



CREATING VALUE IN REAL ESTATE

Key figures

KEY FIGURES 2005 (on 30.09.05)

Total surface area of portfolio	525,333 m ²
Value of portfolio ⁽¹⁾	1,089,797,000 €
Occupancy rate	92.79%
Equity	623,337,000 €
Debt ratio	43.7%
Operating capacity	140,621,000 €

KEY FIGURES PER SHARE 2005 (on 30.09.05)

Book value (before appropriation)	68.44 €
Book value (after appropriation)	63.64 €
Closing price	87.50 €
Net cash flow	6.48 €
Return	6.79 €
Gross dividend	4.80 €
Return on equity	11.0%
Gross yield ⁽²⁾	5.49%

KEY DATES FOR SHAREHOLDERS 2005 - 2006

Payment of the 2005 dividend on presentation of coupon nr 11	from 20 December 2005
Publication of the book value as of 31 December 2005	Thursday 23 February 2006
Publication of the first-half results and book value as of 31 March 2006	Wednesday 24 May 2006
Publication of the book value as of 30 June 2006	Thursday 31 August 2006
Publication of the annual results and the book value as of 30 September 2006	Thursday 16 November 2006
Ordinary general meeting 2006	Friday 15 December 2006
Payment of the 2006 dividend on presentation of coupon nr 12	from 22 December 2006

(1) Under current regulations we are required to divulge both the liquidation value and the acquisition value of the portfolio to be declared; the latter value is considered to be the "investment value". This includes variable transaction costs of up to 13%, which an investor would have had to pay in the event of a direct real estate investment. Consequently, assuming the sale of the portfolio based on an expert valuation, the net sale value for the Sicafi would be between € 965.8 million and € 1,091.2 million.

(2) Gross dividend divided by share price as of 30 September 2005.

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presented to the Annual General Meeting of Shareholders on 13 December 2005



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10 years...
an opportunity to focus
on our clients who have
placed their trust in us.
We offer our clients
buildings and solutions
best suited to their
requirements.
Thanks to our clients,
we can offer
our shareholders
a solid dividend
and healthy growth.

CREATING VALUE IN REAL ESTATE

- ◀ Poelaert - Brussels centre.
The building was fully renovated in 2001 and entered the portfolio in 2003, with a floor area of 14,146 m².
Architect: Cerau Architect Partners (renovation)
- ▼ La Plaine - Brussels decentralised.
The property was built in 1995 and entered the portfolio the same year, with a floor area of 15,933 m².
Architect: H. Montois



Letter to the shareholders

Dear Shareholders,

The period of transition between two economic cycles is persisting; the recovery is taking its time. National and multinational companies are indeed still very cautious about their plans for growth, while the main European, national and regional public institutions have already satisfied their main needs for more space.

This obviously has some influence on the rental market in Brussels which is undoubtedly under pressure: the supply of office space – now and for the future – is currently far in excess of demand.

Paradoxically, real estate values continue to grow in the city centre and the Léopold district, especially for quality buildings with long-term lets.

In this environment, Befimmo is focusing on the service it gives to its customers, and they feature prominently in this annual report. Indeed, without them, we would not be in a position to offer you once again this year a gross dividend of € 4.80 (€ 4.08 net), a growth of 3.9% and far above the rate of inflation.

Our efforts are focused on building customer loyalty and finding new customers, with a view to ensuring that our cash flows are durable and solid, so limiting the impact of the economic climate. In contrast to the market trends, our portfolio's occupancy rate for a constant floor area is improving this year.

On the other hand, we have not made any new acquisitions, though we have of course pursued our strategy and carefully studied all the available opportunities. There is no escaping the fact that the mass of capital available in Europe and the world is pressing investors to pay prices or accept risks that are beyond the limits that we have set ourselves in terms of return on investment and prudence.

Creating value of course remains our only guiding principle.

The European Commission's lease on the Albert Borschette conference centre was due to end during the fiscal year. The Commission chose to take control of the building and so offered to buy it; Befimmo seized the opportunity to dispose of this building which had a very specific use as a conference centre and was approaching the end of its lease, realising a substantial additional capital gain and improving the prospects for dividends over the coming years.

Befimmo has thus achieved an excellent result for the 2005 fiscal year, closing the period with a return on equity of 11%, a very significant increase over last year's 7.9%. The current cash flow is steady at € 5.09 per share (€ 5.19 in 2004).

We therefore propose that the General Meeting of Shareholders approve the announced gross dividend of € 4.80 per share, or € 4.08 net.

Befimmo has also chosen, from the next fiscal year, to publish its financial statements in accordance with both Belgian standards and the International Financial Reporting Standards (IFRS), designed to facilitate comparison of the accounts of



This year Befimmo is celebrating ten years of service to its clients and shareholders.

listed companies. This annual report includes an explanatory note illustrating the impact on equity and the results for the fiscal year of applying IFRS.

Furthermore, in accordance with the recommendations of the Lippens Code and legal provisions, Befimmo has drawn up a Corporate Governance Charter to which the Promoter of the Sicafi, its managing agent and directors, and the Befimmo team all subscribe in full. The Corporate Governance chapter of this report has accordingly been thoroughly revised.

Finally, during the course of the period, the mandates of the managing agent's directors Mr Alain De Pauw, Mr Patrick De Pauw and Mr Daniel Schuermans have come to an end and we would like to take this opportunity to thank them for all of their contributions to the work of the Board of Directors.

This year, Befimmo is celebrating its foundation ten years ago. On this occasion we reaffirm our total commitment to the continuing fruitful development of your Sicafi in the same dynamic and responsible spirit that has governed all of our work over the past decade.

Brussels, 13 December 2005.

The Managing Agent Befimmo SA

Benoît De Blicq
Managing Director
Permanent Representative

Alain Devos
Chairman of the Board

Befimmo is ten years old

Happy Birthday!

History

The Sicafi Befimmo was founded in December 1995 with a portfolio worth € 135 million. It was the first private company to adopt the legal status of a Sicafi. It now has a portfolio of office buildings worth over a billion euros (39 buildings and real estate complexes – floor area of more than 520,000 m²).

By investing over these ten years, Befimmo has succeeded in increasing the value of its assets eight-fold. By means of these various operations, Befimmo has earned a reputation as one of the foremost operators at European level.

These ten years can be broken down into two main periods:

Between 1995 and 2001 real estate was a growth market, in a growing economy, which enabled Befimmo to invest successfully in quality buildings or real estate portfolios with potential for creating value. The goal was to build up the portfolio in the centre of Brussels and other areas well served by public transport and where there was high structural demand. In this way, Befimmo succeeded in doubling the size of its portfolio every two years and to put together its own team.

Main landmarks

- Dec. 1995 : Initial public share offering,
- Sept. 1997 : Takeover of **Prifast** – the portfolio grew in value from € 135 to 290 million,
- Dec. 1998 : Takeover of **WTC-Noord Building** – the portfolio grew in value from € 290 to 568 million,
- March 2001 : Takeover of **Groupe Bastionen** – the portfolio grew in value from € 568 to 687 million,
- Dec. 2001 : Takeover of the **Cibix Sicafi** – bringing the value of the portfolio to over a billion euros.

The second period began in 2001 after the technology bubble burst, followed by the economic crisis that continues today. Befimmo is therefore focusing all its energy on securing the loyalty of its tenants, maximising its long-term cash flows and dynamically managing its portfolio with a view to maintaining the highest possible occupancy rate of its buildings.

Owing to the low yields on the financial markets, competition from major international investors is constantly increasing, driving up values. Befimmo is therefore remaining cautious and realistic, and is interested only in projects that will guarantee solid cash flows, that can be developed to create value over time. This is a difficult exercise that has not enabled Befimmo to sustain its rate of growth.

Nowadays, internationalisation is increasing. The exchange risk is gradually disappearing and legislation is being harmonised. After US-REITs in the USA, “Fiscale Beleggingsinstellingen” in the Netherlands, Sicafis in Belgium and SIIcs in France, we will shortly be seeing G-REITs in Germany and UK-REITs in the UK. The field of action is broadening and, when the time is ripe, Befimmo might look into new investment prospects.

Befimmo on the stock market

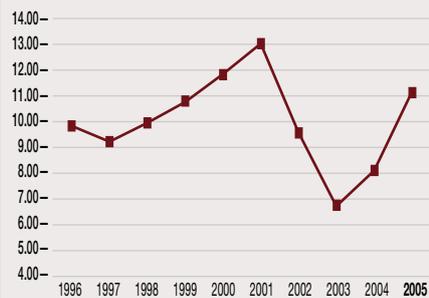
For 10 years, Befimmo has been firmly committed to its goal of creating value for its shareholders. Those who placed their trust in the Sicafi from its beginnings in 1995, by subscribing to the public share offering at the price of BEF 1,995 (€ 49.45), are today earning a total net annual return of 10.25%⁽¹⁾. And those who subscribed to the public share offering in September 1997, at the price of BEF 2,130 (€ 52.80), are earning a total net return of 10.73%⁽¹⁾.

The share price has never fallen below these issue prices.

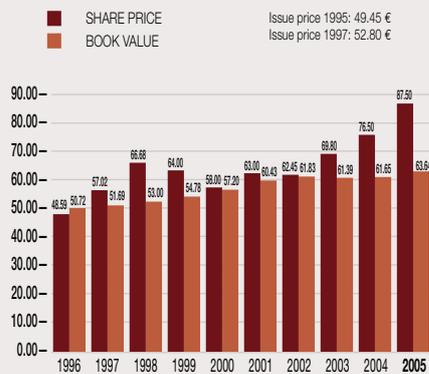
(1) Internal rate of return (IRR) – calculated on the basis of a hypothetical exit share price of € 82 in September 2005, taking account of the net dividend distributed each year.



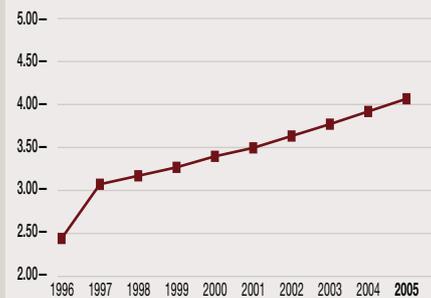
TREND OF RETURN⁽¹⁾ (in %)



TREND OF SHARE PRICE AND BOOK VALUE (in €)



TREND OF NET DIVIDEND⁽²⁾ (in €)



	1996 ⁽²⁾	1997	1998	1999	2000	2001	2002	2003	2004	2005
Value of portfolio (thousands €)	153,944	261,865	282,523	556,261	543,036	621,208	1,064,818	1,054,527	1,125,313	1,089,797
Occupancy rate (%)	100.00	98.00	94.00	98.08	98.00	96.20	95.90	94.70	91.40	92.79
Floor area of portfolio (m ²)	90,466	145,118	173,362	299,094	303,068	339,935	527,842	527,842	541,842	525,333
Book value (30 September) (€)	50.72	51.69	53.00	54.78	57.20	60.43	61.83	61.39	61.65	63.64
Closing share price (30 September) (€)	48.59	57.02	66.68	64.00	58.00	63.00	62.45	69.80	76.50	87.50
Gross dividend per share (30 September) (€)	2.85	3.62	3.74	3.84	4.00	4.12	4.28	4.45	4.62	4.80
Net dividend per share (30 September) (€)	2.43	3.07	3.17	3.27	3.40	3.50	3.64	3.78	3.93	4.08
Net cash flow (€/share)	3.15	3.92	4.53	4.46	5.02	6.94	5.38	5.38	5.36	6.48
Return (%) ⁽¹⁾	9.7	9.0	9.8	10.6	11.7	12.9	9.4	6.5	7.9	11.0
Gross yield (%) ⁽³⁾	5.88	6.34	5.61	6.01	6.90	6.54	6.85	6.38	6.04	5.49
	► Prifast		► WTC		► Bastionen		► CIBIX			

(1) Gross dividend for the fiscal year plus growth in inventory value during the year divided by inventory value at start of fiscal year.

(2) The Sicafi's first fiscal year lasted nine months only.

(3) Gross dividend divided by share price at 30 September.



Goemaere -
Brussels
decentralised.
The Sicafi's new
headquarters.
In the interest of
its shareholders,
Befimmo has moved
into one of its own
buildings so as
to avoid paying rent
to third parties while
it has vacant office
space in its portfolio.

Architect: Assar SC



Management report



Key events of the fiscal year

Business development

Investments and disposals

Borschette

On 21 September 2005 Befimmo granted a 27-year leasehold to the European Commission on the Albert Borschette conference centre. The leasehold also gives the European Commission a purchase option. The rights associated with this leasehold contract have been sold for € 50 million to a financial institution. Finally, Befimmo also transferred the ground below the surface covered by the leasehold for valuable consideration.

As a result of these various operations, Befimmo has removed the Albert Borschette conference centre from its portfolio with a financial result equivalent to a straightforward sale of the building.

While making a net capital gain of € 12.66 million in relation to the last assessed value of € 36,955 million, Befimmo has disposed of a very specific building, built in 1981, whose prospects in terms of planning use remained uncertain in the long run.

These operations bring to an end over three and a half years' work during which a number of solutions were proposed and discussed with the European Commission, so that it could continue to occupy the centre after its lease contract finally ended on 15 October 2005.

In this respect, in 2003 Befimmo obtained the planning and environmental permits for the rebuilding and extension of the centre. In 2005 it also obtained the planning and environmental permits to rebuild the centre as an office building; these permits may be transferred to the European Commission if they wish.

In the end, the European Commission chose to take control of the building since it meets its needs for conference and meeting rooms.

Charleroi

During the fiscal year, Befimmo also signed an undertaking to sell its building at rue de la Montagne in Charleroi. In fact it was no longer a strategic build-

ing (retail building) and its small size did not justify the effort of monitoring the real estate market in Charleroi. In these circumstances, it was preferable to dispose of this building, earning a net capital gain of € 0.56 million on the basis of the last assessed value of € 5.640 million.

This capital gain will be booked during the 2005/2006 fiscal year, as the official deed of sale recording the transfer of ownership took place in November 2005.

Others

Befimmo also sold the real estate certificates it held in the Woluwé Shopping Center, earning a capital gain of € 1.18 million. This reduced the value of the certificate portfolio to € 1.4 million, down from € 3.7 million as of 30 September 2004.

Befimmo also studied investment projects covering a total of 325,000 m² and an investment value of some € 875.8 million. These projects did not come to fruition mainly because of competition: competition between investors still drives prices up, and caution is called for in this context.

In the current environment, some investors are giving preference to an immediate yield rather than the potential for creating value – which is contrary to Befimmo's policy.



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Rentals

In this difficult economic climate, many companies are looking to cut their overheads, among which the cost of renting their premises.

Leases are regularly renegotiated when they come up for renewal, especially in decentralised areas and the suburbs, where the rental market is weighted in favour of potential tenants. With supply due to increase substantially, and its potential imbalance in relation to demand, this trend is now spreading to the city centre (CBD).

Attention must therefore be focused on existing clients.

Faced with this situation, which will continue for some time to come, Befimmo is taking a pragmatic approach and making every effort to retain its clients who have no real strategic reason to leave the portfolio; the concessions made are offset against sounder long-term cash flows. In this way, Befimmo is heeding the realities of the marketplace, while holding onto the prospects of taking part in an upturn.

The **CBD** and especially the Léopold district – namely the European quarter – is also characterised by lower than usual occupancy.

As far as Befimmo is concerned, the city centre portfolio enjoys almost full occupancy with the exception of Central Gate – the former Shell Building – (5,123 m² available) and the Schuman 11 building (2,329 m² available).

Befimmo has seen the arrival of new clients, including the European Parliament and Fluxys.

The **decentralised** portfolio is stable in the medium term up to 2010. The average duration of current leases is 4.9 years. As of 30 September 2005, only 1,590 m² of offices and 661 m² of multi-purpose facilities were immediately available for let, which is a very low vacancy rate of 2.88%, well below the market figure.

Befimmo has seen the arrival of new clients, including the Sumitomo Bank, Accor and Biomedical Systems.

Schuman 3 – Brussels Léopold district.
Building renovated in 2001,
with a total floor area of 5,487 m².
Architect: Assar SC (renovation)



In the Brussels suburbs and beyond, the portfolio has, naturally enough, fallen into line with the market, since most of the leases are of the standard 3/6/9-year type. Some important successes have nevertheless been achieved over the past year. Befimmo will further step up its efforts to attract new clients over the coming years.

Assuming that all other factors remain stable and taking into account the leases renegotiated over the past two fiscal years, it seems realistic to expect occupancy rates to stabilise or even improve over the next two fiscal years.

As of 30 September 2005, the occupancy rate⁽¹⁾ of the Befimmo portfolio was 92.79% – up in relation to 91.39% as of 30 September 2004 – while the average occupancy rate⁽²⁾ during the fiscal year was 89.80% (91.72% during the 2003/2004 fiscal year).

The fall in average occupancy rate is mainly due to the poor market conditions, leading to substantial rental vacancies and graduated rents.

It is interesting to note that at a constant perimeter⁽³⁾ the occupancy rate at 30 September 2005 would have been even higher (93.1%), as a result of the efforts of the expanded sales team.

During the fiscal year, Befimmo concluded leases for a total of 60,168 m² of office space (31,538 m² excluding renewals and renegotiations) and 11,682 m² of warehouses and multi-purpose premises (8,127 m² excluding renewals and renegotiations). Leases renewed and renegotiated directly between Befimmo and its clients account for 51.60% of transactions and 67.28% of (re)negotiated rents.

The main renegotiations for the 2005 fiscal year include Citibank Belgium for the La Plaine building and Electrolux for the Ocean House building.

(1) The occupancy rate for a given date is calculated as the ratio of current rents on that date to these rents plus the estimated rental value of the area vacant on this date. All buildings in the portfolio were taken into account when calculating the occupancy rate, with the exception of the building H in phase IV of the Ikaros Business Park, for which Befimmo is not financially responsible. At 30 September 2005 no projects were in progress.

(2) The average occupancy rate during the fiscal year is calculated as the ratio of income actually earned during the fiscal year (turnover for the fiscal year) to this income plus the estimated rental income for vacant areas during the vacant period.

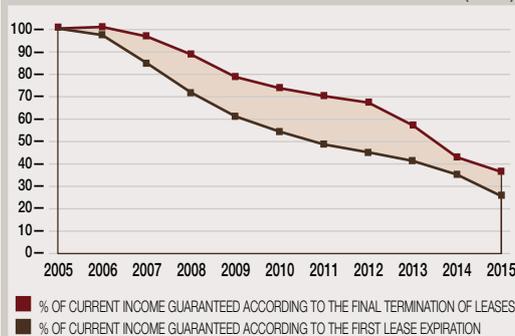
(3) Including Borschette building (fully occupied).

Portfolio development

Concerned to keep its real estate assets in good repair and to constantly improve the quality of its buildings, Befimmo has carried out works worth € 3.3 million, among others in the Central Gate⁽¹⁾ building (cleaning and repair of facades, electrical work, renovation of entrance halls), Fountain Plaza (renovation of entrance halls and cleaning of facades), Triomphe 2 (construction of a new entrance hall), Ikaros Business Park – phases 1 and 2 (renovation and repairs). These works appear in the accounts for the fiscal year.

- > **Extension Justice:** The building is currently let to the Régie des Bâtiments and occupied by departments of the Ministry of Justice. In response to their request, Befimmo has continued to study the project for a complete renovation of the building and has obtained the necessary planning and environmental permits. If the ongoing discussions with the occupants result in the renewal of the lease, the works will be able to start in 2006.
- > **World Trade Center (La Poste):** As for tower 2 of the World Trade Center, the dispute that broke out in 2002 between La Poste, the tower's main tenant, and Befimmo is still ongoing. The expert responsible for making a full inventory of asbestos has delivered a report, which is preliminary at this stage. It confirms that tower 2 of the WTC does not present any risk to its occupants. La Poste is bound by a lease that expires in 2016. It has begun a process of reorganising its departments and intends to leave the premises in tower 2. La Poste is negotiating a transfer of its lease.

