Annual Report 2008

Befimmo

Creating value in real estate

08

Profile

Befimmo Identity and Strategy

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

Befimmo was founded from scratch in 1995. It now has a portfolio of quality office buildings worth €1.9 billion and a market capitalisation as of 30 September 2008 of over €930 million.

Befimmo is a professional real estate owner, pursuing a strategy centred around its shareholders, optimising its long-term cash flows and making a profit from its real estate investments.

Befimmo focuses its business approach on:

its customers

the occupants of its buildings, without whose rental payments nothing would be possible. Befimmo ensures the long-term sustainability of its cash flows and seeks to maintain the highest possible occupancy rate for its portfolio, developing the relationship of trust it is building with its lessees and adopting a responsible and pragmatic attitude that takes account of the economic climate;

the quality of its new investments

to ensure long-term growth in earnings and share price;

judicious disposals

that tally with a policy of anticipating economic cycles, arbitraging its portfolio and simply seizing opportunities;

controlling costs

both real estate charges and overheads, so enabling it to rank among the best performing listed European groups;

balancing its borrowing structure

to limit its financing costs, while protecting its earnings for periods of three to five years against rises in interest rates above certain thresholds;

developing and motivating its in-house team

comprising 31 fully dedicated staff members as of 30 September 2008.

€1.9 billion

Value of the Befimmo office portfolio.

31 staff members

The Befimmo team is a crucial element for the success of its overall strategy. The involvement of everyone is a key factor for success.

Key figures

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

2008

KEY FIGURES (as of 30.09)	2008	2007
Total surface area of portfolio (m^2)	**851 647**	**879 470**
Value of portfolio (millions of €)	**1 886.5**[1]	**1 812.9**
Occupancy rate (%)	**97.3**	**95.1**
Shareholders' equity[2] (millions of €)	**966.8**	**931.9**
Debt ratio (%)	**46.9**	**46.8**
Investment capacity (millions of €)	**1 005.9**	**986.5**

KEY FIGURES PER SHARE[2] (as of 30.09)	2008	2007
Book value (€)	**74.03**	**71.36**
Closing share price (€)	**71.53**	**72.93**
Net cash flow (€)	**4.58**	**4.78**
Net result (€)	**4.45**	**8.23**
Return[3] (€)	**4.11**	**11.94**
Gross dividend (€)	**4.55**	**4.51**
Return on shareholders' equity (%)	**5.76**	**17.71**
Gross yield[4] (%)	**6.36**	**6.17**

(1) Throughout this annual report, the portfolio comprises both investment properties and properties held for sale.
(2) The financial data are presented as "group share".
(3) The return is the change in book value over one year plus the gross dividend distributed during that year.
(4) Gross dividend divided by the share price as of 30 September.
(5) Publication after the close of the stock exchange.

KEY DATES FOR SHAREHOLDERS 2008-2009	Date
Payment of 2008 dividend on presentation of coupon No 16	from 19 December 2008
Interim statement - Publication of book value as of 31 December 2008	Tuesday 17 February 2009[5]
Publication of half-yearly results and book value as of 31 March 2009	Thursday 28 May 2009[5]
Interim statement - Publication of book value as of 30 June 2009	Thursday 23 July 2009[5]
Publication of annual results and book value as of 30 September 2009	Wednesday 18 November 2009[5]
Ordinary general meeting 2009	Tuesday 15 December 2009
2009 dividend on presentation of coupon No 17	
Former 2008/2009 dividend date	*Thursday 17 December 2009*
Record 2008/2009 dividend date	*Monday 21 December 2009*
Payment of 2008/2009 dividend	*Tuesday 22 December 2009*

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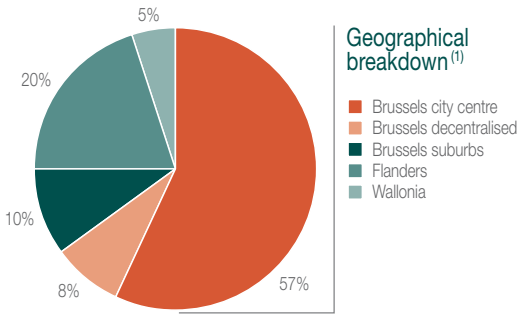
Befimmo has made the necessary preparations to be able to operate optimally in France. As it has also been listed on Euronext Paris since 23 September 2008, it satisfies all the conditions to enable it to opt, if appropriate, for the SIIC status, thereby guaranteeing the fiscal transparency that its shareholders enjoy.

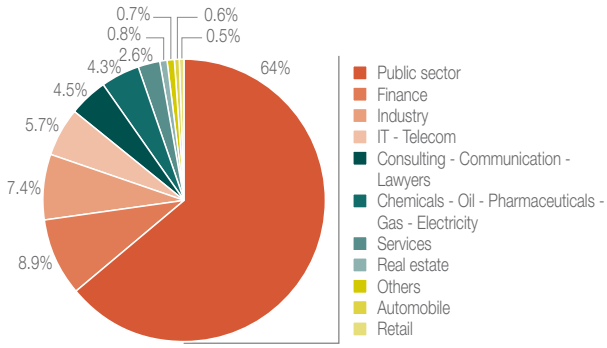
Portfolio



100%

Befimmo is pursuing a strategy as a "pure player" (2) investor in city centre office buildings. As of 30 September 2008 its portfolio consisted entirely of offices.

Tenants (3)

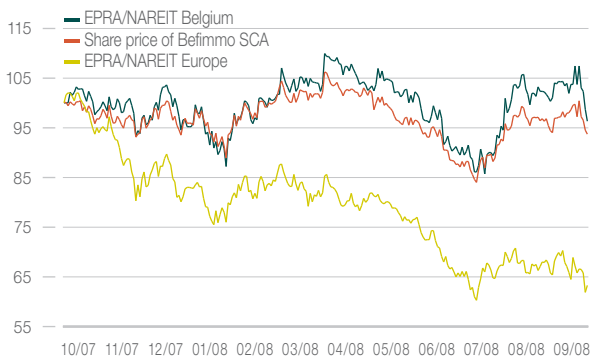


64%

Public institutions account for 64% of total income.

Befimmo on the stock exchange

Befimmo and the EPRA index (4)



6.36%

As of 30 September 2008, the Befimmo share closed at €71.53. It therefore offers a gross yield of 6.36%.

(1) The proportions are expressed on the basis of fair values as of 30 September 2008.
(2) "Pure player": an investor that focuses on and is highly skilled in a single geographical or sectoral business segment.
(3) The proportions are expressed on the basis of current rents as of 30 September 2008.
(4) Source: EPRA European Public Real Estate Association (www.epra.com).

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"Triple "pure player"

Investor - Offices - City centre

Letter to the shareholders

Dear Shareholders,

A lot of water has flowed under the bridge since the end of the 2008 fiscal year and the time of writing, in the middle of a world financial crash and the risk of a period of recession!

Befimmo is obviously not entirely immune to the crisis, as our share price since the year-end shows.

It is highly likely that your Sicafi will be working in an environment fundamentally different from the one we have known in recent years.

And yet Befimmo looks well protected.

Indeed, it owns a large portfolio of some one hundred quality properties, a large part of their income (64%) originating from public institutions on long-term commitments (average 12 years). In this respect, the acquisition in December 2006 of a 90% holding in SA Fedimmo, owner of 62 buildings let to the Belgian Government, provided a strong boost to the Sicafi's long-term viability by giving it a base of solid and lasting revenues. Thanks to the long terms of the leases, most of Fedimmo's income is predictable (unless a tenant defaults, 99% of forecast rental income for the next year is already secured, the figure being 93% and 82% for the two following years). Finally, just before the summer, and the "events" of September and October 2008, Befimmo's financing was restructured over longer periods; it currently has a term of nearly four years, ensuring that it can abide by its commitments with confidence.

This puts Befimmo in a strong position to face the coming period that promises to be one of turbulence and adaptation, but probably also of opportunities.

The probable disappearance of investors with no own resources, working in the hope – nowadays dashed – of short-term profits, will more than likely offer "conventional" investors that are well structured and solid, and which include Befimmo, new opportunities to acquire quality properties at prices allowing the dividend to be improved while opening up opportunities for capital gains. Befimmo will be interested in such opportunities.

Since 2005 (after the agreements between Befimmo and La Poste) we have been billing 2008 as a transitional year in terms of cash flow per share, but it has turned out to be an excellent year, much better than forecast. The substantial capital gains achieved – over and above the market value booked by Befimmo under IFRS accounting standards – on the disposal of the Woluwe Garden buildings, the semi-industrial buildings and Fedimmo buildings on short let to the Belgium Government, and the liquidation of the La Hulpe real estate certificate, more than offset the shortfall between cash flow per share (€3.79) and the dividend (€4.51) forecast a year ago.

99% of forecast rental income for the next fiscal year is already secured.

+3%

Aside from the capital gains realised, the net cash flow as of 30 September 2008 is around 3% above the forecast made a year ago.

Finally, the 2008 fiscal year closed with a cash flow (€4.58 per share) and result per share (€4.45) substantially above forecasts, which enables us to propose at the general meeting of shareholders on 15 December 2008 a dividend of €3.87 net (€4.55 gross), higher than last year and higher than forecast.

Some excellent transactions have come to fruition in 2008, such as the nine-year let of the Brederode Corner building to Sheraton Management LLC for use as its European headquarters; and acquiring the rights from Fortis Bank on two of its regional headquarters under "sale and rent back" operations, spreading from 12 to 27 years.

In particular, in the current environment, we remain convinced of the validity of our "pure player" strategy, i.e. of a professional investor in city centre office buildings, mainly in Brussels, historically a city of limited volatility, thus offering secure investments.

We have also forged ahead with our plans for geographical diversification. Following a first step in Luxembourg, we have chosen Paris, the largest market in Europe, as a possible entry for Befimmo on the grounds that the market has low rental vacancies – thus offering credibility to the anticipated revenue – while property values are continuing to be marked down. Paris could therefore offer Befimmo a real opportunity for creating value in the near future. Befimmo has prepared for it; in September 2008 it succeeded in having its shares listed on Euronext Paris and it satisfies the conditions to obtain the status of Listed Property Investment Company (SIIC), guaranteeing fiscal transparency for shareholders.

Despite our firm conviction that Befimmo is a sound vessel for weathering the storm, we cannot ignore the environment in which we are operating, which is leading to a significant rise in margins on financing, which could nevertheless be partly offset by the drop in short-term interest rates. The cash flow forecasts for the coming years have therefore had to be adjusted to take account of this uncertain environment.

If necessary, as announced in 2005, we will use part of the undistributed capital gains realised to make up any shortfall between cash flow and the forecast dividend, as could occur next fiscal year. These gains do of course belong to our shareholders and we shall distribute them when the time seems ripe, notably in a difficult economic climate such as the one we are experiencing today, so as to be able to deliver a stable dividend and even a little growth, as you have a right to expect from your investment in Befimmo.

Thank you for your continued confidence.

Brussels, 12 November 2008.

For Befimmo SCA
The Managing Agent, Befimmo SA

Benoît De Blieck
Managing Director
Permanent representative

Alain Devos
Chairman of the Board

Management report

track record

Since it was founded in 1995, Befimmo has achieved regular and strong but controlled growth of its portfolio. It has now attained a value of €1.9 billion while still creating value.

The key events of the fiscal year

(1) The capital gain is the net disposal value less the fair value (IFRS) and any associated goodwill booked at the end of the quarter preceding the sale.
(2) Rents for future years calculated on the basis of the present situation, assuming that each tenant leaves at the first break and that no further lease is agreed / current rents as of 30 September 2008.

50%

In ten years' time, in 2018, almost half of our current agreements will still be in force.

Business development

Investments and disposals

1. Semi-industrial portfolio and Woluwe Garden B&D

During the first half of the 2007/2008 fiscal year, Befimmo disposed of its semi-industrial portfolio and two office buildings, Woluwe Garden B&D, to AIG Global Real Estate Investment, Rockspring Property Asset Management and Rockspring PIM Ltd, for a total sum net of fees and costs of €72 million. Pursuing its strategy as a "pure player" investor, Befimmo reduced the share of the Brussels suburbs in its portfolio and made its exit from the semi-industrial segment, which had become marginal and non-strategic. This transaction generated a substantial capital gain [(1)] of some €7.5 million, or €0.57 per share. Befimmo intends to continue actively managing its portfolio by investing in quality offices located in city centres and disposing of buildings that are no longer consistent with its strategy or have reached maximum potential.

2. Antwerp and Leuven properties

On 26 June 2008, Befimmo agreed a transaction with Fortis Bank to acquire rights in two buildings, the regional headquarters in Antwerp and Leuven, which were immediately relet, mainly to Fortis Bank.

The transaction took place at normal market conditions, not exceeding the figures established by the real estate expert.

The Antwerp building (20,612 m²) at Meir 48, Wapperstraat 2-6 and Jodenstraat 19-31 consists of two technically independent wings:

> Meir, a classical style building, of high architectural value (bank branch, meeting rooms, safe deposit vault and offices) let solely to Fortis Bank for a term of 27 years;

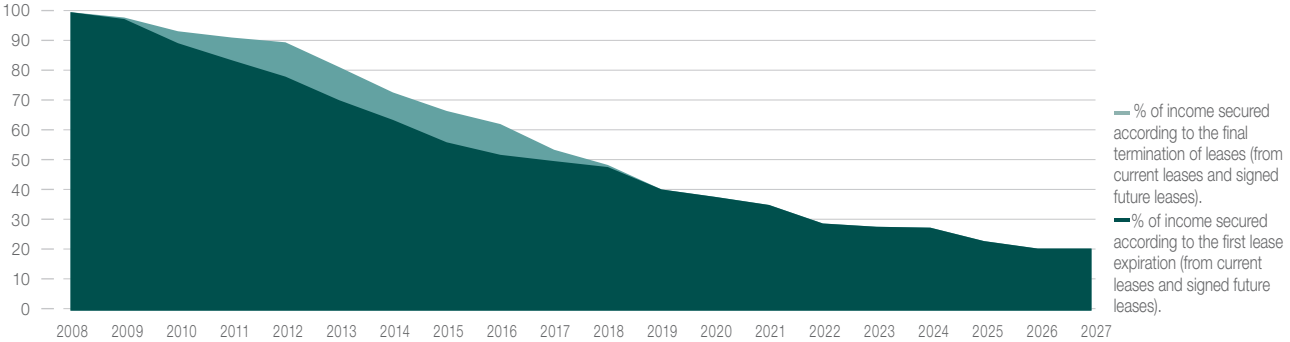
> Wapper, a contemporary building used as offices, also let solely to Fortis Bank for a term of 18 years.

The other building (19,033 m²) is at Vital Decosterstraat 42-44 in Leuven. It is also a recent and functional administrative building, three-quarters let to Fortis Bank long-term (leases from 12 to 15 years) and the rest to other top-flight tenants.

This operation is fully in line with Befimmo's strategy as a "pure player" investor. These are indeed quality office buildings, with an excellent city centre location. Let entirely for an average weighted duration of 17 years, they will guarantee long, regular and indexed cash flows.

This transaction is expected to provide a recurrent improvement in cash flow of €0.07 per share (indexed).

Percentage of rent secured according to the remaining term of the leases in the consolidated portfolio [(2)] (from current and signed future leases) (in %)



97.3%

High occupancy rate as of 30 September 2008.

3. Fedimmo – Buildings with short-term leases

In June 2008 Fedimmo transferred the rights on two buildings on short-term let to the Belgian Government (Tabaksvest in Antwerp and Langerei in Bruges). These transactions generated an overall capital gain [(1)] of some €1.2 million, or €0.09 per share.

These buildings would actually have a potentially much higher value if redeveloped, at the end of the current leases, as residential or mixed-use properties. However, such a redevelopment is not consistent with Fedimmo's business and is not in line with its "pure player" strategy.

4. FPS Finance, Liège

During the fiscal year, Fedimmo invested resources in preparation for submitting a bid by 24 December 2008 to the Buildings Agency for a contract to promote work for the provision of a building to house the Federal Public Service Finance in Liège. While complex, this transaction is in line with Fedimmo's strategy as it involves making a new building (39,000 m² of office space) available to the Belgian Government – and then operating it on the basis of a prior commitment to a long lease (25 years). By doing so, Fedimmo is exploiting a property for its own purposes that it already owns.

5. SIIC option

Finally, note that Befimmo has made the necessary preparations to be able to operate optimally in France. As it has also been listed on Euronext Paris since 23 September 2008, it satisfies all the conditions to enable it to opt, if appropriate, for the SIIC status, thereby guaranteeing the fiscal transparency that its shareholders enjoy.

6. Others

Apart from the operations that came to fruition, Befimmo studied investment dossiers in Belgium and Paris representing 220,000 m² overall, with an investment value of over €1 billion. Some of these projects are still under study while others failed to materialise.

Rentals

In this difficult economic climate, Befimmo is endeavouring more than ever to foster tenants' loyalty by continuing to pay particular attention to their well-being and satisfaction. This policy is succeeding in protecting Befimmo's medium- and long-term revenues. Thus for the 2008/2009 fiscal year, 99% of rental revenues are already secured under contract. For 2009/2010 the proportion is 93% and 82% for 2010/2011.

As of 30 September 2008, the occupancy rate of the Befimmo portfolio was 97.3% – higher than at 30 September 2007 (95.1%) and at 30 September 2006 (94.7%). This high growth is due to the letting of the Brederode Corner building after renovation to Sheraton Management LLC, and the sale of the Woluwe Garden B&D buildings, much of which were lying vacant.

As of 30 September 2008 the rental vacancy rate for Brussels office market was 8.8%. But there are still wide variations depending on market segment. In all the Brussels segments, Befimmo is performing better than the market.

The vacancy rate in the Central Business District (CBD) is 6.8% in the Leopold district and 5.6% in the North area. On the other hand the actual city centre (within the Brussels pentagon) has a high occupancy rate: barely 3.4% of property there is available.

"

The disposal of the semi-industrial portfolio and Woluwe Garden B&D buildings generated a substantial capital gain of some €7.5 million, or €0.57 per share.

Extension Justice
City centre

2.9%

Befimmo's portfolio in the decentralised area still has a vacancy rate (2.9%) substantially lower than the market average (12.7%).

Befimmo's CBD portfolio has an occupancy rate of 98.1%. The available 1.9% is mainly in the Central Gate building.

Befimmo was pleased to welcome new customers to its CBD buildings: Sheraton Management LLC, Somerset County Council, the Brussels-Capital Region, etc.

Many tenants remained loyal to Befimmo by renewing or extending their leases: VDAB, CREG, Gide Loyrette Nouel, the European Parliament, etc.

One of the main events in the portfolio for the CBD segment was the letting, early in the year and before the works were completed, of the whole Brederode Corner building to Sheraton Management LLC (8,036 m²) which is using it as its main European headquarters. The lease is for an initial definite term of nine years. Following the departure of the occupants late in March 2007, Befimmo has carried out a full renovation of the building. The work, with a total budget of €5.2 million, was completed in March 2008.

The VDAB [Vlaamse Dienst voor Beroepsopleiding en Arbeidsbemiddeling] which occupies the whole Empereur building (5,953 m²) has extended its lease for five years, to occupy the building up to 30 September 2018.

The CREG [Commission de Régulation de l'Électricité et du Gaz] and the Gide Loyrette legal practice have also confirmed that they will move into the View Building, occupying 3,095 m² and 1,221 m² respectively, and have signed a new lease for a 6/9-year term.

Furthermore, the European Parliament renewed its lease of the Wiertz building from 1 April 2008 for a definite 9-year term, doubling the space it lets.

Befimmo's portfolio in the decentralised area still has a vacancy rate that is substantially lower than the market average (12.7%): as of 30 September 2008, availability was no higher than 2.9% or 2,315 m², in the Hulpe 177 and Triomphe 3 buildings.

In the Brussels suburbs, the situation is still difficult. The occupancy rate is rising, as of 87.6% as against 82.7% in September 2007, owing mainly to the disposal of the Woluwe Garden B&D buildings.

Befimmo was pleased to welcome the following new customers to its suburban portfolio: Denso, Oracle, Secretary Plus, Helm Benelux, Payroll Services, Venilia, Jeol, VDL Klima, Mavane, Neways, etc.

The following tenants remained loyal to Befimmo by renewing or extending their leases: Biomedical, Avnet, Samsung, Siemens, Tauw, Vicon, Toyoda Gosei, etc.

The Media building in Vilvoorde has been entirely relet following the departure of Scarlet in late June 2008 to another Befimmo building (Fountain Plaza). All the space freed up has been let to Oracle (4,423 m²) and Denso (1,385 m²) which are both moving into the building for a definite six-year term. Samsung has also doubled the space it lets in the building by taking an extra 1,317 m² for a definite term of at least six years.

During the fiscal year, Befimmo signed leases for a total of 32,500 m² of office space (of which 21,305 m² of net take-up), and 4,753 m² of storage or multi-purpose space (of which 4,136 m² of net take-up).

Of the leases agreed over the year, new customers account for 55% of rents (18 transactions), the balance being new agreements with existing tenants (19 transactions).

RENTAL VACANCIES (as of 30.09.08)

	CITY CENTRE	LEOPOLD	NORTH	DECENTRALISED	SUBURBS	TOTAL
Befimmo	2.7%	2.0%	1.1%	2.9%	12.4%	**2.7%**
Real estate market (1)	3.4%	6.8%	5.6%	12.7%	18.3%	**8.8%**

(1) Source: CB Richard Ellis figures – September 2008.

> One of the main events in the portfolio for the CBD segment was the letting, early in the year and before the works were completed, of the whole Brederode Corner building to Sheraton Management LLC for an initial definite term of 9 years.

Portfolio development

Befimmo buildings before the acquisition of Fedimmo

Always concerned to keep its real estate assets in good repair and to constantly improve the quality of its buildings, Befimmo has carried out improvement works worth €1.7 million, among others in the Eagle, Ikaros Business Park and Wiertz buildings. This work has been booked to the accounts for the fiscal year.

Befimmo is also undertaking a major programme of investment in its buildings in Brussels (CBD):

1. Extension Justice:

Following the signing in June 2007 of a new 20.5 year lease with the Belgian Government for letting the building after completion of the works, since late August 2007, Befimmo has been carrying out a thorough renovation of the building.

