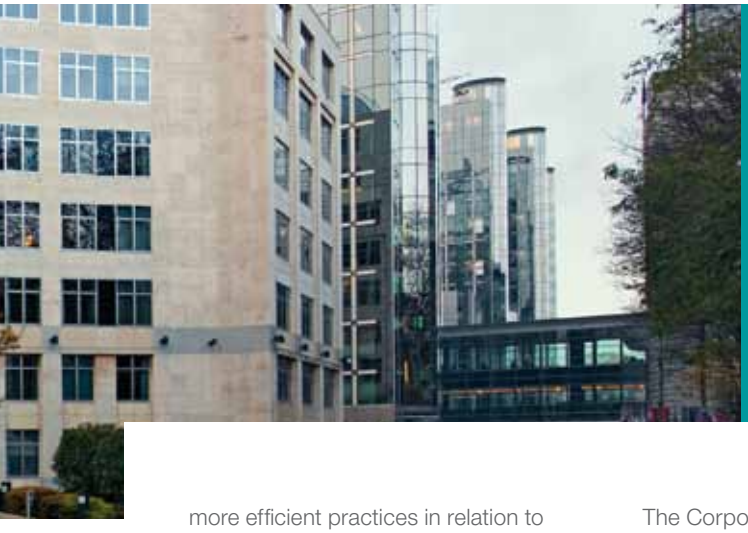
Property owners, occupiers, promoters and investors the world over are facing tougher requirements in terms of sustainability in real estate.

Recent international studies show that buildings with a good environmental performance will eventually enjoy a higher market value.
Mindsets are also changing as can be seen from the study[1] conducted on students on a Master of Business Administration (MBA) programme, which shows that in comparison with the previous generation, the future generation of leaders considers that Sustainable Development will be an integral part of future business strategy.

It is generally considered that the industrial sector is mainly responsible for impacting the environment. Yet the real-estate sector also has to face up to its responsibilities in this field and has to take account of this.

Indeed, worldwide, real estate in the broad sense is regarded as responsible for 40% of energy consumption and 36% of CO_2 emissions.[2]
Worldwide, however, only 1 to 2% of buildings are renewed each year, which is low in relation to the major challenge of cutting carbon emissions.
The real-estate sector is complex, mainly because there are many players who can have an impact on a building's environmental performance. The management and refurbishment of existing buildings are both a challenge and a significant opportunity.

The concept of the "circle of blame" was introduced in the year 2000 by David Cadman. He suggests that investors, tenants, subcontractors and promoters can tend to blame one another for a lack of commitment to adopting sound and



Befimmo incorporated Sustainable Development fully into its activities, as you can see in this Report.

Wiertz
Brussels Leopold district

more efficient practices in relation to resources (natural and energy). It is clear that each of these stakeholders plays an important part and Befimmo strives to foster communication between them. This is a first step in breaking this circle.

Befimmo incorporated Sustainable Development fully into its activities, as you can see in this Report.[3]

Management vision

Befimmo's Management is convinced that a responsible approach to its business is crucial for the Company's sustainability. Its activities do indeed have an impact on the environment in several ways: jobs, working conditions, use of natural resources, energy consumption, waste production, etc. Befimmo's activities are themselves influenced by their own environment: geographical situation, legislation, local economy, global economy, risks of poor weather conditions, etc. A good understanding of the possible interactions between each of these elements is essential for managing the risks and opportunities in an informed way.

The Corporate Social Responsibility Policy is based on common sense and is a response to a general trend in society that we find in both private and institutional shareholders, the legislature, custumors-tenants and public opinion. This Policy aims to frame the Company's present and future activities in a reasonable and responsible management, while optimising use of resources (natural, human, financial).
The main environmental risks identified at strategic level, besides pollution of the environment, are those of non-compliance with legislation and a risk of depreciation of the value of the portfolio when low-consumption buildings will become commonplace on the market.

Befimmo's main strategic objectives focus on:

- its customers and developing a relationship of trust;
- the quality of new investments that will guarantee long-term income;
- the sustainability of long-term cash flows;
- high occupancy rate;
- cost control.

(1) Inheriting a complex world", IBM Institute for Business Value, June 2010.
(2) "Real Estate & Sustainability, Sector Update", ING, 23 June 2010.
(3) Befimmo's Corporate Social Responsibility and vision feature in various sections of the Report, notably the Lettre to the shareholders, Portfolio, Befimmo's identity and strategy, etc.

In the past, the commercial life of a building was between 20 and 25 years. This lifetime is shortening as European legislation is increasingly restrictive. Take for instance the new EU Directive 2010/31/EU on the energy performance of buildings (EPB) [1]. This Directive recasts the previous Directive on the same subject and effectively renders the current legislation obsolete, requiring real-estate companies to become more proactive. True to one of the main principles of Sustainable Development, "reduction at source", Befimmo is closely monitoring the development of existing legislation, anticipating forthcoming legislation and analysing sector studies in order to incorporate new management technologies and tools as quickly as possible, and hence often at lower cost (i.e. it costs less to plan a solution from the design phase of a major renovation, rather than implementing it retroactively).

Befimmo has prepared a multiannual investment plan covering the major events to be taken into consideration up to 2020.

Befimmo enjoys the support and commitment of its Management and staff to that end and has set up a training programme for the purpose.

The Code of Conduct, designed for tenants and also as a user manual for the building, will make tenants aware of the environmental impact of their consumption and thereby help to improve the energy performance of the building they are occupying.

Stakeholders' expectations are also taken into account when important decisions are made.

One of Befimmo's goals is to be included in a stock market index that takes account of performance in terms of Corporate Social Responsibility.

Specific measures

Befimmo implements measures that it considers necessary to reduce the environmental impact of the activities its controls and influences directly.

The main guidelines of Befimmo's approach are:

1. abiding by the applicable environmental regulations;
2. developing an approach that is sensitive to environmental impact;
3. ongoing assessment and improvement of its overall environmental performance;
4. promoting respect for the environment among its tenants, within the limits of its competence;
5. setting up effective communication systems in order to ensure optimum coordination of its subcontracted activities.

In practice, this is implemented at several levels (see Table 1):

• Corporate level

Befimmo has adopted an Environmental Management System (EMS) [1] to manage its processes with the aim of continuous improvement. The EMS complies with the ISO 14001 standard ISO [1].

TABLE 1 : GUIDELINES FOLLOWED BY BEFIMMO AT VARIOUS LEVELS

Level	Approach followed/tool used
Corporate	Implementation of an ISO 14001-certified Environmental Management System (EMS)
Operational	BREEAM building and BREEAM In-Use certification, EPB certificate (Energy Performance in Buildings)
Communication	Gradual application of GRI standard
Monitoring	Installation of digital meters throughout the Befimmo portfolio (excluding Fedimmo), ISA tools

The impact of the Company's activities is assessed at strategic level (acquisition, major renovation, etc.) and operational level (building maintenance, use of building, etc.). The implementation of the ISO 14001 Environmental Management System at strategic level is designed to adjust priorities in line with the development of the Company's business.
This is an ambitious exercise requiring cooperation at both Management and operational levels, across all departments, in order to define the procedures to be introduced. Implementation requires a sustained effort by all staff members.
But staff participation alone is not enough to ensure optimum environmental performance of a building. To that end, wherever necessary Befimmo includes, informs and coordinates external companies working for it (property manager, general contractors, suppliers, etc.).

• Operational level

Befimmo opts to abide as far as possible by the BREEAM[1] guidelines (Building Research Establishment Environmental Assessment Method) specifically developed for the real-estate sector. They are incorporated and explicitly referred to in the operating procedures of the EMS.

• Communication level

The guidelines of the Global Reporting Initiative standard (GRI)[1], are being implemented gradually. For the 2009/2010 Annual Financial Report, Befimmo complies with reporting at quality level C (self-declared) (see Table 17, page 185).

Regarding communication with tenants, Befimmo offers them access, via the extranet, to the relevant data so that they can assess their own energy consumption.

• Monitoring level

The 2008/2009 Annual Financial Report mentioned a major task yet to be undertaken regarding monitoring. Good progress was made on this over the fiscal year with the installation of digital meters in the portfolio (excluding Fedimmo). The 2009/2010 Annual Financial Report goes into more detail about the environmental Key Performance Indicators (KPIs)[1].
The monitoring tools developed by the International Sustainability Alliance (ISA)[1] or the sector supplement of the GRI will be applied gradually.

The priority environmental impacts linked to Befimmo's activities are :

- energy management;
- management of natural resources;
- waste management;

(1) See glossary at the end of the chapter.

- water management.

These are included in the operational procedures of the EMS to ensure that related risks are managed.

As a business, Befimmo itself has foremost an environmental impact. Most of the management activities focus on this aspect today. For the social and economic aspects, a number of KPIs are monitored and reported.

• Internal organisation

At strategic level, the Sustainable Development team consists of four management staff: Chief Financial Officer, Chief Operational Officer, Chief Technical Officer, Investor Relations & External Communication Manager. This team, after consulting the Chief Executive Officer, is responsible for monitoring and implementing strategic measures and making sufficient human resources available.

At operational level, the Technical Sustainable Development team consists of three people from the technical team, who regularly assess the implementation of the Environmental Management System. Other staff members also have responsibilities specifically defined in the EMS:

- Legal Officer;
- Investment Officer;
- Controller;
- Internal Auditor;
- the Project and Property Managers.

The responsibilities for Sustainable Development of Befimmo's activities are clearly integrated in all the internal departments.

Stakeholders

Any business needs to communicate about its activities, commitments and performance and, in an increasingly interactive world, nothing can be built in isolation. Befimmo undertakes to take account of the reasonable expectations of its stakeholders and partners in devising its strategy and establishing a fair dialogue and constructive consultation with them.
Befimmo's efforts have not gone unnoticed: Citibank Realty Services nominated the Company for the "Global Environmental Vendor of the Year Award".

External

The following table (Table 2) lists the main external stakeholders identified by Befimmo, and describes the activities carried out with them.

(1) http://www.ibgebim.be/
(2) http://www.lne.be/
(3) http://environnement.wallonie.be/administration/orgdgarne.htm
(4) EIRIS is among the world leaders in environmental, social and governance (ESG) analysis for businesses. The EIRIS analysis is used as a basis for determining whether to include companies in the FTSE4Good stock-market index.
(5) http://www.rics.org
(6) http://www.upsi-bvs.be
(7) http://www.epra.com

TABLE 2: INTERACTION BETWEEN BEFIMMO AND ITS MAIN EXTERNAL STAKEHOLDERS

Level	Stakeholder	Activities
Public authorities	European Union	• Monitoring of new legislation • Consultation, through ISA, on improving environmental legislation based on specific consumption data
	Brussels: Brussels Institute for Environmental Management (IBGE) [1] **Flanders:** LNE (Departement *Leefmilieu, Natuur en Energie*) [2] **Wallonia:** DGARNE (*Direction Générale Opérationnelle de l'Agriculture, des Ressources naturelles et de l'Environnement*) [3]	• Monitoring of regional legislation • Interaction during the design phase of major renovations • Participation in exemplary buildings competitions
Not-for-profit institutes	BRE (Building Research Establishment) ISA (International Sustainability Alliance)	• See BREEAM in the "Achievements" section of this chapter • See ISA in the "Achievements" section of this chapter • The Chief Technical Officer is a member of the Board of Directors of ISA
Analysts/investors	EIRIS (Experts in Responsible Investment Solutions) [4] University of Maastricht, etc.	Befimmo answers specific questions on Corporate Social Responsibility from stakeholders such as EIRIS or for sectoral studies such as those conducted by the University of Maastricht. The answers are made available to other stakeholders via the Corporate Social Responsibility FAQ (details hereafter). Befimmo has also presented its approach at road shows and at a study day organised by ING Bank for businesses working in the real-estate sector.
Sectoral associations	Royal Institution of Chartered Surveyors (RICS) [5]	RICS is an independent not-for-profit body with nearly 100,000 qualified members in some 140 countries. RICS establishes high standards of competence and integrity and, by means of working groups, training and specific studies, helps its members to fine-tune their Sustainable Development strategy. The Chief Technical Officer is a member of the Board of Directors of RICS Belux. The CEO is Fellow member of RICS.
	Professional Union of the Real-Estate Sector (UPSI) [6]	The UPSI brings together owners, builders, developers and real-estate investors in Belgium and is dedicated to the study, protection and development of professional interests of its members. The UPSI studies the Belgian real-estate market and the factors that influence it and wants to promote and support all measures, legislative and administrative, that are favourable for the real-estate sector. The CEO is a member of the UPSI Board of Directors.
	European Public Real Estate Association (EPRA) [7]	EPRA establishes good practice in accounting, information and corporate governance, and provides quality information for investors. The CEO is a member of the EPRA Board of Directors.