PERCENTAGE OF CURRENT INCOME GUARANTEED ACCORDING TO THE REMAINING LEASE TERM (in %)



(1) The former Shell Building.

The real estate market⁽¹⁾

With a floor area exceeding 12 million m², Brussels is one of Europe's major cities in terms of office space. With its favourable location at the heart of the Belgian and European institutions, Brussels is suffering less than other cities from the current economic climate.

The rental market

The market is still precarious and basically has not changed since last year. The fairly low take-up is below the average of the past five years, amounting to a total of some 350,000 m² for the first three quarters of 2005. Even if no recovery is apparent, most transactions are again being carried out by the private sector, public institutions having only a token involvement this year.

For two years, supply has been well in excess of demand, with a resulting rise in vacancy rates. In September 2005, the vacancy rate for the whole Brussels market was over one tenth, at 10.7%, or almost 1.3 million m², unchanged since September 2004.

The Brussels real estate market comprises three geographical areas: the Central Business District (CBD), the decentralised area and the suburbs. These areas each have different characteristics and need to be analysed separately.

The Central Business District (CBD)

This area is composed of the Brussels Pentagon, the Léopold district, the North area and the South station area. At present, it represents 50% of demand.

Public sector demand is tailing off. The Belgian Government has found most of the space it was looking for and the European Union, despite enlargement, is not taking up as much space as was hoped. Nevertheless, lobbyists, representations and all the other businesses gravitating around the European Union are today the driving force in the Léopold district.

The vacancy rate is slightly up on last year, rising from 7.0% in 2004 to 7.3% in 2005. This level of vacancy is showing no signs of stabilising. Indeed, development is proceeding apace, with over 300,000 m² of speculative building due to come onto the Brussels market by the end of 2006 (mainly in the Léopold and North districts).

Rents in central Brussels are holding firm at between € 180 and € 220 per m². The Prime Rent is still € 300/m² for small spaces in the rond-point Schuman micromarket.

The decentralised area and the suburbs

The two areas outside the CBD, the decentralised area and the suburbs, together account for 50% of demand (107,090 m² and 68,647 m² respectively over the first nine months of 2005). Most of it comes from Belgian companies and multinationals.

This demand is generally not new, but is rather generated by companies looking for a more favourable location at lower costs in new buildings following restructuring. However, more small office spaces have been let during 2005 than in 2004.

In contrast to the situation in the CBD, real estate promoters have stopped developing projects in these two non-central areas, which has avoided a rise in vacancy rates. These are still quite high but have fallen back slightly to 14.36% and 21.17% respectively.

This situation is due to the arrival on the market of new projects started before the technology bubble burst. Moreover, these projects are competing with second-hand premises put back on the market by companies who no longer need them after restructuring.

The result is fierce competition between property owners and real estate promoters who are all trying to find occupants for their premises. Substantial benefits are offered to potential tenants, amounting to as much as 25% of the advertised rents in financial terms.

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Whilst few investment transactions are being carried out at present, a gradual upturn may be expected in the suburbs, with rents and values increasing once the economy picks up.

In this regard, decentralised Brussels continues to present more of a problem, especially in areas where city facilities, such as public transport, are unavailable.

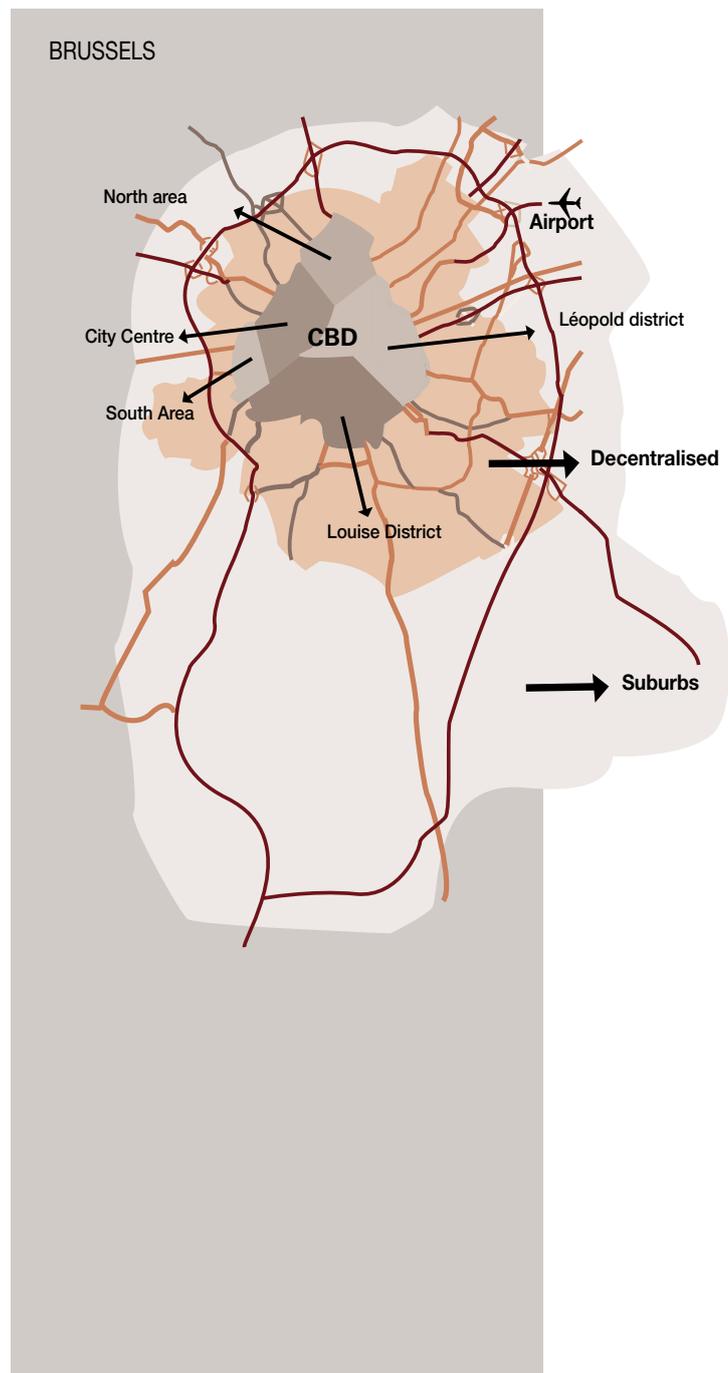
The suburbs are also being very successful in attracting businesses away from the Brussels Region. Tax rates differ considerably (up to € 50/m²/year) between the two areas. The only logical justification for this is if the city's facilities are actually available, e.g. access to public transport, proximity of clients and services, which is generally not the case in decentralised areas.

The investment market

Real estate is a "safe" value and attracts considerable sums from investors. This makes it relatively scarce for would-be investors. Competition for good buildings with long-term tenants is hotting up, putting pressure on yields and driving up values.

During the first nine months of 2005, the volume of investments amounted to € 630 million as compared with € 793 million for 2004. This fall in investments was caused mainly by a lack of good projects already let. The market nevertheless continues to perform well. Belgium, as the capital of Europe, is much appreciated by foreign investors, notably the Irish and Germans who accounted for 23% and 24% respectively of the total invested this year. These investors are more interested in immediate yield than future value. This trend is likely to continue in view of the relatively low interest rates. Belgian investors accounted for 29%.

Capitalisation rates for the best projects are 6.25% (for 3/6/9-year leases), so reducing the differential between Brussels and other major European capitals such as Paris, London or Amsterdam. For certain projects with long-term lets to Belgian and European public institutions, rates are around 5.5%.



About Befimmo and the Befimmo strategy

Befimmo is a fixed-capital real estate investment trust (SICAFI). 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 and 10 June 2001.

Befimmo was created from scratch in 1995. With the support of its Promoter, now Fortis Real Estate Asset Management, it has built up a portfolio of high-quality office buildings and increased its assets eightfold.

Befimmo is a professional real estate owner, with a strategy focused on its shareholders, on maximising its long-term cash flows and making a profit from its real estate investments.

In its work, Befimmo focuses on:

- > **its clients**, the people who lease its buildings, without whose rental payments nothing would be possible. As in the past, Befimmo will ensure the long-term sustainability of its cash flows and will seek to maintain the highest possible occupancy rate for its portfolio, further developing the relationship of trust it is building with its lessees and adopting a responsible and pragmatic attitude given the current economic climate;
- > **the quality of its new investments**, to ensure long-term growth of profits and share price;
- > **judicious disposals**: by pursuing its policy of anticipating economic cycles, arbitraging its portfolio and simply seizing opportunities, Befimmo might sell off certain assets;
- > **controlling costs**, both real estate charges and overheads, so enabling it to rank among the best performing listed groups on the European market;
- > **balancing its debt structure**, limiting its financing costs, while protecting it over a relatively long period from a rise in interest rates beyond certain thresholds;
- > **developing and motivating its internal team**, currently comprising 18 fully dedicated members.

With its balanced risk/return profile, Befimmo aims to offer its shareholders a regular dividend combined with healthy growth.

Building on its experience and with the support of its Promoter, Befimmo will continue its work with the same philosophy of creating value for its shareholders:

- > Befimmo focuses on its core business of real estate asset manager for office buildings, without diversifying to any great extent into other activities with different risk/return profiles than those of the professional investor.
- > Befimmo is also interested in market opportunities.
- > Finally, Befimmo is interested in more financial acquisition opportunities based on solid, long-term cash flows.

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Triomphe II - Brussels decentralised.
The property was built in 1998
and entered the portfolio in 2001,
with a floor area of 9,257 m².

Architect: A + U



The portfolio

Profile

Befimmo has set itself the goal of investing in three types of property: mainly office buildings, semi-industrial buildings in the Brussels-Antwerp corridor and retail buildings in Belgium.

After ten years, the opportunities that have arisen have resulted in a portfolio which, although diverse, has a single product (97.5% office buildings) and a single market (97.4% Brussels or its economic hinterland). Thus Befimmo has specialised in the business of asset manager for offices.

This portfolio is well distributed between the various submarkets in Brussels and also benefits from a firm foundation:

> 63.1% of the portfolio is situated in the Central Business District where much of demand is structural from Belgian federal and regional institutions, European institutions as well as companies, representations and offices that need to be located close to these institutions.

and opportunities in the event of an economic upturn:

> 14.5% of the portfolio is located in decentralised areas, mainly in places where companies also benefit from the advantages of a city location (availability of public transport, access to services, proximity of customers, etc.).

> 19.8% of the portfolio is located in the Brussels suburbs of Zaventem and Vilvoorde. 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 flexible and effective solution to the needs of small companies and subsidiaries of multinationals. This niche market is quite sensitive to market cycles.

Its revenues appear well protected, with 41.5% (on average for the next 9.4 years) provided by institutions belonging to the Belgian Government or European Union. In the current economic climate, the portfolio's occupancy rate remains higher than the market rate.

Relatively low re-development risks are involved in the medium term (10 years).

Of these, the future of the WTC, Central Gate⁽¹⁾ and Extension Justice are being actively managed.

The portfolio comprises some forty large buildings or sizeable building complexes and in relative terms is not very cost-intensive (maintenance or property management costs).

Investment strategy

In the office buildings segment, Befimmo will show interest in investment projects which meet the following market criteria:

> appropriate critical size, well equipped with a good layout;

> well located (visible, accessible) and in areas well served by public transport;

> suitable for successfully passing the due diligence examination which looks into planning permission and technical, environmental, legal and taxation issues;

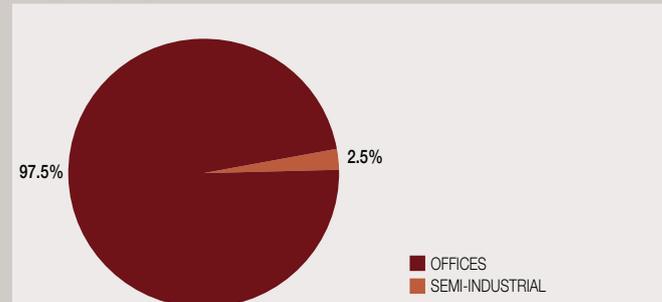
> potential to create value.

Given the fierce competition among potential investors for "good products", Befimmo might take upstream positions, taking on certain commercial risks (for example inherent to letting out buildings acquired which are still to be completed), and forming partnerships with real estate developers or building contractors in order to cover the risks involved in completion (cost, deadlines, quality). Befimmo will also form partnerships with third parties, sharing certain real estate operations that are too large for its own investment capacity.

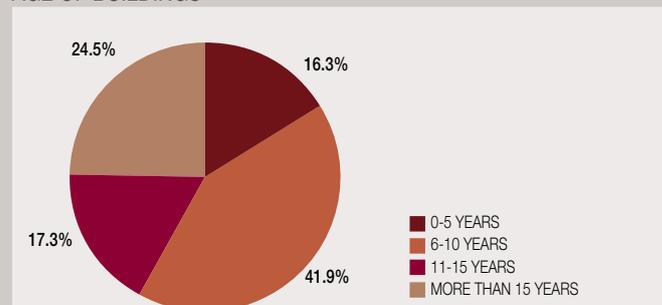
Befimmo's basic profession is investment in high-quality office buildings in the Brussels CBD. However, as the exchange risk gradually disappears and European legislation is harmonised, when the time is ripe, Befimmo could get involved in new investment prospects away from its home market in Brussels.

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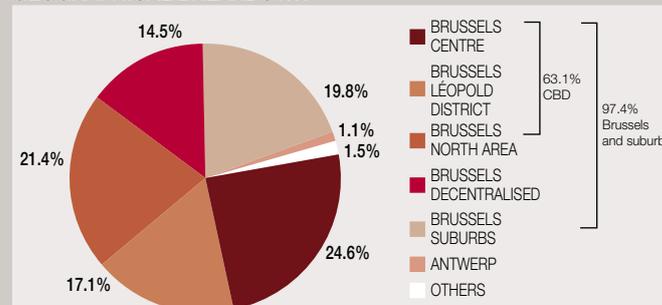
TYPE OF ASSETS⁽¹⁾



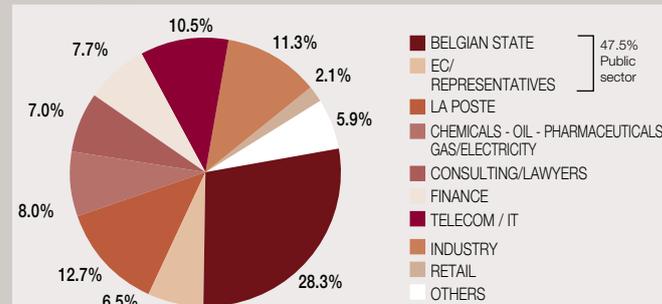
AGE OF BUILDINGS⁽²⁾⁽³⁾



GEOGRAPHICAL BREAKDOWN⁽¹⁾



OCCUPANTS⁽⁴⁾



(1) Proportions are expressed in terms of the assessed "investment value" as of 30 September 2005. Real estate certificates are not covered by these charts.
 (2) The date of construction or renovation of the building is taken into account if the investment costs involved in the renovation are higher than or equal to € 250/m².
 (3) Proportions are expressed in terms of the buildings' floor area.
 (4) Proportions are expressed in terms of current rents as of 30 September 2005.

These graphs do not include the Charleroi and Borschette buildings.

Befimmo is also interested in investment projects with a more financial profile, providing their purchaser with a regular long-term stream of solid cash flows.

The portfolio

The value of the real estate portfolio⁽¹⁾ as of 30 September 2005 was € 1,091.2 million (“investment value”). This value is compared with € 1,129.0 million at the start of the year. The difference is due:

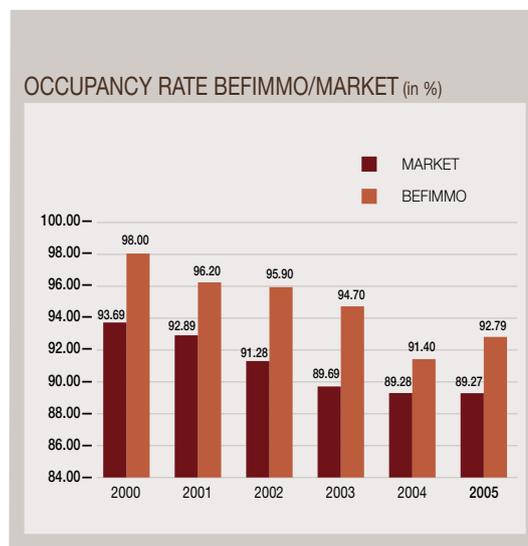
- > Firstly to disposals made during the year amounting to € 39.1 million. These consisted mainly of the Albert Borschette conference centre, located in the Léopold district and occupied by the European Commission, and of the sale of part of the portfolio of real estate certificates.
- > Secondly to an overall increase in value amounting to € 1.3 million.

Excluding investments and disposals, the value of the portfolio remained stable overall, even increasing very slightly (+0.11%). For reference, the annual budget forecast a drop of 0.1% (annual report 2004) for the whole fiscal year.

The table below shows movements of values, excluding investments, and their variation over the past twelve months by district.

In the CBD, values increased by 1.20% on average, while in decentralised areas and the suburbs, they dropped by 2.44% and 1.39% respectively. In the CBD, values rose more rapidly than expected, so offsetting value lost in the suburbs and decentralised areas.

Over the period, the occupancy rate increased significantly from 91.4% as of 30 September 2004, to 92.8% as of 30 September 2005, despite the disposal of the Borschette centre to the European Commission. At a constant perimeter, it would have been 93.1%, or an increase of almost 2%. This is an initial result of the priority Befimmo has given to promoting loyalty among existing clients and seeking new tenants.



(1) Under current regulations we are required to divulge both the liquidation value and the acquisition value of the portfolio; the latter value is considered to be the “investment value”. This includes variable transaction costs of up to 13%, which an investor would have had to pay in the event of a direct real estate investment. Consequently, assuming the sale of the portfolio based on an expert valuation, the net sale value for the Sicafi would be between € 965.8 million and € 1,091.2 million.



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CHANGE IN VALUES (as of 30.09 - in millions of €)

	2003	2004	2005 ⁽¹⁾	Δ 12 months ⁽²⁾
Buildings	1,054.5	1,125.3	1,089.8	+0.1%
Offices	1,021.6	1,092.6	1,056.9	+0.1%
Centre (CBD)	642.4	712.2	683.4	+1.2%
Decentralised	156.4	151.2	147.5	-2.4%
Suburbs	206.5	213.2	210.2	-1.4%
Others	16.3	16.0	15.8	-1.8%
Semi-industrial	27.5	27.2	27.2	0.0%
Retail	5.4	5.5	5.6	+2.9%
Real estate certificates	10.1	3.7	1.4	-1.1%
Total real estate portfolio	1,064.6	1,129.0	1,091.2	+0.1%
Total real estate portfolio after 30.09.05⁽³⁾	-	-	1,085.6	-

SUMMARY TABLE OF ASSETS OWNED, BY NATURE (as of 30.09 - in thousands of €)⁽¹⁾

INVESTMENT BUILDINGS	SURFACE AREA (m ²)	INSURED VALUE ⁽⁴⁾	ASSESSED VALUE ⁽⁵⁾⁽⁶⁾	ANNUAL RENT
Offices				
Centre (CBD)	279,310	610,083	683,403	48,733
Decentralised	61,410	151,034	147,543	9,985
Suburbs	117,559	200,790	210,224	14,648
Others	15,119	21,755	15,767	2,050
Total offices	473,398	983,662	1,056,937	75,416
Semi-industrial	49,639	30,762	27,220	1,814
Retail	2,296	1,882	5,640	475
Total real estate portfolio	525,333	1,016,306	1,089,797	77,705
Total real estate portfolio after 30.09.05⁽³⁾	523,037	1,014,424	1,084,157	77,230

CHANGE IN PORTFOLIO YIELD (as of 30.09 - in thousands of €)

	2001	2002	2003	2004	2005 ⁽¹⁾
Total surface area (m²)	339,935	527,842	527,842	541,842	525,333
Book value					
Real estate portfolio	621,208	1,064,818	1,054,527	1,125,313	1,089,797
Real estate certificates	7,646	9,384	10,069	3,693	1,428
Total real estate assets	628,854	1,074,202	1,064,596	1,129,005	1,091,225
Occupancy rate⁽⁷⁾	96.2%	95.9%	94.7%	91.4%	92.8%
Yield⁽⁸⁾ on real estate portfolio	7.64%	7.71%	7.86%	7.87%	7.71%
Breakdown⁽⁹⁾					
m ² office space	288,040	475,947	475,947	489,947	473,398
m ² semi-industrial	49,599	49,599	49,599	49,599	49,639
m ² retail	2,296	2,296	2,296	2,296	2,296
% office space	94%	96%	96%	97.1%	97.0%
% semi-industrial	5%	3%	3%	2.4%	2.5%
% retail	1%	1%	1%	0.5%	0.5%

(1) The data for the 2004/2005 fiscal year do not include the Borschette building.