The work programme includes: landscaping of the approaches and access to the building, renewal of the roofing and facades, installation of a high-performance ventilation and air-conditioning system, renewal of all the electrical, sanitary and fire-fighting installations and finishings, and fitting-out for the tenants. The total budget for the work is €22.6 million. It will be completed early in 2009, in time for the new lease to begin.

2. Brederode Corner:

Following the departure of the occupants in late March 2007, Befimmo has begun a full renovation of the building: renovation of entrance and hallways, cleaning of facades, renewal of all finishings, fitting of a false ceiling, upgrade of air-conditioning installations. The total budget for the work is €5.1 million. The premises were ready in March 2008. They were handed over to the new tenant, Sheraton Management LLC, in early May 2008.

3. World Trade Centre - Tower 2:

Under the agreements reached in late 2005 [1] between La Poste, the Buildings Agency and Befimmo for the transfer of La Poste's leases to the Buildings Agency with effect from 1 January 2009, Befimmo began the building's renovation programme in late June 2007. The work, costing a total of €22.4 million, is being carried out in several phases and will be completed by the end of 2008. It will also include major fitting-out work for the new occupants.

(1) For more information, please see the press release of 2 February 2006 on Befimmo website at www.befimmo.be.

Brederode Corner
City centre

Central Gate
City centre

4. Central Gate:

The FPS Finance departments occupy a large space in the Central Gate building (5,457 m²); as soon as they leave in February 2009, Befimmo will begin renovating the building. The project will be carried out in several phases and is designed to harmonise with the building's historic character and architecture.

The work will essentially involve renovating the entrances, reorganising the internal routes, and refurbishing the vacated premises. The renovated building will eventually offer the tenants comfortable and flexible offices in an exceptional location (next to the Central Station). Thus it will be suited to tenants seeking a prime location at an attractive rent. Befimmo will then gradually continue renovating the other office areas as parts of the building fall vacant. The first phase of the project will involve an investment of the order of €3 million.

5. Impératrice:

Befimmo plans to begin refurbishing the building, which is very attractive on account of its visionary architecture.

It has a prestigious and very prominent location, right next to the cathedral of St Gudula, facing the Boulevard de l'Impératrice and next to the Central Station.

The ambitious renovation programme that has been devised will offer all the prestige, flexibility and convenience of contemporary buildings based on a philosophy of strict compliance with energy efficiency standards (EPD). Comprehensive passive and active systems will be provided to offer the future occupants a building that satisfies their needs while minimising energy consumption.

Moreover, the project is a prize-winner in the "IBGE 2007 – green buildings" competition. The necessary planning and environmental permits were applied for from the competent authorities in September 2007.
The permits should be issued by the end of 2008. The total investment is estimated at €25.5 million.

Buildings in the Fedimmo portfolio

As landlord, Fedimmo has carried out maintenance work and major repairs costing €0.7 million, booked to the accounts for the fiscal year.

In consultation with Fedimmo, the Buildings Agency is also considering introducing a fully comprehensive maintenance contract covering the whole portfolio.

Fedimmo also has a major investment programme for its buildings:

1. General renovation programme:

The programme of works to which Fedimmo is committed under contract with the Belgian Government continued during the fiscal year. It involves renovation and upgrade work in the majority of the buildings in the Fedimmo portfolio. The work, costing a total of some €50.1 million, is to be completed by the end of 2009. The leases with the Belgian Government allow for an increase in the rents in proportion to the completion of the work. Excluding Tower 3 of the WTC, at the end of the fiscal year Fedimmo had carried out work costing €9.5 million.

The renovation of Tower 3 of the World Trade Centre, let to the Belgian Government for 21 years, accounts for a substantial proportion of this work (€22.2 million) but has been slightly postponed (2009/2011) in order to enable the Buildings Agency to finish studying the layout for the various departments due to occupy the tower.

Indeed, major fitting-out work for the tenants, at the expense of the Buildings Agency, will be carried out alongside the renovation.

6.5%

The leases with the Belgian Government allow for a 6.5% rent increase in proportion to the completion of the work.

2. Science:

Studies have begun for the renovation of the building on Rue de la Science in Brussels in preparation for the end of the current lease with the Belgian Government in early 2010. The project involves a full renovation of the building, with a reorganisation of the vertical and horizontal routes in order to optimise the existing space. The necessary planning and environmental permits were applied for from the competent authorities in late 2007, and these permits should be issued by mid-2009. The budget for the work is €11 million.

3. Froissart:

This building is small but in a very good location near Rond-Point Schuman in Brussels in the heart of the European district, and studies are in progress for renovating it. Work costing some €5.7 million overall should begin in April 2009. The necessary planning and environmental permits were applied for from the competent authorities in October 2007, and these permits should be issued by the end of 2008.

Science
Leopold district

“

Always concerned to keep its real estate assets in good repair and to constantly improve the quality of its buildings, Befimmo is carrying out a major programme of investment in its buildings.

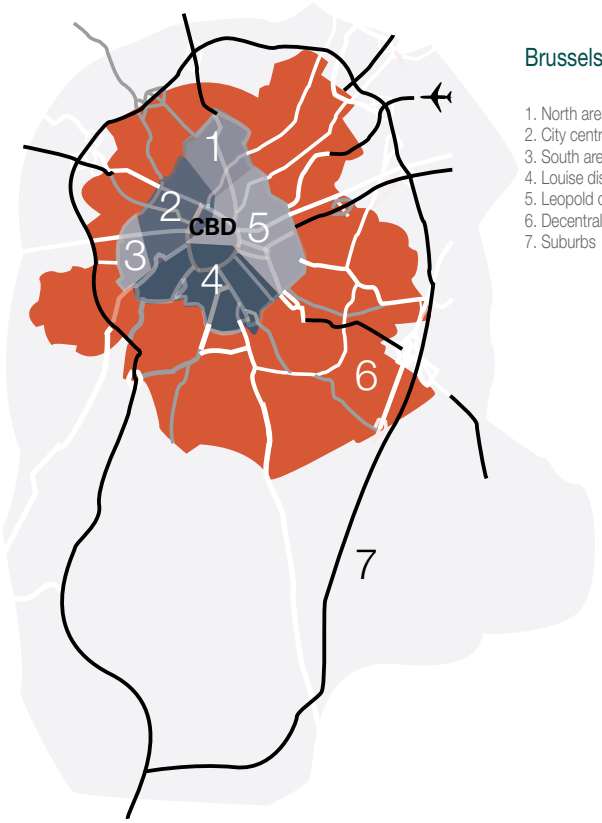
The Brussels real estate market (1)

(1) Source: CB Richard Ellis – data as of 30 September 2008.
Jones Lang LaSalle – Special property supplement to l'Echo – Friday 24 October 2008.

Like the other markets, Brussels is affected by the crisis.

The European property markets have been badly shaken by the crisis, though the intensity of the shock varies from one market to another. The shock is affecting both rentals and investments. Brussels seems less badly hit by the crisis than other major European cities (London, Madrid and Paris) mainly on account of its structural stability. Past excesses are therefore correcting themselves. However, Brussels should not experience such severe corrections as rents and yields have actually been kept at relatively reasonable levels.

With office space of 12.8 million m², Brussels ranks among the major European markets.



Brussels

1. North area
2. City centre
3. South area
4. Louise district
5. Leopold district
6. Decentralised
7. Suburbs

The rental market

Despite nine fairly dynamic early months, some 120,000 m² let during the third quarter of 2008, and a total of 351,000 m² over the first three quarters, Brussels will not match the annual average of 500,000 m² achieved in recent years. Demand in the first two quarters came from the private sector, while in the third quarter it was sustained by the public sector which was involved in some major transactions. The public sector share rose to 34% over nine months. Few transactions are expected in the fourth quarter.

In an uncertain economic context, demand for office space from businesses slows down; 2008 will therefore certainly see a fall in new lets.

The vacancy rate has been falling since mid-2006, and this trend was confirmed in September 2008 with a rate of 8.8% as against 9.5% one year earlier. The drop is due to a combination of sustained demand on the rental market and few speculative projects being handed over during the early months of the year. However, vacancy rates will unfortunately not continue to fall in 2009 and may even move in the opposite direction. Indeed, they should rise from 2009 owing to the hand-over onto the market of quite a few projects (more than 1,000,000 m²) by the end of 2010, most of which were begun with no particular tenant in mind. 380,000m² (78% speculative) and 451,000 m² (75% speculative) are planned for 2009 and 2010 respectively.
The unknown factor is how far market demand can absorb such a supply.

8.8%

The market vacancy rate has been falling since mid-2006. This trend was confirmed at 30 September 2008 with a rate below 9%.

Despite an anticipated slowdown in demand, rents are holding steady at reasonable levels in the centre of Brussels. Certain transactions in the Leopold district have even been concluded at prime levels (between €250/m² and €275/m²). On the other hand, rents in decentralised and suburban areas are under higher pressure.

The Brussels real estate market comprises three geographical areas: the Central Business District (CBD), decentralised area and the suburbs. Since each of these areas has specific features, they should be analysed separately.

Central Business District (CBD)

This area is composed of the city centre, the Leopold district, the North area, the Louise district and the South Station area. It currently comprises office space exceeding 8.2 million m² (64% of all Brussels offices) and accounts for 56% of demand.

Demand in the CBD over the first nine months of 2008 was sustained by major public-sector transactions (103,000 m²). These included the European Commission's lease on the Covent Garden building (31,000 m²) and two buildings at the South Station (Ring station 14,000 m² and South Express A2 10,000 m²) on a long-term let to SNCB.

The vacancy rate for the whole CBD as of 30 September 2008 is around 5.4%, much lower than last year (6.7%). The fall affects all the various subdistricts of the CBD. Rental vacancies were 6.8%, 3.4% and 5.6% in the Leopold district, city centre and North area respectively. As stated above, this downward trend in rental vacancies is unlikely to last, as many speculative projects are due to be handed over by the end of 2010: 168,000 m² in the Leopold district, 179,000 m² in the city centre and a further 94,000 m² in the North area.

Rents in central Brussels are holding firm, generally between €160 and €225 per square metre. "Prime Rent" is still between €275/m² and €300/m² for small spaces in the Rond-Point Schuman micromarket.

Decentralised and suburbs

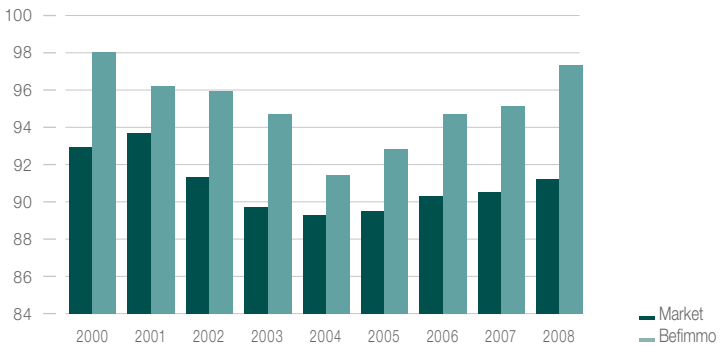
The decentralised area and the suburbs together accounted for 44% of demand (76,000 m² and 79,000 m² respectively since the year began). These areas appeal to many Belgian and multinational businesses tempted by attractive rents.

The vacancy rate in decentralised areas was 12.7%, stable in relation to last year. However, this region suffers from multinationals moving out to take advantage of the tax breaks in the suburbs (tax differentials of up to €50/m²/year).

The suburbs, disadvantaged in terms of location and public transport, and also directly dependent on a healthy private sector, are the first areas to suffer in times of crisis. This explains why the situation in the suburbs has deteriorated somewhat since last year, with a vacancy rate rising from 17.5% to 18.3% as of 30 September 2008.

Rents for second-hand office buildings are harder hit than those for new buildings, which are holding relatively steady. They are around €150/m² in decentralised areas and €126/m² in the suburbs. These rents seem to have bottomed out and so should not come under too much pressure in these harder times.

Occupancy rate Befimmo/Market [1] (in %)



12.8 m m²

With office space of 12.8 million m², Brussels ranks among the major European markets.

Investment market

The credit crunch is hitting the investment market hard, in terms of volume of transactions, players and yields.

The investment market is currently paralysed. Strong words, perhaps, but it has to be admitted that very few transactions have been taking place in the past few turbulent months. In the third quarter of 2008, the turnover in office buildings was around €276 million compared with €925 million for the same quarter the previous year, a drop of nearly 70%. For 2008 as a whole, a turnover of €1.7 billion is expected, well below the record figure for 2007 (approx. €2.5 billion).

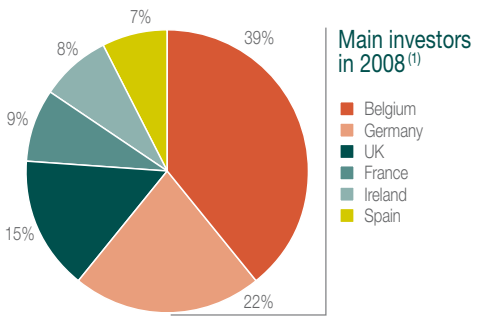
This situation is due not to a lack of products but rather to an imbalance between the sellers' asking prices and what buyers are prepared to pay.

According to real estate agents, a drop in values (averaging around -6.7%, much lower than the European average of -12%) was observed as of 30 June 2008.

This adjustment is taking place in stages and for the time being is mainly affecting lower quality offerings, of which there is no shortage. This drop in value corresponds to a rise in yields as of 30 September 2008 of 50 basis points for classical office buildings in the CBD and from 100 to 150 basis points for buildings in decentralised area and the suburbs.

There has been a reversal of the situation regarding the players on the investment market. In a crisis where financing difficulties have been getting worse since the restrictions on access to credit, equity players with substantial funds of their own are at an advantage over those who depend on borrowing. Those of these investors who have displayed opportunist behaviour in the past are being supplanted by better structured investors. Belgian investors (39%) account for a large share of the volume of investment.

To conclude, despite the many uncertainties that will still affect the market over the coming months, the coming years could offer opportunities.



(1) Source of market figures: CB Richard Ellis - September 2008.

"

However, Brussels seems less badly hit by the crisis than other major European cities, mainly on account of its structural stability.

Befimmo identity and strategy

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

Befimmo was founded from scratch in 1995. It now has a portfolio of quality office buildings worth €1.9 billion and a market capitalisation as of 30 September 2008 of over €930 million.

Befimmo is a professional real estate owner, pursuing a strategy centred around its shareholders, optimising its long-term cash flows and making a profit from its real estate investments.

Befimmo focuses its business approach on:

> **its customers** the occupants of its buildings, without whose rental payments nothing would be possible. Befimmo ensures the long-term sustainability of its cash flows and seeks to maintain the highest possible occupancy rate for its portfolio, developing the relationship of trust it is building with its lessees and adopting a responsible and pragmatic attitude that takes account of the economic climate;

> **the quality of its new investments** to ensure long-term growth in earnings and share price;

> **judicious disposals** that tally with a policy of anticipating economic cycles, arbitraging its portfolio and simply seizing opportunities;

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

> **balancing its borrowing structure** to limit its financing costs, while protecting its earnings for periods of three to five years against rises in interest rates above certain thresholds;

> **developing and motivating its in-house team,** comprising 31 fully dedicated staff members as of 30 September 2008.

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

Building on its experience and with the support of its Promoter – Fortis Real Estate Asset Management – Befimmo will continue to work based on the same philosophy of creating value for its shareholders:

> Befimmo focuses on its core business of asset manager, investing in office buildings in Belgium and in neighbouring countries where appropriate. As a "pure player", Befimmo has no plans to diversify into other areas of business that would expose it to risk/return profiles other than those of the professional investor in office property. However, in view of the growing competition on its home market in Brussels, when the time is ripe, Befimmo may get involved in new investment prospects abroad, as it has in Luxembourg, notably in Eurozone countries with strong growth prospects whose legislation safeguards the fiscal transparency specific to Sicafis, and especially in cities where the market is promising and liquid. Befimmo is currently studying investment opportunities on the Parisian market that it considers to satisfy all these criteria.

> At the same time, Befimmo may take an interest in specific market opportunities that deviate from this strategy as long as they can be shown to be relevant.

> Befimmo is also interested in more financial acquisition opportunities based on solid, long-term cash flows from reliable borrowers.

First-class assets portfolio

The investment strategy is based on four key criteria: location, building quality, solid tenants and long-term contracts.

The portfolio

As of 30 September 2008,
Befimmo's portfolio is composed of 100% offices.

Profile

Originally in 1995, Befimmo set itself the goal of investing in three types of property: mainly office buildings, semi-industrial buildings in the Brussels-Antwerp corridor and retail estates in Belgium.

The opportunities that have arisen have resulted in a portfolio which, although diverse, is based on a single product (100% offices). This reflects Befimmo's choice of sticking to its core business of asset manager, pursuing a strategy as a "pure player" [1] investor in quality offices in districts where there is a structural shortage, such as city centres. Its home market is the Central Business District (CBD) in Brussels.

This portfolio is well spread across the various submarkets in Brussels and enjoys both:

1. a firm foundation:

> 57.5% of which is situated in the Central Business District (CBD) 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 those institutions;

2. and opportunities:

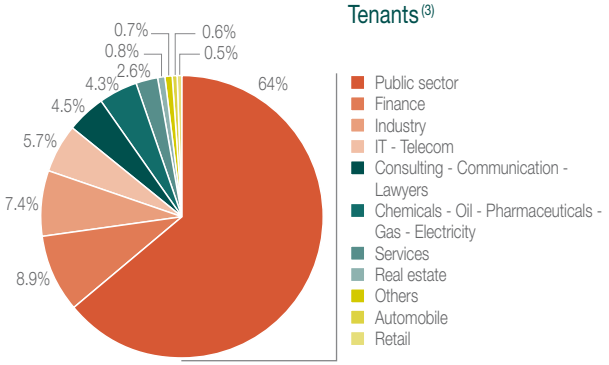
> 8.1% of the portfolio is located in decentralised areas, mainly in places where companies also benefit from the advantages of a city location (served by public transport, access to services, close to customers, etc.);

> 9.7% of the portfolio is located in the Brussels suburbs of Zaventem and Vilvoorde. Over half of this portfolio, the Ikaros and Planet business parks, is located in a niche market for business parks with small office buildings, offering a flexible and effective response to the needs of small companies and subsidiaries of multinationals. This niche market is the most sensitive to market cycles;

BREAKDOWN OF PUBLIC SECTOR (1ST BREAK) (as of 30.09.08)

TENANTS	AVERAGE WEIGHTED DURATION [2]	ANNUAL RENT	PERCENTAGE
Public sector Federal	13.5 years	€58.9 million	49%
Public sector Regions	5.9 years	€10.8 million	9%
European institutions	11.8 years	€5.4 million	5%
Representations and embassies	3.1 years	€1.1 million	1%
TOTAL	**12.2 years**	**€76.2 million**	**64%**

Tenants [3]



> The rest of the portfolio is located in town centres throughout Belgium (19.7% in Flanders and 5.0% in Wallonia). Most of it is on long-term let to the Belgian Government.

Rents are well protected, with 64% (on average for the next 12 years) provided by Belgian or European public institutions. The portfolio's occupancy rate remains substantially higher than the market figure. The running costs (maintenance, management and overheads) are under control.

A portfolio of such a size – around a hundred buildings – naturally gives rise to a constant stream of redevelopments, contributing added value. Currently, we are actively managing renovations in the following buildings: WTC Tower 2, Extension Justice, Central Gate and Impératrice. The same applies to the Fedimmo buildings under the leases agreed with the Belgian Government. The main ones are WTC Tower 3, Froissart and Science in Brussels, the Paradis building in Liège and the building located in Oudenaarde.

Investment strategy

In the office buildings segment, Befimmo will consider investment projects meeting the following criteria:

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

> above a critical size, well equipped and efficient;

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

> potential to create value.

Befimmo may also adopt proactive positions, taking on certain marketing risks (for example in terms of letting buildings acquired that are yet to be completed), and forming appropriate partnerships with real estate developers or building contractors in order to cover any risks involved in completion (cost, deadlines, quality). This applies – for instance – to the Axento project in Luxembourg.

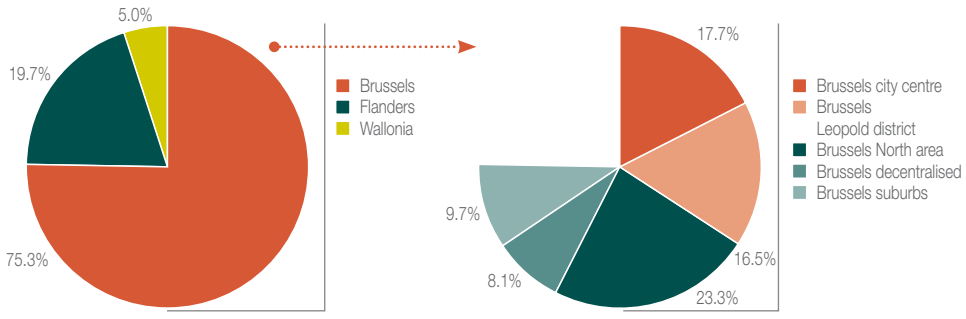
Befimmo may also consider forming partnerships for certain real estate transactions that exceed its own investment capacity.

Befimmo's core business is investment in high-quality office buildings where scarcity creates value, such as in Central Business Districts.

75%

75% of the portfolio is in Brussels, historically a city of limited volatility, thus offering security to investors.

Geographical breakdown (4)

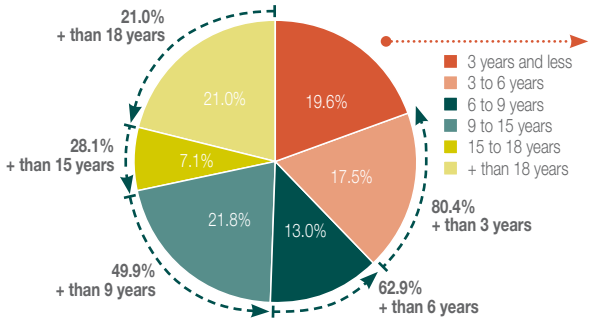


(1) "pure player": an investor that focuses on and is highly skilled in a single geographical or sectoral business segment.
(2) Average weighted duration of leases, i.e. the sum of [annual current rent for each lease multiplied by the term remaining up to the first break in the lease] divided by the total current annual rent of the portfolio.
(3) The proportions are expressed on the basis of current rents as of 30 September 2008.
(4) The proportions are expressed on the basis of fair values as of 30 September 2008.