Level	Stakeholder	Activities
Tenants	La Plaine building	Development, in agreement with the tenant, of an investment plan worth more than €2 million for improving the performance and comfort of the building.
	Buildings Agency	A strategy meeting was held with the Buildings Agency, at which Befimmo presented its Sustainable Development approach. An analysis of opportunities will be made.
External Managers	AG Real Estate Property Management, BNP Paribas Fortis, Single Tenants	Regular meetings to assess opportunities for improvements, at both strategic and operational levels.
Architects/design offices	Various offices involved in major renovations	Consultation from the design stage to identify the impacts and opportunities of major renovations.

Internal

Befimmo's in-house commitments are described in detail under "The Befimmo team".

Communication with stakeholders

Corporate Social Responsibility FAQ

Since Befimmo joined the BEL20 index, the Company has noticed growing interest by external stakeholders in its Sustainable Development approach. In order to give answers that are as clear as possible and to provide this information to all stakeholders at the same time, Befimmo has prepared frequently asked questions (FAQ) on Corporate Social Responsibility. This document is available on the website (www.befimmo.be, in the chapter Corporate Social Responsibility, under the heading FAQ) and will be supplemented as important new data become available or with answers to relevant questions from stakeholders.

Questionnaire

In a desire to come into more direct contact with stakeholders, the latter can assess Befimmo's Sustainable Development approach and make comments and suggestions for improvement by filling a Stakeholders Questionnaire which is available on the website: www.befimmo.be, in the chapter Corporate Social Responsibility, under the heading Stakeholders Questionnaire).

GRI reporting

Befimmo is gradually coming into line with the GRI Sustainable Development reporting standard.

This exercise began with the previous Annual Financial Report for 2008/2009 which Befimmo had analysed by the GRI. The purpose of this analysis is to check the truth of the self-declaration statement without making a judgement on the content of the Report. The GRI made some minor comments which are taken into account in this Report.

Befimmo is self-declaring the Annual Financial Report for 2009/2010 to be of quality C, which was checked and confirmed by the GRI (see "Reporting by the GRI" for more details).

Scope of reporting

Befimmo SCA's main activities and internal operation did not change over the fiscal year and no significant changes are planned for next year.

The scope of reporting on Sustainable Development activities covers the activities of Befimmo SCA and its subsidiaries, Fedimmo SA, Meirfree SA, Vitalfree SA and Axento SA.

Excluding the buildings held for sale, the consolidated portfolio comprises 830,164 m² of office buildings.

The scope of reporting decreased very slightly over the fiscal year, following the disposal of a floor of the La Hulpe building.

Befimmo's strategic commitments to Sustainable Development apply to its whole portfolio.

We wish to point out that the policy implemented by Befimmo at operational level cannot be fully applied to the Fedimmo portfolio. The agreement with the Buildings Agency stipulates that most of the recurring work is its responsibility, and accordingly Befimmo does not have absolute control over these activities. Nevertheless, through regular dialogue and consultation with the Buildings Agency, the environmental performance of the buildings is gradually being improved.

For instance, since 2002, the Agency has undertaken to implement the principles and themes of action set out in the Federal Sustainable Development Plan (http://www.cidd.be/FR/index.php?page=138).

The activities covered by the EMS are those which Befimmo controls. Initially, the operational aspects of the EMS are deployed for the common areas of the buildings.

This does not rule out implementing activities regarding activities over which Befimmo has less influence, such as tenants' behaviour.

Regarding operational control, Befimmo's influence varies according to the types of tenants and the relative size of their leases in the building:

1. building with multiple tenants (M);
2. building with single tenant (S);
3. building leased to the Buildings Agency (B).

TABLE 3: BEFIMMO'S INFLUENCE DEPENDING ON THE RENTAL SITUATION

Relative Influence	Rental situation		
	M	S	B
Non-recurring improvements	++	++	++
Recurring improvements	++	+	-

Reporting period

This Report covers activities over the 2009/2010 fiscal year.

The floor area is as it was at 30 September 2010.

The previous Annual Financial Report (2008/2009 fiscal year, published in November 2009) is available on the website: www.befimmo.be, in the chapter IR & Finance under the heading Publications.

Achievements

Environmental aspects

The key themes for environmental improvements that Befimmo treats as priorities are:

1. energy and climate change;
2. management of natural resources;
3. dialogue with external firms working for or on behalf of Befimmo, and with tenants.

Progress towards the objectives announced last year is given at the end of the chapter. Implementation of some objectives will be postponed until the 2010/2011 fiscal year.

We give details here of the most important achievements:

ISO 14001

Befimmo has opted to implement the EMS at Corporate level, which is an ambitious exercise.

Befimmo's main activity is to build a portfolio of quality office buildings. Accordingly, many of the activities linked to the operational management and renovation of the buildings are subcontracted. It is therefore important for Befimmo not only to manage the activities carried out by its employees, but also crucial to include and inform the management companies, maintenance companies, architects, design offices and others involved of Befimmo's sustainable approach. This approach is a necessary first step to break the "circle of blame".

Alongside structural management procedures that satisfy the requirements of ISO 14001, operational management procedures are devised on the following themes:

- major renovations;
- minor renovations and repairs;
- energy management;
- management of dangerous substances;
- waste management;
- sustainable procurement conditions;
- acquisitions;
- responsibilities of external firms.

ISO 14001 certification is important, in relation both to external stakeholders to demonstrate Befimmo's level of commitment to Sustainable Development and to employees to value the work done by the whole Befimmo team.

According to the certification audit report: "The quality of Management Review is remarkable for the size of the business and the age of its Management System."

Five minor non-compliances were identified during the certification audit. These, and the minor non-compliances identified during the internal audit, will be corrected during the 2010/2011 fiscal year.

International Sustainability Alliance (ISA)

Befimmo is a founding member of ISA. Since 2009, ISA, in partnership with BRE Trust, has assembled a worldwide network of organisations in the real-estate sector and is dedicated to achieving a more sustainable built environment.
ISA is an independent not-for-profit organisation.

ISA's objectives are:

- to pool, compare and benchmark reliable performance data at building, portfolio, national and international level across building types and to develop benchmarks;
- to create an information platform and share knowledge, know-how and best practice;
- to influence regulators to improve the quality of legislation relating to the environment through a good understanding of interactions and reliable data.

ISA has the following activities:

- **Benchmarking**
  Assess the impact of individual buildings on the environment in absolute terms and in relation to the portfolios of the whole sector and test strategies designed to achieve optimum efficiency. ISA will also facilitate the development of key performance indicators and uniform criteria.

- **Monitoring of legislation and lobbying**
  Help to prepare for the new green laws and carry out lobbying for sound legislation based on fact and scientific research and designed to achieve sustainable real-estate.

- **Certification**
  Provide a simple path of certification via a third party in line with international standards such as BREEAM.

- **External Corporate Social Responsibility reporting**
  Help members to produce accurate and verifiable reports on Corporate Social Responsibility, a key aspect for organisations that include environmental targets in their annual reports.

- **Cooperation between owners - tenants**
  By pooling environmental performance data in a single database, ISA members can benefit from the building management capability to improve cooperation with tenants.

The tools developed by ISA are compatible with ISO 14001 and the GRI.

BREEAM certification and other prizes

Befimmo applies the BREEAM guidelines so as to follow a structured approach and to obtain validation of the objectives achieved. This method allows the level of sustainability to be measured and buildings to be certified in a consistent manner.

Different versions of BREEAM have been devised to offer an approach suited to both new and existing buildings. BREEAM rewards performance that exceeds the local regulations. It is the most widely used method in the world.

BREEAM assesses buildings in the following areas: energy, management, health and well-being, transport, water, materials used, waste, land use and ecology and pollution.

The score is awarded by an independent assessor.

For new building and major renovation projects, Befimmo aims for a "very good" certification for renovations worth more than €4 million. This requires a score between 55 and 70%. In terms of sustainability, this is equivalent to performance at least 55% better than the average for new buildings coming onto the market.

Befimmo also has ambitions to improve the sustainability of the existing buildings in its portfolio, and uses BREEAM "In-Use" certification for that purpose. The initial performance of the buildings is first measured, for the building itself (Asset) and for its management (Management). The scores for the first buildings to be assessed, in the framework of the "In-Use" certification were around 40% on the BREEAM scale, a "good" level of sustainability. On the basis of these results, the potential for improvement is identified and systematically incorporated into an implementation programme.

Major renovations

The extraction and use of resources to create materials and products used in renovations (and building) is one of the most serious direct environmental impacts of the real-estate sector. Ecological impacts such as loss of biodiversity, greenhouse-gas emissions and waste can be reduced by recycling and dismantling.

BREEAM certification, which Befimmo intends to implement systematically for major renovations, requires among other things data to be kept up to date concerning the use of natural resources and recycled materials.

But the environmental performance of the building is also determined at the design stage. Adopting an eco-design approach, from the initial phase, and in consultation with the architects and design offices, also lengthens the potential commercial life of the building.

Befimmo was the first real-estate company in Belgium to be awarded an "excellent" score for the BREEAM Design certificate.

The Froissart, Science-Montoyer and Empress Court buildings were all rated "Excellent". Moreover, as in 2007, for the renovation of the Empress Court building, Befimmo was a prize winner in the IBGE "Exemplary Buildings 2009" competition for the renovation project of the Science-Montoyer building. Finally, the Paradis building was evaluated "Excellent" in Pre-Assessment phase.

For more technical information on these buildings, please see the "environmental passports" on our website: www.befimmo.be, in the chapter Corporate Social Responsibility in the heading Projects in progress.

FROISSART

EMPRESS COURT

SCIENCE -MONTOYER

In-Use buildings

Befimmo was the first real-estate company in Belgium to apply the BREEAM In-Use certificate.

BREEAM In-Use certification, which is renewed every year, is in line with the requirement for continuous improvement of the ISO 14001 standard.

Among other things, this certification requires consumption data to be monitored and thereby ensures that the data are validated, which is an important stage in achieving correct benchmarking figures.

Over the past fiscal year, 12 buildings applied for the BREEAM In-Use certification. Those buildings were BREAAM In-Use certified for a total GLA (Gross Leasable Area) of 98,738 m².

For the intrinsic assessment of the building, six buildings received a “Pass” score and another six a “Good” score. For the assessment of building management, all 12 buildings received a “Pass” score.

Befimmo plans to have its whole portfolio (excluding Fedimmo) certified during the 2010/2011 fiscal year.

Multi-annual investment planning

Befimmo has continued to introduce a multi-annual investment plan with a view to improving the portfolio’s energy performance. This goes way beyond the commitments announced in the previous Annual Financial Report:

TABLE 4 : BUDGETS ALLOCATED FOR IMPROVING THE ENERGY PERFORMANCE OF BEFIMMO BUILDINGS (EXCLUDING FEDIMMO)

Budget (€ million)	Realised	Forecasts		
	2009/2010	2010/2011	2011/2012	2012/2013
Announced in 2008/2009	0.7	0.5	0.5	NA
Realised and announced in 2009/2010	1.2	3.7	2.4	2.0

The specific measures implemented derive from the results of the energy audits conducted during the 2008/2009 fiscal year.

The investments released for the La Plaine building are a good example. This building was erected in 1995 with a total area of nearly 16,000 m^2.

By mutual agreement with the tenant, an investment plan with a budget of roughly €2 million was devised. This budget covers the costs of architects and special techniques designed to improve the building's environmental performance and comfort.
The works should allow annual energy consumption to be cut by about 1 million kWh, a reduction of nearly 25% in relation to current consumption.

The multi-annual investment plan has been devised for sustainable optimisation work in buildings not due to undergo major renovation. A specific budget is allocated to these for sustainable optimisation.

Evaluation at Corporate level of CO_2 emissions

Befimmo had CO2Logic, a company certified to calculate CO_2 emissions according to the "Bilan Carbone" methodology developed by the ADEME (Agence (française) de l'Environnement et de la Maîtrise de l'Energie or French Agency for the Environment and the management of Energy, see also: http://www2.ademe.fr/servlet/KBaseShow?sort=-1&cid=96&m=3&catid=13709), estimate the CO_2 emissions linked to Befimmo's corporate activities, e.g. the office activities of its employees.

The operational perimeter covers:
- travel with a company car;
- work-home travel;
- work-related travel by plane or train;
- paper consumption;
- building occupation.

Total emissions for the past fiscal year are estimated to be 170 tCO_2 equivalent, or 5 tCO_2 equivalent per employee.
In the course of next year, a feasibility study will determine which priorities should be tackled in order to reduce these emissions.

Monitoring

Keeping up to date a control panel of environmental performance using specific KPIs is a fundamental stage for assessing the results of Befimmo's strategic measures. The performance of the Sustainable Development KPIs can be found in the "GRI indicators" section.

Energy and water

Digital meters were installed during the 2009/2010 fiscal year throughout the Befimmo portfolio (excluding Fedimmo). The meters measure consumption of:
- electricity consumption;
- gas consumption;
- water consumption.

An automatic warning alerts the user to any anomalies.

A more in-depth analysis of energy consumption will be conducted annually, to detect any structural dysfunctions.