(2) At a constant perimeter.

(3) Excluding the Charieroi building at rue de la Montagne.

(4) The insured value is the rebuilding value (excluding land).

(5) It is not in the shareholders' interests to publish assessed values for each individual building.

(6) The assessed value is established on the basis of the "investment value" which includes the variable transaction costs (of max. 13%) that an investor would have had to pay to invest directly in real estate.

(7) The occupancy rate is calculated as being the ratio between the current rent and the same rent plus the estimated rental value of the unoccupied surface area. At a constant perimeter the occupancy rate would have been 93.1%.

(8) The yield of the real estate portfolio is calculated as the ratio between current rents plus the rental value of the unoccupied surface area and the assessed value.

(9) The percentages relative to the breakdown of the portfolio are shown on the basis of the assessed values ("investment values") as of 30 September. They only concern directly owned real estate assets.

SUMMARY OF BEFIMMO REAL ESTATE ASSETS DATA (as of 30.09.05)

INVESTMENT BUILDINGS

	YEAR BUILT/ YEAR RENOVATED	RENTAL SPACE (m ²)	INITIAL DURATION OF LEASES (years)	RENTS CALLED DURING THE FISCAL YEAR (thousands €)	PERCENTAGE OF PORT- FOLIO ⁽¹⁾ (%)	CURRENT RENT as of 30.09.05 (thousands €)	OCCUPANCY RATE as of 30.09.05 (%)
OFFICES							
Brussels Centre							
Central Gate*	1997-2000	30,675	3/6/9	3,673	4.2%	3,219	72.9%
Brederode 1	1990-2001	25,213	14	3,161	4.2%	3,217	100.0%
Extension Justice	more than 15 years	18,795	9	3,068	4.0%	3,102	100.0%
Impératrice	1997-2000	17,070	9/12/15/18	2,528	3.3%	2,582	100.0%
Poelaert	2001	14,146	18	2,899	3.8%	2,911	100.0%
Brederode 2	1993	7,592	3	1,940	2.5%	1,946	98.7%
Empereur	1997/2004	5,953	9	876	1.1%	876	100.0%
		119,444		18,145	23.1%	17,853	93.6%
Brussels Léopold district							
Joseph II	1994	12,831	27	3,498	4.6%	3,517	100.0%
View Building	2001	11,106	6/9	1,932	2.5%	1,952	100.0%
Wiertz	1996	10,857	3/6/9	2,549	3.5%	2,696	99.5%
Schuman 3	2001	5,487	9	1,351	1.8%	1,419	100.0%
Guimard	1997	5,357	3/6/9	1,148	1.5%	1,147	100.0%
Schuman 11	2003-2004	5,176	6/9	390	1.0%	783	51.5%
		50,814		10,868	14.9%	11,514	93.9%
Brussels North area							
World Trade Center	1975/1998	66,326	24	11,043	15.6%	12,046	99.4%
Noord Building	1989	42,726	27	7,368	9.5%	7,321	100.0%
		109,052		18,411	25.1%	19,367	99.6%
Brussels Decentralised							
La Plaine	1995	15,933	12/18	3,480	4.2%	3,274	100.0%
Triomphe I	1998	11,498	3/6/9	2,512	3.4%	2,589	100.0%
Triomphe II	1998	9,257	9	426	1.6%	1,197	92.1%
Jean Dubrucq	1991	7,744	12.5	785	1.0%	797	100.0%
Triomphe III	1993	6,974	3/6/9	669	1.2%	901	92.4%
Goemaere	1988/1998	6,966	3/6/9	490	1.0%	796	88.0%
Eudore Devroye	1996	1,576	3/6/9	278	0.4%	275	100.0%
Hulpe 177	1970	1,462	3/6/9	195	0.2%	157	69.1%
		61,410		8,835	12.9%	9,985	96.6%
Brussels Suburbs							
Ikaros Business Park ⁽²⁾	1990 to 2004	41,185	3/6/9	3,740	5.7%	4,433	83.3%
Media	1999	18,651	9	2,466	3.7%	2,888	100.0%
Fountain Plaza	1991	16,690	3/6/9	1,585	2.0%	1,540	60.9%
Planet 2	1988	10,277	3/6/9	581	0.8%	619	52.0%
Eagle Building	2000	8,712	6/9	1,207	1.7%	1,294	92.1%
Woluwe Garden B	1997	7,673	3/6/9	1,521	1.9%	1,471	90.2%
Woluwe Garden D	1994	7,673	3/6/9	1,250	1.6%	1,261	93.9%
Ocean House	1997	4,693	3/6/9	791	0.9%	701	100.0%
Waterloo Office Park	1992	2,005	6/9	407	0.6%	441	100.0%
		117,559		13,548	19.0%	14,648	83.9%
Mons							
Jonquois 118	2002	7,851	18	1,105	1.3%	1,029	100.0%
Peupliers 71	1976	7,268	9	1,109	1.3%	1,021	100.0%
		15,119		2,214	2.7%	2,050	100.0%
TOTAL OFFICES		473,398		72,019	97.7%	75,416	93.5%

* The former Shell Building.



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SUMMARY OF BEFIMMO REAL ESTATE ASSETS DATA (as of 30.09.05)

INVESTMENT BUILDINGS

	YEAR BUILT/ YEAR RENOVATED	RENTAL SPACE (m ²)	INITIAL DURATION OF LEASES (years)	RENTS CALLED DURING THE FISCAL YEAR (thousands €)	PERCENTAGE OF PORT- FOLIO ⁽¹⁾ (%)	CURRENT RENT as of 30.09.05 (thousands €)	OCCUPANCY RATE as of 30.09.05 (%)
SEMI-INDUSTRIAL							
Brussels Anderlecht							
Rue Bollinckx	1980	8,100	3/6/9	282	0.7%	576	100.0%
Boulevard Industriel	1976	7,797	3/6/9	570	0.4%	305	94.1%
		15,897		852	1.1%	881	97.9%
Brussels Suburbs							
Green Hill	1986	7,218	3/6/9	196	0.3%	239	41.6%
		7,218		196	0.3%	239	41.6%
Antwerp							
Kontich I	1983	18,452	3/6/9	461	0.6%	450	59.4%
Kontich II	1990	8,072	3/6/9	279	0.3%	245	58.8%
		26,524		740	0.9%	695	59.2%
TOTAL SEMI-INDUSTRIAL		49,639		1,788	2.3%	1,814	68.5%
TOTAL INVESTMENT BUILDINGS		523,037		73,806	100.0%	77,230	92.75%
Borschette (30.06.2005) ⁽³⁾	1981	17,657	12/24	3,594	-	3,599	100.0%
Charleroi, rue de la Montagne ⁽³⁾	1995	2,296	commercial	472	-	475	100.0%
TOTAL AT A CONSTANT PERIMETER		542,990		77,872	-	81,304	93.09%

(1) The percentage of the portfolio is calculated on the basis of current rents as of 30.09.05.

(2) Ikaros Business Park: the rental space includes the rental space in phase IV buildings purchased when they were still to be completed. However, the vendor is still financially responsible for the area of Ikaros phase IV building H; it has not been taken into account in the occupancy rate calculation.

(3) During the 2004/2005 fiscal year, Befimmo transferred of the Borschette building and signed an undertaking to sell the retail property in Charleroi.

The real estate expert's conclusions

WINSSINGER & ASSOCIATES

BEFIMMO SCA
Parc Goemaere
Chaussée de Wavre 1945
1160 BRUSSELS
26 October 2005

BEF/frs/38.954

Dear Sir,

Re: valuation as at 30 September 2005

Context

We have been instructed by Befimmo to provide an opinion of value its property portfolio at **30 September 2005**, in the context of the preparation of the financial statements at this date.

Our firm 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. Our mission 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 is 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

We confirm that our valuation has been carried out in accordance with national and international norms, as well as their application procedure, in particular as far as Sicafi valuations are concerned. The value of the Befimmo property portfolio that we have determined is in accordance with the fair value concept as defined in paragraphs 33 to 46 of the international IAS 40 standard.

Fair value is defined as the most likely value that could reasonably be obtained in normal sales conditions between willing and well-informed parties.

In accordance with the IAS 40 standard, fair value is derived without deducting transaction costs incurred in the sales process insofar as the valuation of the Befimmo property portfolio at fair value is not intended to reflect a decision to sell the portfolio. In addition, fair value does not reflect future capital expenditures that will enhance the properties, nor future advantages derived from these expenses.

The sale of a property is theoretically subject to collection by the State of registration rights. The amount of these rights varies depending on method of sale, profile of the purchaser and geographical location of the property. The first two elements, and therefore total amount of rights to be paid, are only known once the sale has been completed.

A recapitulation of past sales by Befimmo tends to show that either no rights at all have been paid, or the payment of rights has not had any significant effect on the fair value of the property. In these conditions and further to the remark made in the previous paragraph, the registration rights are not deducted from the fair value.

Our valuation is realised in accordance with IVS (International Valuation Standards) standards. It is based on the present value of net future rental income for each property. The yield used depends essentially on yields noted on the investment market, taking into consideration location and quality of the property and the tenant at valuation date.

Future rental income is estimated based on existing contractual rental level and the property market's expectations for the particular property in the ensuing periods.

In the light of all comments mentioned above, we confirm that **the fair value of the Befimmo property portfolio at 30 September 2005 amounts to a total of € 1,089,797,000 (ONE BILLION EIGHTY-NINE MILLION SEVEN HUNDRED NINETY-SEVEN THOUSAND EURO)**; this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield Healey & Baker and CB Richard Ellis.

On this basis, the initial yield (except projects and refurbishments) of the portfolio is 7.16%. Should the vacant accommodation be fully let at estimated rental value, the initial yield would be 7.71%.

The occupation rate of the entire portfolio is 92.79%.

The average level of passing rent obtained is currently approximately 9.47% above the current average estimated rental value (not including projects and buildings under renovation); principally due to the rents paid for the buildings in the North area of Brussels which are let on long lease contracts until at least 2015.

The portfolio of comparable size, including disposals (Borschette building) would have an occupation ratio of 93.09% with an initial yield of 7.24% and a gross yield including vacancy of 7.78%.

The property portfolio comprises:

Brussels, 19 municipalities*	77.11%
Periphery and Satellite regions of Brussels	19.53%
Antwerp, Mons, Charleroi	3.09%
Projects and buildings under renovation or under construction	0.28%
TOTAL	100%

* Of which 35.82% are let on long term to EC, to Citibank, to Flemish Government, to the Post Office, and State.

Yours sincerely

Brussels, 26 October 2005

WINSSINGER & ASSOCIATES SA/NV

Benoît FORGEUR **

Philippe WINSSINGER **

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Media - Brussels suburbs.
Built in 1999, floor area 18,651 m².
Architect: M. Jaspers & Partners



The Brussels portfolio in detail



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BRUSSELS CENTRE

1	Central Gate*
2	Brederode 1 and 2
3	Extension Justice
4	Impératrice
5	Poelaert
6	Empereur

BRUSSELS LÉOPOLD DISTRICT

7	Joseph II
8	View Building
9	Wiertz
10	Schuman 3 and 11
11	Guimard

BRUSSELS NORTH AREA

12	World Trade Center
13	Noord Building

BRUSSELS DECENTRALISED

14	La Plaine
15	Triomphe I, II and III
16	Jean Dubrucq
17	Goemaere
18	Eudore Devroye
19	Hulpe 177

BRUSSELS SUBURBS

20	Ikaros Business Park
21	Media
22	Fountain Plaza
23	Planet 2
24	Eagle Building
25	Woluwe Garden B and D
26	Ocean House

* The former Shell Building.

Brussels Centre



Central Gate*

Rue Ravenstein 50-70/Cantersteen 39-55
1000 Brussels
Space: 30,675 m²
Year renovated: 1997-2000
Offices

Architect: Alexis Dumont



Brederode 1

Rue de Brederode 9/11/13/13a,
Rue de Namur 28/30/32/48/50/52,
Rue Thérésienne 14
1000 Brussels
Space: 25,213 m²
Year renovated: 1990-2001
Offices

Architects: J. Brunfaut and Art & Build (renovation)



Extension Justice

Rue des Quatre Bras 13
1000 Brussels
Space: 18,795 m²
Year built/year renovated: more than 15 years
Offices

Architect: A. & J. Polak



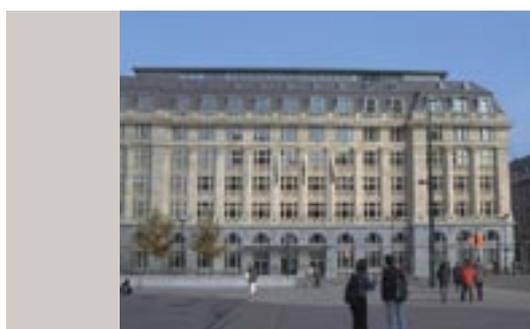
Impératrice

Boulevard de l'Impératrice 17-19
1000 Brussels
Space: 10,070 m²
Year renovated: 1997-2000
Offices

Architects: L. M. J. R. Stynen & P. De Meyer

* The former Shell Building.

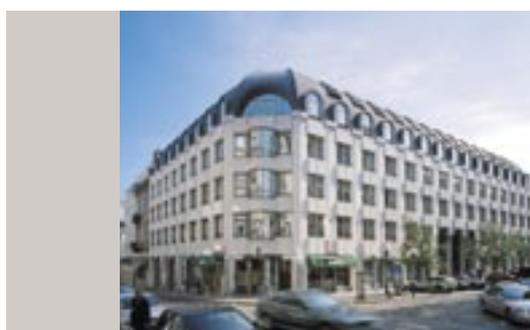
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Poelaert

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

Architect: Cerau Architect Partners (renovation)



Brederode 2

Rue de Bréderode 2/4/6
 Rue de Namur 20/24/26
 1000 Brussels
 Space: 7,592 m²
 Year built: 1993
 Offices

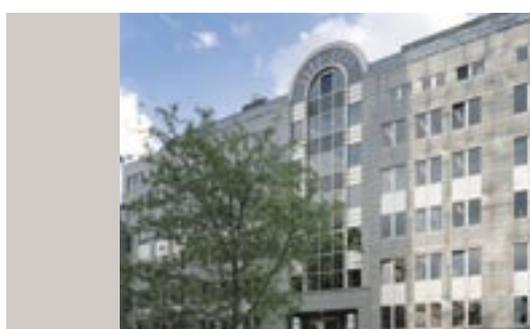
Architect: AUA



Empereur

Boulevard de l'Empereur 11
 1000 Brussels
 Space: 5,953 m²
 Year renovated: 1997-2004
 Offices

Brussels
 Léopold
 district



Joseph II

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

Architects: CDG: Czyn, de Laveleye and Grochowski



View Building

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

Architects: J. Cuisinier and Art & Build (renovation)



Wiertz

Rue Wiertz 30-50
1050 Brussels
Space: 10,857 m²
Year built: 1996
Offices

Architect: Aldo Sanguinetti



Schuman 3

Rond-Point Schuman 2-4a and
Rue Froissart 141a-143
1040 Brussels
Space: 5,487 m²
Year renovated: 2001
Offices

Architect: Assar SC (renovation)



Guimard

Rue Guimard 9, Rue du Commerce 87-91
1040 Brussels
Space: 5,357 m²
Year renovated: 1997
Offices

Architect: ARIES (renovation)

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Brussels
North
Area



Schuman 11

Rond-Point Schuman 11
 1040 Brussels
 Space: 5,176 m²
 Year renovated: 2003-2004
 Offices

Architect: Assar SC (renovation)



World Trade Center

Boulevard du Roi Albert II 30
 1000 Brussels
 Space: 66,326 m²
 Year built/year renovated: 1975/1998
 Offices

Architects: C. Emery (1970), Structures, A. & J. Polak and R. Stapels



Noord Building

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

Architects: Jaspers (Jaspers-Delhaise) + Vander Elst (Vander Elst - Polak - Stapels - Fuyen - Bontinck)

Brussels
Decentralised



La Plaine

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

Architect: H. Montois



Triomphe I

Avenue Arnaud Fraiteur 15-23
1050 Brussels
Space: 11,498 m²
Year built: 1998
Offices

Architect: Philippe Samyn



Triomphe II

Avenue Arnaud Fraiteur 15-23
1050 Brussels
Space: 9,257 m²
Year built: 1998
Offices

Architect: A + U



Jean Dubrucq

Avenue Jean Dubrucq 175 b 1
1080 Brussels
Space: 7,744 m²
Year renovated: 1991
Offices



Triomphe III

Avenue Arnaud Fraiteur 25-27
1050 Brussels
Space: 6,974 m²
Year built: 1993
Offices

Architect: Bureau Marjijnissen & Associés sprl

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Goemaere

Chaussée de Wavre 1945
 1160 Brussels
 Space: 6,966 m²
 Year built/year renovated: 1988/1998
 Offices

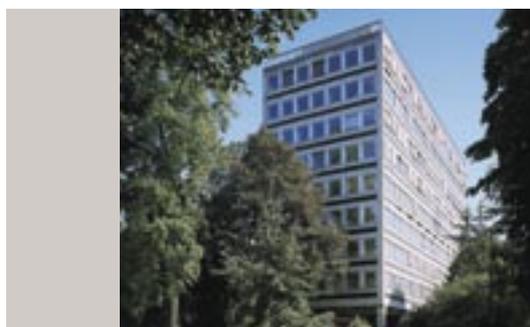
Architect: Assar SC



Eudore Devroye

Rue Père Eudore Devroye 245
 1150 Brussels
 Space: 1,576 m²
 Year renovated: 1996
 Offices

Architects: Baudouin Courtens and Associés sprl (renovation)



Hulpe 177

Chaussée de la Hulpe 177
 1170 Brussels
 Space: 1,462 m²
 Year built: 1970
 Offices

Brussels Suburbs



Ikaros Business Park – Phase I

Ikaroslaan 1/3; 5/7; 9/11; 13/15; 2/4; 6/8
 1930 Zaventem
 Space: 9,626 m²
 Year built: 1989-1990
 Offices

Architect: Paul Becker sprl



Ikaros Business Park – Phase II

Ikaroslaan 17/19; 21/23; 25/27
1930 Zaventem
Space: 4,739 m²
Year built: 1992
Offices

Architect: Paul Becker sprl



Ikaros Business Park – Phase III

Ikaroslaan 10/12; 14; 18; 20; 24; 28
1930 Zaventem
Space: 9,670 m²
Year built: 1999-2000
Offices

Architect: Gillis Design



Ikaros Business Park – Phase IV

Ikaroslaan 33; 37; 41; 45; 49; 53; 57; 61
1930 Zaventem
Space: 17,150 m²
Year built: 2001 to 2004
Offices