TENANTS (1ST BREAK) (as of 30.09.08)

TENANTS	AVERAGE WEIGHTED DURATION (1)	ANNUAL RENT	PERCENTAGE
1. Buildings Agency (2)			48.7%
2. Flemish Community			6.5%
3. European Commission			3.2%
Top three tenants (public sector)	**12.7 years**	**€69.8 million**	**58.4%**
4. Fortis Bank			4.0%
5. Citibank			2.9%
6. Linklaters Associates			2.7%
7. Belgacom (3)			2.4%
8. Levi Strauss			2.4%
9. Sheraton Management LLC			1.5%
10. European Parliament			1.3%
Next seven tenants	**8.1 years**	**€20.5 million**	**17.2%**
Next ten tenants	**3.9 years**	**€9.0 million**	**7.5%**
Top 20 tenants	**11.0 years**	**€99.3 million**	**83.1%**
approx. 220 tenants	**1.5 years (4)**	**€20.2 million**	**16.9%**
TOTAL	**9.4 years**	**€119.5 million**	**100.0%**

Duration of leases



ASSUMPTIONS FOR THE NEXT THREE YEARS

1/3 of tenants with a lease having a residual duration of less than three years leave the portfolio

2/3 of tenants with a lease having a residual duration of less than three years remain in the portfolio

(1) Average weighted duration of leases, i.e. the sum of [annual current rent for each lease multiplied by the term remaining up to the first break in the lease] divided by the total current annual rent of the portfolio.
(2) Up to 31 December 2008, rents from La Poste are included in rents from the Buildings Agency.
(3) Belgacom has confirmed that it will end its lease when it expires in August 2009.
(4) A majority of 3/6/9-year leases.
(5) These values are established in accordance with standard IAS 40 which requires investment properties to be booked at "fair value". "Fair value" is obtained by deducting from the "investment value" the average costs for transactions recorded over the past three years, corresponding to 2.5% for property worth more than €2.5 million and 10% (Flanders) or 12.5% (Wallonia and Brussels) for property worth less than €2.5 million. The Befimmo portfolio comprises both investment properties and properties held for sale.
(6) Occupancy rate = current rent (including area let but for which the lease has yet to begin) / (current rent + estimated rental value for unoccupied premises). This occupancy rate applies to all the buildings in Befimmo's consolidated portfolio, including those unlet and being renovated.

Top 20 tenants: representing 83.1% of total rent with leases having an average weighted duration of 11 years.

The portfolio

The value[5] of the consolidated portfolio as of 30 September 2008 was €1,886.5 million.

This value compares with €1,812.9 million at the start of the period, on 1 October 2007.

The difference is due mainly to:

> the acquisition of the buildings in Antwerp and Leuven, explained at greater length in the chapter on the key events of the fiscal year (see page 6 of this annual report);

> the acquisition of the buildings in phase V of the Ikaros Business Park (Zaventem);

> investments made in the buildings over the period;

> the disposal of the semi-industrial portfolio and the Woluwe Garden B&D buildings, explained at greater length in the chapter on the key events of the fiscal year (see page 6 of this annual report);

> and a slight change in the fair value of the consolidated portfolio (-0.33%).

The table below (see page 22) illustrates the values of the Befimmo portfolio, firstly excluding Fedimmo and secondly consolidated by segment and geographical area.

The drops in value recorded over the last quarter in the decentralised and suburban areas were almost entirely offset by a rise in the value of buildings on long-term lets, mainly as a result of rent indexing.

The rental yield for the consolidated portfolio was 6.26% as of 30 September 2008, compared with 6.40% as the fiscal year opened. Adding the estimated value for vacant premises, it rises to 6.43% as against 6.73%.

The occupancy rate[6] of the consolidated portfolio has reached a very high level, rising from 95.1% at the start of the year to 97.3% as of 30 September 2008. Note that the occupancy rate is expected to drop to 95.7% as of 30 September 2009 due to the Impératrice and Central Gate buildings being partly or completely vacant while the work is going on.

6.26%

The overall rental yield of the consolidated property portfolio was 6.26% at the end of September 2008.

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

	2006 (portfolio before Fedimmo)	2007 (consolidated portfolio)	2008 (consolidated portfolio)	Year-on-year change [1]
Offices	**1 051.1**	**1 753.7**	**1 886.5**	
Centre (CBD)	682.1	1 028.8	1 095.0	+0.21%
Decentralised	147.6	154.7	151.4	-2.20%
Suburbs	205.3	209.1	179.6	-2.82%
Flanders	-	268.2	367.4	+1.19%
Wallonia	16.1	93.0	93.1	-3.56%
Others	**27.3**	**59.2**	**-**	**-**
TOTAL	**1 078.4**	**1 812.9**	**1 886.5**	**-0.33%**

SUMMARY OF OFFICES OWNED BY GEOGRAPHICAL AREA (as of 30.09.08)

	Space (m^2)	Insured value [2] (thousand €)	Value [3] (thousand €)	Annual rent (thousand €)
Offices				
Centre (CBD)	390 194	836 767	1 095 032	66 455
Decentralised	61 410	140 662	151 359	10 737
Suburbs	106 469	195 771	179 644	12 155
Flanders	197 973	461 699	367 358	20 292
Wallonia	95 601	201 839	93 107	9 848
TOTAL	**851 647**	**1 836 738**	**1 886 500**	**119 487**

CHANGE IN PORTFOLIO YIELD (as of 30.09)

	2004	2005	2006	2007	2008
Total surface area (m^2)	541 842	525 333	523 037	879 470	851 647
Total real estate assets (thousand €)	1 097 866	1 063 217	1 078 357	1 812 899	1 886 500
Occupancy rate	91.4%	92.8%	94.7%	95.1%	97.3%
Potential yield [4]	7.87%	7.71%	7.55%	6.73%	6.43%
Breakdown					
m^2 office space	489 947	473 398	473 398	829 831	851 647
m^2 other	51 895	51 935	49 639	49 639	-
% office space	97.1%	97.0%	97.5%	98.4%	100.0%
% others	2.9%	3.0%	2.5%	1.6%	-

“

As of 30 September 2008, the total floor area of the consolidated portfolio was 851,647 m^2.

SUMMARY OF DATA ON PROPERTIES IN THE BEFIMMO PORTFOLIO[5] (as of 30.09.08)

INVESTMENT BUILDINGS	RENTAL SPACE (m²)	PERCENTAGE OF PORTFOLIO[6]	CURRENT RENTS (thousand €)	OCCUPANCY RATE
OFFICES				
Brussels City centre				
10 buildings	130 233	17.9%	21 383	97.3%
Brussels Leopold district				
9 buildings	75 109	14.5%	17 302	98.0%
Brussels North area				
3 buildings	184 852	23.2%	27 770	98.9%
Brussels Central Business District				
22 buildings	**390 194**	**55.6%**	**66 455**	**98.1%**
Brussels Decentralised				
8 buildings	61 410	9.0%	10 737	97.1%
Brussels Suburbs				
7 buildings and office parks	106 469	10.2%	12 155	87.6%
TOTAL BRUSSELS	**558 073**	**74.8%**	**89 347**	**96.5%**
Flanders				
35 buildings	197 973	17.0%	20 292	100.0%
Wallonia				
20 buildings	95 601	8.2%	9 848	100.0%
TOTAL BEFIMMO	**851 647**	**100.0%**	**119 487**	**97.3%**

(1) Change in fair value between 2007 and 2008 (excluding investments and disinvestments).
(2) The sum insured is the reconstruction value (excluding land).
(3) It is not in the shareholders' interests to publish values for each building.
(4) The potential yield of the property portfolio, illustrating the yield if the portfolio was 100% let, is calculated as the ratio between current rents plus the rental value of vacant spaces, and the investment value.
(5) A full list of all the buildings in Befimmo's consolidated portfolio is annexed to this annual report (p. 124).
(6) The share of the portfolio is calculated on the basis of the current rent as of 30 September 2008.

97.3%

As of 30 September 2008 the whole portfolio had a high occupancy rate of 97.3%.

€119.5m

The rental income for the whole portfolio was €119.5 million at the end of September 2008.

The real estate expert's conclusions

Winssinger & Associates

Dear Sirs,

Re: valuation as of 30 September 2008

Context

We have been instructed by Befimmo to provide an opinion of value for its property portfolio as of **30 September 2008**, 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 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 standards (IVS), as well as their application procedure, in particular as far as SICAFI valuations are concerned.

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

In addition, investment value does not reflect future capital expenditures that will enhance the properties, nor future advantages derived from these expenses.

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.

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. The track record of the sale of properties on the Belgian market shows that during the period of 2003 to 2005 included, the average cost of transaction amounted 2.5%.

The most likely sale value for buildings above €2,500,000, excluding acquisition costs, corresponding to the fair value, following the IAS/IFRS references, can be obtained by deduction of 2.5% of the investment value. The rate of 2.5% shall be revised on a regular basis and adapted if the difference with institutional market practice is more than

"

For the 2008/2009 fiscal year, 99% of rental revenues are already secured under contract.

0.5%. The registration costs have been deducted for the other buildings.

In the light of all comments mentioned above, we confirm that **the investment value of the Befimmo property portfolio as of 30 September 2008 amounts to a total of €1,934,998,000** (ONE BILLION NINE HUNDRED THIRTY-FOUR MILLION NINE HUNDRED NINETY-EIGHT THOUSAND EUROS); this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield, CB Richard Ellis and Jones Lang LaSalle.

The most likely sale value corresponding to the fair value of the Befimmo property portfolio as of 30 September 2008 amounts to a total of €1,886,500,281 (ONE BILLION EIGHT HUNDRED EIGHTY-SIX MILLION FIVE HUNDRED THOUSAND TWO HUNDRED EIGHTY-ONE EUROS), excluding Tocopro building; this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield, CB Richard Ellis and Jones Lang LaSalle.

On this basis, the initial yield (projects not included) of the portfolio is 6.26%. Should the vacant accommodation be fully let at estimated rental value, the initial yield would be 6.43%.

The occupation rate of the entire portfolio is 97.32%.

The average level of passing rent obtained is currently approximately 1.96% above the current average estimated rental value (not including projects and buildings under renovation).

The property portfolio comprises:

Brussels, 19 municipalities	64.68%
Periphery of Brussels	9.52%
Flanders and Wallonia	24.46%
Projects and Buildings under renovation or under construction	1.34%
TOTAL	**100%**

Yours sincerely,

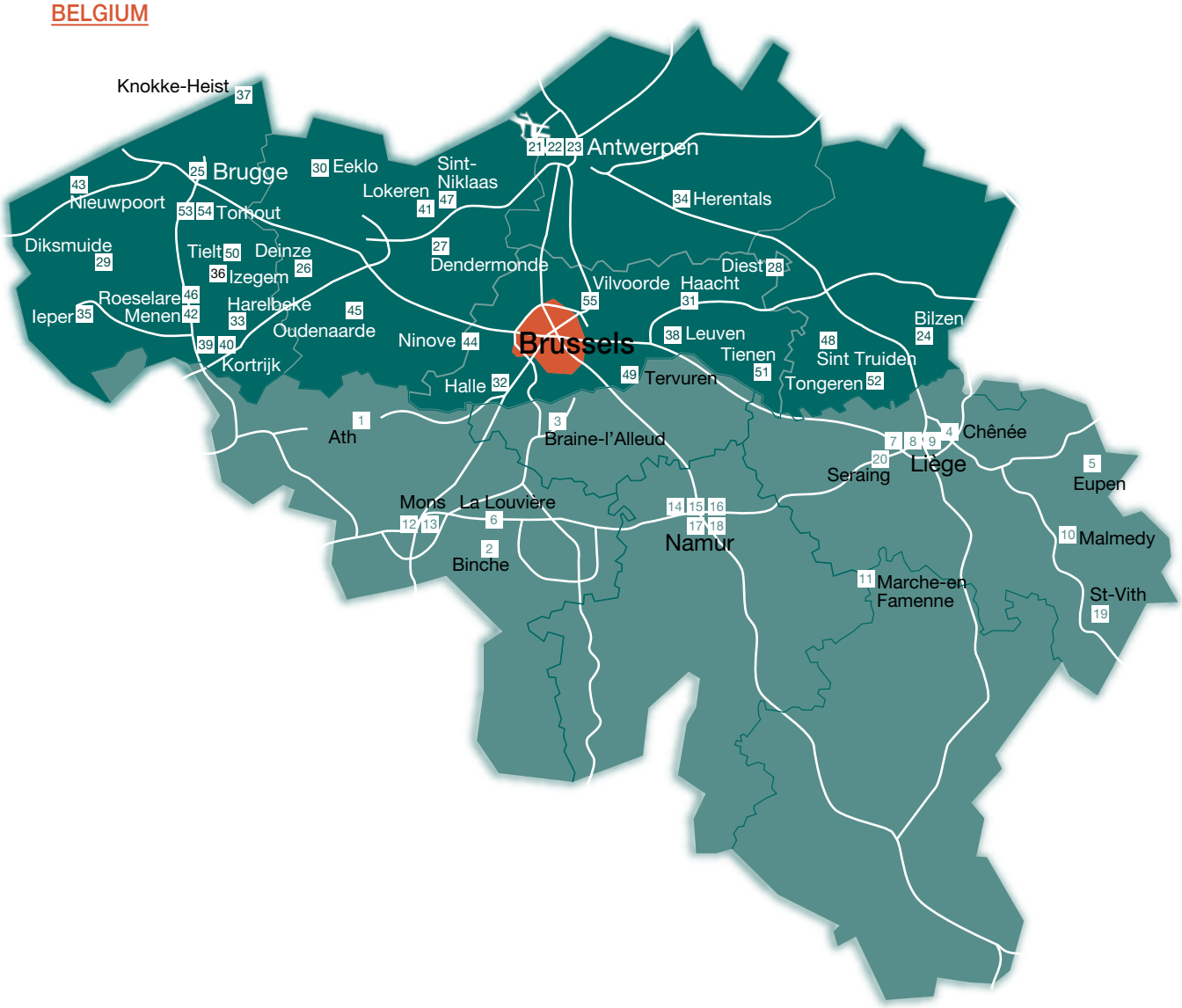
Brussels, 5 November 2008
WINSSINGER & ASSOCIATES SA/NV

Benoît FORGEUR (1) Philippe WINSSINGER (1)

(1) sprl/bvba, Managing Directors DTZ Partners s.a./n.v., Managing Director

The portfolio in detail

BELGIUM



WALLONIA

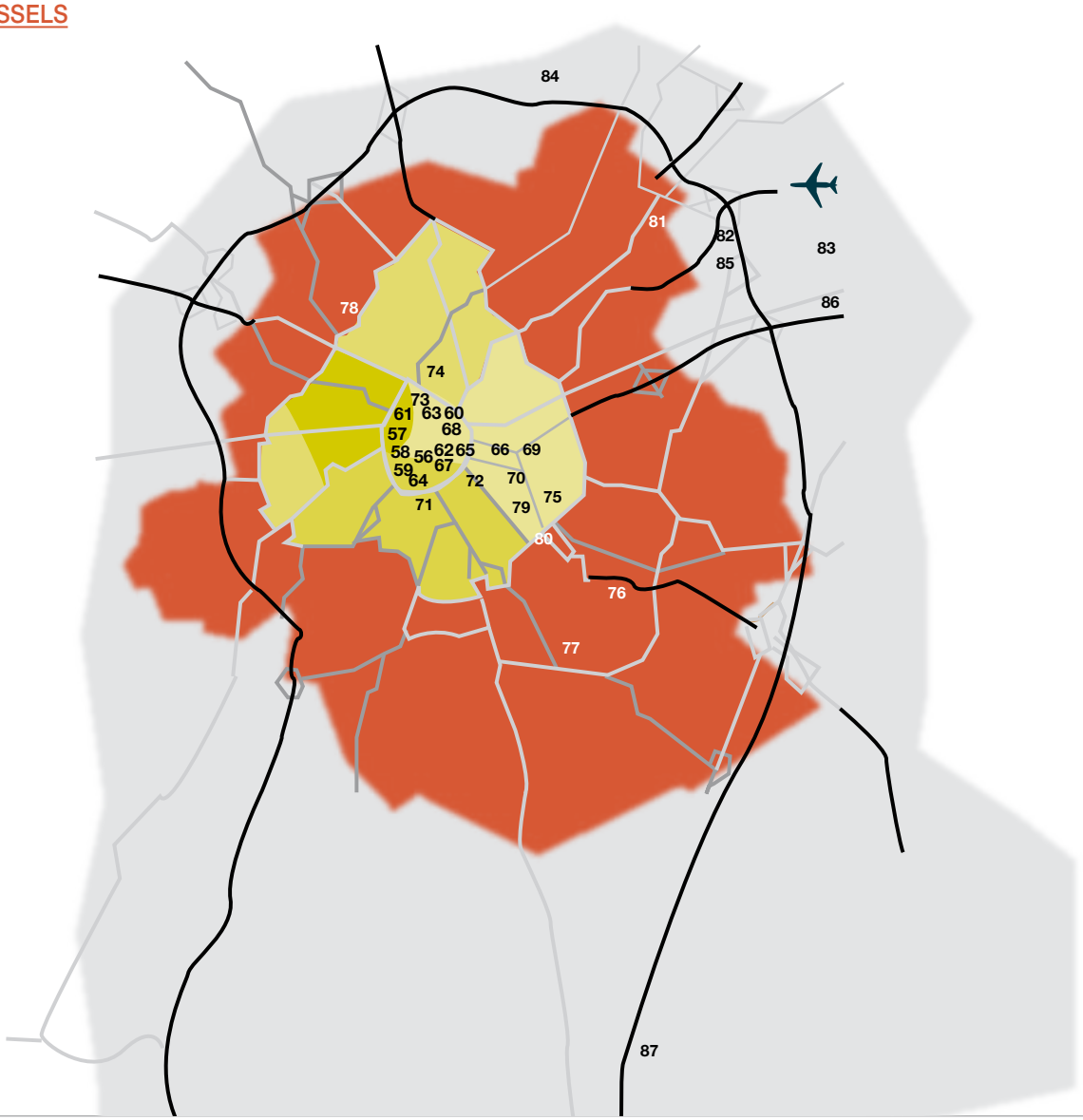
1 Ath, Place des Capucins 1
2 Binche, Rue de la Régence 31
3 Braine-l'Alleud, Rue Pierre Flamand 64
4 Chênée, Rue Large 59
5 Eupen, Ververserstrasse 8
6 La Louvière, Rue Ernest Boucqueau 15
7 Liège, Avenue Émile Digneffe 24
8 Liège, Rue Paradis 1
9 Liège, Rue Rennequin-Sualem 28
10 Malmedy, Rue Joseph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

FLANDERS

21 Antwerpen, Frankrijklei 73
22 Antwerpen, Kattendijkdok - Oostkaai 22
23 Antwerpen, Meir 48
24 Bilzen, Brugstraat 2
25 Brugge, Boninvest 12
26 Deinze, Brielstraat 25
27 Dendermonde, St-Rochusstraat 63
28 Diest, Koning Albertstraat 12
29 Diksmuide, Woumenweg 49
30 Eeklo, Raamstraat 18
31 Haacht, Remi van de Sandelaan 1
32 Halle, Zuster Bernardastraat 32
33 Harelbeke, Kortrijksestraat 2
34 Herentals, Belgiëlaan 29
35 Ieper, Arsenaalstraat 4
36 Izegem, Kasteelstraat 15
37 Knokke-Heist, Majoor Vandammestraat 4
38 Leuven, Vital Decosterstraat 42/44
39 Kortrijk, Bloemistenstraat 23
40 Kortrijk, Ijzerkaai 26
41 Lokeren, Grote Kaai 20
42 Menen, Grote Markt 10
43 Nieuwpoort, Juul Filliaertweg 41
44 Ninove, Bevrijdingslaan 7
45 Oudenaarde, Marlboroughlaan 4
46 Roeselare, Rondekomstraat 30
47 Sint-Niklaas, Driekoningenstraat 4
48 Sint-Truiden, Abdijstraat 6
49 Tervuren, Leuvensesteenweg 17
50 Tielt, Tramstraat 48
51 Tienen, Goossensvest 3
52 Tongeren, Verbindingstraat 26
53 Torhout, Burg 28
54 Torhout, Elisabethlaan 27
55 Vilvoorde, Groenstraat 51

The consolidated portfolio as of 30 September 2008 measured 851,647 m², was worth €1,886.5 million and consisted of 100% offices.

BRUSSELS



BRUSSELS CENTRE

56 Brederode 1 et 2 >> 57 Central Gate >> 58 Empereur >> 59 Extension Justice >> 60 Gouvernement Provisoire >> 61 Impératrice >> 62 Lambermont >> 63 Pacheco >> 64 Poelaert

BRUSSELS LEOPOLD DISTRICT

65 Arts >> 66 Froissart >> 67 Guimard >> 68 Joseph II >> 69 Schuman 3 and 11 >> 70 Science >> 71 View Building >> 72 Wiertz

BRUSSELS NORTH AREA

73 Noordbuilding >> 74 World Trade Center Towers 2 and 3

BRUSSELS DECENTRALISED

75 Eudore Devroye >> 76 Goemaere >> 77 Hulpe 177 >> 78 Jean Dubrucq >> 79 La Plaine >> 80 Triomphe I, II and III

BRUSSELS SUBURBS

81 Eagle Building >> 82 Fountain Plaza >> 83 Ikaros Business Park >> 84 Media >> 85 Ocean House >> 86 Planet 2 >> 87 Waterloo Office Park

Office buildings[1] > 10,000 m²

Brussels City centre

Brederode 1

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

Central Gate

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

Extension Justice

Rue des Quatre Bras 13
1000 Brussels
Space: 19,035 m²
Year renovated: 2009

Impératrice

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

(1) A full list of all the buildings in Befimmo's consolidated portfolio is annexed to this annual report (p. 124).

As of 30 September 2008, the occupancy rate of the portfolio was 97.3%.