A comparison was made of the change in energy consumption in the buildings between the previous and current fiscal years.

Establishing the benchmark consumption will enable KPIs and reduction targets to be defined at a later stage. Tenants (excluding Fedimmo) have recently been given access, via an extranet, to their energy consumption data.

Waste

The volume of waste (paper/cardboard, plastic, metal and drinks cartons, and household waste) and its disposal (recycling, incineration) was partially recorded over the 2009/2010 fiscal year.

Social aspects

The Befimmo team

The Befimmo team is crucial to the success of its global strategy. Staff awareness of and participation in conceptual work as well as their day-to-day contribution, is a key element indispensable for the achievement of these objectives.

Befimmo is aware that a pleasant working environment helps to stimulate creativity and motivation, and that it strengthens staff members' commitment to the Company.

At 30 September 2010, the team consisted of 40 people (55% men and 45% women). With the exception of the CEO, all staff are employed, 39 on indefinite contracts and one on a fixed-term contract. 63% of staff are university graduates, and 72% of these also have a postgraduate diploma.

Over the past fiscal year there were no occupational diseases at Befimmo, and one occupational accident. The absenteeism rate [1] over the past fiscal year was 1.4% of the total number of working hours. This can be compared with an average rate of 2.42% [2] for businesses in general.

Over the fiscal year, Befimmo recruited 13 new staff members and recorded 7 departures.

Developing the potential of staff members is in line with the policy of enhancing human resources. Training is therefore offered to staff members when a need is identified.

A programme of awareness-raising and training in Sustainable Development is implemented:

- each employee receives awareness training in Sustainable Development and an introduction to the EMS;
- more in-depth training on the EMS is offered to employees who have a specific task defined in the EMS;
- monthly meetings are held in the technical department to assess implementation of the EMS and to share know-how acquired during external training;
- the management prepares an annual presentation for all staff, to inform them of progress on Sustainable Development activities and Befimmo's strategy in this area.

(1) Absenteeism rate: ratio of the number of hours of short-term sickness (< 30 days) to the total hours worked.
(2) Source: sdWorx publication "Result driven HR", October 2009.

Over the past financial year, Befimmo recorded an average of 39 hours a year of training per staff member, more than half of which are language courses.

All team members have at least one appraisal interview a year with their superior, based mainly on a broad assessment of their relationship with the Company.

Befimmo's employees enjoy a pension scheme that is more generous than is required by law, guaranteeing an income substitution benefit proportional to the salary earned at the time of retirement (defined-benefits system) and related to their length of service. More detailed information can be found in the note "Employee benefits" on page 147 of this Annual Financial Report. The average age of the Befimmo SCA team (excluding the Board of Directors) is 39.

Befimmo pays salaries in line with market rates, which are substantially higher than the relevant minimum scales.

Befimmo is subject to the National Auxiliary Joint Committee for White-Collar Workers, also known as Joint Committee 218, which applies to all staff members.

Economic aspects

Befimmo has a Code of ethics requiring ethical values to be observed in relations with its customers, management team, partners and shareholders. In line with this Code of ethics, Befimmo abides by in-house rules designed to limit the risks associated with money laundering and funding of terrorism.

The Corporate Governance Charter of Befimmo SCA and the attached Terms of Reference describe the set of rules, procedures and practices defining the way in which the company is managed and controlled. Befimmo has adopted the 2009 Belgian Code of Corporate Governance as a reference code.

Befimmo's Corporate Governance Charter and the Code of ethics are available on the website: www.befimmo.be, in the chapter Corporate Governance under the heading Charter.

The various Terms of Reference can also be found on the website:

- Terms of Reference of the Board of Directors;
- Terms of Reference of the Audit Committee;
- Terms of Reference of the Appointments and Remuneration Committee;
- Terms of Reference of the Executive Officers;
- Charter of the College for the Day-to-day management of Befimmo SCA.

GRI indicators

For some years now Befimmo has been applying responsible practices for managing its activities.

The purpose of the indicators is to show whether the measures devised and implemented by Befimmo result in an improvement in the environmental performance of the buildings and a reduction of their impact. If no improvement is noted, the indicators tell the Management that the strategy and measures devised need to be reviewed.

The performance indicators are tools for management and continuous improvement but are also important communication tools for external stakeholders.

For many businesses, gathering data is an exercise that evolves and improves from year to year, thereby enhancing reporting quality. This also applies to Befimmo. In a concern to be exhaustive and transparent, Befimmo clearly describes the methodology, definitions and scope for the KPIs reported.

Befimmo makes use mainly of the GRI reporting requirements, but also keeps a close watch on the development of the GRI sector supplements and the recommendations devised by ISA, and will gradually implement these.

The data obtained for the indicators reported were collected mainly by external property managers, and are based on utility bills. A margin of error is therefore inevitable.
However, wherever possible, Befimmo already endeavours to report year-on-year changes in certain performance indicators.

Digital meters (for electricity, gas and water) have been fitted throughout Befimmo's portfolio (excluding Fedimmo). These will allow more accurate data to be collected from the 2010/2011 fiscal year. This will also be taken as the benchmark period, and quantitative targets for improvements will be set on this basis.

Interpretation of figures

Normalised consumption figures vary widely in the literature. In a study conducted by Ingenium ("Energy Management of the Ministry of the Flemish Community" (2004)), the existing benchmarking figures are reported in the literature. The values vary very widely: from 50 kWh/m² to more than 300 kWh/m² for electricity consumption and between 150 kWh/m² and 210 kWh/m² for fuel consumption. Part of the difference is due to the different types of area measurements (e.g. gross versus net area). Moreover, there is no single standard or definition of these terms. The building's characteristics (age, fabric, occupancy rate) also have a substantial impact on energy consumption. Finally, the tenant's use of the building plays a significant role. For example, space rented by a call-centre company with a major server infrastructure will consume more than a space rented by a tenant with more conventional computing activities.

The figures therefore need to be interpreted with caution. To clarify the KPIs presented, we also provide more information on the reporting methodology used in Table 5 (hereafter).

Scope of reporting and methodology

We wish to point out that in terms of reporting of KPIs, apart from the major renovations, the scope is restricted to Befimmo's own portfolio, excluding Fedimmo, which corresponds to 60% of the total portfolio in terms of GLA (see also "Monitoring").

Power, gas, water, greenhouse-gas emissions

The data collected and presented relate to consumption over the calendar years 2008 and 2009. The data are taken mainly from utility bills obtained through the property manager or tenants.

The analysis includes only those buildings for which two consecutive years of data were available. For each indicator, we give the percentage of the total GLA it covered.

Regarding the percentage of renewable electricity, the figure given is a minimum, as Befimmo does not have any additional information about the origin of the electricity consumed in the private areas of the buildings.

Accordingly, the figure given for CO_2 emissions is an estimate.

Waste

The figures were obtained from external firms responsible for collecting and disposing of waste in 2009.

Waste linked to the use of the buildings is mostly produced by the tenants.

Data are available for the following categories of waste:

- paper/cardboard (recycled);
- plastic, metal and drink cartons (recycled);
- household waste (incinerated).

Major renovations

The first project (Science-Montoyer) to include sustainable procurement conditions was launched in 2009/2010. The following data are kept up to date by the contractor:

- waste management;
- water consumption;
- power consumption;
- transport management.

When tendering, building contractors have to evaluate the power and water consumption associated with the renovation.

Normalisation

Where applicable, data are normalised per m^2 referred to the gross leasable area (GLA, also including common areas).

Indicators not reported at this stage

The 2008/2009 Annual Financial Report announced which indicators would be reported for the 2009/2010 fiscal year. There has been a delay for the following indicators, which are not yet considered to be of sufficient quality:

- emission of ozone-depleting substances (GRI EN19);
- total water discharge by quality and destination (GRI EN21).

TABLE 5: KPI REPORTING DETAILS

Topic	Scope of reporting	Improvements to be made
Use of natural resources, rate of materials recycled and waste linked to major renovations	The data will be reported for the major renovations that comply with sustainable procurement conditions, i.e. projects costing over €500,000. Paper consumption is reported for Befimmo's corporate activities, i.e. paper used for in-house printing by the Befimmo team.	
Energy consumption (gas and electricity) and greenhouse-gas emissions	Common areas + private areas, representing 62% of the portfolio for electricity consumption and 66% for gas consumption in terms of GLA. The data therefore include consumption over which Befimmo has no direct influence (private areas). For some private consumption, no data was obtained for 2008 or 2009. It is therefore an underestimate. However, Befimmo is including these buildings in the reporting since consumption in private areas is related to the occupier's activities. The buildings for which the data for 2008 and/or 2009 were missing were not taken into account; buildings with rental vacancies of more than 70% were also excluded as they are not considered to be representative for average consumption.	The BREEAM In-Use guidelines will be applied systematically. The consumption data will be based on meter readings from the next fiscal year. • The meters installed give information for the whole portfolio. It is not therefore possible to make a distinction between common and private areas. • Obtain more information on the origin of the electricity used in private areas. Make tenants aware of the use of renewable electricity.
	For gas consumption, a calculation was made to take account of degree-days, as described on the website www.gaznaturel.be. Degree-days give an inverse image of the temperature and are therefore a criterion for evaluating the cold for a given period. Since the degree-days were 2213 for 2008 and 2212 for 2009, the difference is negligible, and is not taken into account in the final calculations as the consumption data come from utility bills and therefor already contain a small margin of uncertainty. The calculated percentage of renewable energy is a minimum, as Befimmo has no information about the origin of the electricity when it is billed directly to the tenant. The calculation of greenhouse-gas emissions is an estimate for that reason. An emission factor of 253 gCO_2/kWh has been used for emissions related to non-renewable electricity consumption (source EIA, 2007) and an emission factor of 205 gCO_2/kWh for emissions related to natural gas consumption (source: ADEME, Carbon balance).	
Water consumption	Related to building use and management. Common areas + private areas, accounting for 74% of the portfolio in terms of GLA.	The BREEAM In-Use guidelines will be applied systematically. The data will be based on meter readings as of the next fiscal year.

Waste from building use	The data relate to waste from the use of 40% of the buildings in terms of GLA. There are still many uncertainties, so the results are therefore to be regarded as an estimate, to be refined over future periods.	• Obtain more information on the disposal of unrecycled waste and the method used by waste collection firms to consolidate their figures.
		• Obtain data for:
		  • small household chemical waste;
		  • glass.

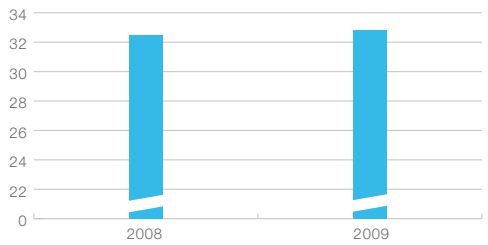
Environmental indicators

Related to properties portfolio

Energy

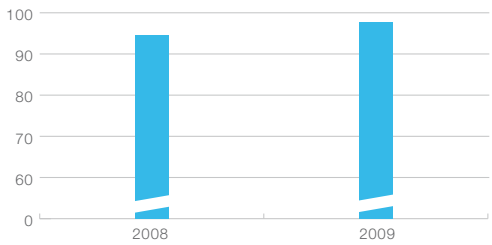
TABLES 6: DIRECT ENERGY CONSUMPTION (GRI EN3)

TOTAL GAS CONSUMPTION (million kWh)



(Note: scope = 66% of Befimmo portfolio (excluding Fedimmo))

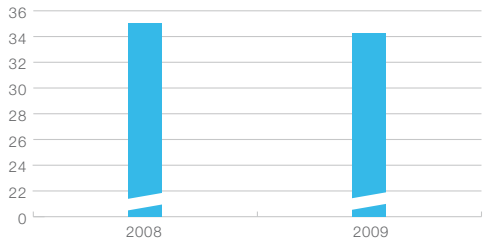
AVERAGE GAS CONSUMPTION (kWh/m²)



(Note: scope = 66% of Befimmo portfolio (excluding Fedimmo))

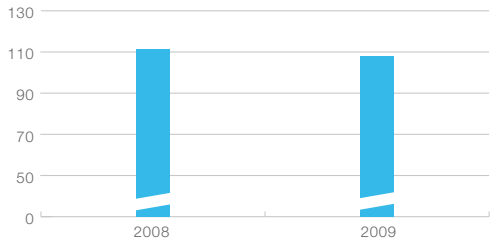
TABLES 7: INDIRECT ENERGY CONSUMPTION (GRI EN4)

ELECTRICITY CONSUMPTION (million kWh)



(Note : scope = 62% of Befimmo portfolio (excluding Fedimmo))

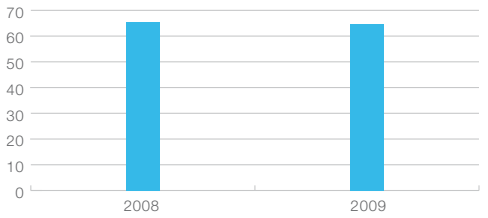
AVERAGE ELECTRICITY CONSUMPTION (kWh/m²)