Architects: M & J-M Jaspers - J. Eyers & Partners



Media

Medialaan 50
1800 Vilvoorde
Space: 18,651 m²
Year built: 1999
Offices

Architect: M. Jaspers & Partners



Fountain Plaza

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

Architect: I.T.H. Monsieur Mossoux

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Planet II

Leuvensesteenweg 542
 1930 Zaventem
 Space: 10,277 m²
 Year built: 1988
 Offices

Architect: Lemaire Pierre



Eagle Building

Kouterveldstraat 20
 1831 Diegem
 Space: 8,712 m²
 Year built: 2000
 Offices

Architect: Ryckaerts & Partners



Woluwe Garden B

Boulevard de la Woluwe 28
 1932 Zaventem
 Space: 7,673 m²
 Year built: 1997
 Offices

Architect: M & C Marijnissen



Woluwe Garden D

Boulevard de la Woluwe 24
 1932 Zaventem
 Space: 7,673 m²
 Year built: 1994
 Offices

Architect: M & C Marijnissen



Ocean House

Belgicastraat 17
1930 Zaventem
Space: 4,693 m²
Year built: 1997
Offices

Architect: Assar SC



Waterloo Office Park

Building A, Drève de Richelle 161
1410 Waterloo
Space: 2,005 m²
Year built: 1992
Offices

Architect: Cerau Architect Partners

Mons



Mons I (Joncquois)

Rue du Joncquois 118
7000 Mons
Space: 7,851 m²
Year renovated: 2002
Offices

Architects: André Louis Blot - Jacques Shreder -
Louis Henri Sorée



Mons II (Peupliers)

Digue des Peupliers 71
7000 Mons
Space: 7,268 m²
Year built: 1976
Offices

Architects: André Louis Blot and Louis Henri Sorée

Brussels Anderlecht



Anderlecht II

Rue Bollinckx 26-32
1070 Anderlecht
Space: 8,100 m²
Year built: 1980
Semi-industrial

Architects: Van Severen & Van Den Broeck

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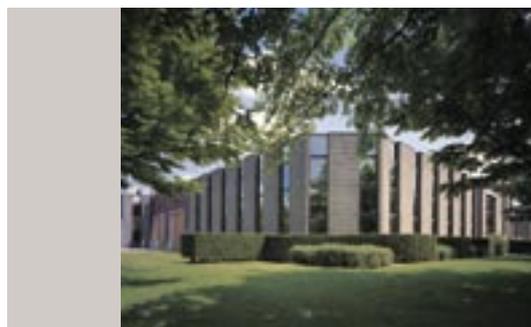
Brussels
Suburbs



Anderlecht I

Boulevard Industriel 101/113
 1070 Anderlecht
 Space: 7,797 m²
 Year built: 1976
 Semi-industrial

Architect: P.L. Hanotte



Green Hill

Hoge Wei and Hermesstraat
 1930 Zaventem
 Space: 7,218 m²
 Year built: 1986
 Semi-industrial

Architect: Jean-Pierre Beyls

Antwerp



Kontich I

Prins Boudewijnlaan 9
 2550 Kontich
 Space: 18,452 m²
 Year built: 1983
 Semi-industrial

Architect: Posson-Donck



Kontich II

Prins Boudewijnlaan 17
 2550 Kontich
 Space: 8,072 m²
 Year built: 1990
 Semi-industrial

Architect: Luc van Hooreweder

▶ La Plaine -
Brussels
decentralised.
The property was
built in 1995 and
entered
the portfolio
the same year, with
a floor area
of 15,933 m².
Architect: H. Montois

▶▶ View Building -
Brussels
Léopold district.
Building renovated
in 2001,
with a total floor
area of 11,106 m².
Architects:
J. Cuisinier and
Art & Build (renovation)





Befimmo aims to be an available and attentive landlord, seeking solutions for its tenants.



Financial results

(as of 30.09 - in thousands of € - after appropriation)

BALANCE SHEET	2003	2004	2005
Assets			
Value of the real estate properties	1,054,527	1,125,312	1,089,797
Value of the real estate certificates	10,069	3,693	1,428
Other assets	37,592	23,250	24,493
Total assets	1,102,188	1,152,255	1,115,718
Liabilities and shareholders' equity			
Equity	601,294	603,797	623,337
Provisions for risks and charges	2,351	2,351	-
Amounts payable after more than one year	117,668	186,829	116,901
Amounts payable within one year	375,489	353,661	370,648
Financial debts	304,901	283,263	297,525
Trade debts	22,499	19,645	17,948
Other debts	48,089	50,753	55,175
Accrued charges and deferred income	5,386	5,617	4,832
Total liabilities and shareholders' equity	1,102,188	1,152,255	1,115,718
Key figures			
Debt ratio (%)	44.7	46.9	43.7
Return on equity (%)	6.5	7.9	11.0
Share price as of 30.09 (€)	69.80	76.50	87.50
Book value per share (after appropriation) (€)	61.39	61.65	63.64
RESULT			
+ Gross rents	77,561	78,265	77,872
+ Certificates coupons	736	260	236
= Real estate income	78,297	78,525	78,108
- Net real estate costs	-4,211	-5,584	-6,436
- Operating costs	-5,496	-6,248	-5,969
= Operational cash flow	68,590	66,693	65,703
- Net financial result	-15,782	-15,172	-15,135
- Taxes	-96	-652	-670
= Net current cash flow	52,712	50,869	49,898
+ Capital gain realised on real estate portfolio ⁽¹⁾	-	2,595	13,841
- Extraordinary expenses ⁽²⁾	-	-957	-277
= Net cash flow	52,712	52,507	63,463
- Non-cash operating costs ⁽³⁾	-120	-154	-211
+ Reversals of provisions and other liabilities ⁽⁴⁾	-	-	2,904
- Depreciations, interest-rate hedging instruments	-	-36	-235
- Variation in portfolio's market value booked to the profit and loss account (unrealised underlying depreciation)	-7,477	-8,396	-9,430
= After-tax result	45,115	43,921	56,490
Key figures			
Net cash flow per share (€)	5.38	5.36	6.48
Earnings per share (€)	4.61	4.48	5.77
Return per share (€) ⁽⁵⁾	4.01	4.88	6.79
Gross dividend per share (€)	4.45	4.62	4.80
Net dividend per share (€)	3.78	3.93	4.08
Pay-out ratio⁽⁶⁾	82.8%	91.1%	89.5%

(1) 2004: capital gain realised through the sale of part of the portfolio of real estate certificates. 2005: capital gain realised through the sale of the Borschette building and part of the portfolio of real estate certificates.

(2) 2004 : fee for arranging a new syndicated loan.

(3) Write-downs/write-backs on write-downs on receivables and depreciations of furniture and vehicles.

(4) 2005: of which € 2.351 million as write-backs of general provisions for works.

(5) The return is the gross dividend for the fiscal year plus the increase in the book value during the fiscal year divided by the book value at the beginning of the year.

(6) The pay-out ratio is calculated on the basis of the net product, in accordance with Article 62 of Royal Decree of 10 April 1995 on real estate Sica's.

Comments on the results

In its press release of 17 November 2004 announcing the annual results for the 2004 financial year, Befimmo forecast that *"the next fiscal year should show consolidation. If all goes as expected, the operating cash flow will be down slightly by an estimated 4%"*.

The 2005 results are significantly better than this forecast, despite a rental market that is still difficult in the absence of an economic recovery.

Indeed, **operational cash flow (before financial results and taxes)** for the financial year stood at € 65.7 million, as compared with € 66.7 million last year, a drop of 1.5%, substantially less than the forecast 4% drop. This performance is better than forecast, despite the absence of any new investment, because the operating result on buildings was better than expected and overheads were lower than budgeted.

Operational cash flow was lower than in the previous period, owing to a combination of the following factors:

> Rents fell by 0.5%, mainly owing to temporary rental concessions aimed at retaining certain tenants in the portfolio in the decentralised and suburbs areas when their leases came up for renewal.

> Net real estate charges amounted to € 6.4 million as against € 5.6 million last year. This rise was due to the higher charges borne by the owner for space falling vacant during the period.

> Operating costs fell by 4.5%, as a result of the lower cost of studies for new projects.

The net financial result (including depreciation of interest-rate hedging instruments) is € -15.37 million, up by € 0.16 million. This increase is due to the financing of the Poelaert building over 12 months rather than 9 in the previous period and to the higher cost of interest-rate hedging instruments.

During the fiscal year, the average financing cost for loans was 3.25% (including the margins, the cost of interest rate hedging and reservation commissions), compared with 3.20% for the last fiscal year.

The following table has been drawn up to provide a comparison of Befimmo's results with those of "Sicafis" that publish their accounts pursuant to a derogation to the system established by the Royal Decree of April 1995.

RESULT BEFORE EXTRAORDINARY ITEMS (in thousands of €)			
	2003	2004	2005
+ Gross rents	77,561	78,265	77,872
+ Certificates coupons	736	260	236
- Net real estate costs	-4,211	-5,584	-6,436
- Operating costs	-5,496	-6,248	-5,969
- Non-cash operating costs ⁽¹⁾	-120	-154	-211
= Operating profit	68,470	66,539	65,492
- Net financial result	-15,782	-15,208	-15,370
- Taxes	-96	-652	-670
= Earnings before extraordinary items	52,593	50,679	49,452
+ Capital gains realised on portfolio disposals	-	2,595	13,841
- Reversal of unrealised capital gains on realised assets	-	-2,609	-655
+/- Change in market value (unrealised capital gains or losses)	-13,340	-1,921	1,288
+/- Portfolio result	-13,340	-1,935	14,474
+/- Net extraordinary result	-	-957⁽²⁾	2,627⁽³⁾
= Result for the period (derogatory arrangement)	39,253	47,787	66,553
+/- Revaluation gains transfer (equity), including			
• Reversal of unrealised capital gains on realised assets	-	2,609	655
• Change in market value (unrealised capital gains)	5,862	-6,475	-10,718
= Net accounting result	45,115	43,921	56,490

(1) Write-downs on receivables and depreciation of furniture and vehicles.

(2) Fee for arranging a new syndicated loan.

(3) Of which € 2.351 million as write-backs of general provisions for works.

The higher cost of financing is due to a rise in the cost of interest-rate hedging.

After financial result and taxes, the **current net cash flow** is € 49.90 million, as compared with € 50.87 million for the previous fiscal year.

Taking account of the capital gains realised with the sale of the Borschette building (€ 12.66 million) and the sale of part of the portfolio of real estate certificates (€1.18 million), net cash flow was € 63.46 million, or € 6.48 per share (as compared with € 52.51 million or € 5.36 per share last year).

During the fiscal year, provisions of € 2.35 million for future works on buildings set aside some time ago by Cibix were reversed, as there was no longer any reason to hold them. The works and repairs to be carried out in the buildings which, all other things being equal, do not change the value of the buildings, are incorporated into the three-year forecast of results.

The net profit for the fiscal year amounts to € 56.49 million in comparison with € 43.92 million for the previous fiscal year.

The net profit is calculated after taking account of a reduction in value of € 9.4 million of certain buildings, despite the fact that the market value of the real estate portfolio (excluding investments and disposals for the period) showed a slight increase of € 1.3 million since the start of the period. Befimmo records changes in the value of its portfolio in strict compliance with the rules set out in the Royal Decree of 10 April 1995. As

(in millions of €)

Equity at the beginning of the year		603.80
Net cash flow of the fiscal year	63.46	
Write-downs on portfolio booked to the profit and loss account	-9.43	
Reversal of provisions and other non-cash items	2.46	
Profit of the year	= 56.49	
Variation in portfolio value not booked to the profit and loss account	+ 10.06	
Return of the year	= 66.55	+
Equity at the end of the year before appropriation		= 670.35
Gross dividend proposed to the General Meeting	- 47.01	-
Equity at the end of the year		= 623.34
Variation in equity after appropriation of the results	= 19.54	

During the fiscal year, equity movements were as follows:

such, only capital gains actually realised appear in the profit and loss account, unrealised gains and losses being reflected in shareholders' equity, except for unrealised capital losses incurred when the assessed value is less than the purchase value.

As of 30 September 2005, the net asset value before appropriation of results stood at € 670.35 million, compared with € 603.8 million after appropriation at the start of the fiscal year.

The gross dividend amounts to 89.5% of the net product of the fiscal year as defined by the Royal Decree of 10 April 1995 on real estate Sicafis.

The net book value, after appropriation, is € 63.64 per share. The return for the fiscal year is therefore € 6.79 per share or 11.0% of the net book value at the start of the fiscal year.

Debt structure and interest rate risk hedging

Given the historically low interest rates, since 2002 Befimmo has opted for a financing policy based for the most part on floating rates. As of 30 September 2005, financial debt stood at € 413.2 million, 80% of which involved floating-rate loans. This strategy has allowed it to take full advantage of short-term interest rate cuts. During the fiscal year, the average financing cost for loans amounted to 3.25% (including the margin and cost of interest-rate hedging instruments), compared with 3.20% for the previous fiscal year.

Alongside this policy of floating rates, Befimmo has implemented a policy of hedging interest rate risks, based mainly on purchasing "CAP" options. The interest rate risk is now hedged until the end of 2008 for a proportion of debt that will gradually increase from 74% as of 30 September 2005 to 99% by the end of 2008. The rate increase risk is limited to 5% between now and 2008.

As of 30 September 2005, Befimmo had the following rate hedging instruments:

- > a 4% CAP option covering € 136 million until the end of June 2006.
- > a collar, with a 5.5% CAP and a floor at 3.5%, covering € 87.5 million until the end of June 2006.
- > a 5% CAP option covering € 368 million from July 2006 to December 2008.

Appropriation of results

The net profit for this fiscal year amounts to € 56,489,902.36. Taking into account the profit carried forward from the previous fiscal year, the profit to be appropriated amounts to € 122,734,644.17.

In accordance with Article 60 of the Royal Decree of 10 April 1995 on real estate Sicafs, no depreciation was booked on the buildings.

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.

No event occurred during the fiscal year to justify setting up provisions as defined in Article 13 of the Law of 17 July 1975 on company accounting and annual accounts.

In accordance with the pay-out policy pursued to date, the Managing Agent will propose to the Ordinary General Meeting of Shareholders that part of the profits amounting € 75,722,354.57 be carried forward.

This reinforces the capacity to finance any expenses relating to the risks inherent in the company's activities, while future dividend payments are also protected.

Like last year, dividend growth this year will be 3.9%, well above the rate of inflation⁽¹⁾. We will therefore propose to the General Meeting that a dividend be

paid out in line with the forecasts published in the annual report for 2004.

We propose appropriating the amounts as follows:

Profit to be carried forward	75,722,354.57 €
Profit for distribution	47,012,289.60 €

If you approve this appropriation, the net dividend after deduction of the withholding tax will amount to € 4.08 (€ 4.80 gross) for each of the 9,794,227 shares. This will be payable from 20 December 2005 on presentation of coupon nr 11 detached from the shares, at the following banks:

> DEXIA BANK

> ING BANK BELGIUM

> FORTIS BANK

The proposed gross dividend is higher than the minimum of 80% of net product required by Article 62 of the Royal Decree of 10 April 1995; the pay-out ratio is 89.5%. The proposed gross dividend represents 83.2% of the profit for the fiscal year.

Subsequent events

Outside its day-to-day management duties, the Managing Agent has no after year-end subsequent event to report.

(1) Change in health index over 12 months (September 2004 to September 2005): 2.25%.

Business outlook, dividend policy

Befimmo is pursuing its strategy of maximising cash flows and creating value.

The outlook for the next three years (given below) is based on information available as of 30 September 2005. These forecasts are not a commitment from Befimmo and are not certified by the auditor. Whether or not these forecasts will actually be achieved depends in particular on developments in the real estate and financial markets.

They are based on actual contracts currently held by the Sicafi. They take account of the change in perimeter following the disposal of the Albert Borschette conference centre and the building in rue de la Montagne, Charleroi. Only investment works that generate an increase in value of the property at least equivalent are shown in the assets.

The assumptions taken into account are:

Regarding cash flows:

	04/05	05/06	06/07	07/08
	realised	forecasts		
Change in the health index	2.25%	2%	2%	2%
Average occupancy rate*	89.8%	91.9%	92.7%	93.7%
Euribor 3-month rate	2.1%	2.5%	2.7%	3.0%

Befimmo makes the assumption of stable property values (at a constant perimeter) on the basis of the experience of previous years and information currently available.

As far as investment projects are concerned, Befimmo will seize any opportunity offering long-term prospects for creating value for its shareholders that meets its profitability targets.

Growth can be achieved in two ways:

- > internal, regular and gradual growth, through direct and indirect acquisitions, in line with Befimmo's debt capacity;
- > external, selective growth through mergers with other real estate portfolios, as opportunities arise.

Ideally, Befimmo aims to use its investment capacity in such a way that the debt ratio for a given year averages 47%, compared to the current figure of 44%. In terms of internal growth, an investment of € 100 million – theoretical at this stage – would meet that target and would increase profit per share by € 0.30 on an annual basis. Forecasts nevertheless apply to a constant perimeter and therefore take no account of any new investments.

Similarly, these projections do not include external growth.

Dividend policy

On the basis of the above hypotheses, projections show that the dividends in future years will be at the same levels as net cash flows. Should a situation less favourable than this hypothesis occur, an occasional annual dividend could exceed cash flow. This situation is caused both by the change in perimeter (the disposals with capital gain of the Borschette and rue de la Montagne buildings) and the continuing economic crisis.

Over the forthcoming fiscal years, Befimmo will continue its efforts to make new investments profitable for shareholders and so use its investment capacity in order to keep generating a solid dividend. Nevertheless, should these projects not materialise, the capital gain earned on the Borschette building, incorporated this year into reserves, could be used, if necessary, to make up any projected dividends.

According to these forecasts the dividend growth should amount to 2.5% for future years.

In this way, Befimmo considers that it will be able, as in the past, to pursue its policy of a healthy growth in dividend.

* The average occupancy rate during the fiscal year is calculated as the ratio of income actually earned during the fiscal year (turnover for the fiscal year) to this income plus the estimated rental income for vacant areas during the vacant period.

FORECASTS (as of 30.09 - in thousands of €)

BALANCE SHEET	2005	2006	2007	2008
Total assets				
Real estate portfolio	1,091,225	1,087,000	1,090,000	1,091,000
Other assets	24,493	23,000	23,000	24,000
Total shareholders' equity	623,337	623,000	623,000	624,000
Total debt	492,380	487,000	490,000	491,000
Debt ratio (%)	43.7%	43.4%	43.5%	43.6%
Book value per share (€)	63.64	63.60	63.60	63.70

INCOME STATEMENT	2005	2006	2007	2008
Revenues	78,108	76,200	78,200	79,300
Gross rent	77,872	76,100	78,100	79,200
Real estate certificates	236	100	100	100
Charges	-38,085	-33,100	-31,400	-29,600
Net real estate costs	-6,436	-7,800	-6,600	-5,500
Net operating charges	-5,969	-6,500	-6,400	-6,700
Non-cash charges	-211	-200	-200	-200
Unrealised depreciations on assets	-9,430	-3,900	-3,200	-1,200
Taxes	-670	-700	-700	-700
Net financial charges	-15,369	-14,000	-14,300	-15,300
Net extraordinary result	16,467	500	-	-
Net result	56,490	43,600	46,800	49,700
Net cash flow	63,463	48,300	51,300	52,200
Transferred to reserves	9,478	-4,600	-2,600	-900
Gross dividend	47,012	48,200	49,400	50,600

DATA PER SHARE (in €)	2005	2006	2007	2008
Price at 30 September	87.50	-	-	-
Book value at beginning of fiscal year	61.65	63.60	63.60	63.60
Book value at end of fiscal year	63.64	63.60	63.60	63.70
Net cash flow	6.48	4.93	5.24	5.33
Net current cash flow	5.09	4.88	5.24	5.33
Net result	5.77	4.46	4.78	5.07
Gross dividend	4.80	4.92	5.04	5.17
Net dividend	4.08	4.18	4.28	4.39
Gross yield (%)	5.49%	-	-	-
Return (%)				
Overall	11.0%	7.6%	8.0%	8.2%
Current	8.3%	7.5%	8.0%	8.2%
Number of shares	9,794,227	9,794,227	9,794,227	9,794,227

Switch to IFRS standards

Explanatory note

Background

Although it does not publish consolidated accounts, Befimmo SCA will publish its annual accounts in accordance with both Belgian standards and the “International Financial Reporting Standards” (IFRS) as it was adopted in the European Union as from the fiscal year closing at 30 September 2006, along with comparative information for the fiscal year closing at 30 September 2005. The aim of this decision is to ensure that Befimmo’s accounts can be compared with those of other Sicafis and listed real estate companies publishing their accounts in accordance with IFRS standards.