Brussels Leopold district

Poelaert

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

Arts

Avenue des Arts 28/30
Rue du Commerce 96/112
1040 Brussels
Space: 16,793 m²
Year renovated: 2005

Joseph II

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

View Building

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

Wiertz

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

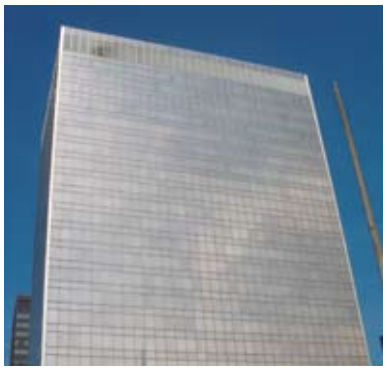
Brussels North area

Noordbuilding

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

WTC - Tower 2

Boulevard du Roi Albert II 30
1000 Brussels
Space: 66,326 m²
Year renovated: in progress



WTC - Tower 3

Boulevard du Roi Albert II 30
1000 Brussels
Space: 75,800 m²
Year built: 1981

Brussels Decentralised

La Plaine

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

Triomphe I & II

Avenue Arnaud Fraiteur 15-23
1050 Brussels
Space: 20,755 m²
Year built: 1998

Brussels Suburbs

Ikaros Business Park (phases I to V)

Ikaroslaan 1-15; 17-21; 23-25; 27-28; 33; 37; 41; 45; 49; 53; 57; 61
1930 Zaventem
Space: 46,053 m²
Year built: 1990 to 2007

Fountain Plaza

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

Media

Medialaan 50
1800 Vilvoorde
Space: 18,105 m²
Year built: 1999

Planet II

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

Wallonia

Liège - Paradis

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

Flanders

Antwerp - Kattendijkdok

Kattendijkdok - Oostkaai 22
2000 Antwerp
Space: 12,167 m²
Year built: 1978

Antwerp - Meir

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

Leuven - Vital

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

Kortrijk - Bloemistenstraat

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

Tervuren - Leuvensesteenweg

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

Befimmo's social responsibility

Over the past fiscal year, sustainable development, ethics and human resources have continued to be at the centre of Befimmo's concerns.

I. Sustainable development

Befimmo is keen to be seen as a responsible player in terms of sustainable development.

Managing buildings clearly has an economic, social and ecological impact on the environment. Aware of its responsibilities and in line with its overall strategy, Befimmo has made an active, effective and long-term commitment to sustainable development, adopting a dynamic approach orientated towards anticipating risks and opportunities.

To that end it has adopted a policy of sustainable development and intends to create the post of environment coordinator on its staff.

The five pillars of Befimmo's sustainable development policy are:

1. abiding by the applicable environmental regulations, notably the regional regulations transposing Directive 2002/91/EC on the energy performance of buildings (EPB);
2. developing an approach that is sensitive to environmental impact;
3. ongoing assessment and improvement of its overall environmental performance;
4. promoting respect for the environment among its tenants, within the limits of its competence;
5. setting up effective communication systems in order to ensure optimum coordination of its subcontracted activities.

Befimmo takes a pragmatic approach and, as its activities develop, identifies those with a significant environmental impact. Befimmo considers that it is essential to use human and financial resources in a way that maximises added value. This applies both to its concern to improve the environmental performance of its real estate portfolio, and to the expectation of the parties concerned, whether external (tenants, shareholders, regional or municipal authorities, etc.) or internal (employees, management companies, maintenance companies, architects, etc.).

Over recent years, Befimmo has reduced the overall environmental footprint of its activities, acting in two main areas:

1. Befimmo has carried out energy audits on much of its portfolio and, on the basis of the results of these audits, it has adopted a multiannual investment plan designed to optimise the energy performance of its portfolio.
   53% of the Befimmo portfolio is already supplied with renewable electricity under an electricity supply contract signed by the manager FREPM. For the rest of its portfolio, Befimmo is to carry out a detailed feasibility study of the installation of photovoltaic panels.
   Befimmo will also introduce continuous monitoring, with individual metering, firstly to detect anomalies and secondly to make a more detailed annual analysis of each building. Unless otherwise specified in the leases it agrees, Befimmo's initiatives on sustainable development and energy performance do not entitle its tenants to any specific rights, however;
2. the second area on which Befimmo focuses is major renovations. Apart from abiding by its legal obligations, Befimmo takes account from the design phase of any new project of many aspects linked to sustainable development, such as passive and active sustainable techniques, renewable energies, sustainable water consumption, the environmental assessment of materials and raw materials used, the mobility plan, protection measures on building sites and waste treatment.

53%

53% of the Befimmo portfolio is already supplied with renewable electricity.

The expected results regarding environmental performance are improving every year, as the following table shows (cf. p. 37).

Befimmo also intends to promote sustainable development by taking action in areas where it does not have direct control but can exert a degree of influence, such as the behaviour of its tenants. As that behaviour plays an important role in a building's overall environmental performance and as most of its customers have no in-house expertise in building management, Befimmo plans to develop a partnership with its tenants, to guide and assist them in using the premises they occupy. In practice, this will take the form of a code of practice explaining how Befimmo will guide and assist its tenants in using premises they occupy and laying down guidelines for its tenants.

In order to structure efforts on sustainable development, an environmental management system (EMS) is being prepared to ensure routine monitoring and an annual assessment of commitments entered into, the implementation of the environmental programme and the achievement of the objectives that Befimmo has set itself. The main purpose of the EMS will be to monitor indicators regarded as priorities (energy, water and waste) in the overall assessment of the environmental performance of Befimmo's portfolio. This exercise will help to establish more precisely the status of the individual buildings and go on to define more specific performance objectives.

Befimmo is aware that communication is a crucial factor for the success of this ambitious project. There are many parties involved. An adequate and effective communication system is to be introduced to optimise resources, raise awareness among the various players and inform all parties concerned of progress on Befimmo's sustainable development activities.

Finally, Befimmo will take part in a number of sectoral working parties with the two main objectives of keeping up to date with all new technologies and methodologies developed

"IMPÉRATRICE" PROJECT

EU Directive 2002/91/EC on the energy performance of buildings (EPB) requires a dossier to be put together for new buildings involving an application for a permit, containing studies on their energy performance.

Befimmo has undertaken to make an effective and proactive response to these regulations which entered force in July 2008 in the Brussels Region.

A good example of this is the "Impératrice" project which was a prize-winning entry in the IBGE's exemplary sustainable buildings competition 2007 in the "office renovation" category.

Features:
> Excellent location
> Passive and active sustainable energy measurements
> Flexible building

Architect:
Crépain Binst Architecture

IMPROVEMENT IN ENVIRONMENTAL PERFORMANCE
LINKED TO MAJOR RENOVATIONS

	Standard renovation	Impératrice renovation project 2007	Science renovation project 2008
K Value (1)	47	37	34
E Value (2)	143	80	< 70
CO_2 emissions [kg / m²]	66.26	33.75	24.92

for sustainable development and to share its know-how in the field.

II. Ethics

Befimmo has adopted a Code requiring ethical values to be observed in relations with its customers, management team, partners and shareholders.

In line with this Code of ethics, Befimmo has devised an internal policy designed to limit the risks associated with money laundering and funding of terrorism.

III. Human Resources

The Befimmo team is a crucial element for the success of its overall strategy and the involvement of everyone is a key factor in its success. Befimmo is aware that a pleasant working environment helps to stimulate creativity and motivation and that it creates a strong commitment in staff to the Company, while offering them an enriching professional experience.

As of 30 September 2008, the team consisted of 31 people (55% men and 45% women).

68% are university graduates, 81% of whom also have a postgraduate diploma.

Absenteeism over the past year was below 2% of total days worked.

Over the fiscal year, Befimmo recruited five new staff members and one person left.

Apart from a salary policy in line with market rates, Befimmo's staff members enjoy a pension scheme that is more generous than is required by law, guaranteeing an income substitution benefit proportional to the salary earned at the time of retirement (Defined Benefits system).

(1) Coefficient K = a building's overall thermal insulation level.
(2) Coefficient E = a building's primary energy consumption level.

“

Befimmo plans to develop a partnership with its tenants, to guide and assist them in using the premises they occupy.

Clear & sound “pure player” strategy

In particular, in the current environment, Befimmo remains convinced of the validity of its “pure player” strategy, i.e. of a professional investor in city centre office buildings, mainly in Brussels.

The details of main risks

Strategic risks

Market risk

Befimmo's portfolio consists solely of office buildings. It therefore concentrates on a single sector.

Geographically, the portfolio is located in Belgium, with 75.3% in Brussels, 57.5% of which is in the Central Business District. The investment in a building under construction in the city of Luxembourg (the Axento project), due to join the portfolio in mid-2009, is the first step in Befimmo's planned international diversification. As announced, the next steps should take place on the Parisian property market.

In terms of tenants, the Belgian Government accounted for 49% of rents as at end September 2008; adding the Flemish and Walloon regions and the European institutions, the public sector represents 64%.

The impact of economic cycles on the Company's results is mitigated by the relatively long duration of the leases it has agreed (an average of 9.4 years over the whole portfolio) and by the high proportion of public sector tenants in the portfolio.

The portfolio consists of buildings in good locations and built to high quality standards. Moreover, the investment projects proposed are considered only if they satisfy Befimmo's strict selection criteria in terms of location, technical and environmental quality, legal framework, positive impact on cash flow and return, and creation of value in the long term.

In the present economic climate, the value of the portfolio could fall in future. A 1% drop in the value of the portfolio would correspond, for the same equity perimeter, to an increase in debt ratio of some 0.5%.

Risk to image

Befimmo attaches great importance to its financial communication. The Company regularly publishes press releases to inform investors of events affecting it. It also publishes three-year financial forecasts, along with the underlying assumptions. It also organises road shows, at least twice a year, to present its activities to professional and private investors, and takes part in financial fairs.

Compliance risk

Befimmo is keen to comply with its legal and regulatory framework. It regularly has recourse to assistance from external advisers (accountants, technical, financial and legal experts).

It is particularly attentive to changes in regulations, notably on the environment, urban development, mobility policy and sustainable development. More specifically, Befimmo attaches importance to gradually incorporating – notably in line with technical progress – the environmental component in the due diligences it carries out before buying any property, and in its renovations of the portfolio.

For Fedimmo, the town planning and environmental risks and the risks of potential non-conformity of certain installations are mitigated by the renovation programme put in place in the portfolio and the priority that it gives to those issues.

"

The portfolio generally consists of buildings in good locations and built to high quality standards.

Operational risks

Risks to rental income

Befimmo's cash flow is constant thanks largely to the long-term security of its rental income.

The Company ensures that a large proportion of its portfolio is let long-term. During the 2007/2008 financial year this strategy led in particular to:

> the sale of the semi-industrial portfolio and various buildings on short-term lets (Fedimmo portfolio) and/or with low occupancy (buildings in the suburbs),

> the purchase of two buildings let mainly to Fortis Bank for an average weighted duration of 17 years,

> the agreement of a long-term lease with the Sheraton Management LLC company for the Brederode Corner building (8,036 m²) early in 2008.

It focuses on finding tenants in a stable situation, such as public institutions and multinational businesses.

The leases contain indexing clauses protecting the Company against monetary erosion. The annual impact of the adjustment of rents in line with inflation (base: health index) can be estimated at €1.2 million, assuming a 1% rise in the index.

Befimmo has developed a strategy aimed at satisfying its customers and rewarding their loyalty by seeking solutions that best respond to their needs at their various stages of development. In a proactive spirit, Befimmo meets its main customers at least once a year to anticipate their future needs. This process is made easier by the fact that the 20 largest customers account for 83.1% of rental income (with leases of an average weighted duration of 11 years).

It also focuses on a strict procedure for identifying and monitoring customers with payment difficulties (regular meetings between accounts, the Managing Agent and sales staff members, discussion in the Audit Committee at least once a quarter). In this way, it succeeded in limiting reductions in the value of trade debts to less than €100,000 during the 2007/2008 fiscal year.

In order to limit the credit risk, tenants (except public institutions) have to provide rental guarantees equivalent to six months' rent, which is standard market practice, and a financial review is carried out for the largest accounts.

A very high proportion of the current tenants have decided to stay within the Befimmo portfolio. When customers do leave the portfolio, in the vast majority of cases they do so for reasons that do not reflect on Befimmo (restructuring, moving abroad, etc.).

Thanks to this proactive management, Befimmo has succeeded in maintaining and even increasing its occupancy rate (97.3%) above the market level (91.2%), as can be seen from the vacancy rates as of 30 September 2008:

> CBD: Befimmo 1.9% compared to a market vacancy rate of 5.4%.

> Decentralised: Befimmo 2.9% compared to a market vacancy rate of 12.7%.

> Suburbs: Befimmo 12.4% compared to a market vacancy rate of 18.3%.

Nevertheless, these vacancy rates are still sensitive to the economic climate, especially in the suburbs.

A 1% fluctuation in the occupancy rate of the buildings has an impact of around €1.1 million on operating income from properties.

83.1%

The 20 largest customers account for 83.1% of rental income (under leases with an average term of 11 years).

Financing risks

Risks linked to financing cost and counterparty banks

In order to enjoy better financial conditions over the long term, most of the Company's borrowings take the form of loans at floating rates (commercial paper and bilateral and syndicated lines). As a consequence of this approach, Befimmo's earnings are fairly sensitive to changing interest rates.

However, the interest rate risks of this type of financing are controlled by implementing a policy of hedging interest rate risks over a 3-5 year period, covering 50 to 75% of total borrowings. The aim is to provide protection against a significant rise in rates. This cover is provided mainly by using options type instruments (caps and twin caps) and swaps (IRS callable).

As of 30 September 2008, the proportion of total borrowings covered by interest rate hedging was 93%. The choice and level of instruments is based on an analysis of rate forecasts by a number of banks and arbitrage between the cost of the instrument and the level of protection offered.

Arranging a hedging instrument with a financial institution creates a counterparty risk of that institution defaulting.

Since Befimmo's financial model is based on structural borrowing, the amount of cash deposited with a financial institution is by definition relatively limited (€4.6 million as of 30 September 2008).

On the basis of the situation as of 30 September 2008, a 1% rise in the financing rate over the whole fiscal year would have led to an additional financial charge of €3.5 million and an increase in the value of the hedging derivatives (whether or not recognised as such by standard IAS 39) of €8.3 million. The combined effect of these changes would have increased the Company's book value as of 30 September 2008 (group share) to €971.8 million, equivalent to €74.4 per share (as against an actual book value of €966.8 million, or €74.03 per share). The cash flow for the fiscal year (group share) would have been €56.4 million, or €4.32€ per share (compared with an actual cash flow of €59.8 million, or €4.58 per share).

Conversely, a 1% decrease in the financing rate over the whole fiscal year would have led to a lower financial charge of €4.3 million and a fall in the value of the hedging derivatives (whether or not recognised as such by standard IAS 39) of €5.7 million. The combined effect of these changes would have reduced the Company's book value as of 30 September 2008 (group share) to €965.4 million, equivalent to €73.9 per share. The cash flow for the fiscal year (group share) would have been €64.1 million, or €4.91 per share.

In order to limit the counterparty risk, Befimmo makes use of a number of local reference banks to ensure a certain diversification of the origin of its finance and hedges, while paying particular attention to the value for money of the services provided. Befimmo has business relationships with 13 different banks:

> the main banks providing finance, in order of importance, are ING, Dexia, Fortis, LB-Lux, BECM (CM-CIC group), ABN-AMRO/RBS and Lloyds TSB. Between them, these banks cover one billion € of the €1.1 billion of lines available to Befimmo as of 30 September 2008;

> the counterparty banks for the hedging instruments are, in order of importance, Fortis, ING, Dexia and KBC.

Befimmo regularly reviews the list of these banking relationships and its exposure under each of them.

Note that a rise in short-term interest rates in a context of higher inflation, as a result of economic growth or external factors, eventually has a positive impact on rental income owing to the indexing clauses.

The Company's financing cost is linked to its rating. A reduction in Befimmo's rating by one category (BBB to BBB$^-$) would result in an additional annual financial cost of the order of €1.4 million.

(1) Hedge ratio: The sum of [hedging instruments and fixed debt] divided by total borrowings.

“

This combination of hedging instruments gives the company a hedge ratio [(1)] of around 93% at the end of September 2008.

Risk linked to liquidity

The Company's debt ratio as of 30 September 2008 was 46.9%, well below the maximum of 65% allowed by Sicafi legislation.

In the medium term, Befimmo aims to contain its debt ratio below a maximum of some 50-55%.

The short-term liquidity risk is covered by the use of medium- to long-term facilities as a backup for the commercial paper programme. Following the arrangement during the fiscal year of various new financing facilities, including a syndicated loan for €300 million, the average weighted duration of finance was 3.72 years at the end of September 2008.

Risks linked to buildings

These risks relate to:

1. The occurrence of a major loss in one of the buildings of the portfolio and its depreciation as a result of wear and tear in use

The properties are covered by a number of insurance policies (notably covering the risks of fire, storm, water damage, etc.) for a total sum (new reconstruction value) of some €1,837 million.

Furthermore, Befimmo strives to maintain its property in good working order by implementing works programmes (€6.4 million was spent on such technical costs in 2007/2008). Every year, a review is conducted in cooperation with the property manager of preventive and corrective maintenance work to be carried out. This review is conducted at three time horizons:

> valuation for the following fiscal year: precise, complete and detailed inventory of work to be done;
> three-year evaluation: relatively precise, covering the major work identified;
> ten-year perspective: more general, based on the working-life statistics of the installations.

Some buildings in the portfolio are covered by "total guarantee" maintenance contracts.

2. When major work is carried out

Befimmo also endeavours at all times to improve the quality and performance of its buildings to ensure that they meet the quality standards of the market.

Befimmo therefore implements major renovation and investment programmes when the rental situation of the buildings allows it. Thus, Befimmo plans to invest:

> around €39.2 million in Tower 2 of the WTC building in 2007 and 2008, €16.8 million of which will be borne by the tenant;
> around €22.6 million in the Extension Justice building between October 2007 and early 2009, €2.9 million of which will be borne by the tenant;
> around €3 million in the Central Gate building (period 2007-2011);
> around €25.5 million in the Impératrice building, from August 2009 if appropriate.

Fedimmo, for its part, has given the Belgian Government an undertaking to carry out works over three years (2007 to 2009) on the whole of its portfolio at a cost of €50.1 million, €22.2 million of which in Tower 3 of the WTC building.

Fedimmo may also take on the task of managing the work when tenants first move in.

Fedimmo also plans to invest:

> around €11 million in the Science building from April 2010;
> around €5.7 million in the Froissart building from early 2009.

Detailed monitoring of technical, budgetary and planning aspects has been introduced to manage the risks associated with this work.

The financial structure

3.72 years

The average weighted duration of financing was 3.72 years at the end of September 2008.

At the end of September 2008, Befimmo's financial structure had the following characteristics:

> confirmed credit facilities for a total sum of €1,093 million, €815 million of which was in use;

> debt ratio of 46.9% and an average weighted duration of borrowings of 3.72 years;

> an interest-rate hedging policy helping to limit the impact of a rise in rates, while retaining the benefit of falling rates.

On 1 October 2008 the Standard & Poor's rating agency confirmed the rating of BBB/stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.

1. Debt structure as of 30 September 2008

Borrowings consist principally of the following:

> a syndicated loan arranged in 2006 totalling €350 million for a term of six years (2006-2012), extended for a further year at €220 million;

> a syndicated loan arranged in June 2008 totalling €300 million for a five-year term;

> a number of bilateral credit lines for a total sum of €350 million;

> various fixed-rate loans, totalling some €93 million, €60 million of which was arranged in March 2008 by assigning future rents (unindexed) on four buildings in the portfolio of Fedimmo SA.

In order to reduce its financing costs, Befimmo has set up a commercial paper programme with a maximum amount of €400 million. In the current climate of the crisis on the financial markets and scarcer liquidity, €206 million was in use under this programme at the end of September. This programme has backup facilities consisting of the various facilities arranged.

In specific circumstances, these financing facilities allow the Company to meet its commitments, fund the planned renovation work in the portfolio and enable Befimmo to get involved in new investment projects.

2. Interest rate risk hedging

This combination of instruments gives the company a hedge ratio of around 93% at the end of September 2008 and an average financing cost (including margin and hedging cost) of 4.78%. The hedge ratio at the end of September 2008 was above 75% since, in a context of rising short-term rates, new IRS callable instruments were arranged before the end of the cover provided by the 5% CAPs that mature in December 2008. At the end of March 2009, unless any other factors intervene, the hedge ratio should be between 68 and 91%, depending on whether the 3.73% IRS callable is retained.

The various instruments arranged are described in more detail in the note to the consolidated financial statements on the financial assets and liabilities.

Specifically, and according to the circumstances, the Company arranges more occasional hedges, such as Forward Rate Agreements, to cover the risk related to the end-of-year transition.

The financial results

Comments on the results

(in millions of € - group share)

	Actual 2007/2008	Forecast 2007/2008 (Annual report 2007)	Actual 2006/2007
Net result	58.2	51.2	89.1 (1)
Net cash flow	59.8	49.4	51.7

Since the agreements with La Poste and the Belgian Government in December 2005 on Tower 2 of the WTC, the 2007/2008 financial year had been presented as a transitional year, with an expected cash flow of €3.79 per share, lower than the forecast dividend (€4.51 gross per share).

In the end the year turned out much better than forecast, with an actual net cash flow per share of €4.58 (+21%) and actual net result per share of €4.45 (+14%). The improved cash flow comes essentially from realising capital gains in relation to fair value, on the disposal of certain assets.

Accordingly, at the general meeting of shareholders on 15 December 2008, the Managing Agent will propose a higher dividend (€3.87 net per share).

ANALYSIS OF CHANGES IN CASH FLOW (in millions of €)

Net cash flow 2006/2007 (group share)	**51.7**
Change in contribution of Befimmo's own portfolio	-1.9
Fedimmo's contribution for the fourth quarter (2)	2.4
Change in financial charges (interest rates, etc.)	-0.3
Impact of disposal of buildings	6.2
Net impact of hedging instruments	1.8
Other (real estate certificates, etc.)	-0.1
Net cash flow 2007/2008 (group share)	**59.8**

Events with an impact on the Company's floor area

The floor area of the property increased slightly during the fiscal year. Befimmo acquired two buildings in Antwerp and Leuven (regional headquarters of Fortis Bank) and made a number of disposals: sale of the semi-industrial portfolio, two buildings in the suburbs and two Fedimmo buildings on short-term lets. Befimmo's capital and the number of shares remained unchanged during the period.