(Note : scope = 62% of Befimmo portfolio (excluding Fedimmo))

TABLE 8: PERCENTAGE OF RENEWABLE ELECTRICITY

RENEWABLE ELECTRICITY (%)

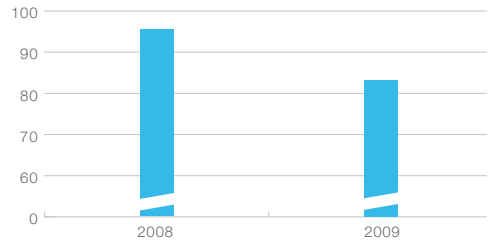


(Note: scope = 62% of Befimmo portfolio (excluding Fedimmo))

Water consumption

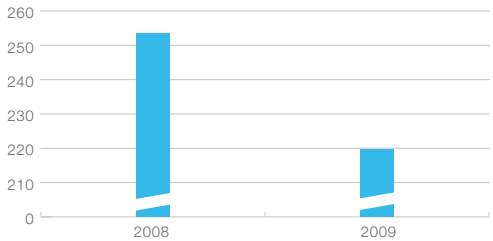
TABLES 9: TOTAL WATER CONSUMPTION (GRI EN8)

TOTAL WATER CONSUMPTION (thousand m^3)



(Note: scope = 74% of Befimmo portfolio (excluding Fedimmo))

AVERAGE WATER CONSUMPTION (L/m^2)

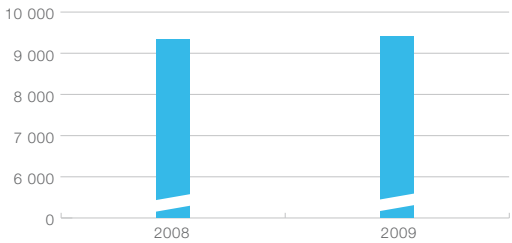


(Note: scope = 74% of Befimmo portfolio (excluding Fedimmo))

Emissions

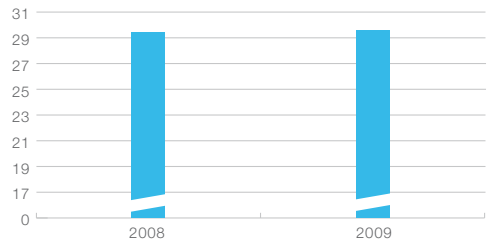
TABLES 10: TOTAL DIRECT AND INDIRECT GREENHOUSE-GAS EMISSIONS (GRI EN16)

TOTAL CO_2 EMISSIONS (in ton CO_2)
(electricity and gas consumption)



(Note: scope = 62% of Befimmo portfolio (excluding Fedimmo))

AVERAGE CO_2 EMISSIONS (kgCO_2/m^2)
(electricity and gas consumption)



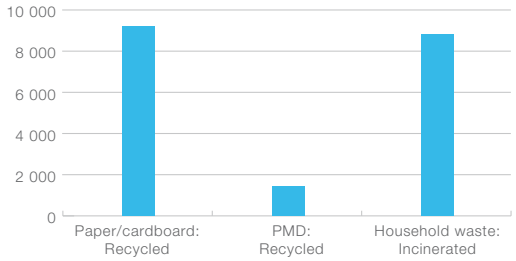
(Note: scope = 62% of Befimmo portfolio (excluding Fedimmo))

Waste

Building use and management

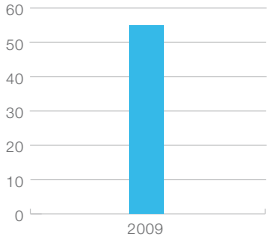
TABLES 11 : TOTAL VOLUME OF WASTE BY TYPE AND DISPOSAL METHOD (GRI EN22)

TOTAL WASTE VOLUME BY CATEGORY (2009) (m^3)



(Note : scope = 40% of Befimmo portfolio (excluding Fedimmo))

RECYCLED WASTE (PAPER, CARTON, PMD) (%)

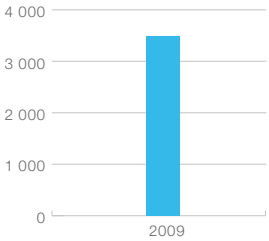


(Note : scope = 40% of Befimmo portfolio (excluding Fedimmo))

Relating to Befimmo at Corporate level

TABLE 12 : PAPER CONSUMPTION OF BEFIMMO'S TEAM

PAPER CONSUMPTION, CORPORATE LEVEL (kg)



Social indicators

TABLE 13: COMPOSITION OF GOVERNING BODIES AND BREAKDOWN OF EMPLOYEES BY GENDER (as at 30 September 2010)

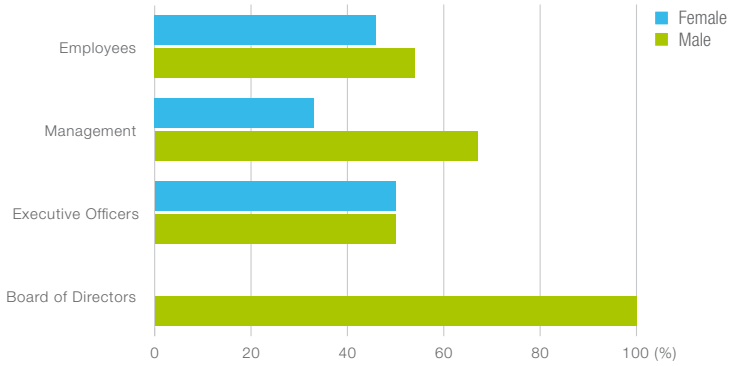


TABLE 14: COMPOSITION OF GOVERNING BODIES AND BREAKDOWN OF EMPLOYEES BY AGE (as at 30 September 2010)

Economic indicators

TABLE 15: INDICATOR OF DIRECT ECONOMIC VALUE ADDED AND DISTRIBUTED (GRI EC1) (€ million)

	30.09.2010	30.09.2009	30.09.2008
I. Direct economic value added	**157.1**	**154.4**	**164.7**
II. Economic value distributed			
Operating costs	30.3	32.1	36.9
Staff costs	5.9	4.9	4.0
Payments to contributors of capital	89.3	94.0	103.1
Payments to the State	16.9	12.4	16.3
	143.4	**143.4**	**160.3**
III. Undistributed economic value (I-II)	**13.7**	**11.0**	**4.4**

Targets for 2010/2011

The new environmental programme for 2010/2011 is available on the website: www.befimmo.be, in the chapter Corporate Social Responsibility, under the heading Environmental Responsibility/Environmental Programme.

In addition to completing the targets which were not or partially achieved last fiscal year, Befimmo is setting new targets for next fiscal year.

TABLE 16: CORPORATE SOCIAL RESPONSIBILITY PRIORITIES FOR THE 2010/2011 FISCAL YEAR

Topic	Activity undertaken
Quality of Key Performance Indicators (KPIs)	The KPIs used and reported are determined on the basis of a number of guidelines/instruments devised specifically for the real-estate sector: • ISA recommendations; • BREEAM standard; • GRI standard and EPRA comments on the GRI sector supplement. The KPIs reported in the Annual Financial Report were obtained from billing data. For next fiscal year, the quality of the figures will be improved as data will be obtained through to the digital meters installed in the Befimmo portfolio (excluding Fedimmo). Consumption reduction targets will be set in line with the reporting tools developed by ISA and their implementation.
Code of Conduct	The Company is keen to face its responsibilities and help its tenants to manage the building rationally. The Code of Conduct will serve among other things to share the knowledge Befimmo has acquired in recent years with tenants. The Code will aim to raise tenants' awareness of the responsible use of the building they occupy to enable them eventually to know more about it and help them to make good use of it.
Tenants' awareness of renewable energy	66% of the Befimmo portfolio (excluding Fedimmo) is supplied with renewable energy, under a framework contract. A programme to raise awareness among tenants managing their own electricity contract for the private areas will aim to increase the rate of renewable electricity in the Befimmo portfolio.
Waste management	In order to develop a waste-reduction programme, an important first step is to establish the volume of waste generated by the use of the buildings.
Development of social and economic topics	The greatest impact in terms of Befimmo's Corporate Social Responsibility is on environmental aspects. However, a study will be carried out to analyse what measures and commitments we can be taken on the social and economic aspects.
Improved coordination of in-house activities	The Management has identified a potential for improvement in the coordination of strategic and operational activities, especially between the Sustainable Development Team and the Sustainable Development Technical Team. Accordingly, a Senior Property Manager will be recruited. One of his/her main responsibilities will be to optimise coordination of in-house activities.

Topic	Activity undertaken
Raising awareness in and audits of external firms	Since Befimmo works with numerous external firms in the course of its business, these should be involved and made aware of Befimmo's sustainability approach. but there should also be checks that they carry out their work in accordance with the Company's values. An audit programme will be devised and implemented to regularly evaluate that work is carried out properly. The programme will cover the following external firms: • property managers; • waste collection and disposal firms. Regarding the major renovation and use of buildings, audits are foreseen in the the various stages of the BREEAM certifications.
Bringing the EMS into line with the Sustainable Development activities of the Buildings Agency	On August 1st, 2002 the Buildings Agency undertook to apply the Federal Environmental Charter. This Charter implements the principles and themes of action set out in the Federal Sustainable Development Plan. Firstly, it covers themes common to all federal administrations, namely: • managing office waste, • taking account of environmental criteria when purchasing goods and services, • developing a staff mobility plan; etc. and, secondly, measures specific to the Buildings Agency: • sorting of demolition and building waste; • using recycled materials in new buildings; • rational use of energy and water in buildings occupied by federal administrations; • improving air quality and limiting noise pollution. Befimmo will cooperate with the Buildings Agency to facilitate and foster the implementation of its Sustainable Development Policy and to the gradual improvement the environmental performances of Fedimmo buildings.
In-house awareness	Staff awareness should continue to be raised. A regular assessment will be made of the EMS implementation through a number of internal meetings at both strategic and operational levels and through internal audits and maintenance audits for the ISO 14001 certification of the EMS, in order to rapidly identify any improvements to be made. Depending on needs, staff will attend external training courses and the know-how acquired will be shared within the Company.
BREEAM In-Use certification (excluding Fedimmo)	BREEAM In-Use certification is a powerful management and monitoring tool, which can also highlight to stakeholders Befimmo's desire to take the lead in the sustainable management of its buildings.

Corporate-level objectives

The following measures will be implemented in order to reduce the environmental impact of the activities of Befimmo's team:

- **Feasibilty study**
  Over the next fiscal year, Befimmo will consider its priorities for reducing the environmental impact of its own activities.

- **Biodiversity pilot study of the Goemaere site** Befimmo will commission a pilot study by a biologist/ecologist to assess the state of biodiversity and recommend any necessary improvements on the Goemaere site. Similar studies could be carried out in future for a number of sites, especially those in the Fedimmo portfolio that are located on a large site.

Incidents, penalties

During the 2009/2010 fiscal year, there were no incidents regarding:

- corruption;
- accidental discharges;
- anti-competitive, anti-trust or monopolistic practices;
- non-compliance with health and safety regulations;
- pollution of soil or subsoil;
- non-compliance in relation to marketing, advertising, promotion or sponsorship communication;
- discrimination;
- non-respect of privacy.

The IBGE sent a compliance warning for the Brederode II and Joseph II buildings. The buildings were immediately brought into compliance.

Complaints from tenants relate mainly to technical breakdowns and allocation of charges.

Materiality

Befimmo's priorities for Corporate Social Responsibility and hence also for reporting materiality were devised by analysing a number of tools and applying them in accordance with the Company's values.

These include:

- **An exercise to analyse the business's environmental aspects and impacts**, linked to the development of Befimmo's internal ISO 14001 Environmental Management System;
- **Applicable legislation** on environmental matters;
- **Analysis of sectoral reports** on Corporate Social Responsibility in the real-estate sector;
- **Questions from stakeholders**: based on questions/remarks by external parties, such as institutional investors or Company employees. On this basis, management fine-tunes the measures to be taken, where necessary;
- **BREEAM specifications**: the BREEAM guidelines are an important element of implementing Befimmo's commitment to improve its environmental performance;
- **Application of ISA guidelines** (see above for more details);
- **Revision of the GRI sector supplement for the real-estate sector**; note that it is still in draft form at this stage. Befimmo has nevertheless already studied the guidelines in the supplement;
- **RICS specifications.**

(1) Source: www.globalreporting.org.

Reporting by the GRI

GRI is introducing a Corporate Social Responsibility reporting standard, accepted worldwide.

This Annual Financial Report is of quality C, self-declared (see Table 17). A check by GRI confirms this quality level.

Befimmo is closely monitoring the development of the GRI Construction and Real-Estate Sector Supplement (CRESS), which is still at the draft stage. Where necessary, the Company will take account of the guidelines and priorities set out in CRESS.