The procedure for converting the financial statements to IFRS standards is under way. The various restatements to be made in relation to Belgian accounting standards have been identified. This explanatory note illustrates the impact of the application of IFRS standards on shareholders’ equity at the date of the switch to IFRS (1 October 2004) and the annual closing on 30 September 2005, and on the results for the 2004/2005 comparison fiscal year. The accounts for the fiscal year closing at 30 September 2005 have been converted to IFRS standards for comparison purposes. The balance sheet and income statement for this comparative fiscal year are also set out in this note.

Note that this information could be subject to a limited number of adjustments if IFRS standards as adopted in the European Union change between now and 30 September 2006, in which case the changes might have to be applied retrospectively for the preparation of the opening balance in IFRS established at 1 October 2004. Similarly, Befimmo SCA may – at its discretion – decide to apply the new IFRS provisions early.

Chosen IFRS options

First-time adoption options

In accordance with IFRS 1 – *First-time adoption of IFRS standards*, Befimmo SCA has availed itself of the following two exemptions:

- > Business combinations: exemption whereby acquisitions prior to the date of the switch to IFRS (30 September 2004) are not restated retrospectively in accordance with IFRS 3 – *Business Combinations*;
- > Employee benefits under non-statutory pensions: exemption whereby all cumulative actuarial gains and losses on the date of the switch to IFRS are applied as adjustments to opening equity. However, this exemption has no impact on the opening balance.

Optional accounting methods

In certain limited cases, IFRS standards offer an alternative accounting treatment. Befimmo SCA has adopted the following main accounting methods:

- > The “fair-value” option provided for in IAS 39 – *Financial instruments: Recognition and Measurement* is used for real estate certificates. Changes in the fair value of real estate certificates are therefore booked directly in the income statement.
- > Tangible assets excluding buildings for investment (IAS 16) are valued on the basis of the depreciated historical cost model.
- > The “corridor” method defined by IAS 19 – *Employee benefits* is used for actuarial gains and losses generated after the date of the switch to IFRS standards.

Restatements identified

On the basis of the principles defined above, the table hereafter compares Befimmo SCA’s shareholders’ equity under Belgian accounting standards and under IFRS standards.



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(in millions of €)	NOTE	SHARE-HOLDERS' EQUITY 01.10.2004	FISCAL YEAR RESULTS 2004/2005	OTHER CHANGES IN SHAREHOLDERS' EQUITY	SHARE-HOLDERS' EQUITY 30.09.05
Under Belgian standards		603.8	56.5	-37.0	623.3
IFRS adjustments					
- Derivatives	1	-3.2	-0.1	-	-3.3
- Unrealised capital gains on real estate assets	2	-	10.7	-10.7	-
- Unrealised capital gains on real estate certificates	3	-	-0.7	0.7	-
- Dividend	4	45.3	-	1.7	47
- Provisions for risks and charges	5	2.3	-2.3	-	-
- Loan issue costs	6	0.9	-0.2	-	0.7
Under IFRS		649.2	64.0	-45.3	667.9

1. Derivatives

Given the historically low interest rates, since 2002 Befimmo has opted for a financing policy based for the most part on floating rates. This strategy has made it possible to take full advantage of lower short-term interest rates. Alongside this method of funding, Befimmo has adopted a policy of acquiring financial derivatives to hedge the interest-rate risk (*CAPS* and *collar*).

These instruments are booked at the depreciated historical cost **under Belgian accounting standards**.

Under IFRS standards, they have to be booked at fair value. Variations in the fair value of the caps contracts are booked under shareholders' equity in a special item for hedging instruments in the actual amount used for hedging in accordance with the provisions of IAS 39 – *Financial instruments: recognition and measurement*. The variation in the part not actually used for hedging is booked straight to the income statement. The cumulative amounts under shareholders' equity are transferred to the income statement during the period in which the hedged transaction affects the income statement.

As regards its *collar* contract, Befimmo has opted not to apply the IFRS accounting process for hedging instruments. The changes in fair value of this contract, both positive and negative, are therefore booked directly in the income statement.

At 1 October 2004, the impact of the switch to IFRS standards on opening equity represents a reduction of € 3,238,787.

The impact of this adjustment on the results for the 2004/2005 fiscal year is a supplementary charge of € 118,529.

2. Reclassification of unrealised capital gains on real estate assets

Under Belgian standards,

> reductions in the value of real estate (valued below the acquisition cost) are recorded in the income statement;

> increases in the value of real estate (valued above the acquisition cost) are booked to shareholders' equity under the item revaluation profit on tangible assets.

At 30 September 2004, a cumulative amount of € 212,226,917 was recorded under this item.

Under IFRS standards, changes in the fair value of investment property, positive or negative, are booked directly to the income statement. Consequently, the item revaluation profit on tangible assets has to be written back in full against a transfer to reserves in shareholders' equity in the opening balance.

This adjustment does not have any impact on the total amount of shareholders' equity at the beginning of the financial year.

As from the date of the switch to IFRS standards, all changes – both positive and negative – in the value of real estate will be recorded in the income statement. The impact of this adjustment on the results for 2004/2005 fiscal year is an increase in income of € 10,718,391, corresponding to the increases in the fair value of investment real estate booked directly to shareholders' equity under Belgian standards during the fiscal year.

3. Reclassification of unrealised capital gains on real estate certificates

Under Belgian standards,

- > reductions in the value of real estate certificates (valued below the acquisition cost) are recorded in the income statement;
- > increases in the value of real estate certificates (valued above the acquisition cost) are booked to shareholders' equity under the item revaluation profit on financial assets.

Under IFRS standards, Befimmo has availed itself of the «fair value» option for the accounting treatment of the portfolio of real estate certificates, considering them to be financial assets recorded at fair value, with changes in fair value – both positive and negative – booked directly in the income statement.

Consequently, the “Belgian” item capital gains on financial assets under Belgian standards has to be written back in full under the IFRS standards; this is reflected as an increase in reserves in the opening balance.

This adjustment – amounting to € 655,246 – does not have any impact on the total amount of opening equity.

In 2004/2005, the income statement according to Belgian standards showed a capital gain on the Woluwe Shopping Center portfolio of real estate certificates, worth € 1,184,746. This amount consists of the unrealised capital gain booked for these certificates in previous years (€ 655,246), and the capital gain actually realised during the fiscal year (€ 529,500).

Under IFRS, since the unrealised capital gain had already been transferred into the result carried forward to the opening balance at 30 September 2004, the capital gain realised is lower than that booked under Belgian standards by an equivalent amount. The impact on the results for the 2004/2005 fiscal year is therefore a reduction in profit of € 655,246.

4. Reclassification of the dividend proposed for the fiscal year

Under Belgian standards, the dividend proposed by the Managing Agent is transferred to the Other Debts item at the closing of the financial year, i.e. before it is approved by the General Meeting of Shareholders.

Under IFRS standards, the dividend for the financial year has to be retained under shareholders' equity until the date on which it is approved by the Annual General Meeting.

The impact of the switch to IFRS on opening equity is an increase in equity of € 45,283,897.

This difference in accounting treatment does not have any impact on the results for the 2004/2005 fiscal year. However, the dividend for the 2004/2005 fiscal year, of € 47,012,290, has to be reclassified from Other Debts to the Result Carried Forward item in IFRS closing equity at 30 September 2005.

5. Reversal of provisions for other risks and charges

In IFRS, the provision for other risks and charges in the balance sheet at 30 September 2004 drawn up under Belgian standards has to be reversed since it does not comply with the criteria for booking a provision under IFRS standards.

The impact of this adjustment on opening equity is an increase of € 2,350,680.

Under Belgian standards, this provision for risks and charges was reversed during the 2004/2005 fiscal year. Under IFRS, the result of the 2004/2005 fiscal year must not take account of this reversal, as the



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provision has been written back into the equity of the opening balance.

The impact of this adjustment on the results for the 2004/2005 fiscal year is therefore a reduction in profit of € 2,350,680.

6. Loan issue costs

Under Belgian standards, Befimmo books the full amount of loan issue costs when they occur. During the 2003/2004 fiscal year, the full costs of arranging a new syndicated credit, totalling € 958,829, were booked.

Under IFRS, loan issue costs have to be booked under Liabilities in the balance sheet, deducted from the nominal amount of the loan to which they relate, and are booked to the results on a staggered basis throughout the term of the loan.

The impact of this adjustment on opening equity is an increase of € 936,775.

The impact on the results for the 2004/2005 fiscal year is a supplementary charge of € 191,661.

7. Spreading of rental gratuities conceded to tenants

Under Belgian standards, rental gratuities offered to tenants are booked in the period in which they apply.

Under IFRS, gratuities offered to tenants are spread from the start of the lease over its mandatory duration, i.e. until the tenant's first option to vacate the premises.

The initial impact of this spreading under IFRS is therefore an increase in opening equity and an increase in the result for the fiscal year. As a second stage, the adjustment account created in the assets for the spreading of the gratuities shows a drop in value as it represents future rents which are already included in the value of the investment buildings. This reduction in value is booked under other current operating costs.

The overall impact of spreading rental gratuities is therefore zero, in both equity and the income statement.

8. Spreading of concessions to tenants

Under Belgian standards, concessions offered to tenants (such as carpets or partitions fitted at the owner's expense) are booked in the period during which the expenditure is incurred.

Under IFRS, concessions offered to tenants are spread from the start of the lease over its mandatory duration, i.e. until the tenant's first option to vacate the premises.

The impact of spreading these concessions is marginal, on both equity and the result of the 2004/2005 fiscal year.

9. Incorporating common charges

In the course of their work, external management companies incur a number of charges (power, maintenance costs, etc.). The manager bills these charges to the tenants. If they default, the manager recovers the charges from the owner.

Under Belgian standards, these charges and proceeds linked to building management appear not in the owner's accounts, but in those of the management companies.

Under IFRS, since the owner is at risk of paying the charges if the tenant defaults they, and the bills to the tenants, must be included in the income statement. The income statement therefore shows an increase in charges and proceeds for common charges incurred by the manager, but the impact on the result is negligible since all these common costs are recovered from the tenants.

Balance sheet and income statement under IFRS

The balance sheet and income statement for the fiscal year closing at 30.09.2005 are laid out below in accordance with IFRS⁽¹⁾.

LAYOUT OF INCOME STATEMENT UNDER IFRS (in thousands of €)

	2004/2005
Rental income	79,219
Charges linked to rental income	-419
Net rental income	78,800
Recovery of owner's charges	4,330
Recovery of rental charges and taxes on leased property	17,975
Rental charges and taxes on leased property	-17,386
Other revenue and charges for leased property	7
Net real estate income	83,726
Technical costs	-8,036
Commercial costs	-857
Rental charges and taxes on unlet property	-1,217
Other charges to owners	-3
Real estate management costs	-1,221
Real estate charges	-11,334
Operating result of buildings	72,392
Corporate operating charges	-5,813
Other current operating charges and proceeds	-437
Current operating result	66,142
Result of sales of real estate assets	12,657
Result of sales of other non-financial assets	-
Revaluation of real estate assets	1,329
Operating result	80,128
Financial proceeds	2,005
Interest charges	-13,262
Other financial charges	-4,224
Financial result	-15,481
Pre-tax result	64,647
Taxes	-661
Net result	63,986

> Real estate revenues include all net revenues from letting property, including compensation for damage by tenants, billing of charges, expenses and miscellaneous taxes chargeable to clients in the form of incentives or rental gratuities;

> Real estate charges include all net charges to be paid by the owner of the property, including techni-

cal expenses (maintenance, etc.) and commercial expenses (commissions, marketing, etc.), taxes and charges on unlet spaces allocated to each building, and real estate management expenses including charges for operating personnel minus management fees received, operating costs of the company headquarters and costs of studies for the development and renovation of the assets.

(1) The financial statements at 30 September 2005 were prepared using the accounting and valuation principles to be used for drawing up the first financial statements for the 2005/2006 fiscal year under IFRS. The layout of the accounting system and the interpretation of the new standards could be liable to changes when the IFRS financial statements are drawn up at 31 March 2006, especially to take account of the comments of the CBFA as supervisory authority, and ongoing consultation within the Sicafi sector.

LAYOUT OF BALANCE SHEET UNDER IFRS (in thousands of €)

30.09.05

ASSETS

Non-current assets	1,092,017
Investment buildings	1,089,797
Development projects	-
Other tangible assets	196
Non-current financial assets	2,024
Commercial credits and other non-current assets	-
Current assets	27,377
Current financial assets	219
Commercial credits	12,216
Tax credits and other current assets	362
Treasury and equivalents	12,775
Assets adjustment account	1,805
Total assets	1,119,394

EQUITY AND LIABILITIES

Equity	667,910
Equity	142,295
Share premiums	161,261
Reserves	364,354
Non-current liabilities	116,998
Non-current financial debts	116,155
Other non-current financial liabilities	841
Commercial debts and other non-current debts	-
Other non-current liabilities	2
Current liabilities	334,486
Current financial debts	297,525
Other current financial liabilities	-
Commercial debts and other current debts	24,040
Other current liabilities	8,142
Liability adjustment account	4,779
Total equity and liabilities	1,119,394

> The layout of the IFRS balance sheet is not very different from the Belgian one. The main difference is that it is drawn up before appropriation of the result for the fiscal year.

Befimmo share

Befimmo is in compartment B of the Eurolist, is listed in Euronext's Next 150 and Next Prime indexes, and in the Bel Mid index of Euronext Brussels.

DATA PER SHARE (as of 30.09 - in €)

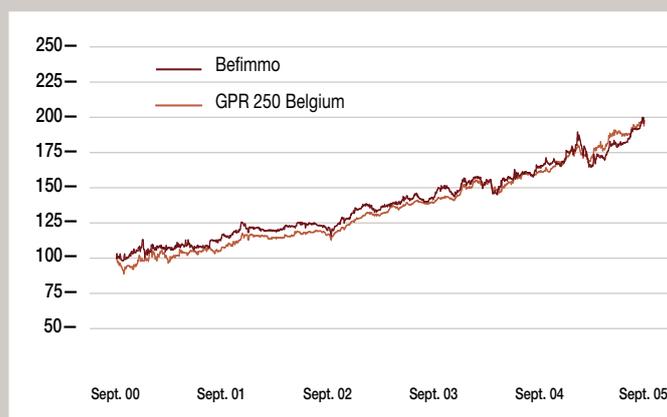
	2001	2002	2003	2004	2005
Number of shares	7,907,420	9,794,227	9,794,227	9,794,227	9,794,227
Share price					
Highest	63.10	69.45	74.90	77.45	88.50
Lowest	55.10	59.00	59.00	67.65	73.00
Closing	63.00	62.45	69.80	76.50	87.50
Revalued net book value ⁽¹⁾	60.43	61.83	61.39	61.65	63.64
Return per share	7.35	5.68	4.01	4.88	6.79
Return ⁽²⁾ (%)	12.9%	9.4%	6.5%	7.9%	11.0%
Net cash flow per share	6.94	5.38	5.38	5.36	6.48
Net earnings per share	6.84	4.93	4.61	4.48	5.77
Pay-out ratio (%)	96%	84%	83%	91%	90%
Gross dividend	4.12	4.28	4.45	4.62	4.80
Gross yield ⁽³⁾ (%)	6.54%	6.85%	6.38%	6.04%	5.49%
Net dividend	3.5	3.64	3.78	3.93	4.08
PER (price earnings ratio)	9.21	12.67	15.14	17.08	15.16

(1) The book value is established on the basis of the "investment value" of buildings which includes the variable transaction costs (of max. 13%) that an investor would have had to pay to invest directly in real estate.

(2) The return is the gross dividend for the fiscal year plus the increase in the book value over the same period, divided by the book value at the beginning of the year.

(3) The gross yield is equal to the gross dividend divided by the share price as of 30 September.

BEFIMMO COMPARED TO GPR 250 BELGIUM* FROM SEPTEMBER 2000 TO SEPTEMBER 2005 (in %)



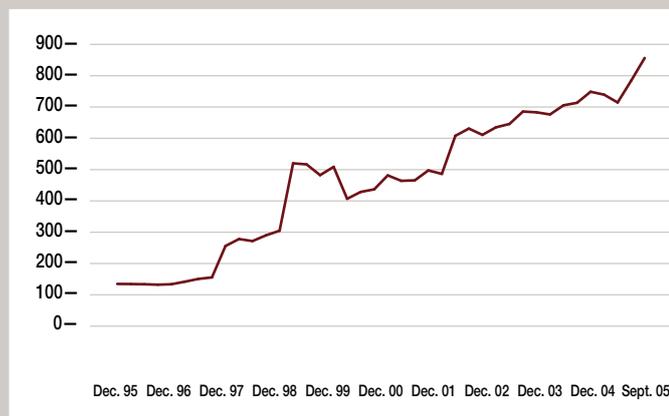
SHARE PRICE FROM OCTOBER 2004 TO SEPTEMBER 2005 (in €)



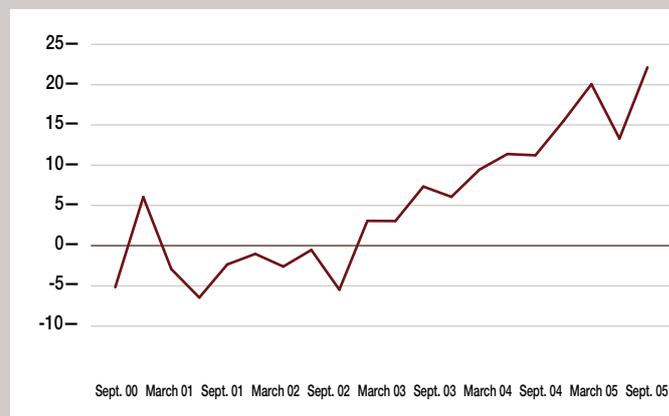
* GPR 250 is an index of the 250 largest listed real estate companies in the world. GPR 250 Belgium includes only the Belgian companies in the GPR 250 sample. The composition of this index can be consulted on the website www.propertyshares.com.