In relation to the 2006/2007 fiscal year, total **net cash flow** for the period was favourably influenced by the disposal of various buildings in the portfolio (net contribution of €6.2 million) and the contribution of Fedimmo (€2.4 million) for the first time as a full year. This change was partly offset by the reduction of €1.9 million in the contribution of Befimmo's own portfolio, as a result of carrying out the planned renovation programme.

Rental income is up 4.4% (or €4.6 million) on last year. This is due to the impact of Fedimmo for the whole year and the indexing of rent, partly offset by the fall in income linked to the renovation of three large buildings (Extension Justice, Tower 2 of the WTC and Brederode Corner).

The **property operating result** is up 5.24% on last year.

(1) Note that the result of the 2006/2007 fiscal year was exceptionally high on account of a rise in the value of the buildings recorded during the period of 2.18%, or €38.7 million.

(2) In 2007/2008 Fedimmo contributed a full year to the results, while in 2006/2007 it contributed only three quarters.

The rise in **overheads** is due mainly to the costs linked to the building projects studied during the period.

The result on the sale of buildings of €8.8 million corresponds to the capital gain realised on the sale of the semi-industrial portfolio, buildings in the suburbs and two of Fedimmo's short-term let buildings.

The **fair value of the buildings** in the portfolio held quite steady (down €6.3 million, or -0.33%) over the fiscal year, while fair value grew by an exceptional €38.7 million over the previous year.

Discounting this change in the fair value of the buildings, the **operating result** grew 12.2%, mainly on account of the capital gains realised on the disposal of buildings and the full year's contribution by Fedimmo. Overall, however, the operating result is down 27% on last year.

The **financial result** was -€31.3 million, €4.3 million up on last year. Excluding the impact of non-cash items, the financial result was -€36.4 million, 4.6% down on last year. The main changes are explained by the following factors:

> the higher interest charge (€4.3 million) linked to the growth in volume of the financial debt, which rose from €740 million as of 30 September 2007 to €815 million (impact of the work programme and acquisitions and disposals) and the rise in interest rates;

> the net (non-cash) impact of changes in value linked to the various interest-rate hedging instruments (generating a positive revaluation of €5.1 million in relation to a deficit of €1.5 million last year);

> income received from interest, mainly on the IRS instruments, guaranteeing a rate lower than Euribor over the period (€1.8 million).

The **net result** is down 32%, i.e. €29.8 million, on last year. This change is explained mainly by a combination of the following factors:

> the lower operating result;

> the improved financial result (described above);

The gross dividend represents 99% of the cash flow generated and 102% of the net result for the fiscal year.

On the regulatory front, the gross dividend represents 186% of the amount calculated (corrected result for the fiscal year) as defined by the first indent of Article 7 of the Royal Decree of 21 June 2006 on accounting, annual accounts and consolidated accounts of public real estate Sicafs, and amending the Royal Decree of 10 April 1995 on real estate Sicafs.

This dividend is significantly higher than the minimum required by the Royal Decree but is still in line with the consolidated cash flow, group share, generated by Befimmo.

The net asset value is €74.03 per share (group share) at the close of the 2007/2008 fiscal year, as against €71.36 per share at the close of the previous period. Note that an interim dividend of €3.07 was distributed in June 2007 for the shares in existence before the capital increase, with an additional dividend of €1.44 for all shares in existence in December 2007. The return for the fiscal year is therefore €4.11 per share, or 5.76% of the net assets at the start of the fiscal year.

Appropriation of results (statutory accounts)

€4.55/gross dividend

The general meeting of shareholders of 15 December 2008 will be proposed to approve a dividend of €3.87 per share net.

The net profit for the fiscal year is €58,167,500.10. Taking into account the profit of €327,649,999.99 brought forward, the result to be appropriated amounts to €385,817,500.09.

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

The ordinary general meeting will therefore be invited to:

> Distribute a dividend of €59,456,717.68, representing a net dividend of €3.87 (or a gross dividend of €4.5529) for each of the Company's 13,058,969 shares, payable on presentation of coupon No 16 detached from the shares. The amount that it is proposed to distribute as dividend for the 2007/2008 fiscal year is higher than the minimum required by Article 7 of the Royal Decree of 21 June 2006.

> Carry forward the balance again, i.e. the sum of €326,360,782.41.

The amount payable is the net dividend, or €3.87; a bearer of coupons who is exempt from withholding tax will therefore receive an amount equal to the number of shares held multiplied by 3.87 and divided by 0.85.

Coupon No 16 is payable from 19 December 2008 at the following banks: Fortis, ING and Dexia.

The subsequent events after year-end closing

Since the close of the fiscal year, the financial crisis has deepened all over the world.

At the time of writing, it is impossible to predict when it will stabilise or its long-term consequences for the economic world in general or for the real estate market in particular.

Generally speaking, the main immediate effects of this crisis for companies like Befimmo that are active on the real estate market, are a higher risk of default by tenants and the difficulty of obtaining credit.

For an assessment of the consequences of tenants potentially defaulting, please refer to the "main risks" chapter of this Befimmo report.

In that connection, Befimmo would nevertheless point out that its main tenant is the Belgian Government and that, on a consolidated basis, the rent generated by buildings let to the public authorities represents 64% of all rents due.

The difficulty of obtaining credit would be an issue essentially if Befimmo wished to obtain credit to finance major new projects (such as acquiring a new office building, major renovation work not currently planned, etc.) which, except in specific circumstances, would apply equally to all players in the economic world in general and in the real estate market in particular.

Apart from the above and routine management, the Managing Agent reports that no particular events took place after the close of the period.

Appealing perspectives

Befimmo is already a “pure player”, which enables it to focus on creating value in its portfolio, while sustaining the growth of its core business. Befimmo believes in limited geographical diversification (Paris - CBD) while keeping its Belgian profile unchanged.

Business outlook, dividend policy

Outlook

Befimmo is pursuing a strategy of optimising cash flows and creating value.

The outlook for the next three years, prepared in accordance with IFRS standards and presented in consolidated form, is based on information available as of 30 September 2008 (principally existing contracts) and on a number of assumptions (notably as regards renewal of leases or searches for new tenant customers) and Befimmo's assessment of certain risks.

These forecasts take account in particular of the renovations and major works planned over the next three years, notably for the WTC Tower 2, Extension Justice, Impératrice and Central Gate buildings, and of the work that Fedimmo has undertaken to carry out in the buildings let to the Buildings Agency under lease agreements. Only investment work that generates an appreciation in the value of the building is booked to the assets.

These forecasts may not be interpreted as a commitment from Befimmo to achieve them and are not certified by the auditor.

Whether or not these forecasts will actually be achieved depends on a number of factors beyond Befimmo's control, such as developments in the real estate and financial markets. Given the current context of a major financial crisis and fears of recession, the assumptions used relate to a future that is likely to be highly volatile.

The assumptions and risk assessments seemed reasonable at the time they were made but, in view of the difficulty of forecasting real events, they may or may not prove to be correct, so that Befimmo's actual results, financial situation, performance or achievements, or the market results may differ substantially from these forecasts.

Given these uncertainties, the shareholders should not give undue credence to these forecasts.

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

The following assumptions are taken into account:

Regarding cash flows:

	Realised	Realised	Assumptions	Assumptions	Assumptions
	2006/07	2007/08	2008/09	2009/10	2010/11
Rise in health index	1.79%	4.80%	2.45% (1)	2.00%	1.90%
Ratio of actual to potential revenue (2)	93.5%	90.8%	94.0%	95.6%	96.6%
Average 1- and 3-month Euribor rates	3.93%	4.60%	3.96%	2.86%	3.71%

(1) 4% for Fedimmo (annual indexing based on the November index).
(2) This is the result of dividing all rents actually received during the period by all rents that would have been received during the period had not only the let space but also the vacant space been let throughout the period at the estimated rental value.

Regarding changes in the value of the portfolio:

	Realised	Realised	Assumptions	Assumptions	Assumptions
	2006/07	2007/08	2008/09	2009/10	2010/11
Befimmo consolidated	2.18%	-0.33%	-	-	-

In the current context of uncertainty on the financial and real estate markets, we did not feel it was appropriate to make any assumptions regarding the change in value of the property portfolio. As an indication, it can be estimated that a 1% fluctuation in the value of the property portfolio would have an impact of the order of €18.8 million on the operating result and €1.4 on the book value per share. Note that such a change would not have any impact on the Company's net cash flow.

Regarding new investments, Befimmo plans to pursue its growth objectives by endeavouring to take advantage of market opportunities that might arise in Belgium and in Luxembourg or on the Parisian market provided that the transactions considered are in line with its strategy and offer long-term prospects for creating value for its shareholders.

Such growth can be achieved in two ways:

> internal, steady and gradual growth, through direct and indirect acquisitions, in line with Befimmo's investment capacities;

> external, selective growth through mergers with other real estate portfolios, as opportunities arise.

In normal operation, Befimmo's debt ratio could be between 50% and 55% so as to optimise the use of its borrowing capacity. For instance, an investment of €200 million at market conditions would increase result per share by €0.08 on an annual basis and would raise debt ratio to 51.8% of total assets (as compared with the ratio of 46.90% as of 30 September 2008 adjusted for the payment of the dividend for the fiscal year).

Any growth project structurally raising Befimmo's debt ratio substantially above 55% would require a further rights issue as happened in 2007 for the acquisition of Fedimmo, or possibly even a partnership.

The forecasts nevertheless apply to property assets with a constant floor area and therefore take no account of any new investments (with the exception of Axento to which Befimmo is committed).

The same applies to any disposals relating to non-strategic assets. However, two Fedimmo office buildings occupied by the State with short leases are assumed to leave the portfolio when certain suspensory conditions are met.

Similarly, these projections do not include any external growth.

CONSOLIDATED BALANCE SHEET AND RESULTS FORECASTS

INCOME STATEMENT (in thousands of € - as of 30.09)	2008	2009	2010	2011
I. (+) Rental income	109 507	116 582	126 900	131 120
III. (+/-) Charges linked to letting	-346	-350	-350	-350
Net rental income	**109 161**	**116 232**	**126 550**	**130 770**
(+/-) Net real estate charges	-7 101	-6 207	-5 153	-4 899
Property operating result	**102 060**	**110 025**	**121 397**	**125 871**
XIV. (-) Corporate management costs	-11 888	-10 368	-11 081	-11 193
XV. (+/-) Other operating income and charges	1 255	500	-	-
Operating result before result on portfolio	**91 427**	**100 157**	**110 317**	**114 678**
XVI. (+/-) Gains or losses on disposals of investment properties	8 801	154	7 833	-
XVIII. (+/-) Changes in fair value of investment properties	-6 316	-	-	-
Operating result	**93 913**	**100 311**	**118 150**	**114 678**
(+/-) Financial result	-31 349	-41 523	-39 345	-47 764
Pre-tax result	**62 563**	**58 788**	**78 805**	**66 914**
(+/-) Taxes	-646	-708	-722	-736
Net result	**61 918**	**58 080**	**78 083**	**66 178**
Net result - group share	58 170	55 037	74 011	62 773
Net result - minority interests	3 748	3 043	4 072	3 405
Net cash flow - group share	59 758	57 833	75 453	63 511
Net result per share - group share	4.45	4.21	5.67	4.81
Net cash flow per share - group share	4.58	4.43	5.78	4.86
Gross dividend per share	4.55	4.60	4.65	4.70

BALANCE SHEET (in thousands of € - as of 30.09)	2008	2009	2010	2011
Total assets	**1 971 751**	**2 102 762**	**2 135 570**	**2 156 039**
Real estate portfolio	1 877 636	2 037 028	2 078 691	2 097 913
Other assets	94 115	65 734	56 879	58 127
Total shareholders' equity	**1 028 507**	**1 027 983**	**1 045 253**	**1 049 189**
Shareholders' equity	966 809	964 497	978 436	980 524
Minority interests	61 698	63 486	66 816	68 665
Total liabilities	**943 244**	**1 074 779**	**1 090 317**	**1 106 850**
Financial borrowings	812 857	951 328	1 016 938	1 033 354
Other liabilities	130 387	123 451	73 379	73 496
Total shareholders' equity and liabilities	**1 971 751**	**2 102 762**	**2 135 570**	**2 156 039**
Book value - group share	74.03	73.86	74.92	75.08
Debt ratio (%)	46.9%	51.1%	51.1%	51.3%

Dividend policy

It emerges from the above assumptions that the income for the 2008/2009 fiscal year is unlikely to attain the maximum potential of the portfolio in view of the impact of relatively major renovations in the portfolio.

According to the above assumptions – notably that floor area will remain constant –, for the 2008/2009 fiscal year, net cash flow per share should be slightly lower than the dividend forecast.

As far as we can determine today, the balance should be re-established by fiscal year 2009/2010 and thereafter.

Accordingly, with this outlook and also taking into account that – as announced at the general meeting of shareholders in December 2005 – the capital gain of €13.6 million realised on the disposal of the Borschette building could if necessary be used to make up any shortfall between cash flow and dividend for the fiscal year, Befimmo intends to stand by its dividend forecasts at this stage.

Befimmo is pursuing its efforts to make new investments that are profitable for shareholders, increase its net cash flow and thereby produce a more solid dividend.

On these bases, Befimmo therefore expects to be able to pursue its dividend growth policy.

Befimmo share

Befimmo is listed on Euronext Brussels and has been on Euronext Paris since September 2008.

Befimmo is listed on Euronext Brussels (compartment B) and included in the Euronext indexes Next 150, Bel Mid and Bel Real Estate. It is also in the real estate indexes EPRA and GPR250.

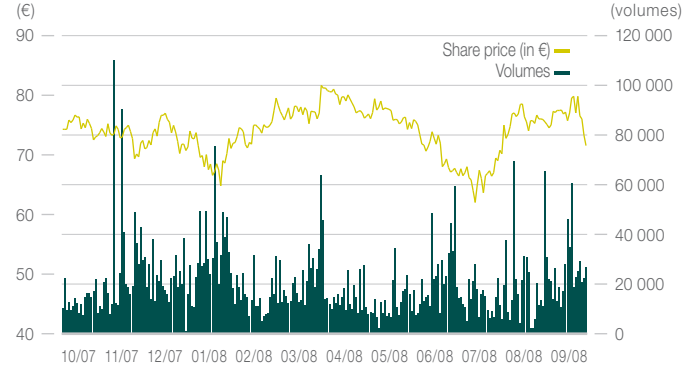
DATA PER SHARE (as of 30.09 - in €)	2004 (BGAAP)	2005 (IFRS)	2006 (IFRS)	2007 (1) (IFRS)	2008 (1) (IFRS)
Number of shares	**9 794 227**	**9 794 227**	**9 794 227**	**13 058 969**	**13 058 969**
Share price					
Highest	77.45	88.50	91.65	97.60	81.62
Lowest	67.65	73.00	74.40	69.12	62.01
Closing	76.50	87.50	90.00	72.93	71.53
Book value	61.65	65.48	67.41	71.36	74.03
Return per share	4.88	6.62	6.73	11.94	4.11
Return (2) (%)	7.9%	11.25%	11.09%	17.71%	5.76%
Net cash flow per share	5.36	6.48	4.84	4.78	4.58
Net result per share	4.48	6.62	6.74	8.23	4.45
Pay-out ratio (%)	91%	90%	103%	169%	186% (3)
Gross dividend	4.62	4.80	4.92	4.51	4.55
Gross yield (4) (%)	6.04%	5.49%	5.47%	6.17%	6.36%
Net dividend	3.93	4.08	4.18	3.83	3.87

Befimmo on Euronext Brussels

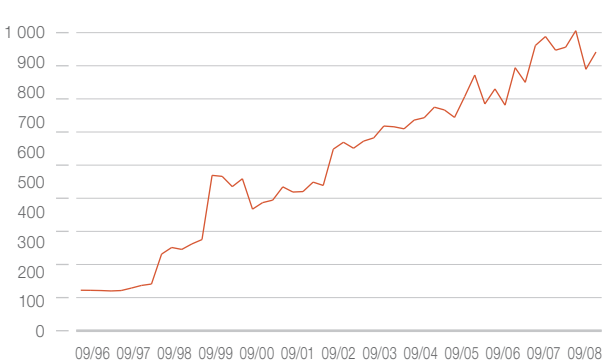
Over the 2007/2008 fiscal year, in a context of nervous financial markets, the Befimmo share was unusually volatile. However, its price held steady at almost the same level as one year previously. As of 30 September 2008, the share price closed at €71.53 as against €72.93 as of 30 September 2007, slightly down by 1.92%. Befimmo which, since it was founded in 1995, has almost consistently been listed at a premium over and above its book value (15% on average) closed the fiscal year with a slight discount of 3.38%.

(1) The financial data are presented as "group share".
(2) Return: increase in shareholders' equity during the fiscal year taking account of the dividend paid out.
(3) These figures were calculated on the basis of the corrected result as defined by the Royal Decree of 21 June 2006. In 2008 the dividend distributed represented 102% of the net result for the fiscal year.
(4) The gross yield is equal to the gross dividend divided by the share price as of 30 September.

Share price and volumes



Market capitalisation (in millions of €)



The average daily volume recorded in 2007/2008 was around 20,000 shares, steady in relation to last year. At a share price of €71.53, Befimmo offers a gross yield of 6.36%.

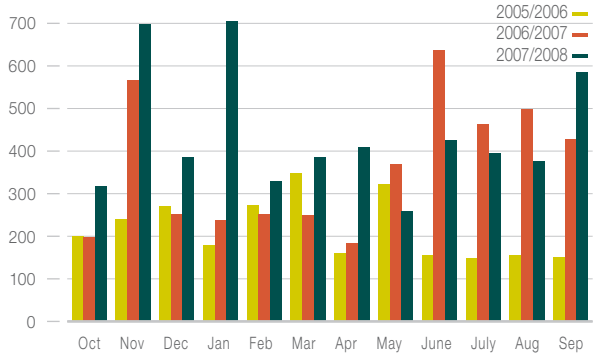
After our fiscal year closed the stock market got considerably stormier. All stock markets were badly shaken as a result of the financial and property crisis that broke out over a year ago in the United States. The Befimmo share, like that of the whole listed real estate sector in Belgium and Europe, came under pressure, aggravated by very wide variations in its share price.

At the end of October 2008 it fell to around €58, a drop of 18.92% in relation to the share price at the close of the period. However, Befimmo was much less badly hit by this stock market crash than other major companies. This is confirmed in the various graphs below illustrating Befimmo's performance in relation to the Bel20 index and EPRA indexes.

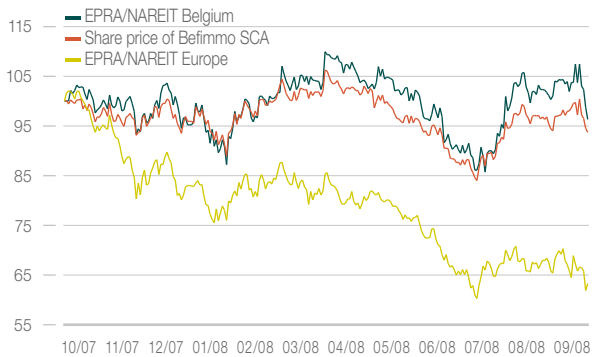
The significant drop in Befimmo's share price seems to be linked to the loss of confidence in the financial markets and the uncertain outlook for the property market over the coming months.

Premium and discount (in %)

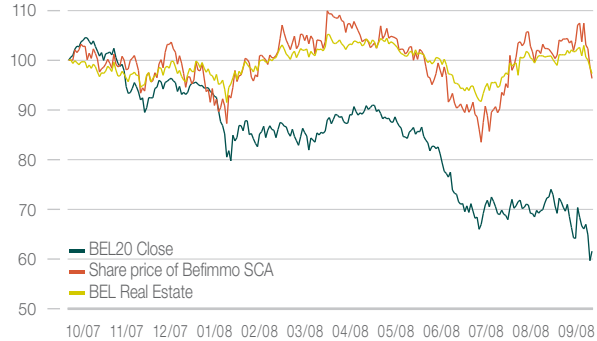
Monthly volumes (in thousands of shares)



Befimmo and the EPRA index[1]



Befimmo and the Bel 20 and Bel Real Estate indexes[2]



Admission of Befimmo shares to trading on the Euronext Paris market

Befimmo has chosen Paris as the first potential target for its strategy of geographical diversification. Paris, Europe's foremost market, is in fact characterised by a high occupancy rate while property values are continuing to be substantially revised downwards. Paris could therefore offer Befimmo a real opportunity for creating value in the near future. With that in view, Befimmo has been listed on Euronext Paris since 23 September 2008. This listing will also help to enhance Befimmo's reputation with French investors and will enable it to acquire more French shareholders. It will also enable Befimmo to apply for the status of listed real estate investment company (SIIC) in France.

DIVIDEND (€/share)

	2004	2005	2006	2007	2008
Gross dividend	4.62	4.80	4.92	4.51	4.55
Net dividend	3.93	4.08	4.18	3.83	3.87
Number of shares at year-end closing	9 794 227	9 794 227	9 794 227	13 058 969	13 058 969

Befimmo's equity is held by a large number of shareholders. The following table is based on the latest transparency declarations received indicating a voting right in excess of 5% [3] (Law of 2 March 1989 and Royal Decree of 10 May 1989).