The preceding paragraphs discuss the indicators of highest priority for Befimmo's activities. However, in its concern to be exhaustive, Befimmo is also providing information regarding additional indicators, which are not yet linked to an improvement activity, but could be in the future. They are shown in the GRI-table (hereafter).

TABLE 17 : DEFINITION OF GRI REPORTING QUALITY LEVELS [1]

Standard Disclosures	Report Application Level	C	C+	B	B+	A	A+
	G3 Profile Disclosures (OUTPUT)	Report on: 1.1, 2.1 - 2.10, 3.1 - 3.8, 3.10 - 3.12, 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2, 3.9, 3.13, 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as required for Level B	Report Externally Assured
	G3 Management Approach Disclosures (OUTPUT)	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators (OUTPUT)	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of: Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality Prnciple by either: a) reporting on the Indicator or b) explaining the reason for it's omission.	

Note: the GRI analysis is designed to check the truth of the self-declaration regarding the exhaustiveness of the indicators reported, but without judging the content of the Report.

Please contact Mrs. Emilie Delacroix on any issues relating to Befimmo's Corporate Social Responsibility:

Emilie Delacroix - Investor Relations & External Communication Manager

M: e.delacroix@befimmo.be
T: +32-2 679.38.63
F: +32-2 679.38.66

Befimmo's website

In addition to the documents described above, Befimmo's website (www.befimmo.be) provides additional information that may be helpful to supplement the Corporate Social Responsibility chapter of this Annual Financial Report, namely:

- Sustainable Development policy;
- Corporate Social Responsibility chapter of the 2008/2009 and 2009/2010 Annual Financial Reports;
- Previous Annual Reports;
- ISO 14001 certificate;
- BREEAM and BREEAM in-Use Certificates;
- Environmental passports;
- Implementation status of the 2009/2010 Environmental Programme;
- Environmental Programme 2010/2011;
- External Stakeholders Questionnaire;
- Code of ethics;
- Governance Charter;
- Various Terms of Reference.

Further information

The following information can be found hereafter:

- Implementation status environmental programme 2009/2010;
- Environmental programme 2010/2011;
- GRI identification table for parameters reported;
- Corporate Social Responsability glossary.

IMPLEMENTATION STATUS OF BEFIMMO'S ENVIRONMENTAL PROGRAMME (2009/2010)

Topic	Specifics	Scope			Action	Status	Objectives/Comments
MANAGEMENT LEVEL		**M**	**S**	**B**			
Management commitment	annual progress assessment by external auditors	√	√	√	independent progress assessment external communication		Befimmo's internal audit (exercise linked to ISO 14001 cycle) was carried out by URS, an external Sustainable Development consultancy firm. The whole Environmental Management System was assessed and certified by Lloyds, an external certification firm.
financial resources	improvement and prevention budget	√	√	√	release necessary resources		€1.2 million (2009/2010), €3.7 million (2010/2011), €2.4 million (2011/2012), €2.0 million (2012/2013) The target was exceeded: the budgets have increased significantly in relation to what was announced in the previous Annual Financial Report.
	major renovation budget	√	√	√	release necessary resources		• A surplus of 5 to 10% can be released for major renovations in order to improve environmental performance • Programme costing over €2 million to improve performance and comfort in the La Plaine building • A budget plan up to 2020 is to be finalised. Befimmo has prepared a multi-annual investment plan containing expected major events up to 2020
external communica-tion	inform stakeholders of progress on Sustainable Development	√	√	√	gradual compliance with reporting standards laid down by the GRI (Global Reporting Initiative)		• Annual Financial Report 2009/2010 quality C, self-declared and confirmed by a GRI check • Annual update of staff by Management of main strategic lines in Sustainable Development and the implementation status of the Environmental Management System (EMS). Issues raised are incorporated into the "points for improvement" in the non-compliance register • Presentation by the CFO in June 2010 on evelopment activities at a study seminar organised by ING Bank for businesses working in real-estate • Participation in various sectoral working groups • Development of Sustainable Development FAQ published on the website

Topic	Specifics	Scope			Action	Status	Objectives/Comments
OPERATIONAL ORGANISATION LEVEL		M	S	B			
Five principles of Befimmo's environmental Policy							
compliance with laws and regulations	register of legislation	√	√	√	devise register of legislation and keep up to date		The register for Belgium has been updated and checked by an external law firm. One non-compliance was identified during the certification audit: no register was devised for the Grand Duchy of Luxembourg, where Befimmo has a property.
preventive approach to environmental impact	procedures of the Environmental Management System	√	√	√	devise operational procedures within the EMS for preventing and reducing environmental impacts		The procedures have been devised and validated by the Environmental Management System.
environmental impact management	move from a lightweight version to the complete version of ISO 14001	√	√	√	have the EMS certified		Certification of the EMS is an external recognition of achievements.
continuous assessment and improvement	formalise the approach followed for major renovations	√	√	√	eco-construction		Different levels of BREEAM certification are involved, depending on the scope of renovations and when the work consists of improving the fabric and service installations: • very good: renovations ≥ €4,000,000 • good: renovations ≥ €1,000,000 • pass: renovations ≥ €500,000 Sustainable procurement conditions are added to the specification.
		√	√	√	specifications for building contractors for works costing upwards of €100,000		The target was exceeded: for each purchase an assessment is made as to whether environmental requirements need be included.
	obtain green label (BREEAM Building for major renovations, BREEAM In-Use for existing buildings)	√	√	√	systematically after each renovation		The BREEAM certificate is the most widely recognised and complete standard currently on the market. All major renovations will be certified, and buildings In-Use will also be gradually certified. Specifically, the Paradis, Empress Court, Science-Montoyer and Froissart buildings are currently in the process of obtaining BREEAM certification following major renovations. No project was completed in 2009/2010. Two projects (Froissart and Empress Court) will be completed in 2010/2011. Some ten buildings In-Use are also certified.

Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
	formalise the approach followed for minor renovations	√	√	√	EMS procedure		Procedure finalised and incorporated into EMS
	introduce sustainable "procurement conditions"	√	√	√	EMS procedure		The level of criteria defined is proportional to the value of purchases. The procedure follows BREEAM recommendations. These criteria are systematically added to the specifications.
	digital energy meters	√	√		direct intervention in the event of anomalies and more detailed analysis for energy consumption		The entire Befimmo portfolio (excluding Fedimmo) is fitted with digital meters.
	take part in working groups	√	√	√	active participation in two working groups		Befimmo has joined the International Sustainability Alliance (ISA), and also takes part in several UPSI and RICS projects. Befimmo's Chief Technical Officer is a member of the ISA Board of Directors and the Board of RICS.
	digitise and centralise information	√	√	√	accessibility of important documents		The necessary software is installed and referenced in the EMS; documents are being digitised.
promote environmentally friendly practices with tenants	tenants' Code of Conduct	√	√		develop, raise awareness, obtain feedback		Objective delayed; to be developed during the next fiscal year. Consideration will also be given to the introduction of a green lease [1].
	define comfort criteria	√	√		introduce clear environmentally friendly criteria		Objective delayed; to be developed during the next fiscal years.
communication systems for coordinating subcontracted activities	external management company obligations	√	√		review contract with portfolio manager		The new contract includes specific clauses on improving the environmental performance of buildings.
	optimise communication between various active players: Fedesco, AG RE PM, Buildings Agency	√	√	√	annual Sustainable Development meeting for each building, involving all players		

(1) See definition in the glossary at the end of this chapter.

Topic	Specifics	Scope			Action	Status	Objectives/Comments
OTHER ITEMS		M	S	B			
renewable electricity	Fedimmo: renewable energy study			√	study the possibilities for implementing renewable energy		Objective delayed; to be developed during the next fiscal years in cooperation with Fedesco [1]
change to gas	replace oil-fired heating with gas-fired	√	√				Delayed in some buildings. This objective should be achieved by end December 2010.
	replace oil-fired heating with gas-fired			√			Completed by end December 2010. Two buildings will not be heated with gas as there is no supply.
Corporate level	cut electricity consumption	NA			install motion detectors		The whole floor occupied by Befimmo is equipped with motion detectors.
Corporate level	paper purchases	NA			buy certified paper		The Annual Financial Report is printed on FSC paper. Paper used for in-house printing is FSC or PEFC certified.

(1) See definition in the glossary at the end of this chapter.

BEFIMMO'S ENVIRONMENTAL PROGRAMME (2010/2011)

Topic	Specifics	Scope			Action	Status	Objectives/Comments
2009/2010 OBJECTIVES NOT COMPLETED		**M**	**S**	**B**			
compliance with laws and regulations	register of legislation	√	√	√	devise register of legislation and keep up to date		The register for Belgium has been updated and checked by an external law firm. One non-compliance was identified during the certification audit: no register was devised for the Grand Duchy of Luxembourg, where Befimmo has a property.
promote environmentally friendly practices with tenants	tenants' Code of Conduct	√	√		develop, raise awareness, obtain feedback		Objective delayed; it will be developed during the next fiscal years. Consideration will also be given to the introduction of a green lease.
	define comfort criteria	√	√		introduce clear environmentally friendly criteria		Objective delayed, to be developed during the next fiscal years
renewable electricity	Fedimmo: renewable energy study			√	study the possibilities for implementing renewable energy		Objective delayed, to be developed during the next fiscal years in cooperation with Fedesco [1].
change to gas	replace oil-fired heating with gas-fired	√	√				Delayed in some buildings. This objective should be achieved by end December 2010.
	replace oil-fired heating with gas-fired			√			Completed by end December 2010. Two buildings will not be heated with gas as there is no supply.
MANAGEMENT LEVEL							
communication	gradual improvement	√	√	√	gradually develop GRI criteria		Annual Financial Report 2011/2012: quality B report (20 performance indicators) or quality C with external verification.
raise tenants' awareness	encourage tenants to use green energy	√	√		develop awareness-raising programme		
Fedimmo	the Buildings Agency is implementing the guidelines as defined in the Federal Sustainable Development Plan			√	bring Buildings Agency and Fedimmo Corporate Social Responsibility activities into line		

(1) See definition in the glossary at the end of this chapter.

Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
social and economic aspects	develop them				conduct a feasibility study of possible measures		Befimmo is currently concentrating on the environmental aspects, and will consider opportunities for improvement on the other pillars of Sustainable Development (economic and social aspects).
Investor relations	join a stock-market index that takes account of Corporate Social Responsibility performance	√	√	√	conduct a feasibility study to determine priorities		
sustainable procurement conditions	formalise policy for using wood specified in procurement conditions	√	√	√	formalise policy for using wood specified in procurement conditions		
coordination of internal activities	ensure proper coordination of Corporate Social Responsability activities	√	√	√	coordinate strategic and operational levels		Hire a Senior Property Manager notably with responsibility to optimise coordination of in-house activities.
human resources	finalise job descriptions	√	√	√			Ensure that job descriptions include Corporate Social Responsibility duties where necessary.
OPERATIONAL LEVEL							
quality of Key Performance Indicators (KPIs)	improve KPIs and data-collection methodology	√	√	√	implement different tools where they add value		For next fiscal year, the quality of the figures will be improved thanks to the digital meters installed in the Befimmo portfolio (excluding Fedimmo). An initial assessment will be carried out on defining quantitative targets for reducing environmental impact.
documenta-tion	transfer of important documents (certificates, declarations, etc.) held by external management firms	√	√	√	adapt operational procedure		

Topic	Specifics	Scope			Action	Status	Objectives/Comments
		M	S	B			
management of Corporate activities	reduce environmental impact at Corporate level	√			conduct a feasibility study of measures to be implemented		Make additional commitments for Befimmo office automation activities. An analysis will be made of priorities to be followed.
waste	reduce impact of waste relating to use of building	√	√		conduct a feasibility study to determine priorities		Devise a programme to reduce waste and improve rate of recycling of tenants' waste.
compliance with EMS/ legislation	tighten controls on action for which external firms are responsible => external firms audit programme	√	√		adapt procedure after determining type and number of audits of external firms to be carried out		
	other	√	√	√	include legislation on coordination of mobile and temporary sites		
continuous improvement	include environmental aspects in annual building assessment	√	√	√	adapt operational procedure		
certification	certify In-Use buildings	√	√		certify entire M and S portfolio		
OTHER ITEMS							
organisation	designate one person as a back-up with specific responsibilities for EMS	√	√	√			
biodiversity	manage the biodiversity of the corporate site	√			conduct a feasibility study to determine priorities		The pilot study is a test case to assess whether this type of study can be carried out for other sites, especially for some buildings in the Fedimmo portfolio.