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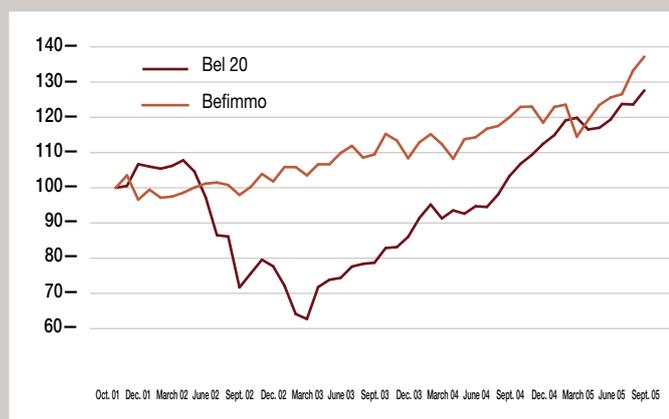
MARKET CAPITALISATION (in millions of €)



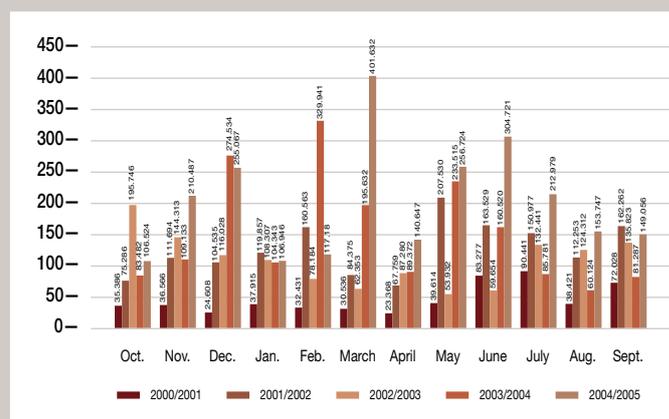
PREMIUM AND DISCOUNT FROM SEPTEMBER 2000 TO SEPTEMBER 2005 (in %)



BEFIMMO COMPARED TO THE BEL 20 FROM OCTOBER 2001 TO SEPTEMBER 2005 (in %)



MONTHLY VOLUMES (in thousands of shares)



DIVIDEND (in €/share)					
	2001	2002	2003	2004	2005
Gross dividend	4.12	4.28	4.45	4.62	4.80
Net dividend	3.50	3.64	3.78	3.93	4.08
Number of shares	7,907,420	9,794,227	9,794,227	9,794,227	9,794,227

Befimmo's equity is held by a large number of shareholders. The table below is based on the latest "transparency declarations" received indicating a voting right in excess of 5% (Law of 2 March 1989 and Royal Decree of 10 May 1989).

SHAREHOLDING (30.09.05)			
DECLARANTS	TOTAL NUMBER OF DECLARED VOTING RIGHTS ON THE DATE OF DECLARATION	DATE OF DECLARATION	%
Fortis AG and associated companies	1,590,434	10/02/2005	16.24
Free Float*	8,203,793		83.76

KEY DATES FOR SHAREHOLDERS 2005-2006

	DATE
Payment of the 2005 dividend on presentation of coupon nr 11	from 20 December 2005
Publication of the book value as of 31 December 2005	Thursday 23 February 2006
Publication of the half-yearly results and book value as of 31 March 2006	Wednesday 24 May 2006
Publication of the book value as of 30 June 2006	Thursday 31 August 2006
Publication of the annual results and the book value as of 30 September 2006	Thursday 16 November 2006
Ordinary General Meeting 2006	Friday 15 December 2006
Payment of the 2006 dividend on presentation of coupon nr 12	from 22 December 2006

* Percentage of a company's capital held by the public. This relates to all shareholders holding less than 5% of the total shares.

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Ikaros Phase IV - Brussels suburbs.
Built between 2001 and 2004,
with a total floor area of 17,150 m².
Architects: M & J-M Jaspers - J. Eyers & Partners



Corporate governance

I. Introduction

Befimmo did not wait for the entry into force of the Corporate Governance Code to adopt principles of corporate governance and to make them transparent, by describing them and the way in which they are implemented in its annual report and on its website. These principles are based on the rules laid down by law (notably the Law of 2 August 2002 on corporate governance and the Royal Decree of 10 April 1995 on real estate Sicaafs), the rules laid down by the supervisory authorities (CBFA, Euronext Brussels) and the FEB, as well as the philosophy behind the founding of Befimmo (in this way the structure of the *société en commandite par actions* is transparent in that Befimmo applies all the rules normally applied to the Managing Agent also to the members of the Managing Agent's Board of Directors).

In 2003 the European Commission launched its Action Plan on "*Modernising Company Law and Enhancing Corporate Governance in the European Union*". The Plan is currently being implemented by the EU Commission through various legal initiatives aimed at improving corporate governance and strengthening shareholders' rights.

In this context, at the initiative of the Banking, Finance and Insurance Commission (CBFA), Euronext Brussels and the Federation of Belgian Enterprises (FEB-VBO), a Corporate Governance Committee was established to draft a code of best practice on corporate governance for all listed companies (the "Code").

The Code entered force on 1 January 2005, with staggered implementation dates.

In particular, it requires listed companies to publish by 1 January 2006 a Corporate Governance Charter setting out their structure and policy in this area and to devote a specific chapter in their 2005 annual report, published in 2006, to corporate governance, describing their governance practices during that year and including explanations of any deviations from the Code.

II. Corporate governance principles

The Managing Agent of Befimmo SCA and its Board of Directors have undertaken to strictly apply the principles of corporate governance set out in the Code.

Befimmo's methods provide a solid framework for ensuring that this undertaking is respected:

- > the Corporate Governance Charter;
- > the bylaws of the Board of Directors.

There are also bylaws for the Managing Director and each committee:

- > bylaws of the Managing Director;
- > bylaws of the appointments and remunerations committee;
- > bylaws of the Audit Committee;
- > bylaws of the Supervisory Committee of day-to-day management.

The Corporate Governance Charter and these bylaws will be published on Befimmo's website (www.befimmo.be) during December 2005.

This section of the annual report must therefore be read in conjunction with the Corporate Governance Charter and bylaws mentioned above.

Befimmo undertakes to periodically review these principles to take account of changes in the law and technological developments, so as to comply with present and future corporate governance requirements.

Henceforth, each committee will evaluate its activities and effectiveness at least once a year and make any appropriate suggestions to the Board of Directors for revising its bylaws, if necessary.

III. Executive management structure

A. Managing Agent

Befimmo SA manages the Sicaafi. In accordance with its 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, to form and manage the Befimmo



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SCA management team, to draw up the quarterly results, half-yearly and annual 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 inform the depositary of each transaction made by Befimmo SCA involving real estate assets, to grant special powers to authorised representatives, to determine their remuneration, to increase 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.

The remuneration of Befimmo SA, the Managing Agent, is determined in accordance with Article 19 of the Royal Decree of 10 April 1995.

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 amounts to 2/100^{ths} of a benchmark profit (if a profit was made) corresponding to 100/98^{ths} of the pre-tax profit 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 pre-tax profit for the fiscal year, as specified in the accounts approved by the General Meeting of Befimmo SCA.

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.

This link between the remuneration of the statutory Managing Agent of the Sicafi, Befimmo SA, and the Sicafi's results means that its interests coincide with those of the shareholders as a whole.

According to the articles of association, the Managing Agent cannot be dismissed, except in case of just grounds.

B. Permanent Representative

In accordance with the law, Befimmo has appointed a permanent representative, responsible for implementing on behalf of Befimmo SA the decisions taken by the competent bodies of Befimmo SA, namely the Board of Directors and the Managing Director.

On 15 October 2003 the Board of Directors appointed Mr Benoît De Blicke as permanent representative of Befimmo SA in the Sicafi.

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

The Board of Directors is made up of directors, numbering between eight and twelve.

The composition of the Board of Directors reflects a triple degree of independence:

- > the Board is composed of at least three directors who are independent within the meaning of the Companies Code, the Belgian Corporate Governance Code and Euronext rules;
- > 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.

Directorships run for three years and are renewable.

The Board of Directors met twelve times in 2004/2005.

The Board of Directors consists of:

Chairman linked to the Promoter

- > **Alain Devos**, permanent representative of the Chairman of the Board of Directors of Fortis Real Estate SA

Number of Board meetings attended during the 2004/2005 fiscal year: 10.

Managing Director – Permanent Representative

- > **Benoît De Blicke**

Number of Board meetings attended during the 2004/2005 fiscal year: 12.

Director linked to the Promoter

> **Benoît Godts**, Managing Director of Fortis Real Estate Asset Management SA

Number of Board meetings attended during the 2004/2005 fiscal year: 10.

Independent directors

> **Marc Blanpain**, Chairman of the Board of Directors of the Banque Belgoise

Number of Board meetings attended during the 2004/2005 fiscal year: 11.

> **Gustaaf Buelens**, Managing Director of Buelens Real Estate NV

Number of Board meetings attended during the 2004/2005 fiscal year: 9.

> **Gaëtan Piret**, Director of Compagnie Immobilière de Belgique SA

Number of Board meetings attended during the 2004/2005 fiscal year: 10.

> **Marc Van Heddeghem**, Managing Director of Redevco Belgium

Number of Board meetings attended during the 2004/2005 fiscal year: 9.

> **Luc Vandewalle**, Chairman of the Board of Directors of Banque ING Belgique

Number of Board meetings attended during the 2004/2005 fiscal year: 1.

All directorships expire at the end of the Ordinary General Meeting of Befimmo SA in March 2008, with the exception of Mr Marc Van Heddeghem, whose directorship expires in March 2007.

Directors leaving during the 2004/2005 fiscal year

> **Alain De Pauw**, Director, major shareholder in the Sicafi, Joint Chairman and Managing Director of Compagnie de Promotion SA (*end of term 16 March 2005*).

Number of Board meetings attended during the 2004/2005 fiscal year: 5.

> **Patrick De Pauw**, Director, major shareholder in the Sicafi, Joint Chairman and Managing Director of

Compagnie de Promotion SA (*end of term 16 March 2005*).

Number of Board meetings attended during the 2004/2005 fiscal year: 4.

> **Daniel Schuermans**, Independent Director, Chairman of copropriété du World Trade Center (*end of term 16 March 2005*).

Number of Board meetings attended during the 2004/2005 fiscal year: 1.

Board of Directors' activity report

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

It closes the annual and half-yearly accounts of the Sicafi Befimmo; 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 and half-yearly reports, and press releases.

Regarding investments and disposals, the Board of Directors ruled on all the investment projects that the Sicafi considered. These related to office buildings in Brussels worth € 875.8 million.

During the 2004/2005 fiscal year, the Board of Directors also adopted important resolutions on the following:

> drawing up and publication of the Sicafi's accounts in accordance with IFRS standards from the fiscal year beginning 1/10/05 and closing 30/09/06, i.e. the 2005 fiscal year under Euronext regulations; the current fiscal year closing 30 September 2005 then being reworked under IFRS for comparison purposes;

> definition of Befimmo SCA's strategy in relation to its core business of investing in high-quality office build-

ings in the Brussels CBD, without missing out on real estate opportunities in other cities in Euroland;
 > launching an appeal procedure contesting the Brussels tax on Befimmo SCA non-residential buildings in that it would be levied on the basement areas.

Remuneration

The remuneration policy is to grant directors (but not the Managing Director) attendance tokens drawn on Befimmo SCA. Since 1 January 2002 these have been worth € 1,250 per Board meeting.

In accordance with the principles of corporate governance, the directors' remuneration is therefore linked to their responsibilities and the time spent on their duties.

D. Managing Director of Befimmo SA

The Board of Directors delegates day-to-day management to a Managing Director who regularly reports back on his management activities.

The Managing Director handles the day-to-day running of Befimmo SCA. He prepares the meetings of the Board of Directors and carries out its management decisions.

He directs the Befimmo SCA team in accordance with the decisions of the Board of Directors. He proposes investments, disposals and finance operations to the Board of Directors.

The Board meeting of 13 April 2005 renewed the mandate of Mr Benoît De Blicq for the day-to-day management.

The Managing Director's remuneration has two components: fixed and variable, set by the Appointments and Remunerations Committee on the basis of his responsibilities and the time spent on his duties. Befimmo SCA bears the cost of remunerating the Managing Director for his management of the company.

CUMULATIVE GROSS REMUNERATION FOR THE 2004/2005 FISCAL YEAR (01.10.04 to 30.09.05)

(in €)	Fixed	Variable	Savings plan	Total
Benoît De Blicq, CEO	231,750 €	85,000 €	63,216 €	379,966 €

The Managing Director does not enjoy any options or other rights to purchase the Befimmo SCA shares.

In this case, the Managing Director of Befimmo SA is also Befimmo SA's Permanent Representative to the Sicafi.

There is no Management Committee since the Managing Director takes care of operational aspects, while the Supervisory Committee oversees his day-to-day management (see F. 1) below); he makes proposals to the Board of Directors on matters of strategy.

E. Management team

Befimmo has its own operational team of 18 people while keeping its operating costs at a competitive level.

This team reports directly to the Managing Director of Befimmo SA, who leads it in accordance with the decisions of the Board of Directors.

Its principal members are:

Michèle Delvaux	Chief Financial Officer
Oliver De Wael	Chief Commercial Officer
Rikkert Leeman	Technical Manager
Martine Rorif	Chief Project Officer

F. Committees

1) Supervisory Committee of the day-to-day management

In accordance with the Royal decree of 10 April 1995, the Supervisory Committee comprises two members of the Board of Directors of Befimmo SA:

> **Benoît Godts**, Director linked to the Promoter
Number of Supervisory Committee meetings attended during the 2004/2005 fiscal year: 14.

> **Marc Blanpain**, independent Director
Number of Supervisory Committee meetings attended during the 2004/2005 fiscal year: 15.

Supervision ensures that the officer responsible for day-to-day management implements and complies with procedures and methods covering the entirety of day-to-day management. It does not, however, consist of checking every act of the officer responsible for day-to-day management.

Befimmo SCA pays the remuneration of the members of this Committee, set at € 400 per meeting.

The Committee met 15 times during the fiscal year.

It was specifically consulted for an opinion on the following dossiers:

- > procedure to set a common Befimmo timetable for important dates;
- > procedure for delegating powers;
- > buildings insurance programme;
- > procedure for payment and booking of dividend distributed by Befimmo and associated withholding tax;
- > Sicafi timetable (General Meetings, Board meetings, press releases, half-yearly and annual reports, roadshows, etc.);
- > Befimmo organisational procedures: operational teams and internal rules of procedure.

The Committee was also kept regularly informed of developments on certain dossiers of importance to the Sicafi.

2) Audit committee

The Audit Committee assists the Board of Directors with internal control procedures, drawing up the financial statements and other financial information, appointing the statutory company auditors and in relations with them. It meets prior to each Board meeting that has one or more of these issues on the agenda.

In future, the committee will be composed of three members appointed by the Board of Directors from among its members, with the exception of the Managing Director, at least two of whom must be

independent. The mandate of Committee members coincides with their directorship. It may be renewed at the same time as the directorship. The Committee appoints its own Chairman, who may not also be the Chairman of the Board of Directors.

For the 2004/2005 fiscal year, the Committee members are as follows:

> **Gaëtan Piret**, independent Director (*from 13 April 2005*)

Number of Audit Committee meetings attended during the 2004/2005 fiscal year: 2.

> **Benoît Godts**, Director linked to the Promoter
Number of Audit Committee meetings attended during the 2004/2005 fiscal year: 4.

> **Alain De Pauw**, Director, major shareholder in the Sicafi (*end of term 16 March 2005*)

Number of Audit Committee meetings attended during the 2004/2005 fiscal year: 2.

Befimmo SCA pays the remuneration of the members of this committee, set at € 250 per meeting.

The Committee met 4 times during the fiscal year.

In 2004/2005 the following issues were addressed:

- > quarterly, half-yearly and annual accounts;
- > renewal of Auditor's mandate;
- > switch to IFRS.

3) Appointments and Remunerations Committee

This Committee identifies and proposes for the approval of Befimmo SA's Board of Directors candidates for positions on the Board and examines all applications for appointment to a director's post and all proposals from shareholders of Befimmo SCA or Befimmo SA. It delivers opinions and recommendations on these applications and proposals to the Board of Directors.

This Committee is also responsible for delivering opinions to the Befimmo SA General Meeting on the remuneration of the Directors and the Managing Director.



10	KEY EVENTS OF THE FISCAL YEAR
14	THE REAL ESTATE MARKET
16	ABOUT BEFIMMO AND THE BEFIMMO STRATEGY
18	THE PORTFOLIO
24	THE REAL ESTATE EXPERT'S CONCLUSIONS
26	THE BRUSSELS PORTFOLIO
40	FINANCIAL RESULTS
43	APPROPRIATION OF RESULTS
43	SUBSEQUENT EVENTS
44	BUSINESS OUTLOOK, DIVIDEND POLICY
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The Committee is composed of at least four members, the majority of whom must be independent, appointed by the Board of Directors from among its members. The members of this Committee are:

> **Alain Devos**, Chairman, linked to the Promoter
Number of Appointments and Remunerations Committee meetings attended during the 2004/2005 fiscal year: 1.

> **Marc Blanpain**, independent Director
Number of Appointments and Remunerations Committee meetings attended during the 2004/2005 fiscal year: 1.

> **Gustaaf Buelens**, independent Director
Number of Appointments and Remunerations Committee meetings attended during the 2004/2005 fiscal year: 1.

> **Marc Van Heddeghem**, independent Director (*from 16 March 2005*)
Number of Appointments and Remunerations Committee meetings attended during the 2004/2005 fiscal year: 1

> **Alain De Pauw**, Director, major shareholder in the Sicafi (*end of term 16 March 2005*).

The Committee met once during the fiscal year.

In 2004/2005 the following issues were addressed:

- > replacement of directors;
- > Managing Director's remuneration.

No remuneration was paid to this Committee during the 2004/2005 fiscal year.

G. Others involved

1) Auditors

The auditors are designated with the prior agreement of the CBFA. They exercise two kinds of control.

Firstly, in accordance with the Companies Code, they check and certify the accounting information in the annual accounts.

Secondly, in accordance with the law, they cooperate with the CBFA's controls. The CBFA may also ask

them to confirm the accuracy of other information sent to the CBFA.

The Meeting of 14 December 2004 renewed the mandate of the company's auditors, Deloitte, Réviseurs d'Entreprises SC s.f.d. SCRL, represented by Mr Jos Vlamincx and Mr Jürgen Kesselaers, company auditors acting jointly, for a period of three years beginning on 14 December 2004 and ending at the close of the Ordinary General Meeting for the approval of the accounts closed at 30 September 2007, and set its annual fee at € 60,000.

2) Real estate experts

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

These missions are currently assigned to:

> Winssinger & Associés, a member of the DTZ Debenham-Winssinger group valuing the following buildings: La Plaine, chaussée de La Hulpe, Woluwe Garden D, Woluwe Garden B, Ikaros Business Park, boulevard Industriel, rue Bollinckx, Wiertz, Brederode 1, Brederode 2, Empereur, Impératrice, Extension Justice, Guimard, Schuman 3, Central Gate⁽¹⁾, View Building, Triomphe I, Triomphe II, Triomphe III, Jean Dubrucq, Ocean House, Eagle Building, Waterloo Office Park and Poelaert.

> In addition, Winssinger & Associés has been entrusted with coordinating all valuation activities.

> Cushman & Wakefield Healey & Baker values the buildings acquired from the merger with Prifast, namely: Goemaere, Fountain Plaza and Green Hill.

> CB Richard Ellis values the buildings acquired from the mergers of 23 December 1998: World Trade Center, Noord Building, rue Devroye, rue du Jonquois, digue du Peuplier and Schuman 11.

3) Depository bank

Dexia Bank has been designated as the depository bank of Befimmo SCA in accordance with Article 12 et seq. of the Royal Decree of 10 April 1995.

(1) The former Shell Building.

IV. Rules for prevention of conflicts

The legal rules for preventing conflicts of interests that apply to Befimmo SCA are Articles 523 and 524 of the Companies Code and Article 24 of the Royal Decree of 10 April 1995 (which requires the CBFA to be notified in a number of cases).

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 Companies Code.

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 annex to the minutes 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 or withdrawn from the transaction).