SHAREHOLDERS

Declarants	Total number of voting rights declared on the date of declaration	Date of declaration	%
Fortis Insurance Belgium and associated companies	2 454 729	15.10.2008	18.8
Free float [4]	10 604 240		81.2

Description of the denominator of Befimmo SCA

1. Effective voting rights relating to securities representing the capital: 13,058,969
2. Future voting rights, potential or otherwise, resulting from rights and commitments on the conversion into or subscription of securities to be issued, i.e. exercise of warrants: none

KEY DATES FOR SHAREHOLDERS 2008-2009

	Date
Payment of 2008 dividend on presentation of coupon No 16	from 19 December 2008
Interim statement – Publication of book value as of 31 December 2008	Tuesday 17 February 2009 [5]
Publication of half-yearly results and book value as of 31 March 2009	Thursday 28 May 2009 [5]
Interim statement - Publication of book value as of 30 June 2009	Thursday 23 July 2009 [5]
Publication of annual results and book value as of 30 September 2009	Wednesday 18 November 2009 [5]
Ordinary general meeting 2009	Tuesday 15 December 2009
2009 dividend on presentation of coupon No 17	
Former 2008/2009 dividend date	*Thursday 17 December 2009*
Record 2008/2009 dividend date	*Monday 21 December 2009*
Payment of 2008/2009 dividend	*Tuesday 22 December 2009*

(1) Source: EPRA – European Public Real Estate Association (www.epra.com).
(2) Source: www.euronext.com
(3) The extraordinary general meeting of 25 November 2008 and, should the quorum not be attained, the extraordinary general meeting of 15 December 2008 will be asked to adopt a statutory threshold of 3% in addition to the legal thresholds.
(4) Percentage of a company's capital held by the public. This relates to all shareholders holding at least 5% of the total shares.
(5) Publication after the close of the stock exchange.

Corporate governance

I. Principles

Befimmo SA, the Managing Agent of Befimmo SCA, has undertaken to abide strictly by the principles of corporate governance set out in the Belgian Code.

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

The Board of Directors has therefore adopted:

> the Corporate Governance Charter;

> the terms of reference of the Board of Directors;

> the Code of ethics.

There are also terms of reference for the Managing Director, the Executive Officers and each committee:

> terms of reference of the Managing Director;

> terms of reference of the Executive Officers;

> terms of reference of the Appointments and Remunerations Committee;

> terms of reference of the Audit Committee;

> terms of reference of the Supervisory Committee of the day-to-day management.

The Corporate Governance Charter, these various terms of reference and the Code of ethics are published on Befimmo's website (www.befimmo.be).

This section of the annual report must therefore be read in conjunction with the Corporate Governance Charter, the above-mentioned terms of reference and the Code of ethics.

Among other things, the Corporate Governance Charter and the Code of ethics lay down:

> rules preventing market abuse in line with EU Directive 2003/6/EC on insider dealing and market manipulation;

> rules relating to conflicts of interests;

> measures designed to limit the risks associated with money laundering.

Each member of Befimmo SCA's management team and the Board of Directors has also undertaken to abide by the rules preventing market abuse as laid down by the Charter and in an internal document summarising the main relevant legal obligations.

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

II. Executive management structure

A. Managing Agent

Befimmo SA manages the Sicafi. 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, with the exception of those reserved by law or the articles of association to the general meeting, to form and manage the Befimmo SCA management team, to draw up the quarterly, 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 its authorised representatives, to determine their remuneration, to increase the company capital within the limits of the authorised capital and to carry out all operations intended to benefit Befimmo SCA, whether by merger or other transaction.

The remuneration of Befimmo SA 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.

Board of Directors of Befimmo SA

(as of 30.09.2008)

Alain Devos

Marc Blanpain

Gustaaf Buelens

Benoît De Blieck

Benoît Godts

Gaëtan Piret

Jacques Rousseaux (1)

André Sougné (2)

Luc Vandewalle

Marc Van Heddeghem

The remuneration of Befimmo SA is calculated every year on the basis of the consolidated pre-tax result, group share, for the accounting year concerned, resulting from the accounts drawn up in accordance with IFRS standards as adopted in the European Union.

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

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

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

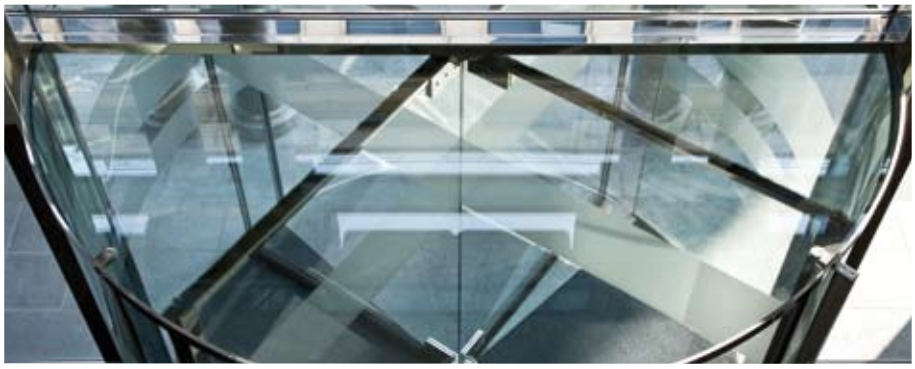
This remuneration amounts to 2/100ths of a benchmark profit (if a profit was made) corresponding to 100/98ths of the result referred to in the previous paragraph and after this remuneration has been booked to the fiscal year concerned; in this way, once the remuneration has been entered into Befimmo SCA's accounts, the remuneration for the year will represent 2.04% of the amount of the above-mentioned result.

This remuneration is due on 30 September of the fiscal year concerned, but is payable only after approval of the annual accounts.

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

According to the articles of association, the Managing Agent can be dismissed on just grounds only.

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



B. Permanent representative

In accordance with the law, Befimmo SA has appointed a Permanent representative in the Sicafi, 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.

The Permanent representative is Mr Benoît De Blieck.

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

> the Board is composed of at least three directors who are independent within the meaning of the Code of Company Law and the Belgian Corporate Governance Charter;

> the Board is composed of a majority of non-executive directors;

> the Board is composed of a majority of directors not associated with the Promoter.

The Directors are appointed for up to three years and may be reelected.

The Board of Directors met eleven times during the 2007/2008 fiscal year.

The Board of Directors consists of ten directors:

Chairman

> **Alain Devos**, Chairman of the Board of Directors of Fortis Real Estate SA[1]
[Director, linked to the Promoter]
Number of Board meetings attended during the 2007/2008 fiscal year: 9

Managing Director - Permanent representative

> **Benoît De Blieck**
[executive Director – not linked to the Promoter] Number of Board meetings attended during the 2007/2008 fiscal year: 11

Other directors

> **Arcade Consult BVBA**, represented by its Permanent representative, André Sougné
[Director, not linked to the Promoter]
Number of Board meetings attended during the 2007/2008 fiscal year: 10

> **Marc Blanpain**, Honorary Chairman of the Board of Directors of Belgolaise Bank
[Director, not linked to the Promoter]
Number of Board meetings attended during the 2007/2008 fiscal year: 10

> **Gustaaf Buelens**, Chairman of Buelens SA
[independent Director]
Number of Board meetings attended during the 2007/2008 fiscal year: 8

> **Benoît Godts**, Managing Director of Fortis Real Estate Asset Management SA
[Director, linked to the Promoter]
Number of Board meetings attended during the 2007/2008 fiscal year: 9

> **Gaëtan Piret**, Managing Director of Immobel SA and Chairman of the Executive Committee
[Director, not linked to the Promoter]
Number of Board meetings attended during the 2007/2008 fiscal year: 10

> **Roude BVBA**, represented by its Permanent representative, Jacques Rousseaux
[independent Director]
Number of Board meetings attended during the 2007/2008 fiscal year: 11

> **Luc Vandewalle**, Chairman of the Board of Directors of ING Belgium
[independent Director]
Number of Board meetings attended during the 2007/2008 fiscal year: 9

> **Marc Van Heddeghem**, Managing Director of Redevco Retail Belgium S.C.S. [independent Director]
Number of Board meetings attended during the 2007/2008 fiscal year: 10

The directorships expire at the end of the ordinary general meeting of Befimmo SA on 19 March 2011, with the exception of those of Arcade Consult BVBA and Roude BVBA, expiring in March 2009, and Mr Marc Van Heddeghem whose directorship expires in March 2010.

(1) In his capacity as Permanent representative of A. Devos SPRL.

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 all the shareholders, ruling on strategic decisions, investments, disinvestments 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 published press releases.

Regarding investments and disinvestments, the Board of Directors ruled on all the investment dossiers that the Sicafi considered. These related to office buildings in Belgium, Luxembourg and France.

During the 2007/2008 fiscal year, the Board of Directors also adopted important resolutions on the following:

1. Decision to sell the semi-industrial portfolio and Woluwe Garden buildings B&D;
2. Decision to acquire rights in two buildings in Antwerp and Leuven on long-term let to Fortis Bank;
3. Decision to arrange a bridging loan for €325 million;
4. Decision to conclude a syndicated loan agreement for the maximum amount of €300 million;
5. Decision to conclude an agreement to extend the commercial paper programme;
6. Decision to arrange various bilateral lines with a number of banks for the sum of €300 million;
7. Decision to comply with the conditions to make Befimmo eligible for the status of SIIC in France;
8. With a view to simplifying and improving the coherence and valuation of the real estate assets, decision to appoint Winssinger & Associates and Jones Lang LaSalle as experts of the Sicafi, Jones Lang LaSalle being responsible for coordinating surveys, from the fiscal year 2008/2009 onwards;
9. Decision to implement a policy of sustainable development;
10. Decision to propose to the general meeting the introduction of a threshold for statutory transparency declarations of 3%;
11. Decision to appoint a new Compliance Officer, Mr Philippe van Boxmeer, in accordance with the Corporate Governance Charter.

The self-assessment of the operational efficiency of the Board of Directors is in progress.

Remuneration

The remuneration policy is to grant directors (but not the Managing Director) attendance tokens drawn on Befimmo SCA. These are worth €10,000 a year (fixed portion) and €2,500 per meeting.

D. Managing Director of Befimmo SA

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

The Managing Director takes care of operational aspects, subject to the oversight of the Supervisory Committee of the day-to-day management.

With the other Executive Officers, he makes proposals on strategic matters to the Board of Directors, leads the Befimmo SCA team in accordance with the decisions of the Board of Directors, and makes proposals to the Board of Directors on investments, disinvestments and financing.

Currently, the Managing Director of Befimmo

SA is also Befimmo SA's Permanent representative in the Sicafi. The Permanent representative is Mr Benoît De Blieck.

E. Executive officers

Pursuant to Article 38 of the law of 20 July 2004, the following were appointed as Executive Officers: Mr Benoît De Blieck, Managing Director of Befimmo SA, Mr Laurent Carlier, Chief Financial Officer, and Mrs Martine Rorif, Chief Operating Officer.

F. Management team

Befimmo SCA has its own operational team of 31 people and endeavours to keep its operating costs at an optimum level.

Its principal members are:

Cédric Biquet Investment Officer
Laurent Carlier Executive officer – Chief Financial Officer
Benoît De Blieck Executive officer - Chief Executive Officer
Emilie Delacroix Communication Officer
Rikkert Leeman Chief Technical Officer
Martine Rorif Executive officer - Chief Operating Officer
Philippe van Boxmeer Secretary General

G. Committees

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

The Committee met twelve times during the fiscal year.

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

> **Marc Blanpain**, Director, not linked to the Promoter - Number of Supervisory Committee meetings attended during the 2007/2008 fiscal year: 12

> **Benoît Godts**, Director, linked to the Promoter - Number of Supervisory Committee meetings attended during the 2007/2008 fiscal year: 11

The remuneration of the members of this Committee is €750 per meeting. The Supervisory Committee 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. However, it is not responsible for checking every act of the officer responsible for day-to-day management.

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

1. Analysis and optimisation of Befimmo SCA's insurance cover;
2. Monitoring of disputes;
3. Powers of attorney.
4. Computer data safeguard plan;
5. Financial policy;
6. Monitoring of business in progress.

2. Audit committee

The Audit Committee assists the Board of Directors with internal control procedures (in particular for the application of the legislation, regulations and internal provisions regarding conflicts of interest), preparing the financial statements and other financial information, appointing the statutory company auditors and handling relations with them. It meets prior to each Board meeting that has one or more of these issues on the agenda.

The Committee is composed of three members appointed from among the members of the Board of Directors, but not the Managing Director (for the line-up see p.65 – V. No departure from the Code). The duration of the Committee members' mandate coincides with their directorship. The Committee appoints its own Chairman, who may not also be the Chairman of the Board of Directors.

The Committee met seven times during the fiscal year.

For the 2007/2008 fiscal year, the Committee members are as follows:

> **Gaëtan Piret**, Director, not linked to the Promoter - Chairman of the Audit Committee - Number of Audit Committee meetings attended during the 2007/2008 fiscal year: 7

> **Benoît Godts**, Director, linked to the Promoter - Number of Audit Committee meetings attended during the 2007/2008 fiscal year: 6

> **BVBA Roude**, represented by its Permanent representative, Jacques Rousseaux, independent Director - Number of Audit Committee meetings attended during the 2007/2008 fiscal year: 7

The remuneration of the members of this Committee is €1,500 per meeting. In 2007/2008 the following main issues were addressed:

1. quarterly, half-yearly and annual accounts;
2. financing and interest-rate hedging policy;
3. risk management (review of disputes, internal control, etc.);
4. budgets and outlook for the coming years;
5. review of new financial communication regulations.

Over the 2007/2008 fiscal year, the members of the Audit Committee carried out a detailed self-assessment of the operational efficiency of the Committee.

The Audit Committee then submitted a number of proposals to the Board of Directors, principally:

> Amendment of the terms of reference;

> Consider the advisability of setting up an internal audit function;

> In-service training for the members;

> Review of risks;

> Policy on the independence of the external auditor;

> Whistle-blowing procedure.

The Board of Directors approved all these proposals.

It also decided that the Audit Committee should reflect for some time each year on its operation and report on it to the Board of Directors, and that a detailed self-assessment should take place every three years.

3. Appointments and Remunerations Committee

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

This Committee is also responsible for delivering opinions to the Befimmo SA general meeting on the remuneration of the Directors, the Managing Director and the main executives of the Sicafi.

The Committee met twice during the fiscal year.

The Committee is composed of four members, appointed by the Board of Directors from among its members (for the line-up see p. 65 – V. No departure from the Code). The members of this Committee are:

> **Alain Devos**, Chairman of the Board of Directors. Director, linked to the Promoter
Number of Appointments and Remunerations Committee meetings attended during the 2007/2008 fiscal year: 2

> **Marc Blanpain**, Director, not linked to the Promoter - Number of Appointments and Remunerations Committee meetings attended during the 2007/2008 fiscal year: 2

> **Gustaaf Buelens**, independent Director
Number of Appointments and Remunerations Committee meetings attended during the 2007/2008 fiscal year: 2

> **Marc Van Heddeghem**, independent Director
Number of Appointments and Remunerations Committee meetings attended during the 2007/2008 fiscal year: 2

In 2007/2008 the following issues were addressed:

> recommendations for remuneration of management staff;

> recommendations on overall salary increases;

> financial status of the Managing Director;

> renewal of directorships;

> assessment of independence of directors.

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

H. Others involved

1. Auditor

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

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

Secondly, in accordance with the law, it cooperates with the CBFA's controls. The CBFA may also ask it to confirm the accuracy of other information sent to the CBFA.

The mandate of the company auditor, Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL, represented by Mr Frank Verhaegen and Mr Jurgen Kesselaers, business auditors acting jointly, ends at the close of the ordinary general meeting for the approval of the accounts closed as of 30 September 2010. Its fee is €75,000 excluding VAT per year.

The fees of Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL for auditing the accounts of Fedimmo SA amount to €39,000 excluding VAT, and €3,630 excluding VAT for the tasks entrusted by law to the auditor.

2. Real estate experts

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

These real estate expert duties are currently assigned to:

> Winssinger & Associates, a member of the DTZ Debenham-Winssinger group, valuing all the buildings not included in the duties of the other three experts named below. In addition, Winssinger & Associates has been entrusted with coordinating all valuation activities;

> Cushman & Wakefield values the buildings acquired under the merger with Prifast, (1997) namely: Goemaere, Fountain Plaza, Media and Planet 2;

> CB Richard Ellis values the buildings acquired under the 1998 mergers: World Trade Center (Towers 1 and 2), Noordbuilding, rue Devroye, rue du Jonquois, digue des Peupliers and Schuman 11;

> Jones Lang LaSalle values the buildings in the Fedimmo portfolio acquired in 2006 and the Vital and Meir buildings, located in Leuven and Antwerp respectively, acquired in June 2008.

From the 2008/2009 fiscal year, Befimmo will have its consolidated portfolio valued by Winssinger & Associates, a member of the DTZ Debenham-Winssinger group, and by Jones Lang LaSalle. The latter will have the task of coordinating these valuations.

3. Depository bank

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

III. Rules for preventing conflicts of interests

Regarding the prevention of conflicts of interests, Befimmo is governed firstly by legal rules – Articles 523 and 524 of the Code of Company Law and Article 24 of the Royal Decree of 10 April 1995 (which requires the CBFA to be notified in a number of cases) – and secondly by the supplementary rules of its Corporate Governance Charter. Accordingly, where a director of the Managing Agent has an interest that conflicts with that of Befimmo SCA, in the interests of transparency Befimmo applies the procedure provided for by Article 523 of the Code of Company Law.

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

If Befimmo SCA intends to carry out a transaction with a director or a company controlled by that director or in which he has a shareholding other than a minor one that is not covered by Article 523 of the Code of Company Law (for example, because it is a routine transaction subject to normal market conditions and guarantees), Befimmo SCA nevertheless requires that director to declare his interest to the other directors before the transaction is discussed in the Board meeting; his declaration and the reasons why Article 523 of the Code of Company Law does not apply must be set down in the minutes of the Board meeting at which the decision is to be taken; 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. If the transaction takes place it must be mentioned in the "Corporate Governance" chapter of the annual report, though the minutes reporting the transaction concerned need not be reproduced in full.

In this respect, please refer to the "Obligatory Information" section of this report.

IV. Rules for preventing market abuses

The Corporate Governance Charter provides for rules designed to prevent market abuses, applicable mainly to directors, Executive Officers and anyone likely to have accessed to privileged information on account of their involvement in the preparation of a particular transaction.

These rules have been supplemented by an internal document setting out the main relevant legal obligations, taking account in particular of the Royal Decree of 5 March 2006 on market abuses, with a view to raising awareness among the persons concerned of their obligations.

The Compliance Officer is responsible for ensuring that these rules are complied with in order to reduce the risk of market abuses by insider trading. To that end, he makes and keeps up-to-date lists of persons having access to privileged information and who know or cannot reasonably fail to know that it is privileged information. Executives planning to carry out transactions on financial instruments issued by Befimmo SCA, Befimmo SA or one of their subsidiaries must notify the Compliance Officer of the transaction in writing. Within 48 hours of receiving such notice, the Compliance Officer shall inform the person concerned whether there is any reason to believe that the planned transaction would amount to insider trading. If so, he will be advised not to carry out the transaction.

Executives must notify the CBFA of transactions carried out on their own account and affecting the Company stock within five working days of the transaction concerned taking place; notification may be legally postponed until such time as the total of transactions carried out during the current calendar year exceeds the threshold of €5,000.

During so-called "closed periods", executives may not carry out transactions on financial instruments issued by Befimmo SCA, Befimmo SA or one of their subsidiaries. The Company has also defined "trading windows", which are safe periods for carrying out transactions on the Company's financial instruments.

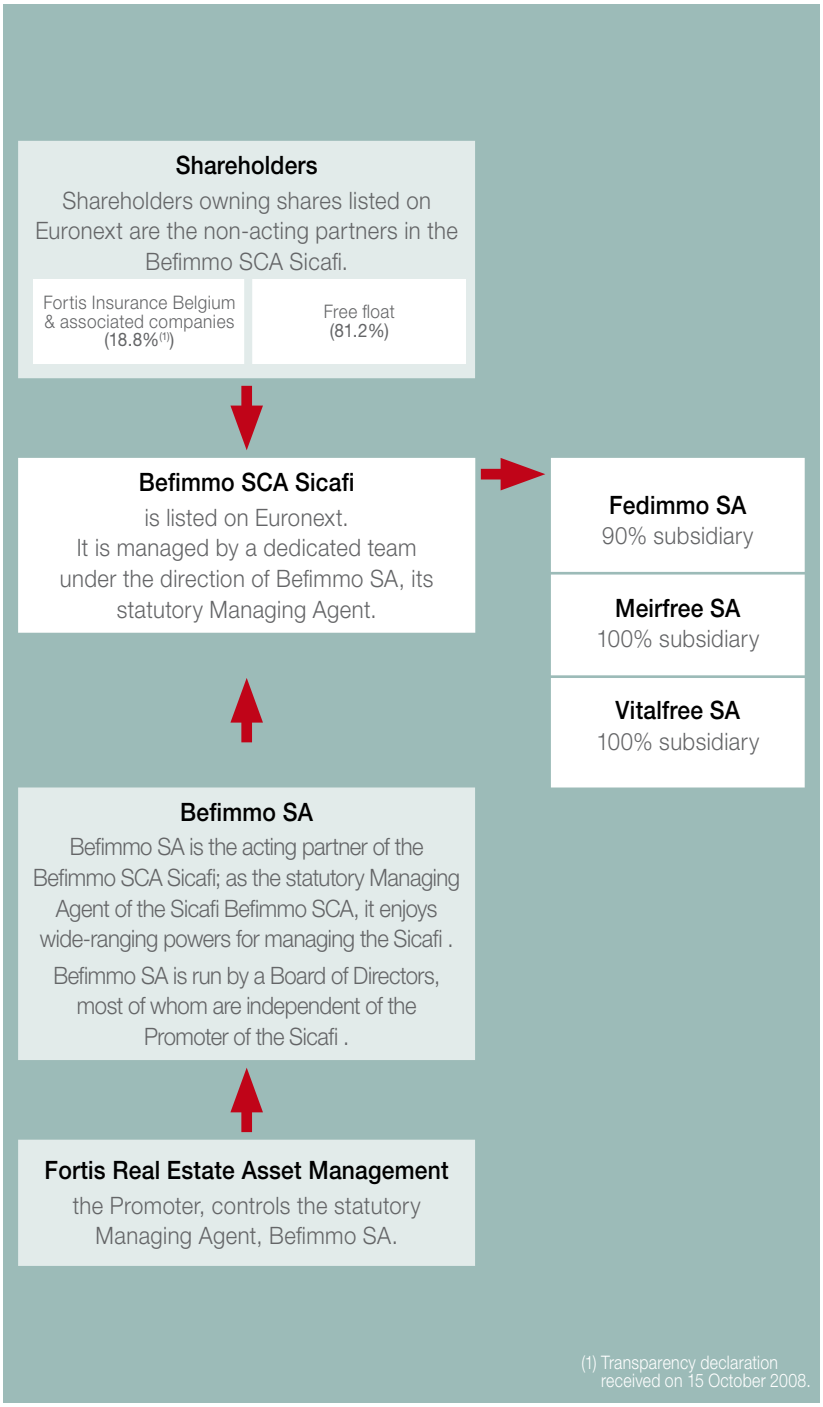
Philippe van Boxmeer, Secretary General, is Befimmo SCA's Compliance Officer.