GRI IDENTIFICATION TABLE FOR PARAMETERS REPORTED		
	Reporting status Annual Report 2009/2010	Pages/Comments
STRATEGY AND ANALYSIS		
1.1 CEO's statement	Complete	6 : Letter to the shareholders
ORGANISATIONAL PROFILE		
2.1 Name of organisation	Complete	95 : Structure and Organisation
2.2 Products and/or services	Complete	26-27 : Identity and Strategy 32-34 : Portfolio 36 : Tenants 40 : Portfolio in detail
2.3 Operational structure	Complete	95 : Structure and Organisation
2.4 Registered office	Complete	Back of this Annual Financial Report
2.5 Country of establishment	Complete	26-27 : Identity and Strategy
2.6 Nature of capital and legal form	Complete	26-27 : Identity and Strategy 54-55 : Financial structure
2.7 Markets	Complete	26-27 : Identity and Strategy
2.8 Size of organisation	Complete	26-27 : Identity and Strategy
2.9 Significant changes in size, structure or capital over the reporting period	Complete	15-16 : Key events of the fiscal year 167 : Scope of reporting
2.10 Distinctions	Complete	169-170 : BREEAM certification and other prizes
REPORTING PARAMETERS		
3.1 Reporting period	Complete	167 : Scope of reporting
3.2 Date of latest published report	Complete	167 : Scope of reporting
3.3 Reporting cycle	Complete	167 : Scope of reporting
3.4 Contact person	Complete	185-186 : Reporting by the GRI
3.5 Process relating to content of report	Complete	184-185 : Materiality 185-186 : Reporting by the GRI
3.6 Scope	Complete	167 : Scope of reporting
3.7 Limits of scope of reporting	Complete	167 : Scope of reporting
3.8 Reporting basis for joint ventures, etc.	Complete	167 : Scope of reporting There are no material limits regarding the scope of reporting.
3.10 Reformulation	Complete	167 : Scope of reporting 176-177 : Scope of reporting and methodology There is no significant reformulation.
3.11 Changes in reporting method	Complete	167 : Scope of reporting 176-177 : Scope of reporting and methodology

	Reporting status Annual Report 2009/2010	Pages/Comments
3.12 Table indicating the location of required information in the report	Complete	194 : GRI table
GOVERNANCE, COMMITMENTS AND DIALOGUE		
4.1 Governance structure	Complete	76 : Corporate Governance
4.2 Is the Chairman of the Board of Directors also an executive member?	Complete	79 : Board of Directors of the Managing Agent, Befimmo SA 85 : Executive Officers
4.3 Independent members of the Board of Directors	Complete	79-81 : Names and status of members of the Board of Directors
4.4 Mechanisms made available to shareholders and employees to make recommendations	Complete	166 : Communication with stakeholders
4.14 List of stakeholders involved in our organisation	Complete	164-166 : Stakeholders
4.15 Basis of identification and selection of stakeholders	Complete	164-166 : Stakeholders
PERFORMANCE INDICATORS		
ECONOMIC PERFORMANCE INDICATORS		
EC1 Direct economic value	Complete	181 : Economic indicators
EC3 Coverage of unpublished benefit plan obligations	Partial	147 : Employee benefits
ENVIRONMENTAL PERFORMANCE INDICATORS		
EN1 Total consumption of raw materials	Incomplete	This indicator is relevant but is not reported at this stage. It is planned to develop it during the next fiscal years, in line with major renovations.
EN2 Recycled materials	Incomplete	This indicator is relevant but is not reported at this stage. It is planned to develop it during the next fiscal years, in line with major renovations.
EN3 Direct energy consumption	Complete	178 : Environmental indicators
EN4 Indirect energy consumption	Complete	178 : Environmental indicators
EN6 (add) Initiatives to improve energy efficiency or use of renewable energy, and reductions achieved	Partial	169-170 : BREEAM certification and other prizes 171 : Multi-annual investment planning 172 : Energy and water The reductions achieved have yet to be quantified.
EN7 (add) Initiatives to reduce indirect energy consumption and reductions achieved	Partial	169-170 : BREEAM certification and other prizes 171 : Multi-annual investment planning 172 : Energy and water
EN8 Total water consumption	Complete	179 : Environmental indicators
EN11 Land sited in protected areas	Not relevant	Befimmo's policy is to invest in office buildings in city centres.
EN15 Number of threatened species on the global IUCN Red List	Not relevant	No threatened species linked to Befimmo's activities has yet been identified.
EN16 Direct and indirect greenhouse gas	Complete	179 : Environmental indicators

	Reporting status Annual Report 2009/2010	Pages/Comments
EN18 (add) Initiatives to reduce greenhouse gas emissions	Complete	169-170 : BREEAM certification and other prizes 171 : Multiannual investment plan 172 : Energy and water The reductions achieved have yet to be quantified.
EN19 Emissions of ozone-depleting substances	Incomplete	This indicator is relevant but is not reported at this stage. It is planned to develop it during the next fiscal years.
EN21 Total water discharge	Incomplete	This indicator is relevant but is not reported at this stage. It is planned to develop it during the next fiscal years.
EN22 Total volume of waste by type and disposal method	Partial	180 : Environmental indicators
EN23 Total accidental spills	Complete	184 : Incidents, penalties
EN25 Biodiversity of water supply sources significantly affected by the organisation's discharges of water	Not relevant	Waste water is discharged into public sewers.
EN27 Percentage of products sold and their packaging materials that are reclaimed	Not relevant	Befimmo does not sell any products.
EN30 (add) Total monetary value of environmental protection expenditures	Partial	171 : Multi-annual investment planning A surplus of 5-10% can be released for major renovations in order to improve environmental performance.
SOCIAL PERFORMANCE INDICATORS		
Labour practices and decent work		
LA1 Total workforce by employment type, employment contract, and region	Partial	173-174 : Social aspects 181 : Social indicators
LA2 Employee turnover	Partial	173-174 : Social aspects
LA3 Benefits provided to full-time employees	Partial	173-174 : Social aspects 147 : Employee benefits
LA7 Rates of injury, occupational diseases, lost days, and absenteeism	Complete	173-174 : Social aspects
LA10 Training by employee category	Complete	173-174 : Social aspects
LA11 Programs for skills management and learning	Complete	173-174 : Social aspects
LA12 Employees receiving regular performance interviews and career development reviews	Complete	173-174 : Social aspects
LA13 Ratio of men to women at management levels	Complete	181 : Social indicators
Human rights		
HR4 Incidents of discrimination	Complete	184 : Incidents, penalties
HR6 Child labour	Not relevant	This aspect is not relevant to Befimmo's activities.
HR7 Forced or compulsory labour	Not relevant	This aspect is not relevant to Befimmo's activities.

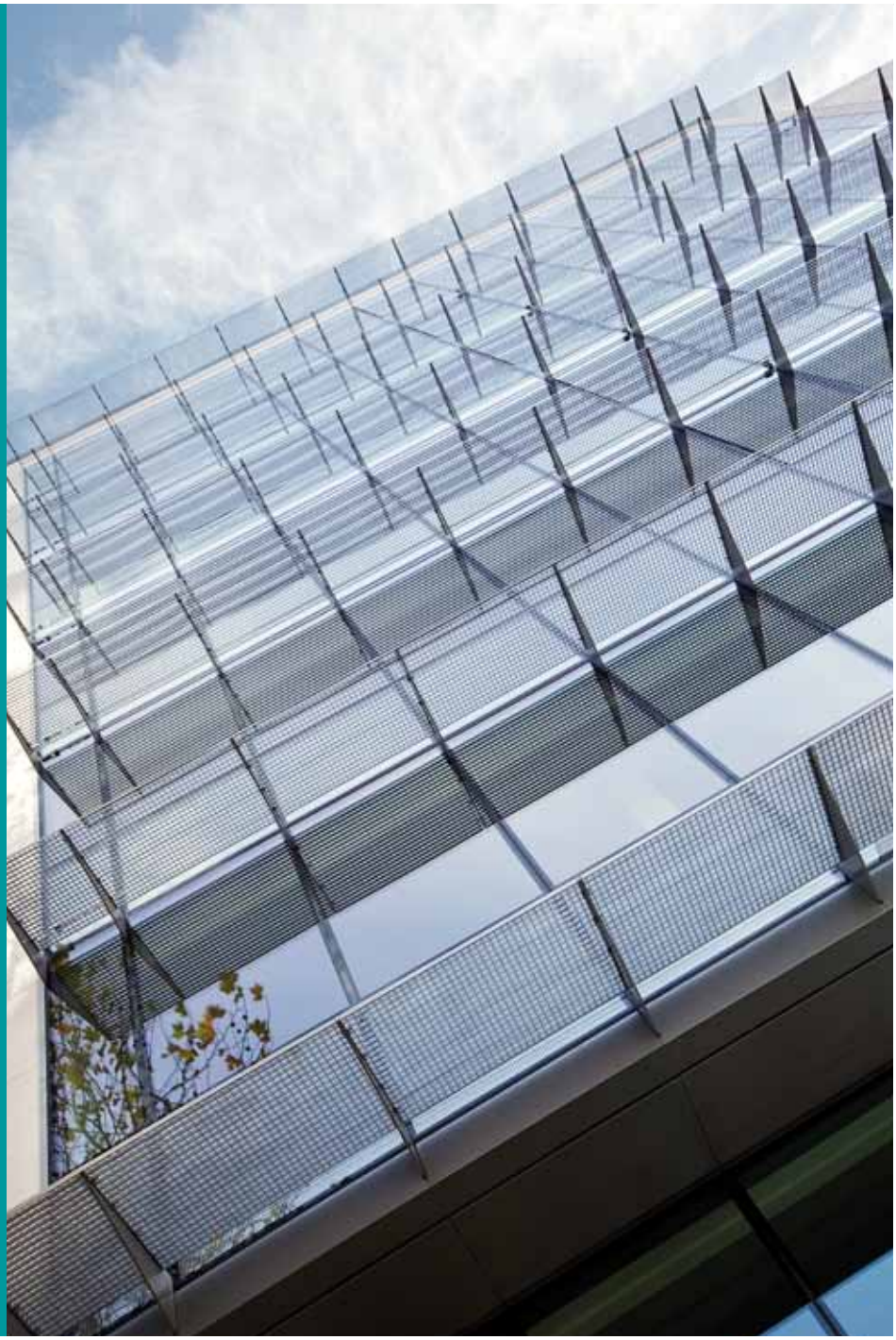
	Reporting status Annual Report 2009/2010	Pages/Comments
Society		
SO7 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Complete	184 : Incidents, penalties
SO8 Monetary value of significant penalties	Complete	184 : Incidents, penalties
Products responsibility		
PR2 Total number of incidents of non-compliance concerning health and safety impacts of services	Complete	184 : Incidents, penalties
PR7 Number of incidents of non-compliance with regulations concerning marketing communications	Complete	184 : Incidents, penalties
PR8 Number of complaints regarding breaches of customer privacy and losses of customer data	Complete	184 : Incidents, penalties

Glossary

- **Stakeholder:** stakeholders are individuals or organisations with an interest in the success or failure of a project or entity.
- **Environmental Management System (EMS):** an EMS is a framework for managing environmental performances.
- **ISO 14001:** The international environmental management standard ISO 14001 defines internationally accepted requirements for Environmental Management Systems.
- **BRE Environmental Assessment Method (BREEAM):** BREEAM is an assessment method designed to aid construction professionals in the creation of environmentally friendly buildings, both in renovation and construction.
- **International Sustainability Alliance (ISA):** the ISA is bringing together a global network of leading real-estate organisations dedicated to achieving a more sustainable real estate by creating a benchmarking association to measure the performances.
- **Global Reporting Initiative (GRI):** the Global Reporting Initiative is a network-based organitation that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide.
- **Directive 2010/31/EU on the energy performance of buildings:** a recast of the previous EU directive 2002/91/EU.
- **Green Lease:** A Green Lease integrates energy and water efficiency, emissions reduction, waste minimization and other sustainability objectives throughout the entire commercial leasing process.
- **Key Performance Indicator (KPI):** In business administration, key performance indicators are figures that are used to measure the progress that an organisation has made in the implementation of its main objectives.
- **Fedesco:** public company of energy services (ESCO), created in March 2005, at the initiative of the Federal Government. Facilitates and finances energy efficiency projects in federal public buildings. For more information, visit the website: www.fedesco.be.
- **EIRIS:** EIRIS is a leading global provider of research into corporate environmental, social and governance performance.

A more comprehensive glossary is available on Befimmo's website, www.befimmo.be, in the chapter Corporate Social Responsibility, under the heading Glossary.

Froissart
Brussels Leopold district



“I have a really strong feeling that “beauty” contributes to intellectual performance.”

Jan De Cock
Contemporary artist
www.jandecock.net

Your art is closely related to design, and your site is crammed full of architectural images, including office tours. As well as beauty, does people's work inspire your creations?

As unlikely as it might seem, yes. Although I'm mainly known as a sculptor, I designed and created all the inside office spaces of a major Flemish industrialist and businessman. Similarly, I have been given the opportunity to transform public spaces like the reading room in the Ghent university library, a historic building by the great Belgian architect Van de Velde. The space had to provide an environment in which 470 students could sit and write, think and do research. The functional, open 780 m² sculpture (Denkmal 9) that I was allowed to show there for one year provided a life-size opportunity to test the influence of art in a working situation.