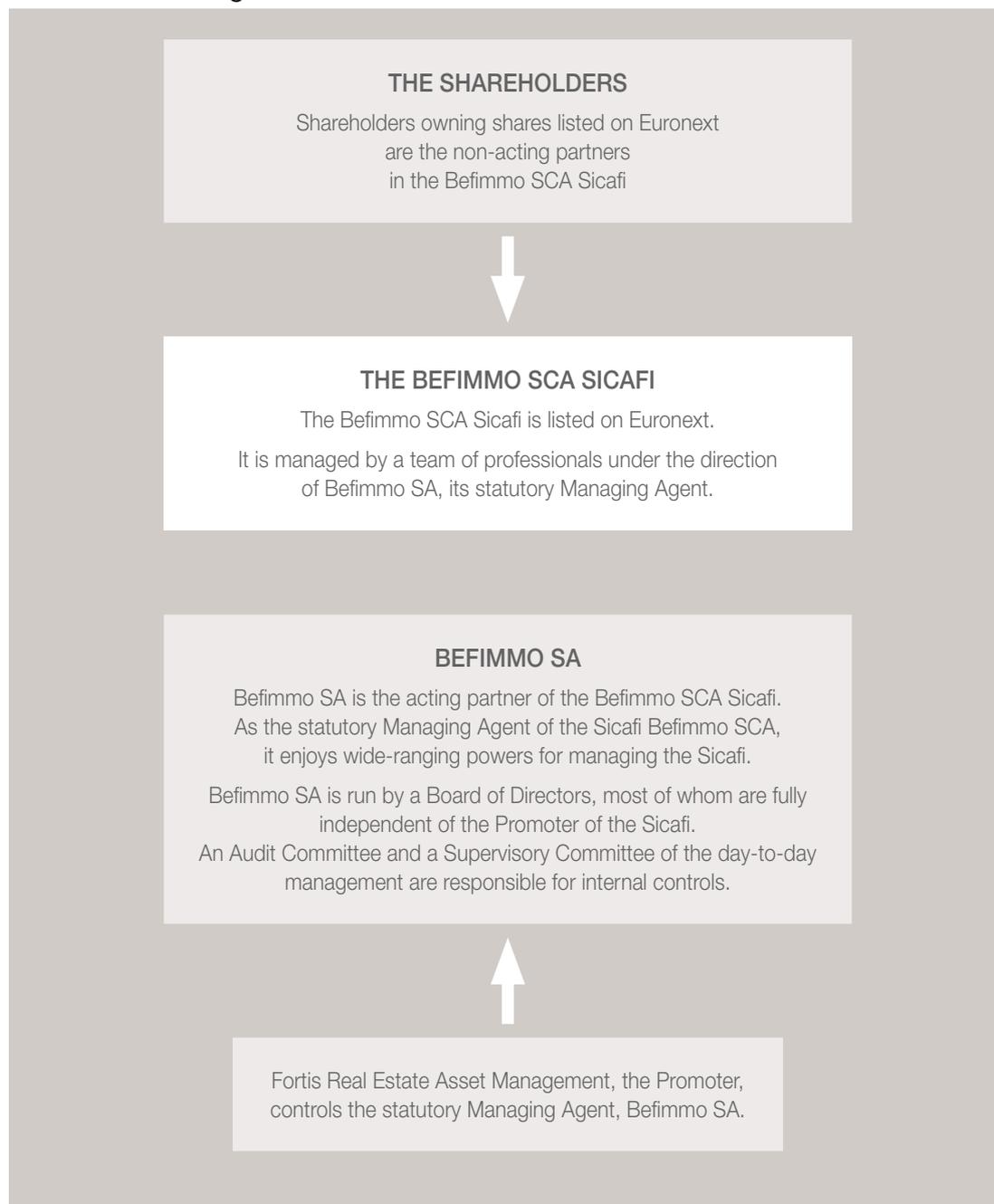
If Befimmo SCA intends to carry out a transaction with a director or company associated with that director that is not covered by Article 523 of the Companies Code (for example, because it is a commonplace transaction subject to normal market conditions and guarantees), Befimmo nevertheless requires that director to declare his interest to the other directors before it is discussed in the Board meeting; his declaration and the reasons why Article 523 of the Companies Code does not apply must be set down in the minutes of the Board meeting at which the decision is to be taken; he must refrain from taking part in the Board's debate on the transaction or 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 is prepared to carry out the transaction concerned, he must not be sent the preparatory notes and the item must be reported in a separate set of minutes not sent to him. In any case, the transaction must be carried out under normal market conditions. The transaction must be mentioned in the management report of the

annual report, though the minutes of the transaction concerned need not be reproduced in full.

V. No departure from the code

Subject to the structural points explained in the Charter and since the structures provided for by the Charter have gradually been implemented over the fiscal year, there have been no departure from the Code over the period.

Structure and organisation



Obligatory information

APPLICATION OF ARTICLE 523 OF THE COMPANIES CODE ON CONFLICTS OF INTEREST

Project to invest in Lex 2000 SA

The agenda of the Board meeting of 5 October 2004 included a project to invest in Lex 2000 SA (owner of the building located at rue de la Loi 121-147, 1000 Brussels) of which Immomills Développement SA is a shareholder.

Article 523 of the Companies Code applied to this operation since Mr Gaëtan Piret, a director of Befimmo SA, is also an executive director of the Compagnie Immobilière de Belgique, a shareholder in Immomills Développement SA.

A separate set of minutes was drawn up for this item; the Board of Directors adopted the following resolution:

“As a precaution, and in order to avoid any conflict of interest pursuant to Article 523 of the Companies Code, the preparatory memo was not sent to him [Mr Piret].” The Board’s resolution on this item was also recorded in a separate set of minutes which will not be sent to him.

These minutes read as follows:

“All the directors present took part. This resolution is not sent to Mr Piret. The investment project was presented to the Board along with the preparatory memo. After the debate, the Board agreed that the proposed project was too atypical for a Sicafi and that Befimmo would therefore take no part in it.”

Additional information

(1) The following is provided as general information:

- > During the fiscal year Befimmo SCA signed a lease with Fortis Banque for the rental of twenty parking spaces in Central Gate (the former Shell Building).
- > During the fiscal year, Befimmo also signed an amendment recording the increase in the floor area occupied by Alpha Credit SA, a wholly owned subsidiary of Fortis Banque, in the Central Gate building (1,913 m² of offices – current total annual rent: € 227,875).
- > Befimmo also signed an agreement with Fortis Banque, tenant of Waterloo Office Park A, for the renewal of the existing lease on new terms in line with rents being charged in the suburbs (999 m² of office space – current total annual rent: € 128,440).

These are customary operations carried out subject to normal market conditions and guarantees for similar operations, and hence Article 524 of the Companies Code does not apply.

(2) Assistance by companies linked to the Promoter

Befimmo continued to use the services of Fortis Real Estate Property Management SA [FREPM] (formerly Sogepro SA), with which it signed a non-exclusive framework agreement in 2000 to manage its real estate assets. The agreement covers nearly the entire Befimmo

portfolio and relates to owner management, tenant management and technical maintenance.

There is a separate amendment for each building, with an initial duration of three years, that sets out its specific characteristics. Thereafter, amendments may be terminated on an annual basis by either party, FREPM or Befimmo.

For the fiscal year to 30 September 2005, Befimmo paid net fees of € 403,959 including VAT.

In its day-to-day management, and with a view to achieving economies of scale, Befimmo has access to certain pooled services provided by the Promoter, such as legal and fiscal services.

All of these services are billed at market rates. During the fiscal year to 30 September 2005, Befimmo spent € 38,293 including VAT on services of this kind.

For extraordinary transactions, such as growth operations, Befimmo can draw, where necessary, on the Promoter’s resources to help with the preparation of special projects. Befimmo did not do so during the fiscal year to 30 September 2005.

DELOITTE FEES

The Meeting of 14 December 2004 renewed the mandate of the company’s auditors, Deloitte, Réviseurs d’Entreprises SC s.f.d. SCRL, represented by Mr Jos Vlamincx Mr Jürgen Kesselaers, company auditors acting jointly, for a period of three years beginning on 14 December 2004 and ending at the close of the Ordinary General Meeting for the approval of the accounts closed at 30 September 2007, and set its fee at € 60,000 excluding VAT per year.

In addition to its statutory role, Deloitte also provided services related to the process of transferring Befimmo to IFRS, for a fee of € 21,189 excluding VAT during the fiscal year 2004/2005.

RESEARCH AND DEVELOPMENT

Befimmo has no research or development activities.

Financial report



Fiscal year 2005

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BALANCE SHEET

(as of 30 September - in thousands of €)

ASSETS	2005	2004	2003
FIXED ASSETS	1 091 423	1 129 155	1 064 788
III. TANGIBLE ASSETS	1 089 994	1 125 440	1 054 697
B. Installations, machinery and tools	85	–	–
C. Furniture and vehicles	111	128	170
E. Other tangible assets	1 089 798	1 125 312	1 054 527
IV. FINANCIAL ASSETS	1 429	3 715	10 091
C. Other financial assets			
1. Shares	1 428	3 693	10 069
2. Receivables and cash guarantees	1	22	22
CURRENT ASSETS	24 295	23 100	37 400
V. RECEIVABLES AFTER MORE THAN ONE YEAR	258	355	438
B. Other receivables	258	355	438
VII. RECEIVABLES WITHIN ONE YEAR	8 247	8 217	6 379
A. Trade accounts receivables	7 215	6 646	5 340
B. Other receivables	1 032	1 571	1 039
VIII. SHORT-TERM DEPOSITS	4 507	10 142	14 022
B. Other deposits	4 507	10 142	14 022
IX. CASH	9 453	2 672	13 887
X. DEFERRED CHARGES AND ACCRUED INCOME	1 830	1 714	2 674
TOTAL ASSETS	1 115 718	1 152 255	1 102 188

(in thousands of €)

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LIABILITIES AND SHAREHOLDERS' EQUITY	2005	2004	2003
SHAREHOLDERS' EQUITY	623 338	603 796	601 294
I. CAPITAL	142 295	142 295	142 295
A. Issued capital	142 295	142 295	142 295
II. ISSUE PREMIUM	161 262	161 261	161 261
III. REVALUATION PROFIT	222 946	212 882	209 017
IV. RESERVES	21 113	21 113	21 113
A. Legal reserve	1 295	1 295	1 295
B. Reserves unavailable for distribution	3 633	3 633	3 633
D. Reserves available for distribution	16 185	16 185	16 185
V. PROFITS CARRIED FORWARD	75 722	66 245	67 608
PROVISIONS AND LIABILITIES	492 380	548 459	500 894
VII. PROVISIONS FOR RISKS AND CHARGES	–	2 351	2 351
VIII. AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR (Long-term debt)	116 901	186 829	117 668
A. Financial debts	115 668	185 613	116 774
D. Other debts	1 233	1 216	894
IX. AMOUNTS PAYABLE WITHIN ONE YEAR (Short-term debt)	370 647	353 662	375 489
A. Long-term debt maturing within the year	19 945	20 034	43 562
B. Financial debts	277 579	263 230	261 339
C. Trade debts	17 948	19 645	22 499
E. Tax, salary and social security debts	5 195	3 458	2 494
1. Taxes	5 027	3 316	2 336
2. Remuneration and social security	168	142	158
F. Other debts	49 980	47 295	45 595
X. DEFERRED INCOME AND ACCRUED CHARGES	4 832	5 617	5 386
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1 115 718	1 152 255	1 102 188

Income statement

(as of 30 September - in thousands of €)

	2005	2004	2003
I. SALES AND SERVICES	94 086	93 638	94 345
A. Turnover	77 873	78 266	77 561
D. Other operating income	16 213	15 372	16 784
II. COST OF SALES AND SERVICES	- 37 961	- 36 383	- 34 778
B. Services and other goods	- 16 741	- 16 356	-13 840
C. Remunerations, social security and pensions	- 1 406	- 1 115	- 880
D. Depreciations and write-downs of formation expenses and tangible and intangible assets	- 9 475	- 8 410	- 7 553
E. Write-downs of stocks, contracts in progress, trade receivables (write-downs +, write-backs -)	- 32	7	217
G. Other operating charges	- 10 307	-10 509	- 12 722
III. OPERATING INCOME	56 125	57 255	59 567
IV. FINANCIAL INCOME	1 820	3 665	1 597
A. Income from financial assets	236	260	736
B. Income from current assets	-	119	643
C. Other financial income	1 584	3 286	218
V. FINANCIAL CHARGES	- 15 525	- 15 357	- 16 433
A. Interest charges	- 14 452	- 14 504	- 15 691
C. Other financial charges	- 1 073	- 853	- 742
VI. CURRENT PRE-TAX PROFIT	42 420	45 563	44 731

(in thousands of €)

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	2005	2004	2003
VII. EXTRAORDINARY INCOME	15 367	–	450
C. Reversals of provisions for exceptional risks and charges	2 351	–	–
D. Capital gains on disposal on fixed assets	13 016	–	–
E. Other extraordinary income	–	–	450
VIII. EXTRAORDINARY CHARGES	- 636	- 993	–
E. Other extraordinary charges	- 636	- 993	–
IX. PRE-TAX PROFIT FOR THE FISCAL YEAR	57 151	44 570	45 181
X. TAXES ON THE RESULT	- 661	- 649	- 66
A. Taxes	- 662	- 652	- 106
B. Tax adjustments and write-back of tax provisions	1	3	40
XI. PROFIT FOR THE FISCAL YEAR	56 490	43 921	45 115
XIII. PROFIT TO BE APPROPRIATED FOR THE FISCAL YEAR	56 490	43 921	45 115
<hr/>			
APPROPRIATIONS AND WITHDRAWALS	2005	2004	2003
A. PROFIT TO BE APPROPRIATED	122 735	111 529	111 164
1. Profit to be appropriated for the fiscal year	56 490	43 921	45 115
2. Profit carried forward from previous year	66 245	67 608	66 049
D. PROFIT CARRIED FORWARD	- 75 722	- 66 245	- 67 608
F. PROFIT FOR DISTRIBUTION	- 47 013	- 45 284	- 43 556

Summary of the accounting policies

The accounting policies comply with the provisions of the Royal Decree of 10 April 1995 on real estate Sicafs.

ASSETS

I. FORMATION EXPENSES

Formation expenses are booked in charges when incurred.

III. TANGIBLE ASSETS

Upon acquisition, tangible assets are accounted for at cost which comprises the purchase price including incidental costs and non-deductible VAT.

Buildings under construction are accounted for at cost, including incidental costs and non-deductible VAT as work progresses.

For buildings acquired through a merger, split or contribution of a branch of activity, the taxes due on the potential capital gains on the companies absorbed are included in the cost of the assets.

Without prejudice to the obligation under Article 7 of the law of 17 July 1975 concerning company accounting and annual accounts to establish an inventory at least once a year, Befimmo draws up an inventory every time it issues or buys back shares other than on the stock market.

At the end of each fiscal year, an independent surveyor values the following real estate assets in detail:

- buildings and real rights to buildings held by Befimmo or by a real estate company that it controls;
- options on buildings held by Befimmo or by a property company that it controls, as well as buildings covered by such rights.

These valuations are binding Befimmo for the preparation of its annual accounts.

Tangible assets are therefore accounted for at the value determined by the surveyor, "deed in hands" i.e. including all costs, registration duties and fees that have been paid.

Moreover, at the end of each of the first three quarters of the fiscal year, the surveyor updates the overall valuation of real estate properties held by Befimmo in line with the evolution of the market and the specific characteristics of the real estate assets concerned.

Unrealized capital gains are directly booked under heading III of liabilities "Revaluation of capital gains".

By way of derogation from Articles 28 (2) and 30 of the Royal Decree of 8 October 1976 on company annual accounts, Befimmo does not depreciate buildings, real rights on buildings or real estate assets leased to Befimmo. Maintenance and major repair costs are booked in charges when incurred.

Tangible assets other than real estate with a limited useful life are depreciated using the straight-line method starting in the year when they are first posted to the accounts, as calculated on a pro rata basis according to the number of months these assets are held during the year in which they were acquired.

If the fiscal year is shorter or longer than 12 months, depreciation is calculated on a pro rata basis.

The following annual depreciation rates are applied:

- > Installations and machinery: 20%, except:
 - vehicle: 25%
 - leased equipment: duration of the contract
 - fittings and improvements of leased buildings and leased equipment: depreciation over the lease term or, over ten years in the absence of lease contract.
- > Acquisitions for a unit price lower than € 2,479 before VAT are booked in charges when made.

Tangible assets other than real estate without limit of useful life are written down in case of long term decrease of value. They may be revalued.

IV. FINANCIAL ASSETS

On acquisition, financial assets are booked at their acquisition value, excluding incidental costs which are accounted for directly as charges.

The Managing Agent is allowed to book incidental costs as an asset for major acquisitions.

Securities held in the portfolio for which there is a liquid market are valued at their market price.

Fixed-yield securities held in the portfolio for which there is no liquid market are valued on the basis of the market price that applies to similar securities with a comparable residual life.

Article 34 sub paragraph 3 of the Royal Decree of 8 October 1976 concerning company annual accounts does not apply.

Articles 10, 14 (1) and (5), 15, sub-paragraph 1, 16(1) sub-paragraph 1, (2) sub-paragraph 1 of the Royal Decree of 8 March 1994 on the accounting and annual accounts of certain open-ended joint investment funds apply to Befimmo.

Unrealized capital gains are directly posted under heading III, "Revaluation of capital gains", on the liabilities side.

V. RECEIVABLES AFTER MORE THAN ONE YEAR

Receivables are booked at their nominal value or at their acquisition cost. Receivables after more than one year are written down in case of permanent decline in value.

VII. RECEIVABLES WITHIN ONE YEAR

These receivables are booked following the same rules as for receivables after more than one year.

Receivables within one year are written down in case of decline in value.

VIII. SHORT-TERM DEPOSITS

All deposits are valued in the accounts at their acquisition value, excluding incidental costs which are booked immediately in the profit and loss account. Shares quoted on a stock exchange are valued at the prevailing stock-market price.

Premiums paid for the acquisition of financial instruments considered as hedge against interest rate risk on the company's debt are booked to the assets side of the balance sheet. These premiums are depreciated over the duration of coverage provided by the hedging instrument. The interest flows generated by these financial instruments are booked directly to the profit and loss account, in line with the interest due by the elements so covered.

LIABILITIES

VII. PROVISIONS FOR RISKS AND CHARGES

Each year the Managing Agent conducts a full examination of provisions previously set up, or to be set up to cover risks and charges to which the company is subject, and makes the necessary adjustments.

> COMMITMENTS AND CLAIMS

The Managing Agent evaluates commitments and claims at the nominal value of the legal commitment mentioned in the contract; where there is no nominal valuation or in borderline cases, they are mentioned for information only.

> SUPPLEMENTARY PENSION SCHEME

Members of staff benefit from a retirement and survivors' pension scheme guaranteeing a pre-defined level of resources that varies in line with their seniority and last salary. The supplementary pension is established partly by a group insurance scheme and partly through a legally distinct pension fund. The annual contribution is included under staff costs and the amount is calculated by a pension fund actuary.