V. No departure from the Code

Subject to the structural points explained in the Charter, only the current composition of the Audit Committee and Appoints and Remuneration Committee depart from the Code of Corporate Governance. It provides for a majority of independent directors. The Audit Committee has one independent director out of three and the Appointments and Remunerations Committee has two out of four. The reason is that one independent member of each of these Committees has had his directorship renewed as a director not linked to the Promoter. In order to ensure continuity in the work of these committees and in view of the skills of these directors, the composition of these committees has not been altered straight away.

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

Structure and organisation



Obligatory information

Application of Article 523 of the Code of Company Law and point 29 of the Corporate Governance Charter on conflicts of interests

During the past fiscal year, there were no transactions giving rise to the application of Article 523 of the Code of Company Law or Article 31 of Befimmo SCA's Corporate Governance Charter (describing Befimmo SCA's policy regarding transactions with a director that are not covered by Article 523 of the Code).

Application of Article 524 of the Code of Company Law

One operation gave rise to the application of Article 524 of the Code of Company Law during the past fiscal year: the constitution by Fortis Bank SA of a long-term leasehold in favour of Befimmo SCA and the sale by Fortis Bank to a company designated by Befimmo SCA of the subsoil of two buildings, located respectively at Meir 48 Wapper, Antwerp, and Vital Decosterstraat 42-44, Leuven, and the rental of part of the building in Leuven for fifteen years to Fortis Bank SA and the rental of all the building in Antwerp for 27 years (Meir building) and 18 years (Wapper building) to Fortis Bank SA.

On 14 September 2007, the committee of independent directors concluded that *"the planned transaction between Befimmo SCA and Fortis Bank SA is to the advantage of Befimmo SCA and its shareholders, does not cause them any damage and does not give any unfair advantage to Fortis Bank SA".*

Acting as Managing Agent of Befimmo SCA, on 8 November 2007 the Board of Directors of Befimmo SA adopted the following resolution:

"These two buildings are Fortis Bank's regional headquarters in Antwerp and Leuven respectively. They have an excellent location in the centre of Antwerp and Leuven.

The Antwerp property is composed of two buildings, one of classical style (bank branch, meeting rooms, strong room, office) and the other modern (open-plan offices).

The Leuven property is a modern administrative building, let to several tenants and divisible. (…)

After discussion, the Board unanimously decided to proceed with the "Antwerp and Leuven" project with Fortis Bank on the financial terms proposed, described in more detail in the opinion of the Committee of independent directors referred to above.

Accordingly, the Board hereby mandates:

- *the Managing Director to instruct the Company's advisers to examine the legal and fiscal security of the planned separation and to make any necessary contact with the Rulings Department of the Federal Public Finance Service;*
- *provided that a sufficient degree of security is secured, the Managing Director to proceed with the preparation of the various agreements with Fortis Bank, notably:*
  - *the leasehold agreements with Fortis Bank (owner) and Befimmo (leaseholder);*
  - *the lease agreements and commercial leases between Befimmo (proprietor of the right in rem) and Fortis Bank (tenant);*
  - *the agreements (possibly in the form of an option) for the purchase of the subsoil by a company to be designated by Befimmo;*
  - *the takeover of the agreements with the existing tenants in Leuven (Acerta and VDAB);*
  - *and in general any agreement needed to complete the transaction.*
- *the Managing Director and an independent director to conclude and sign all the necessary agreements with Fortis Bank SA and all other acts needed to complete the transaction."*

On the basis of the report by the Committee of independent directors and the minutes of the Board of Directors meeting of 8 November 2007, the auditor of Befimmo SCA delivered the following opinion:

"On the basis of our procedures, we observe the following:

> *regarding point a) above, we note that the conclusion set out in the minutes of the Board meeting of 8 November 2007 tallies with the conclusion of the opinion of the Committee of independent directors;*

> *regarding point b) above, we note that the financial data set out in the opinion of the Committee of independent directors tally with those of the minutes of the Board meeting. This does not mean that we have assessed the amounts of the transactions or the wisdom of the decision of the Board of Directors."*

In line with its resolution of 8 November 2007, on 28 May 2008 the Board of Directors of Befimmo SA, acting as Managing Agent of Befimmo SCA, adopted the following resolution for incorporating two companies to acquire the subsoil of the properties in Leuven and Antwerp respectively:

"1. Incorporation of two subsidiaries by Befimmo SCA in the context of the transaction relating to the Antwerp and Leuven properties:

> *Vitalfree SA, to have a capital of €1,900,000 represented by 1,000 registered shares, which will be subscribed in cash, 99.5% by Befimmo SCA (which will be designated as the sole founder) and 0.5% by Mr De Blieck acting on behalf of Meirfree SA, being incorporated (which will be regarded as a simple subscriber), a quarter of which will be paid up upon incorporation.*

> *Meirfree SA, to have a capital of €3,700,000 represented by 1,000 registered shares, which will be subscribed in cash, 99.5% by Befimmo SCA (which will be designated as the sole founder) and 0.5% by Vitalfree SA (which will be regarded as a simple subscriber), a quarter of which will be paid up upon incorporation.*

2. Mandate to the Managing Director, Ms M. Rorif and/or Mr L. Carlier, at least two of them acting jointly to do whatever is necessary to incorporate the two subsidiary companies of Befimmo SCA (opening of special accounts, cash contributions by Befimmo SCA, preparation of two financial plans, execution and signature of two deeds of incorporation, etc.)."

Further information

1. In view of the involvement of Fortis Bank SA in the above-mentioned transactions, this information is notified to the extent required under Article 24 of the Royal Decree of 10 April 1995:

Regarding the portfolio:

> On 26 June 2008, Befimmo agreed a transaction with Fortis Bank SA to acquire rights in rem in two buildings, located in Antwerp (20,612 m²) and Leuven (19,033 m²), let mainly to Fortis Bank SA. The overall purchase price for the transaction was €94.1 million.

> In December 2007, amendment No 12 was agreed with Alpha Credit SA, a 100% subsidiary of Fortis Bank SA, relating to the additional let of an archive area of 100 m² on level -2 of the building (short-term let – annual rent of some €10,000).

Regarding the debt structure:

> A syndicated loan for a total of €350 million over six years (2006-2012) had been arranged by ING Bank SA and Fortis Bank SA in March 2006. During the 2007/2008 fiscal year, this syndicated loan was extended until 2013, for a total amount of €220 million.

> Befimmo had a commercial paper programme amounting to a total of €300 million. In late April 2008 a €100 million extension of the programme was arranged by Dexia Bank Belgium SA, with Dexia Bank Belgium SA and Fortis Bank SA as the agents for it.

> In late June 2008, a new syndicated loan for a five-year term and an amount of €300 million was arranged by ABN-AMRO Bank NV, Fortis Bank SA and ING Bank SA.

These were routine transactions agreed subject to normal market conditions and guarantees for transactions of the same kind, so that Articles 523 and 524 of the Code of Company Law do not apply.

2. Assistance by Fortis Real Estate Holding SA

Regarding 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 for the management of its real estate assets. The agreement covers nearly the entire Befimmo portfolio and relates to owner management, tenant management and organisation of technical maintenance.

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

For the fiscal year to 30 September 2008, Befimmo paid net fees of €336,102.22 including VAT. The open balance in Befimmo's accounts at the closing date was a trade debt of €922,980.41 including VAT.

In its day-to-day management, Befimmo can occasionally access certain services, essentially fiscal, provided by the Promoter's group.

All of these services are billed at market rates. During the fiscal year to 30 September 2008, Befimmo spent €35,695.01 including VAT on services of this kind.

Deloitte's fees

Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL, represented by Mr Frank Verhaegen and Mr Jurgen Kesselaers, acts as the Company's auditor.

In addition to its statutory role, during the 2007/2008 fiscal year Deloitte and associated companies also provided tax advisory services for a fee of €20,166 excluding VAT and services related to other non-auditing duties for a fee of €29,146 excluding VAT.

Research and development

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

Factors liable to have an influence in the event of a takeover bid

Article 34 of the Royal Decree of 14 November 2007 on the obligations of financial option writers admitted to trading on a regulated market (hereinafter the "Royal Decree"), requires them to disclose and, if appropriate, explain how the factors listed by that provision might have an influence in the event of a takeover bid.

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

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

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

In accordance with the provisions of the Code of Company Law regarding partnerships limited by shares, the company's general meeting is made up of two categories of partners and, to be adopted, a decision must be approved by both categories of partners (see Article 34 of the articles of association of Befimmo SCA).

The partner with unlimited liability, Befimmo SA, is responsible without limit for all Befimmo SCA's undertakings.

Befimmo SA is also the Managing Agent of Befimmo SCA and, as such, is entitled to remuneration determined by Article 21 of the articles of association in accordance with the Royal Decree of 10 April 1995 on real estate Sicafs.

The Managing Agent may not be dismissed, except by a court on just grounds (Article 18 of the articles of association of Befimmo SCA).

Besides those linked to the structure of a partnership limited by shares, the Managing Agent has certain powers concerning the right to issue or buy shares (clause on authorised capital and authorisation for buying and selling its own shares).

These powers were not designed specifically for the case of a takeover bid: the authorised capital clause basically allows opportunities to be taken rapidly without the time constraints associated with convening two general meetings (experience shows that the first general meeting convened is consistently inquorate) while the authorisation to buy its own shares provides for a mechanism that could be used to stabilise the share price in the event of abnormal movements. These clauses could nevertheless be used in that context.

More specifically, these clauses provide as follows:

> pursuant to Article 9 of the articles of association of Befimmo SCA, the Managing Agent is authorised to increase the capital, in one or more stages, by contributions in cash or in kind or by incorporating reserves, on the dates, terms and conditions it decides, by a maximum amount of €189,727,025.09, i.e. in accordance with Article 603 and 657 of the Code of Company Law, by no more than the existing share capital; this authorisation was granted for five years as from the date of

publication of the minutes of the shareholders' meeting of 17 December 2007 (8 February 2008) in the annexes to the Belgian Official Journal; the use of the clause may lead to a significant increase in shareholders' equity, higher than the above-mentioned amount of €189,727,025.09 provided that the issue price of the new shares set by the Managing Agent includes an issue premium;

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

> pursuant to Article 13.2 of the articles of association of Befimmo SCA, The Managing Agent is authorised (within the limits of the law) to acquire fully paid-up shares in Befimmo SCA where such acquisition is necessary in order to prevent serious and imminent damage to the company. This authorisation is valid for three years as from 8 February 2008 (the date of publication of the minutes of the shareholders' meeting of 17 December 2007 in the annexes to the Belgian Official Journal), and is renewable for further three-year periods;

> pursuant to Article 13.4 of the articles of association of Befimmo SCA, the Managing Agent is also *"authorised to dispose of the company's own shares acquired by the company in following cases: 1) when these shares are listed within the meaning of Article 4 of the Code of Company Law; 2) when the resale takes place on a stock exchange or as a result of a takeover bid addressed under the same conditions to all shareholders, in order to prevent serious and imminent damage to the company (this authorisation being valid for a period of three years as from the date of publication of the minutes of the meeting of 17 December 2007 and renewable for identical periods); 3) in all the other cases permitted by the Code of Company Law".*

- Statutory restriction of voting rights (Royal Decree, Article 34(5))

No statutory provision restricts the voting rights of Befimmo SCA's partners since, as stated above, a decision may be adopted by the general meeting only with the agreement of both categories of partners.

Note, moreover, that, pursuant to Article 29 of the articles of association, *"In order to be admitted to the shareholders' meeting, every holder of bearer shares must deposit his securities at the registered office of the company or at an institution specified in the notice, five days before the date set for the meeting (unless a shorter period applies by law). Holders of registered shares must, within the same time period, inform the Managing Agent in writing (letter or power of attorney) of their intention to attend the meeting and specify the number of shares in respect of which they intend to vote. Holders of dematerialised shares must, within the same period, file with the company's registered office or with the institutions specified in the notices of the meeting, a certificate issued by a recognised account holder or the settlement institution, attesting that the shares are unavailable until the date of the general meeting."* These provisions of the articles of association were not conceived with takeover bids in mind but, by laying down formalities for admission to the general meeting, they may indirectly have an influence in that respect.

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

Pursuant to Article 9 of the Royal Decree of 10 April 1995 on real estate Sicafs, any draft amendment of the articles of association must first be approved by the CBFA. This rule may have an influence in the event of a takeover bid as the bidder may not amend the company's articles of association at its discretion but would have to have any draft amendment approved by the CBFA.

Like any decision of the general meeting, amendments to Befimmo SCA's articles of association require the agreement of both

categories of partners.

- Important agreements to which the option writer is a party and which take effect are amended or lapse in the event of a change in the control of the option writer as a result of a takeover bid (Royal Decree, Article 34(9))

It is standard practice to include a "change of control" clause in financing agreements, enabling the bank to ask for the loan to be refunded if a change in the control of the Company's capital were to have a material adverse effect on the Company. The following banks have such a change of control clause:

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

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Consolidated income statement (in thousands of €)

	Notes	30.09.2008	30.09.2007
I. (+) Rental income	E	109 507	104 902
III. (+/-) Charges linked to letting	F	-346	-282
NET RENTAL INCOME		**109 161**	**104 621**
IV. (+) Recovery of property charges		14 072	4 632
V. (+) Recovery income of charges and taxes normally payable by tenants on let properties		21 922	24 431
VI. (-) Costs normally payable by tenants and borne by the landlord on rental damage and refurbishment at the end of lease		-	-9
VII. (-) Charges and taxes normally payable by tenants on let properties		-23 296	-24 186
VIII. (+/-) Other revenue and charges for letting		159	146
PROPERTY RESULT		**122 017**	**109 634**
IX. (-) Technical costs		-16 814	-8 360
X. (-) Commercial costs		-1 138	-1 515
XI. (-) Charges and taxes on unlet properties		-1 028	-1 504
XII. (-) Property management costs		-970	-1 253
XIII. (-) Other property charges		-7	-27
(+/-) Property charges		**-19 957**	**-12 659**
PROPERTY OPERATING RESULT		**102 060**	**96 975**
XIV. (-) Corporate management costs	G	-11 888	-8 564
XV. (+/-) Other operating income and charges		1 255	-312
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**91 427**	**88 100**
XVI. (+/-) Gains or losses on disposals of investment properties		8 801	1 265
XVIII.(+/-) Changes in fair value of investment properties		-6 316	38 701
OPERATING RESULT		**93 913**	**128 065**
XIX.(+) Financial income	H	19 545	6 650
XX. (-) Interest charges	H	-40 239	-34 823
XXI.(-) Other financial charges	H	-10 655	-7 559
(+/-) Financial result	H	**-31 349**	**-35 732**
PRE-TAX RESULT		**62 563**	**92 334**
XXIII.(-) Corporation tax	I	-646	-584
(+/-) Taxes	I	**-646**	**-584**
NET RESULT	J	**61 918**	**91 750**
RESULT, GROUP SHARE		58 170	89 079
MINORITY INTERESTS		3 748	2 671
BASIC RESULT AND DILUTED PER SHARE	J	**4.45**	**8.23**

Consolidated balance sheet (in thousands of €)

ASSETS		Notes	30.09.08	30.09.07
I.	**Non-current Assets**		**1 927 934**	**1 867 469**
A.	Goodwill	K	15 977	16 172
C.	Investment properties	L	1 877 636	1 812 899
D.	Development projects		-	2 216
E.	Other property, plant and equipment		722	692
F.	Non-current financial assets	M	23 827	25 626
G.	Finance leases receivables	M	9 772	9 864
II.	**Current Assets**		**43 817**	**29 301**
A	Assets held for sale	L	8 865	-
B.	Current financial assets	M	1 870	5 343
C.	Finance leases receivables	M	56	53
D.	Trade receivables	M	22 765	15 210
E.	Tax receivables and other current assets	M	3 112	203
F.	Cash and cash equivalents	M	4 556	5 288
G.	Deferred charges and accrued income		2 594	3 205
TOTAL ASSETS			**1 971 751**	**1 896 770**

SHAREHOLDERS' EQUITY AND LIABILITIES		Notes	30.09.08	30.09.07
TOTAL SHAREHOLDERS' EQUITY			**1 028 507**	**996 792**
I.	**Equity attributable to shareholders of the parent company**		**966 809**	**931 905**
A.	Capital		186 919	186 919
B.	Share premium account		372 952	372 952
D.	Reserves		21 113	21 113
E.	Result		385 825	346 399
	a. Result brought forward from previous years		327 655	287 394
	b. Net result for the fiscal year		58 170	59 005
G.	Hedging instruments		-	4 522
II. Minority interests			**61 698**	**64 887**
LIABILITIES			**943 244**	**899 978**
I.	**Non-current liabilities**		**862 434**	**153 838**
B.	Non-current financial debts	M	857 016	148 637
	a. Credit institution	M	597 651	82 934
	b. Finance lease	M	51 705	64 199
	c. Other	M	207 661	1 504
D.	Trade debts and other non-current debts	M	5 418	5 201
II.	**Current liabilities**		**80 810**	**746 140**
A.	Provisions	L	4 758	-
B.	Current financial debts	M	15 379	662 692
	a. Credit institution	M	8 970	656 761
	b. Finance lease	M	6 409	5 931
D.	Trade debts and other current debts	M	46 967	71 050
F.	Accrued charges and deferred income		13 706	12 398
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			**1 971 751**	**1 896 770**

Consolidated cash flow statement (in thousands of €)

	30.09.2008	30.09.2007
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR	**5 288**	**14 961**
Net result for the fiscal year	**61 918**	**91 750**
Operating income	93 913	128 065
Interest paid	-36 663	-31 740
Interest received	4 108	853
Dividends received	454	68
Taxes paid	-684	-557
Other income	790	-4 939
Items with no effect on cash flow to be extracted from earnings	**4 246**	**-34 989**
Loss of (gain in) value on trade receivables (+/-)	93	24
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)	166	128
Fair value adjustment for investment buildings (+/-)	6 316	-38 701
Fair value adjustment on non-current financial assets booked to earnings (+/-)	-5 532	963
Other items	3 203	2 597
NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS	**66 164**	**56 761**
Change in working capital requirements	2 702	**607**
Change in assets items	-6 151	-6 382
Change in liabilities items	8 853	6 989
CASH FLOW FROM OPERATING ACTIVITIES	**68 866**	**57 368**
Investments (-) / Disposals (+)		
Acquisition of Fedimmo subsidiary	-	-576 563
Acquisition Meir and Vital	-94 275	-
Down payment on buildings and similar	-	-18 902
Liquidation of La Hulpe certificates	2 497	-
Investment properties		
Investments	-48 307	-14 475
Disposals	65 075	22 900
Other property, plant and equipment	-197	-415
Hedging instruments and other financial assets	50	-4 630
Cash flow of investment activities	**-75 156**	**-592 086**
CASH FLOW BEFORE FINANCING ACTIVITIES	**-6 290**	**-534 718**
Financing (+/-)		
Increase (+) / Decrease (-) in financial debts	73 082	332 232
Increase (+) / Decrease (-) in finance lease debts	-11 986	-15 337
Increase (+) / Decrease (-) in other non-current liabilities	217	-
Capital increase / Decrease	-6 000	256 315
Dividend for previous fiscal year (-)	-49 755	-48 165
Cash flow of financing activities	**5 558**	**525 044**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-732**	**-9 674**
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	**4 556**	**5 288**

Consolidated statement of changes in equity
(in thousands of €)

	Capital	Share premiums	Reserves	Undis-tributed result	Hedging instruments	Equity: group share	Minority interests	Total equity
EQUITY AS OF 30.09.06	**142 295**	**161 261**	**21 113**[1]	**335 558**	**-**	**660 228**	**-**	**660 228**
Earnings booked directly as shareholders' equity	-	-	-	-	4 522[2]	4 522	-	4 522
Net result for the fiscal year	-	-	-	89 079	-	89 079	2 671	91 750
Total charges and revenue booked	-	-	-	**89 079**	**4 522**	**93 600**	**2 671**	**96 271**
Minority interests	-	-	-	-	-	-	62 216	62 216
Capital increase[3]	44 624[3]	211 691	-	-	-	256 315	-	256 315
Dividend distributed	-	-	-	-78 239[4]	-	-78 239	-	-78 239
EQUITY AS OF 30.09.07	**186 919**	**372 952**	**21 113**	**346 399**	**4 522**	**931 905**	**64 887**	**996 792**
Changes in value of hedging instruments	-	-	-	-	-4 522	-4 522	-	-4 522
Net result for the fiscal year	-	-	-	58 170	-	58 170	3 748	61 918
Total charges and revenue booked	-	-	-	**58 170**	**-4 522**	**53 648**	**3 748**	**57 396**
Decrease in Fedimmo capital	-	-	-	-	-	-	-6 000	-6 000
Dividend distributed	-	-	-	-18 743[5]	-	-18 743	-938	-19 681
Balance of Befimmo 2007 dividend				-18 743				
Fedimmo 2007 dividend to minority interests							-938	
EQUITY AS OF 30.09.08	**186 919**	**372 952**	**21 113**	**385 825**	**-**	**966 809**	**61 698**	**1 028 507**

(1) The details of the other reserves are as follows: statutory reserves: €1.3 million - undistributable reserves: €3.6 million - available reserves: €16.2 million.
(2) The amount of €4.5 million booked to equity during the previous period corresponds to the appreciation of the hedging instruments (twin caps) that the company holds. These amounts were booked to earnings during the fiscal year when these instruments were reclassified.
(3) This capital increase, carried out in June 2007, raised a total of €256.3 million, after deduction of the associated transaction costs. This amount was used to repay certain short-term loans held by the Company. This increased the number of shares representing the Company capital from 9,794,227 to 13,058,969.
(4) The heading "Dividend distributed" includes, for the 2006/2007 fiscal year, the dividend for the previous period, paid out in December 2006, amounting to €48.2 million, and an interim dividend in June 2007 (but payable in December 2007) amounting to €30.1 million.
(5) The balance of the dividend for the 2006/2007 fiscal year, i.e. €18.7 million paid in December 2007, came out of the shareholders' equity during the 2007/2008 fiscal year.