Do you think that the environment of your works stimulates the creativity or productivity of the people who work there?

A great deal of interest in Denkmal 9 to illustrate my thoughts and urge me on comes from the sociological survey carried out by the University to assess the impact of this work on the behaviour of students. Attendance levels rose considerably during this period, with students coming back more frequently to the library. The impression of being free there, of gaining new perspectives, of working "in a forest", of feeling more "efficient" – this kind of feedback really touched me. It encourages me to want to extend and deepen my collaboration with architects and designers in the creation of workspaces, adding that purely aesthetic touch. Actually, I don't think it's any accident that people feel uneasy and lifeless when they're crammed into the walls of an office – even if it's open plan – and I have a really strong feeling that "beauty" contributes to intellectual performance.

Looking at your creations, I can imagine you in a workshop, but also in an office. How would your ideal office be furnished and decorated?

Above all, my ideal office must have a feeling of spaciousness, with views. I see it as a tribute to two masters: Le Corbusier for his exceptional sense of space, and Jean Prouvé for his use of very simple materials like steel and wood. As well as the combination of the qualities of these two characters, I'm sure I'd also pay a lot of attention to the light.

Axento
Luxembourg city

General information

General information

1. IDENTIFICATION

1.1. Name
Befimmo SCA, a Sicaf incorporated under Belgian law.

1.2. Registered office
Chaussée de Wavre 1945, 1160 Auderghem.
This can be transferred by simple decision of the Managing Agent to anywhere in Belgium.

1.3. Legal form
"Société en Commandite par Actions" under Belgian law.

1.4. Founding
Befimmo SCA was founded on 30 August 1995 as a joint-stock company under the name "Woluwe Garden B&D" by a deed executed before Gilberte Raucq, notary in Brussels. The company was later converted into a Société en Commandite par Actions, with the name "Befimmo", on 24 November 1995, again by a deed executed before notary Gilberte Raucq. The articles of association have been amended several times. The coordinated articles of association are available on the website of Befimmo SCA (www.befimmo.be).

1.5. Duration
Befimmo SCA has been established for an indefinite period.

1.6. Register of corporate bodies
Befimmo SCA is registered in the Register of Corporate Bodies under number 0 455 835 167.

1.7. Company object (Article 5 of the articles of association)
The principal aim of Befimmo SCA is the collective investment of capital collected from the public in the "real-estate assets" category, as defined in Article 7(1)(5) of the law of 20 July 2004 on certain forms of collective management of investment portfolios.

Real-estate assets are understood to mean:
> buildings as defined in Article 517 et seq. of the Civil Code and the rights in rem on buildings;
> shares with voting rights issued by affiliated real-estate companies;
> option rights on buildings;
> shares in other undertakings investing in real estate, in accordance with Article 31 or Article 129 of the said law of 20 July 2004;
> real-estate certificates covered by Article 2(4) of the Royal Decree of 10 April 1995;
> the rights of the SICAF to one or more assets under real-estate finance-lease contracts;
> as well as any other assets, shares or rights falling within the definition of real-estate assets under the Royal Decrees implementing the Law of 20 July 2004 on certain forms of collective management of investment portfolios, applying to collective real-estate investment institutions.

Befimmo SCA may, however, on an ancillary or temporary basis, invest in securities other than those defined in the preceding indent, in accordance with the terms and conditions set out in Article 6.2. of its articles of association, and hold liquid assets. Such investments and the holding of liquid assets must be the result of a special decision by the Managing Agent, justifying their ancillary or temporary nature. The holding of securities must be compatible with the implementation in the short or medium term of the investment policy described above. In addition, the said securities must be listed on a regulated, recognised stock exchange that is open to the public. Liquid assets may be held in any currency in the form of sight or term deposits or any money-market instruments with a high degree of liquidity.

> Befimmo SCA may acquire personal property and real estate necessary to the direct accomplishment of its business.

It may take any measures and carry out all operations, in particular those covered in Article 6 of its articles of association, that it considers useful for the accomplishment and development of its corporate aims, subject to compliance with the relevant legal provisions.
It may take an interest, by means of merger or otherwise, in any business having the same object.
Pursuant to Article 20(4) of the Law of 20 July 2004 on certain forms of collective management of investment portfolios, Article 559 of the Companies Code does not apply.

1.8. Places where publicly accessible documents can be consulted

> The articles of association of Befimmo SCA and 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.
> 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 SCA are sent every year to registered shareholders as well as to any other person requesting a copy.
> The decisions concerning the appointment and dismissal of the members of the Board of Directors of Befimmo SA are published in the Annexes to the Belgian Official Journal.
> Financial notices concerning Befimmo SCA are published in the financial press and are sent to Euronext. They may also be consulted on the website www.befimmo.be.

Other documents accessible to the public and referred to in the prospectus can be consulted at the registered office of Befimmo SCA.

2. REGISTERED CAPITAL

2.1. Issued capital

As at 30 September 2010, the company capital totalled €243,934,746.09. It was represented by 16,790,103 fully paid no-par-value shares.

2.2. Authorised capital

The Managing Agent is authorised to increase the capital in one or more stages by up to €135,519,304.09.

Subject to the same conditions, the Managing Agent is authorised to issue convertible debentures or subscription rights. This authorisation is granted for five years from 8 February 2008. It may be renewed.

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

2.3. Changes to the capital since 30.09.09

	AMOUNT (in €)	NUMBER OF SHARES
At 30.09.10	243 934 746.09	16 790 103
No change		
At 30.09.09	243 934 746.09	16 790 103

2.4. Structure of the shareholder base

Since 25 June 2010, according to the transparency declarations received, the shareholder structure of Befimmo SCA has been as follows:

Declarant(s)	Number of voting rights declared on the date of declaration	Date of declaration	%
AG Insurance and linked companies	3 156 080	15.10.2008	18.8 (1)
Free float	13 634 023		81.2
	16 790 103		**100**

The Company applies a statutory threshold of 3%.
Befimmo SCA is not aware of the existence of shareholder agreements.

(1) Based on the transparency declaration received on 15 October 2008 and the prior undertaking to subscribe to the June 2009 capital increase for all the rights they held.

3. IDENTITY OF THE FOUNDER OF BEFIMMO SCA

Befimmo SCA was set up at the initiative of Bernheim-Comofi SA (now known as AG Real Estate SA) with registered office at Boulevard Saint-Lazare 4-10, 1210 Brussels.

4. "SOCIÉTÉ EN COMMANDITE PAR ACTIONS"

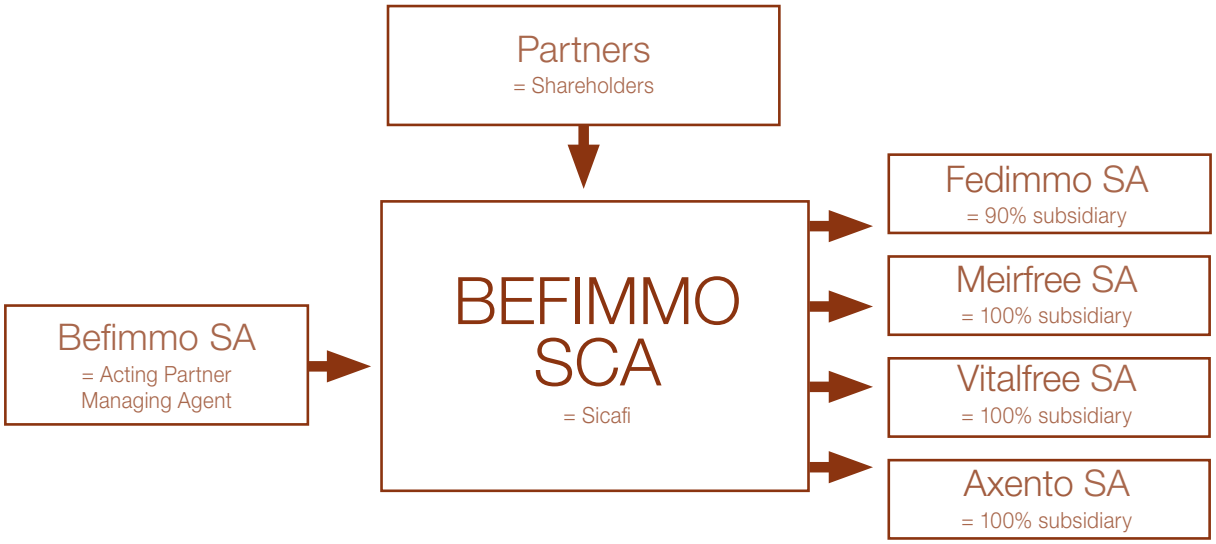
Befimmo SCA's legal form is a "Société en Commandite par Actions" (SCA).

An SCA is made up of two categories of partners:
> the acting partner whose designation appears in the business name and who has unlimited liability for the company's commitments;
> the partners or shareholders who are liable only for the amount of their contribution and are not jointly and severally liable.

Moreover, an SCA is managed by one or more Managing Agents.
In the case of Befimmo SCA, the acting partner is Befimmo SA which also acts as sole Managing Agent.

Befimmo SA is controlled by AG Real Estate Asset Management.

Befimmo SCA has a 90% shareholding in Fedimmo SA, a 100% shareholding in Meirfree SA, a 100% shareholding in Vitalfree SA and a 100% shareholding in Axento SA.



5. NAME AND QUALIFICATIONS OF THE REAL-ESTATE EXPERTS

Befimmo SCA calls on two real-estate experts, namely Jones Lang LaSalle and Winssinger & Associés. These are expert real-estate companies with specialist knowledge of the market and which enjoy a worldwide reputation.

6. STATEMENT BY PERSONS RESPONSIBLE

Befimmo SA, Managing Agent of the Company, represented by its Permanent Representative Mr Benoît De Blieck and Mr Laurent Carlier, Chief Financial Officer of the Company, declare for and on behalf of Befimmo SCA, that to the best of their knowledge:

a) the Financial Statements, prepared in accordance with the applicable accounting standards, give an accurate picture of the assets, financial situation and the results of the Company and the businesses included in the consolidation;

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

7. ARTICLES OF ASSOCIATION OF BEFIMMO SCA

The complete coordinated articles of association of Befimmo SCA can be consulted at the Clerk's Office of the Brussels Commercial Court, at Befimmo's registered office and on the website at www.befimmo.be.

8. REAL-ESTATE SICAF (BELGIUM)

The Sicafi regime was created in 1995 to promote collective investment in real estate. The concept of public fixed-capital investment trust is similar to Real Estate Investment Trusts (USA) and Beleggingsinstellingen (Netherlands).

The legislator intended the Sicafi to ensure a high degree of transparency for real-estate investments and distribute as much cash flow as possible while enjoying many advantages.

Sicafis are controlled by the Banking, Finance and Insurance Commission and subject to specific regulations. The main rules are as follows:

> It must have the status of a public company or a “société en commandite par actions”.
> It must be listed on the stock exchange.
> Borrowings may not exceed 65% of assets at market value.
> Strict rules relating to conflicts of interest.
> The portfolio must be recorded at market value without using any depreciation.
> 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 any one property.
> Exemption from corporation tax provided that 80% of profits are distributed.
> A withholding tax of 15% is deducted when paying out dividends.

This set of rules is designed to minimise the risk incurred.
Companies merging with a Sicafi are subject to tax of 16.995% on unrealised capital gains and untaxed reserves (16.5% plus 3% additional crisis levy).

Appendix: Befimmo consolidated portfolio

	Year of construction/ Year of renovation	Floor area for rent (m^2)	Initial term of lease (years)	Rent billed during fiscal year (€ thousand)	Share of portfolio [1]	Current rent (€ thousand)	Occupancy rate
OFFICES							
Brussels centre							
Brederode I Rues de Brederode, de Namur and Thérésienne, 1000 Brussels	1990/2001	19 665	14	3 485	2.8%	3 457	97.9%
Brederode Corner Rues de Brederode, de Namur, 1000 Brussels	2008	8 036	9	1 919	1.5%	1 930	100.0%
Central Gate Rue Ravenstein 50-70/Cantersteen 39-55, 1000 Brussels	1997/2000	32 730	3/6/9	3 135	2.6%	3 206	72.8%
Empereur Boulevard de l'Empereur 11, 1000 Brussels	1997/2004	5 953	9	987	0.8%	987	100.0%
Montesquieu Rue des Quatre Bras 13, 1000 Brussels	2009	19 004	20.5	4 272	3.4%	4 275	100.0%
Gouvernement Provisoire Rue du Gouvernement Provisoire 15, 1000 Brussels	1973/2005	2 836	21	570	0.5%	570	100.0%
Lambermont Rue Lambermont 2, 1000 Brussels	1850/2000	1 788	21	331	0.3%	330	100.0%
Pacheco Boulevard Pacheco 32, 1000 Brussels	1976	5 481	15	673	0.5%	673	100.0%
Poelaert Place Poelaert 2-4, 1000 Brussels	2001	14 146	18	3 214	2.6%	3 214	100.0%
		109 639		**18 586**	**14.9%**	**18 642**	**93.6%**
Brussels Leopold district							
Arts Rues des Arts 28/30, du Commerce 96/112, 1000 Brussels	1920/2005	16 793	21	3 799	3.0%	3 796	100.0%
Guimard Rues Guimard 9, du Commerce 87-91, 1040 Brussels	1997	5 357	3/6/9	919	0.7%	923	79.7%
Joseph II Rue Joseph II 27, 1000 Brussels	1994	12 831	27	3 899	3.1%	3 902	100.0%
Schuman 3 Rond-point Schuman 2-4a, Rue Froissart 141a-143, 1040 Brussels	2001	5 487	9	1 504	1.1%	1 369	100.0%
Schuman 11 Rond-point Schuman 11, 1040 Brussels	2004	5 204	3/6/9	1 473	1.2%	1 460	99.5%
View Building Rue de l'Industrie 26-38, 1040 Brussels	2001	11 106	3/6/9	2 071	1.7%	2 090	100.0%
Wiertz Rue de Wiertz 30-50, 1050 Brussels	1996	10 865	15	3 097	2.5%	3 103	100.0%
		67 643		**16 762**	**13.3%**	**16 644**	**98.6%**

(1) The share of the portfolio is calculated on the basis of the current rent as at 30 September 2010.