Notes to the accounts

(as of 30 September - in thousands of €)

III. STATEMENT OF TANGIBLE ASSETS	INSTALLATIONS, MACHINERY AND TOOLS	FURNITURE AND VEHICLES	OTHER TANGIBLE ASSETS
A. ACQUISITION VALUE			
AT THE END OF PREVIOUS PERIOD	–	435	998 341
MOVEMENTS DURING THE FISCAL YEAR			
• Acquisitions (including real estate development)	86	72	110
• Disposals and decommissioning	–	- 18	- 38 124
AT THE END OF THE FISCAL YEAR	86	489	960 327
B. UNREALIZED CAPITAL GAINS			
AT THE END OF PREVIOUS PERIOD	–	–	219 822
MOVEMENTS DURING THE FISCAL YEAR			
• Booked	–	–	16 420
• Cancelled	–	–	- 5 702
AT THE END OF THE FISCAL YEAR	–	–	230 540
C. DEPRECIATION & WRITE-DOWNS (-)			
AT THE END OF PREVIOUS PERIOD	–	307	92 850
MOVEMENTS DURING THE FISCAL YEAR			
• Booked	1	85	9 389
• Cancelled following disposals and decommissioning	–	- 14	- 1 170
AT THE END OF THE FISCAL YEAR	1	378	101 069
D. NET BOOK VALUE AT THE END OF THE FISCAL YEAR	85	111	1 089 798

(in thousands of €)

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IV. STATEMENT OF FINANCIAL ASSETS	OTHER BUSINESSES
1. SHARES AND SHAREHOLDINGS	
A. ACQUISITION VALUE	
AT THE END OF PREVIOUS PERIOD	3 108
MOVEMENTS DURING THE FISCAL YEAR	
• Disposals	- 1 569
AT THE END OF THE FISCAL YEAR	1 539
B. UNREALIZED CAPITAL GAINS	
AT THE END OF PREVIOUS PERIOD	586
MOVEMENTS DURING THE FISCAL YEAR	
• Booked	440
• Cancelled	- 1 026
AT THE END OF THE FISCAL YEAR	0
C. WRITE-DOWNS	
AT THE END OF PREVIOUS PERIOD	-
MOVEMENTS DURING THE FISCAL YEAR	
• Acquired from third parties	111
AT THE END OF THE FISCAL YEAR	111
NET BOOK VALUE AT THE END OF THE FISCAL YEAR	1 428
2. RECEIVABLES	OTHER BUSINESSES
NET BOOK VALUE AT THE END OF PREVIOUS PERIOD	21
MOVEMENTS DURING THE FISCAL YEAR	
• Others	- 20
NET BOOK VALUE AT THE END OF THE FISCAL YEAR	1
VI. SHORT TERM DEPOSITS: OTHER INVESTMENTS	2005
TERM DEPOSIT ACCOUNTS HELD WITH CREDIT INSTITUTIONS	1 600
WITH A RESIDUAL DURATION OR NOTICE PERIOD:	
• of no more than one month	1 600
OTHER CASH INVESTMENTS NOT LISTED ABOVE	2 907
VII. DEFERRED CHARGES AND ACCRUED INCOME	2005
DEFERRED CHARGES (CP INTEREST)	511
DEFERRED CHARGES (ON A PRO RATA BASIS)	1 236
OTHER INCOME RECEIVABLE	82

Notes to the accounts

(as of 30 September - in thousands of €)

VIII. CAPITAL SITUATION

	AMOUNTS	NR OF SHARES
A. NOMINAL CAPITAL		
1. ISSUED CAPITAL		
AT THE END OF THE PREVIOUS PERIOD	142 295	
AT THE END OF THE FISCAL YEAR	142 295	
2. BREAKDOWN OF THE CAPITAL		
2.1. Categories of shares		
• Ordinary shares	142 295	9 794 227
2.2. Registered or bearer shares		
• Registered		1 265 951
• Bearer		8 528 276
E. AUTHORIZED CAPITAL NOT ISSUED	88 246	

G. COMPANY SHAREHOLDING STRUCTURE ON THE CLOSING DATE FOR THE ACCOUNTS

DECLARANTS	TOTAL NUMBER OF DECLARED VOTING RIGHTS ON THE DATE OF DECLARATION	TOTAL NUMBER OF ISSUED SHARES	DATE OF DECLARATION	%
Fortis AG and associated companies	1 590 434		10/02/2005	16.24
Free Float*	8 203 793			83.76
Denominator		9 794 227		

* Percentage of a company's capital held by the public. This relates to all shareholders holding less than 5% of the total shares.

X. DEBT SITUATION

	MATURING WITHIN ONE YEAR	WITH MORE THAN ONE YEAR BUT LESS THAN 5 YEARS TO GO	MORE THAN 5 YEARS TO GO
A. BREAKDOWN OF AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR BY RESIDUAL PERIOD			
FINANCIAL DEBTS	19 945	91 710	23 958
4. Credit institutions	19 945	91 710	23 958
OTHER DEBTS	–	1 233	–
TOTAL	19 945	92 943	23 958

C. TAX, SALARY AND SOCIAL SECURITY DEBTS

	2005
1. TAXES	
b) Tax debts not yet due	5 027
2. REMUNERATIONS AND SOCIAL SECURITY COSTS	
b) Other salary and social security debts	168

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XI. DEFERRED INCOME AND ACCRUED CHARGES	2005
INTEREST AND COMMISSION NOT DUE AND PAYABLE	2 774
RENTS AND OTHER INCOME TO BE DEFERRED	1 684
OTHERS	374

XII. OPERATING RESULTS	2005	2004	2003
A. NET TURNOVER	77 873	78 266	77 561
B. OTHER OPERATING INCOME	16 213	15 372	16 784
C1. EMPLOYEES			
a) Total number at the year end	16	15	14
b) Average number of employees calculated on a full-time basis	15.5	14.1	11.6
c) Effective number of hours worked	24 248	21 675	17 402
C2. PAYROLL COSTS			
a) Remuneration and direct benefits	909	751	580
b) Employers' social insurance contributions	275	228	179
c) Employers' premiums for non-statutory insurance	56	34	34
d) Other staff costs	77	22	16
e) Pensions	89	80	71
D. WRITE-DOWNS			
2. ON TRADE RECEIVABLES			
• Booked	108	86	10
• Written back	(76)	(93)	(227)
F. OTHER OPERATING COSTS			
• Operating taxes	10 214	10 509	12 460
• Others	93	–	262
G. TEMPORARY PERSONNEL AND PERSONNEL SUPPLIED TO THE COMPANY			
1. Total number at year end	–	1	2
2. • Average number in full-time equivalents	0.3	1.1	1.0
• Actual number of hours worked	529	2 116	1 972
• Cost to the company	13	54	67

Notes to the accounts

(as of 30 September - in thousands of €)

XIV. EXTRAORDINARY RESULT

2005

B. BREAKDOWN OF OTHER EXTRAORDINARY CHARGES

- Costs related to the sale of the Borschette building 359
- Others 277

XV. INCOME TAX

2005

A. BREAKDOWN OF ITEM 670/3

1. TAXES ON THE RESULT FOR THE YEAR 658
 - a) Taxes and withholding taxes payable or paid 700
 - b) Surplus tax prepayments or withholding taxes booked to the assets - 42
2. TAX ON THE RESULTS OF PREVIOUS FISCAL YEARS 4
 - a) Additional tax due or paid 4

- B. MAIN SOURCES OF DISPARITY BETWEEN PRE-TAX PROFIT, as expressed in the accounts, and the ESTIMATED TAXABLE PROFIT, with a specific mention of those sources deriving from time lags between the book profit and the fiscal profit (if the result for the year is significantly impacted in terms of tax).**
 The tax system governing Sicafis is an exception to the tax regime under ordinary law. The tax base of a Sicafi is not determined by the amount of its book profit, but only by the amount of disallowed expenses and, where appropriate, abnormal or charitable benefits received.

XVI. VAT AND TAXES PAYABLE BY THIRD PARTIES

2005

2004

2003

A. VAT CHARGED:

1. To the company (deductible) 941 860 1 543
2. By the company 2 897 3 223 3 428

B. AMOUNTS WITHHELD TO BE PAID BY THIRD PARTIES FOR:

1. Payroll tax 320 262 197
2. Withholding tax 6 574 6 361 6 123

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XVII. OFF-BALANCE SHEET CLAIMS AND COMMITMENTS

MAJOR DISPUTES AND OTHER MAJOR COMMITMENTS

At 30 September 2005, the amount of guarantees received in the form of bank guarantees was € 12.4 million. € 87.5 million are subject to a collar contract with a floor of 3.5% and a CAP of 5.5% above the 3-month Euribor from June 2004 to June 2006.

XIX. FINANCIAL RELATIONS

2005

4. Direct and indirect remuneration and pensions charged to the profit and loss account, provided that this item does not relate exclusively or principally to the situation of a single identifiable person:

- directors and managers

1 166

XX. FINANCIAL DERIVATIVES NOT ASSESSED AT FAIR VALUE

2005

Estimate of fair value:

- CAP options 4% of notional € 136 million 01.01.05 - 30.06.06
- CAP options 5% of notional € 368 million 30.06.06 - 31.12.08
- COLLAR 3.5% - 5.5% of notional € 87.5 million 30.06.04 - 30.06.06

–

337

(841)

Details about the accounts

(in thousands of €)

DETAILS	2005
OTHER DEBTS	49 980
Dividend payable	48 505
Managing agent's remuneration	1 166
Other third party debts	309
OTHER OPERATING INCOME	16 213
Property tax recovered	4 382
Office tax, insurance recovered	1 724
Other general expenses recovered	10 107
OTHER OPERATING COSTS	10 307
Property tax	8 204
Regional, municipal and provincial taxes	1 993
Miscellaneous	110

Cash flow statement

(as of 30 September - in thousands of €)

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	2004-2005	2003-2004	2002-2003
Profit for the fiscal year	56 490	43 921	45 115
Depreciation and write-downs	7 166	8 479	7 505
CASH FLOW	63 656	52 400	52 620
CHANGE IN WORKING CAPITAL	1 909	- 432	- 15 549
OPERATIONAL CASH FLOW	65 565	51 968	37 071
Dividends	- 47 012	- 45 284	- 43 556
AVAILABLE CASH FLOW	18 553	6 684	- 6 485
Acquisitions of tangible assets	246	72 712	4 288
Acquisitions of financial assets	- 1 569	- 3 731	- 572
Fixed tangible assets developed	- 36 955	-	-
INVESTMENT OPERATIONS	38 278	- 68 981	- 3 716
EQUITY INCREASE	-	-	-
FINANCING NEEDS	56 831	- 62 297	- 10 201
Short term deposits	5 634	3 881	-14 022
Cash and liquid assets	- 6 782	11 215	- 12 510
Financial debts over one year	- 70 033	45 310	- 43 562
Financial debts within one year	14 350	1 891	80 295
SOURCES OF FINANCING	- 56 831	62 297	10 201

Debts, guarantees and rating

DETAILS OF DEBTS AND OTHER MORTGAGES GRANTED AS WELL AS GUARANTEES AND COLLATERALS OBTAINED OR GRANTED

DEBT STRUCTURE AT 30 SEPTEMBER 2005

At 30 September 2005, financial debts amount to € 413.2 million - € 135.6 million in bank loans and € 277.6 million in commercial paper.

(1) SYNDICATED LOAN

In August 2004, Befimmo signed an agreement for a syndicated loan arranged by ABN AMRO and Fortis Bank for € 350 million (five-year term), repayable in full upon latest maturity. By 30 September 2005, only € 55 million had been drawn down under this credit facility. The balance (€ 295 million) serves as a back-up line for the commercial paper program.

(2) LONG-TERM CREDIT LINES

Befimmo has access to long-term credit lines, whose principal amounted to € 80.6 million at 30 September 2005. These credit facilities are repayable in constant annuities, the last of which falls due in 2021.

(3) COMMERCIAL PAPER PROGRAMME

Befimmo has established a commercial paper programme with investors. The amount covered by the programme is € 300 million, of which:

- > € 200 million with Dexia Bank and Fortis Bank;
- > € 100 million with KBC Bank.

The programme makes it possible to cover a large proportion of the company's short-term cash requirements in a flexible, low-cost way.

At 30 September 2005, outstanding commercial paper amounted to € 277.6 million.

(4) OTHER CREDIT LINES

Befimmo has access to short-term confirmed credit lines amounting to € 150 million at 30 September 2005. These credit lines are used as back-up lines for the commercial paper programme and also cover Befimmo's investment capacity through debt.

RATING OF CORPORATE DEBT

Since 11 March 2002, Befimmo's corporate debts have been rated by Standard & Poor's as BBB for the long term and A-2 for the short term.

GUARANTEES RECEIVED

Amount: € 2,981,000

Form: Guarantee received from Bernheim-Comofi covering a dispute with the tax authorities.
Befimmo has a claim in the same amount on the tax authorities.

GUARANTEES GRANTED

- > In connection with the acquisition of the Ikaros buildings, Befimmo has granted payment guarantees to Codic covering the buildings of which it has taken delivery but not yet paid.
- > € 905,000 in favor of the Belgian State: Property dealer.

REGULARITY OF THE INFORMATION PROVIDED TO THE MARKET

Befimmo provides information to the market in annual and half-yearly reports, in press releases and via its website (www.befimmo.be). So-called "road shows" have also been organized in Brussels and in other main European cities: London, Paris, Amsterdam.

Report of the Statutory Auditor

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Statutory Auditor's report for the year ended September 30, 2005
to the Shareholders' meeting

DELOITTE
Reviseurs d'Entreprises
Lange Lozanastraat 270
B-2018 Antwerpen
Belgium

To the Shareholders

In accordance with the legal and statutory requirements, we are pleased to report to you on our audit assignment which you have entrusted to us.

We have examined the financial statements for the year ended September 30, 2005, which have been prepared under the responsibility of the Director and which show a balance sheet total of € 1,115,718 (000) and an income statement resulting in a profit for the year of € 56,490 (000). In addition, as required by the Company law, we have performed specific additional audit procedures.

UNQUALIFIED AUDIT OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement taking into account the legal and statutory requirements applicable to financial statements in Belgium.

In accordance with these standards we have taken into account the administrative and accounting organization of your company as well as the procedures of internal control. The responsible officers of the company have clearly replied to all our requests for information and explanations. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the accounting policies used, the significant estimates made by the company and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the applicable legal and regulatory requirements, the financial statements give a fair and true view of the company's assets, liabilities, financial position as of September 30, 2005 and the results of its operations for the year then ended, and the information given in the notes to the financial statements is adequate.

ADDITIONAL CERTIFICATIONS AND INFORMATION

We supplement our report with the following certifications and information which do not modify our audit opinion on the financial statements:

- The directors' report contains the information required by the Company Law and is consistent with the financial statements. In application of article 523 of the Company Law, the Director has informed you in his report on the investment project regarding SA Lex 2000. As this project was not materialized, there are no adverse financial consequences for the company.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained and the financial statements have been prepared in accordance with the legal and statutory requirements applicable in Belgium.
- No transactions have been undertaken or decisions taken in violation of the company's statutes or the Company Law which we would have to report to you. The appropriation of the results proposed to the General Meeting is in accordance with legal and statutory requirements.

18 November 2005

The Statutory Auditor

DELOITTE Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Jos VLAMINCKX

DELOITTE Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Jurgen KESSELAERS



General information



Fiscal year

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General information on Befimmo SCA and its capital

1. IDENTIFICATION

1.1. COMPANY NAME

BEFIMMO SCA, a Sicaif 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. FORMATION

BEFIMMO SCA was founded on Wednesday 30 August 1995 by a deed executed before Gilberte RAUCQ, notary public in Brussels, and published in the Annexes to the Official Journal of 13 September 1995 under the number 950913-24. The articles of association have been amended several times. The coordinated articles of association have last been modified on 13 December 2005.

1.5. DURATION

BEFIMMO SCA is established for an indefinite period.

1.6. REGISTER OF CORPORATE BODIES

BEFIMMO SCA is registered in the Register of Corporate Bodies in Brussels under the 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 “real estate assets”, 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 leasing contracts;
- any other assets, shares or rights falling within the definition of real estate assets under the Royal Decrees executing 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. The said securities must in addition be listed on a regulated, recognized 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 can acquire personal property and real estate necessary to the direct accomplishment of its object.

BEFIMMO SCA can 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 object, subject to compliance with the legal provisions governing it.

It may take an interest, by means of merger or otherwise, in any business having a similar 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 and at the registered office.
- 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 governing bodies of Befimmo SA are published in the Annexes to the Belgian Official Journal.
- Financial notices concerning BEFIMMO SCA are published in the financial press, are sent to Euronext and may be consulted on the website www.befimmo.be.

The 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

At 30 September 2005, the company capital totaled € 142,295,272.45. It was represented by 9,794,227 fully paid no-par-value shares.

2.2. AUTHORISED CAPITAL

The managing agent is authorised to increase the capital in one or more operations by € 142,295,272.45. This capital increase may be performed as a cash contribution, a contribution in kind or by the incorporation of reserves.

Authorization was given on 13 December 2005 for a period of five years, renewable one or more times by the General Meeting of Shareholders, ruling in the conditions laid down by law.

2.3. CHANGES TO THE CAPITAL SINCE 30 SEPTEMBER 2004

	AMOUNT (in €)	NUMBER OF SHARES
As of 30.09.2004	142,295,272.45	9,794,227
No change	–	–
As of 30.09.2005	142,295,272.45	9,794,227

2.4. STRUCTURE OF THE SHAREHOLDING (AS OF 30 SEPTEMBER 2005)

DECLARANTS	TOTAL NUMBER OF DECLARED VOTING RIGHTS ON THE DATE OF DECLARATION	DATE OF DECLARATION	%
Fortis AG and associated companies	1,590,434	10/02/2005	16.24
Free Float*	8,203,793		83.76

* Percentage of a company's capital held by the public. This relates to all shareholders holding less than 5% of the total shares.

3. THE FOUNDER OF BEFIMMO SCA

BEFIMMO SCA was set up on the initiative of Bernheim-Comofi SA (now known as Fortis Real Estate SA) with its registered office at Boulevard Saint-Lazare 4-10, 1210 Brussels.

4. “SOCIÉTÉ EN COMMANDITE PAR ACTIONS”

BEFIMMO SCA's legal form is of a “Société en commandite par actions” (“SCA”).

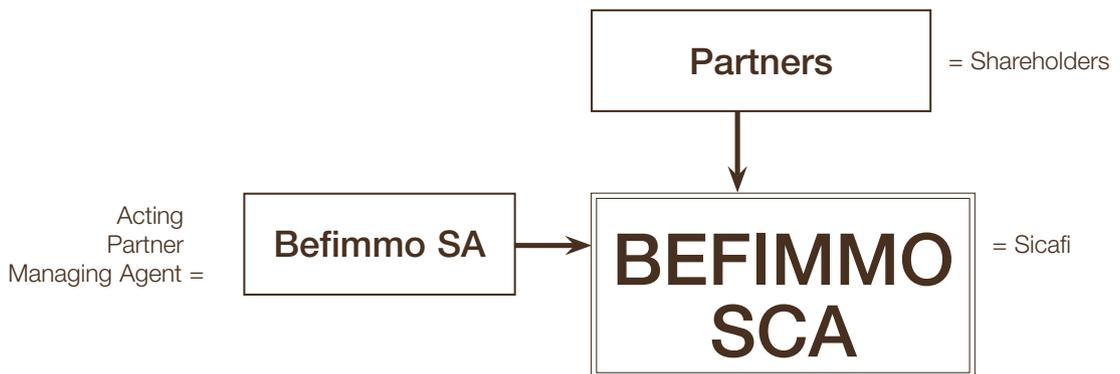
An SCA is made up of two categories of partners:

- 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 managers.

In the case of BEFIMMO SCA, the acting partner is Befimmo SA which also has sole responsibility as managing agent.

BEFIMMO SA is controlled by Fortis Real Estate Asset Management.



5. NAME AND QUALIFICATIONS OF THE REAL ESTATE EXPERTS USED BY BEFIMMO SCA

BEFIMMO SCA uses several real estate experts, namely CB Richard Ellis, Cushman Wakefield Healey & Baker and Winssinger & Associés.

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

Real estate Sicaf

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The Sicafi system was created in 1995 to promote collective real estate investment. This concept of closed-end real estate investment companies is similar to the Real Estate Investment Trusts (USA) or the Beleggingsinstellingen (Netherlands).

The aim of the legislator was for the Sicafi to ensure a form of real estate investment of high transparency, making it possible to distribute cash flow to the greatest possible extent while benefiting from numerous advantages.

Sicafis are controlled by the Banking, Finance and Insurance Commission and are subject to a specific set of regulations, among other things requiring that they:

- Take the form of a public limited company or a "Société en commandite par actions".
- Be quoted on the stock exchange.
- Have a debt limited to 50% of the total asset value at market value.
- Strict rules governing internal conflicts.
- Have a portfolio that is recorded in the accounts at its true market value with no depreciation.
- Proceed with a quarterly valuation of assets performed by independent experts.
- Diversify their risk: no more than 20% of all assets in a single real estate complex.
- Distribute at least 80% of profits, whereupon they are exempted from corporate income tax.
- Deduct a 15% withholding tax when the dividend is paid.

All these rules are intended to help reduce risk exposure.

Any company merging with a Sicafi will see all unrealized capital gains and tax-exempt reserves taxed at 16.995% (16.5% plus 3% crisis supplement).

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