



Method for valuing investment property

In a press release issued today¹, the Belgian Asset Managers Association (BEAMA) published its scheme for applying the IAS 40 standard on the valuation of investment properties.

In brief, the standard sets out the method for booking investment properties at fair value, i.e. after deducting transaction costs (mainly transfer tax) levied in the event of a hypothetical transfer of property in the future.

Taking account of the various methods of transfer used on the market, the average transaction cost is currently 2.5%² for property whose value exceeds €2.5 million and either 10% or 12.5% for property whose value is lower, depending on the region where the property is located.

The impact of the flat-rate allowance on the Befimmo portfolio amounts to a reduction in value of €26.58 million for the period ending 30 September 2005, deducted from the company's equity capital.

When the fair value of properties is factored in, this results in a book value of €65.48 per share based on the accounts for the period ending 30 September 2005 drawn up in accordance with IFRS. Henceforth, the book values that the Sicafi publishes will take account of the flat-rate allowance.

The book value expressed on the basis of the investment value of the properties (i.e. including transaction costs) is €68.19 per share.

It is important to bear in mind that the forecast cash flows and dividends for this year and subsequent years will not be impacted by the valuation of properties at their fair value in accordance with IAS 40.

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Additional information

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¹ The press release can be viewed on the BEAMA website.

² Average level observed on the Belgian market over the last three years.