	Year of construction/ Year of renovation	Floor area for rent (m²)	Initial term of lease (years)	Rent billed during fiscal year (€ thousand)	Share of portfolio [1]	Current rent (€ thousand)	Occupancy rate
Brussels North area							
Noord Building Boulevard du Roi Albert II 156/1, 1000 Brussels	1989	42 726	27	8 263	6.6%	8 257	100.0%
World Trade Center - Tower 2 Boulevard du Roi Albert II 30, 1000 Brussels	2009	68 980	9	11 227	9.7%	12 160	97.0%
Word Trade Center - Tower 3 Boulevard du Roi Albert II 30, 1000 Brussels	undergoing renovation	75 800	21	10 525	8.7%	10 847	100.0%
		187 506		**30 015**	**25.0%**	**31 265**	**98.8%**
Brussels decentralised							
Eudore Devroye Rue Père Eudore Devroye 245, 1150 Brussels	1996	1 576	6/9	309	0.2%	309	100.0%
Goemaere Chausée de Wavre 1945, 1160 Brussels	1988/1998	6 956	3/6/9	1 150	0.8%	1 000	94.1%
La Hulpe - 3rd floor (front) Chaussée de La Hulpe 177, 1170 Brussels	1970	534	-	82	0.0%	-	0.0%
Jean Dubrucq Avenue Jean Dubrucq 175b 1, 1080 Brussels	1991	8 087	9	870	0.7%	880	100.0%
La Plaine Boulevard Général Jacques 263G, 1050 Brussels	1995	15 933	9	2 921	2.2%	2 688	100.0%
Triomphe I Avenue Arnaud Fraiteur 15-23, 1050 Brussels	1998	11 498	9	2 519	2.0%	2 534	100.0%
Triomphe II Avenue Arnaud Fraiteur 15-23, 1050 Brussels	1998	9 032	6/9	1 382	1.1%	1 367	99.6%
Triomphe III Avenue Arnaud Fraiteur 15-27, 1050 Brussels	1993	7 178	6/9	509	0.2%	215	21.4%
		60 794		**9 742**	**7.2%**	**8 994**	**90.6%**
Brussels periphery							
Eagle Building Kouterveldstraat 20, 1831 Diegem	2000	8 646	3/6/9	974	0.8%	1 011	87.1%
Fountain Plaza Belgicastraat 1/3/5/7, 1930 Zaventem	1991	16 690	3/6/9	1 591	1.4%	1 777	73.6%
Ikaros Business Park (phases I to V) Ikaroslaan, 1930 Zaventem	1990 à 2008	46 053	3/6/9	4 558	3.6%	4 547	72.5%
Media Medialaan 50, 1800 Vilvoorde	1999	18 104	3/6/9	2 418	2.0%	2 534	99.3%
Ocean house Belgicastraat 17, 1930 Zaventem	1997	4 693	6	758	0.6%	771	100.0%
Planet II Leuvensesteenweg 542, 1930 Zaventem	1988	10 279	3/6/9	638	0.5%	614	59.7%
Waterloo Office Park Drève de Richelle 161, 1410 Waterloo	1992	2 005	3/6/9	309	0.2%	275	84.6%
		106 470		**11 246**	**9.2%**	**11 529**	**79.4%**

Appendix: Befimmo consolidated portfolio

	Year of construction/ Year of renovation	Floor area for rent (m²)	Initial term of lease (years)	Rent billed during fiscal year (€ thousand)	Share of portfolio [1]	Current rent (€ thousand)	Occupancy rate
Wallonia							
Ath - Place des Capucins 1	1995	4 055	18	522	0.4%	522	100.0%
Binche - Rue de la Régence 31	1960	2 480	9	213	0.2%	213	100.0%
Braine-l'Alleud - Rue Pierre Flamand 64	1977	2 175	21	236	0.2%	236	100.0%
Chenée - Rue Large 59	1983	1 276	6	84	0.1%	84	100.0%
Eupen - Vervierserstrasse 8	1989	2 240	15	266	0.2%	266	100.0%
La Louvière - Rue Ernest Boucqueau 15	1997	6 116	18	795	0.6%	795	100.0%
Liège - Avenue Emile Digneffe 24	1953	2 358	6	203	0.2%	204	100.0%
Liège - Rue Paradis 1	1987	38 945	6	4 114	3.3%	4 113	100.0%
Liège - Rue Rennequin-Sualem 28	1968	2 991	6	219	0.2%	220	100.0%
Malmedy - Rue Joseph Werson 2	2000	2 757	21	306	0.2%	306	100.0%
Marche-en-Famenne - Avenue du Monument 25	1988	4 070	18	478	0.4%	479	100.0%
Mons 1 - Rue Joncquois 118	2002	7 851	18	1 218	1.0%	1 217	100.0%
Mons 2 - Digue des Peupliers 71	1976	7 268	8	1 222	1.0%	1 221	100.0%
Namur - Avenue de Stassart 9	1900	1 939	9	212	0.2%	212	100.0%
Namur - Rue Henri Lemaître 3	1925	990	9	85	0.1%	85	100.0%
Namur - Rue Pépin 5	1965	1 130	9	153	0.1%	153	100.0%
Namur - Rue Pépin 31	1900	1 018	9	90	0.1%	92	100.0%
Namur - Rue Pépin 22	1900	877	9	76	0.1%	77	100.0%
Saint-Vith Klosterstrasse 32	1988	2 956	18	335	0.3%	336	100.0%
Seraing - Rue Haute 67	1971	2 109	15	213	0.2%	213	100.0%
		95 601		**11 040**	**8.8%**	**11 044**	**100.0%**
Flanders							
Antwerp - Meir 48	1985	20 612	18/27	3 119	2.5%	3 155	100.0%
Bilzen - Brugstraat 2	1995	1 318	18	177	0.1%	178	100.0%
Brugge - Boninvest 1	1996	2 690	21	185	0.1%	185	100.0%
Deinze - Brielstraat 25	1988	3 167	15	354	0.3%	354	100.0%
Dendermonde - Sint-Rochusstraat 63	1987	6 453	21	817	0.7%	817	100.0%
Diest - Koning Albertstraat 12	1995	2 869	21	369	0.3%	369	100.0%
Diksmuide - Woumenweg 49	1979	2 207	21	265	0.2%	265	100.0%
Eeklo - Raamstraat 18	1993	3 155	15	364	0.3%	365	100.0%
Haacht - Remi van de Sandelaan 1	1985	2 170	18	258	0.2%	260	100.0%
Halle - Zuster Bernardastraat 32	1985	7 440	18	986	0.8%	985	100.0%
Harelbeke - Kortrijksestraat 2	1990/2006	1 973	9	222	0.2%	222	100.0%
Herentals - Belgiëlaan 29	1987	3 296	18	406	0.3%	407	100.0%
Ieper - Arsenaalstraat 4	1994	4 623	18	574	0.5%	574	100.0%
Izegem - Kasteelstraat 15	1981	2 910	9	298	0.2%	298	100.0%
Knokke-Heist - Majoor Vandammestraat 4	1979	2 696	21	392	0.3%	394	100.0%
Kortrijk - Bloemistenstraat 23	1995/2005	11 505	18	1 430	1.1%	1 434	100.0%
Kortrijk - IJzerkaai 26	1992	1 813	9	202	0.2%	203	100.0%

	Year of construction/ Year of renovation	Floor area for rent (m²)	Initial term of lease (years)	Rent billed during fiscal year (€ thousand)	Share of portfolio [1]	Current rent (€ thousand)	Occupancy rate
Leuven - Vital Decosterstraat 42/44	1993	19 033	12/15	1 880	1.5%	1 896	100.0%
Lokeren - Grote Kaai 20	2005	1 938	21	248	0.2%	248	100.0%
Menen - Grote Markt 10	1988	3 273	9	381	0.3%	384	100.0%
Nieuwpoort - Juul Filliaertweg 41	1982	2 868	15	348	0.3%	349	100.0%
Ninove - Bevrijdingslaan 7	1981	2 683	9	315	0.3%	315	100.0%
Oudenaarde - Marlboroughlaan 4	1963	4 701	21	453	0.4%	453	100.0%
Roeselare - Rondekomstraat 30	1987/2003	6 795	21	711	0.6%	719	100.0%
Sint-Niklaas - Driekoningenstraat 4	1992	6 987	18	822	0.7%	822	100.0%
Sint-Truiden - Abdijstraat 6	1984	3 932	15	398	0.3%	403	100.0%
Tervuren - Leuvensesteenweg 17	1980	20 408	15	1 176	0.9%	1 182	100.0%
Tielt - Tramstraat 48	1982	4 180	15	458	0.4%	459	100.0%
Tienen - Goossensvest 3	1985	6 390	15	768	0.6%	773	100.0%
Tongeren - Verbindingsstraat 26	2002	7 482	21	1 052	0.8%	1 052	100.0%
Torhout - Burg 28	1973	1 720	18	182	0.1%	183	100.0%
Torhout - Elisabethlaan 27	1985	1 284	9	143	0.1%	144	100.0%
Vilvoorde - Groenstraat 51	1995	5 992	21	815	0.6%	808	100.0%
		180 563		**20 568**	**16.5%**	**20 653**	**100.0%**
Luxembourg city							
Axento - Luxembourg, Avenue JF Kennedy 44	2009	13 447	5/6/9	475	4.3%	5 387	100.0%
PROPERTIES AVAILABLE FOR LEASE		***821 663***		***118 434***	***99.3%***	***124 157***	***95.5%***
Froissart Rue Froissart 95, 1000 Brussels	undergoing renovation	3 185	-	-	-	-	-
Science - Montoyer Rue de la Science 8, 1000 Brussels	undergoing renovation	5 316	-	282	-	-	-
Project Paradis 1 Rue Paradis 1, 4000 Liège	construction project	-	-	-	-	-	-
WTC IV Boulevard du Roi Albert II 30, 1000 Brussels	land	-	-	-	-	-	-
PROPERTIES THAT ARE BEING CONSTRUCTED OR DEVELOPED FOR OWN ACCOUNT IN ORDER TO BE LEASED		**8 501**		**282**			
TOTAL - INVESTEMENT PROPERTIES		**830 164**		**118 721**	**99.3%**	**124 157**	**94.0%**
Kattendijkdok Oostkaai 22, 2000 Antwerp	1978	12 167	-	818	-	852	
Empress Court Boulevard de l'Impératrice 17-19, 1000 Brussels	undergoing renovation	15 357	-	10	-	10	
La Hulpe 3rd floor (rear) Chaussée de La Hulpe 177, 1170 Brussels	1970	411	-	-	-	-	
TOTAL - PROPERTIES HELD FOR SALE		**27 935**		**828**	**0.7%**	**862**	
TOTAL		**858 099**		**119 549**	**100%**	**125 019**	

(1) The share of the portfolio is calculated on the basis of the current rent as at 30 September 2010.

Ce Rapport Financier Annuel est également disponible en français.
Dit Jaarlijks Financieel Verslag is ook verkrijgbaar in het Nederlands.

Concept, design & production : The Crew Communication
Photos : Jean-Michel Byl, Nicolas Schul, Serge Brison
Printed on paper with PEFC label.

15 years

A STRONG FUTURE
CAN ONLY BE BUILT
ON SOLID
FOUNDATIONS.
BEFIMMO

Befimmo

BEFIMMO SCA
Société en Commandite par Actions

Registered Office
Chaussée de Wavre 1945, 1160 Brussels
Register of Companies (RPM - RPR): 0 455 835 167
Tel.: +32 2 679 38 60 - Fax: +32 2 679 38 66
e-mail: contact@befimmo.be - www.befimmo.be

Cover: North area, Brussels.