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A. General business information

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

During the 2006/2007 fiscal year the Company acquired a 90% majority shareholding in Fedimmo SA, a public company under Belgian law, incorporated on 28 December 2006. Fedimmo SA's accounting year also closes on 30 September. In June 2008, Befimmo founded the limited companies Meirfree and Vitalfree, of which it is a shareholder. These companies also close their fiscal years as of 30 September, the first fiscal year running until 30 September 2009.

The Company therefore presents its consolidated financial statements as of 30 September 2008. The Board of Directors of the Managing Agent Befimmo SA adopted and authorised the publication of these consolidated financial statements on 12 November 2008.

The Company's activities are dedicated solely to the ownership and management of a real estate portfolio. As of 30 September 2008, the portfolio consisted principally of office buildings located in Brussels and let to public authorities or private businesses, and office buildings in various town centres in Flanders and Wallonia, let long-term to public authorities only.

The Company is listed on Euronext Brussels and has been listed on Euronext Paris since September 2008.

B. Main accounting methods

Basis of preparation

The financial statements have been prepared in accordance with the International Financial reporting Standards (IFRS) as adopted within the European Union.

Except where otherwise specified, the financial statements are denominated in thousands of euros, rounded to the nearest thousand. They are prepared on the historical cost basis except for investment property and certain financial instruments that are stated at their fair value. Accounting methods have been applied consistently to the periods presented.

Furthermore, the Company has chosen not to apply early new or amended standards or interpretations issued before the date that the consolidated financial statements were authorised for publication with a date of entry into force later than the fiscal year closing as of 30 September 2008, namely:

> IFRS 8 – Operating segments which will enter force from the 2009/2010 annual period and could lead to changes in the way sectoral information is presented in the notes.

> The amendments to IAS 23 – *Borrowing costs* which will enter force from the 2009/2010 annual period and will involve capitalising interest incurred during the construction phase of buildings.

> The amendments to standard IAS 1 – *Presentation of Financial Statements* which will enter force from the annual period 2009/2010 and which will require in particular total comprehensive income to be stated, incorporating items of income and expense booked directly to shareholders' equity.

> Interpretations IFRIC 12 and IFRIC 13 which will not be applicable to the Company.

> Interpretation IFRIC 14 – IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction,* which will enter force from the 2008-2009 annual period. Depending on the financing plan adopted by Befimmo, the application of this interpretation could have a limited impact on the amounts booked in the balance sheet for pension obligations.

> IFRS 8 – *Operating segments* and the revision of IFRS 3 - Business combinations which could have an impact on the treatment of future acquisitions and any transactions with minority interests.

> The other standards or new or amended interpretations (e.g. amendment of IAS 27 – Consolidated and separate financial statements, IFRIC 15 – Agreements for the Construction of Real Estate and IFRIC 16 – Hedges of a Net Investment in a Foreign Operation) not yet in force will have no impact on the Company's financial statements.

Principles of consolidation

Subsidiaries

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

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

Jointly controlled entities

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

Business combinations

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

Transactions eliminated on consolidation

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

Business combinations and goodwill

Where the Company takes control of a business as defined in standard IFRS 3 – ***Business combinations***, the assets, liabilities and any identifiable liabilities of the business acquired are recorded separately at fair value. The difference between the cost of acquisition, including all costs directly attributable to the business combination, such as fees paid to advisors, and Befimmo's share in the fair value of the net assets acquired, is booked to the assets of the balance sheet as goodwill. If that difference is negative (often termed negative goodwill or badwill), after confirmation of the values, it is booked straight to the result.

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

Foreign currency

Foreign currency transactions

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

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

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

Foreign operations

Assets and liabilities of foreign operations included in the consolidation are translated into euros at the closing rate. Income statement items are converted into euros at the average exchange rates for the period. The resulting translation differences are transferred to the equity item "currency translation differentials".

Intangible assets

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

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

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

Investment properties

General principles

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

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

Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value.

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

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

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

Commissions paid to real estate agents and other transaction costs

Commissions relating to the acquisition of investment properties are capitalised within the asset's carrying amount. The same applies where the acquisition involves purchasing the shares of a real estate company, the contribution in kind of a property against the issue of new shares, or assets contributed by way of merger or by takeover of a real estate company. In these various cases, however, notary and audit costs are recorded as costs in the income statement.

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

(1) Average costs paid on transactions observed on the Belgian market over the past three years. This average rate is revised every year on the basis of transactions taking place on the market.

Works carried out on investment properties

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

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

> Extensive renovation works: these are normally undertaken at intervals of 25 to 35 years and involve virtually reconstructing the building whereby, in most cases, the existing carcass work is reutilised and state-of-the-art building techniques applied. These costs are capitalised within the asset's carrying amount.

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

Investment property occupied by owner

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

Where the Company uses only a minor part of a property it owns, the whole property is stated at fair value as an investment property.

Development projects

Property that is being constructed or developed for future use as investment property is classified as development projects and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of transfer, the difference between the fair value and the cost is recognised in the income statement.

All costs directly associated with the purchase or construction of properties, and all subsequent capital expenditures are included in the cost of the development project. All borrowing costs related to the acquisition and construction of properties are directly recorded in the income statement during the period of their occurring.

Development projects are tested for depreciation when there is an indication that their carrying amount may exceed their recoverable amount (see section "Asset depreciation" below).

Other tangible assets

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

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

Buildings

> Buildings: 30 years.

> Technical equipment: 20 years.

> Improvements to owned buildings: 10 - 20 years.

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

Furniture and vehicles

> Vehicles: 4 years.

> Computer equipment: 3 years.

> Furniture and office equipment: 5 years.

> Leased equipment: term of contract.

Financial assets

Financial assets are classified as follows:

> assets held to maturity;

> assets at fair value through profit or loss;

> assets available for sale;

> loans and receivables.

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

i. Assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity.
Held-to-maturity investments are carried at amortised cost using the effective-interest method.

ii. Assets at fair value through profit or loss. These assets include:
> assets held for trading, i.e. assets acquired principally for the purpose of selling in the short term;
> assets designated by management to be accounted for based on the fair-value option in accordance with IAS 39.

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

iii. Assets available for sale are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.
Assets available for sale are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised in equity. In case of sale or decrease in value, the accumulated fair-value adjustments already recorded in equity are transferred to the income statement.

iv. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money directly to a debtor with no intention of trading the receivable.
Loans and receivables are initially stated at their nominal value less appropriate allowance for irrecoverable amounts, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount. The amount of the allowance is recognised in the income statement.

Derivative financial instruments

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

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

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

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

(i) Fair-value hedge

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

(ii) Cash flow hedge

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

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

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

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

Investment property held for sale

An investment property is classified as held for sale when the asset is available for immediate sale in its present condition and its sale is highly probable.

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

Trade receivables

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

Cash and cash equivalents

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

These items are carried in the balance sheet at their nominal value or cost.

Asset depreciation

The carrying amount of intangible and tangible assets other than investment property is reviewed at each balance sheet date to determine whether there is any indication of decrease in value, in which case a depreciation test is carried out. Such a test is carried out systematically every year on the cash flow generating units (CGUs) or groups of CGUs to which goodwill has been allocated in the context of a business combination. Insofar as it generates cash influxes independently of other assets, investment property is in principle a CGU.

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

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

A decrease in value is reversed if the recoverable amount of the asset or CGU (group of CGUs) exceeds the carrying amount, with the exception of depreciations of goodwill which are never reversed.

Share capital

Ordinary shares are classified as equity.

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

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

Interest-bearing borrowings

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

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

Trade and other payables

Trade and other payables are stated at their nominal value.

Employee benefits

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

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

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

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

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

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

Provisions

Provisions are recognised in the balance sheet when:

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

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

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

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

Revenue

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

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

Gain or loss on sales of investment property

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

Income taxes

Taxes on the financial year's income include current and deferred tax. Taxes are recorded in the income statement except where they relate to items recorded directly in equity, in which case they too are recorded in equity.

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

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

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

C. Significant accounting judgments and main sources of uncertainty regarding estimates

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

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

Regarding the properties acquired during the fiscal year, the Company concluded that it did not satisfy the criteria laid down by IFRS 3 – Business combinations and that the standard therefore did not apply.

Main sources of uncertainty regarding estimates

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

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

Disputes and uncertainties

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

D. Segment information (1)

For the past few months Befimmo's property portfolio has consisted entirely of offices.

Indeed, during the 2007/2008 fiscal year, Befimmo disposed of its semi-industrial portfolio and the two Woluwe Garden B&D buildings, which were no longer consistent with its strategy. Befimmo thus confirms its strategy as a "pure player" investor, and reduces the share of the suburbs in its portfolio.

Following the acquisition of Fedimmo in December 2006, the Flanders and Wallonia segments were formed.

In terms of geographical distribution, most of Befimmo's real estate portfolio is located in Brussels (75.3%), the remaining 24.7% being property in Flanders (19.7%) and Wallonia (5.0%).

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

CBD (Central Business District)

City centre

Market:

> Space: 2.2 million m².

> Significant presence of Belgian public administrations, banks and lawyers.

> Rental vacancy rate: sharply down at 3.4% (approx. 74,000 m²).

> Speculative projects by end 2010: approx. 179,000 m².

> Take up 2008 (Q1-Q3): approx. 23,000 m².

Ongoing or forthcoming developments are on the increase.

With the South area, the rental vacancy rate in the city centre is the lowest on the Brussels market (3.4%).

Befimmo:

17.7% of Befimmo's portfolio is located in the city centre, in 10 buildings with a total space of 130,233 m².

Befimmo's vacancy rate is especially low (2.7%) but will rise before 30 September 2009 with the renovation of the Central Gate and Impératice buildings, which will be partially or completely vacant while the work is going on.

Leopold district

Market:

> Space: 3.4 million m².

> Significant presence of European institutions and representation offices.

> Rental vacancy rate: 6.8% (approx. 231,000 m²), falling.

There are many ongoing or forthcoming developments.

Some 168,000 m² of speculative office space will be handed over by the end of 2010.

> Take up in 2008 (Q1-Q3): approx. 61,000 m².

Rents in the Leopold district, the most expensive area of Brussels, rose over the ten years up to 2005. Since then they have stabilised, however.

Befimmo:

More than 16% of Befimmo's portfolio is located in the Leopold district (9 buildings – 75,109 m²).

These buildings are particularly well located (Rond-point Schuman, rue Wiertz) or let long-term to the public sector (Joseph II, avenue des Arts) and they do not involve any major uncertainties.

North area

Market:

> Space: 1.4 million m².

> Significant presence of Belgian and regional public administrations.

> Rental vacancy rate: 5.6% (approx. 81,000 m²).

There are many ongoing or forthcoming developments.

A little over 94,000 m² of speculative office space will be handed over by the end of 2010.

> Take up in 2008 (Q1-Q3): approx. 60,000 m².

The vacancy rate in the North area has fallen sharply since 2007, notably after the letting of a tower of some 30,000 m² that had been vacant for some time.

However, there is a risk of the rate rising as a result of the large number of speculative projects due to be handed over in the coming years.

Befimmo:

More than 23% of Befimmo's portfolio is located in the North area, in 3 buildings with a total space of 184,852 m².

In view of the residual terms of the relatively long leases (WTC Towers 2 and 3 and Noordbuilding), the portfolio is secure for the short and medium term.

(1) Source: market real estate data. CB Richard Ellis - September 2008

Decentralised

Market:

> Space: 2.8 million m².

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

> High rental vacancy rate: 12.7% (approx. 353,000 m²), steady since last year.

Speculative projects by end 2010: 77,000 m².

> Take up in 2008 (Q1-Q3): approx. 76,000 m².

Befimmo:

8.1% of Befimmo's portfolio is located in the decentralised area, in 8 buildings with a total space of 61,410 m².

These buildings are well located and have stable lets for the short and medium term.

Befimmo's vacancy rate in this segment (2.9%) is substantially lower than the market average (12.7%).

Suburbs

Market:

> Space: 1.8 million m².

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

> High rental vacancy rate: 18.3% (approx. 325,000 m²), steady since last year.

Developments of new projects are stable.

Some 100,000 m² of speculative office space will be handed over by the end of 2010.

> Take up in 2008 (Q1-Q3): approx. 79,000 m².

Befimmo:

9.7% of Befimmo's portfolio is located in the suburbs, in 7 buildings with a total space of 106,469 m², reduced by the disposal of the semi-industrial portfolio and the two Woluwe Garden buildings B&D.

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

Flanders and Wallonia

Flanders

Nearly 20% of Befimmo's portfolio is located in Flanders, in 35 buildings with a total space of 197,973 m².

In June 2008, Befimmo acquired two buildings let long-term in the city centres of Antwerp and Leuven.

Nearly all the buildings in Flanders – with the exception of the two new ones mentioned above – are located in city centres and are let long-term to public-sector administrations.

The occupancy rate is around 100%.

Wallonia

5% of Befimmo's portfolio is located in Wallonia, in 20 buildings with a total space of 95,601 m².

These buildings are generally located in city centres and are let long-term to public-sector administrations.

The occupancy rate is 100%.

(in thousands of €)	Brussels City Centre 2007/08	Brussels City Centre 2006/07	Brussels Decentralised 2007/08	Brussels Decentralised 2006/07	Brussels Suburbs 2007/08	Brussels Suburbs 2006/07
INCOME STATEMENT						
A. Rental income	59 786	59 065	10 418	10 967	11 994	14 303
B. Operating income from buildings	55 744	55 534	9 891	10 293	10 501	11 861
C. Fair value adjustment for buildings	2 263	34 115	-3 421	6 260	-5 913	-1 021
D. Income from disposal of buildings	-	1 265	2 031	-	2 763	-
E. **SEGMENT RESULT (= B+C+D)**	**58 007**	**90 914**	**8 501**	**16 553**	**7 351**	**10 840**
Percentage by segment	55.5%	66.4%	8.1%	12.1%	7.0%	7.9%
F. Company overheads						
G. Other operating income and charges						
H. Financial result						
I. Income tax						
NET RESULT (= E+F+G+H+I)						
Group share						
Minority result						
BALANCE SHEET						
Assets						
Goodwill	7 391	7 391	-	-	-	-
Investment property	1 095 032	1 059 102	151 359	163 608	179 644	216 061
of which investments during the year	35 106	342 899	88	5	6 427	6 226
Other assets	7 219	7 161	-	-	-	4 599
TOTAL ASSETS	**1 109 642**	**1 073 654**	**151 359**	**163 608**	**179 644**	**220 661**
Percentage by segment	56.3%	56.6%	7.7%	8.6%	9.1%	11.6%
Total liabilities	**58 114**	**70 130**	-	-	-	**250**
Total shareholders' equity						
Group share						
Minority interests						
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**58 114**	**70 130**	-	-	-	**250**

	Wallonia		Flanders		Unallocated amounts		Total	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
	9 937	7 496	17 372	13 072	-	-	109 507	104 902
	9 325	6 859	16 599	12 427	-	-	102 060	96 975
	-3 439	-2 040	4 194	1 388	-	-	-6 316	38 701
	-	-	4 008	-	-	-	8 801	1 265
	5 886	**4 819**	**24 801**	**13 815**	-	-	**104 546**	**136 941**
	5.6%	3.5%	23.7%	10.1%	-	-	100.0%	100.0%
					-11 888	-8 564	-11 888	-8 564
					1 255	-312	1 255	-312
					-31 349	-35 732	-31 349	-35 732
					-646	-584	-646	-584
							61 918	**91 750**
							58 170	89 079
							3 748	2 671
	2 673	2 673	5 913	6 108	-	-	15 977	16 172
	93 107	93 029	367 358	281 099	-	-	1 886 500	1 812 899
	3 517	79 031	99 659	267 680	-	-	144 798	695 841
	2 609	2 756	-	-	59 445	53 183	69 273	67 699
	98 389	**98 457**	**373 271**	**287 207**	**59 445**	**53 183**	**1 971 751**	**1 896 770**
	5.0%	5.2%	18.9%	15.1%	3.0%	2.8%	100.0%	100.0%
	-	-	-	-	**885 130**	**829 599**	**943 244**	**899 978**
					1 028 507	996 792	1 028 507	996 792
					966 809	931 905	966 809	931 905
					61 698	64 887	61 698	64 887
	-	-	-	-	**1 913 637**	**1 826 390**	**1 971 751**	**1 896 770**

E. Simple lease agreements (Befimmo as lessor)

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

(in thousands of €)	30.09.08	30.09.07
RENTAL INCOME		
At less than one year	113 324	107 442
One to five years	384 859	366 713
At more than five years	667 182	643 922
Total	**1 165 365**	**1 118 077**

Contingent rental amounts paid by Befimmo consist of the annual indexing of rents and are €2.69 and €1.58 million for the 2007/2008 and 2006/2007 fiscal years respectively.

The Befimmo standard lease

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

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

Rent is generally payable quarterly or six-monthly in advance. Rents are indexed annually at the anniversary of the contract.

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

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

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

When tenants enter the premises, a detailed inventory of fixtures is drawn up by a surveyor. At the end of the lease, the tenants have to surrender the premises in the state described in the inventory, with allowance for normal wear and tear. The surveyor draws up a closing inventory. Tenants have to pay compensation covering the amount of any damage to or unavailability of the premises during repair work.

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

Each lease is registered.

The Fedimmo standard lease

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

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

The half-yearly rent is payable during the half-year and is indexed annually.

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

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

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

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

The tenant is responsible for guarding and protecting the premises.

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

On this basis Fedimmo has undertaken to carry out work in the buildings it lets to the Belgian Government costing some €50 million spread over three years (2007-2009 renovation programme).

The leases are registered.

F. Simple lease agreements (Befimmo as lessee)

This table gives details of future payments that Befimmo is certain to make under ongoing lease agreements signed by Befimmo as lessee (rent of buildings, vehicles, etc.).

The rental amounts given below are certain and so do not take account of future indexing.

(in thousands of €)	30.09.08	30.09.07
RENTAL PAID		
At less than one year	348	325
One to five years	1 174	1 151
At more than five years	12 006	11 654
Total	**13 528**	**13 130**

Contingent rents paid by Befimmo, consisting mainly of the annual indexing of rents, are estimated at €8,000 for 2007/2008 and €6,000 for 2006/2007.

G. Company overheads

(in thousands of €)	30.09.08	30.09.07
Staff costs	4 031	3 147
Operating costs	1 632	1 227
Fees	3 358	1 847
Costs linked to Sicafi status	1 613	1 239
Other costs	1 254	1 104
Total overheads	**11 888**	**8 564**

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

Costs linked to Sicafi status cover all costs involved in listing on a public stock market (Euronext, cost of paying coupons, etc.) and the status of Sicafi (quarterly portfolio valuation, depositary bank charges, etc.), while other costs relate mainly to the remuneration of Befimmo SA, the Managing Agent.

(in thousands of €)	30.09.08	30.09.07
AMOUNTS PAID TO THE MANAGING AGENT BEFIMMO SA		
Refund of costs directly linked to its mission (including remuneration of directors)	957	611
Remuneration directly proportional to Befimmo SCA's result	1 254	1 104
Total	**2 212**	**1 715**

	30.09.08	30.09.07
COMPANY STAFF		
Number of persons under a contract of employment	**31**	28

H. Financial result

(in thousands of €)			30.09.08	30.09.07
XIX.	**(+)**	**Financial revenues**	**19 545**	**6 650**
	(+)	Interests and dividends received	5 606	1 069
	(+)	Proceeds of financial hedging instruments	3 026	2 262
	(+)	Leasing charges	326	332
	(+)	Revaluation earnings on financial assets (certificates)	10 586	2 987
	(+)	Others	1	-
XX.	**(-)**	**Interest charges**	**-40 239**	**-34 823**
	(-)	Nominal interest on loans	-36 707	-31 983
	(-)	Reconstitution of the face value of financial debts	-372	-165
	(-)	Other interest charges	-3 160	-2 675
XXI.	**(-)**	**Other financial charges**	**-10 655**	**-7 559**
	(-)	Bank charges and other commissions	-1 168	-1 379
	(-)	Costs resulting from financial hedging instruments [1]	-	-5 070
	(-)	Revaluation deficits on financial assets	-8 080	-1 110
	(-)	Net losses on sale of financial assets	-1 407	-
	(+/-)	**Financial result**	**-31 349**	**-35 732**

IFRS standard 7.20 requires the financial result to be presented with a breakdown into several categories.
The tables below give that information for the 2006/2007 and 2007/2008 accounting years (see point M):

Close as of 30.09.2008	TOTAL	Financial assets or liabilities at fair value through profit or loss	Loans and receivables	Financial liabilities valued at amortised cost	Cash flow hedging instruments
Net profit or loss	8 126	5 100	-	-	3 026
Total interest proceeds and charges for financial assets and liabilities not booked at fair value	-38 290	-	1 790	-40 080	-
Proceeds and charges for commissions[1]	-1 168	-	-	-1 168	-
Others	-17	-	-	-	-
Total result on financial assets / liabilities	**-31 349**	**5 100**	**1 790**	**-41 248**	**3 026**

(1) This amount includes the costs of not using credit lines, amounting to €770,267.

Close as of 30.09.2007	TOTAL	Financial assets or liabilities at fair value through profit or loss	Loans and receivables	Financial liabilities valued at amortised cost	Cash flow hedging instruments
Net profit or loss	-565	2 238	-	-	-2 803
Total interest proceeds and charges for financial assets and liabilities not booked at fair value	-33 776	-	995	-34 771	-
Proceeds and charges for commissions[2]	-1 379	-	-	-1 379	-
Others	-12	-	-	-	-
Total result on financial assets / liabilities	**-35 732**	**2 238**	**995**	**-36 150**	**-2 803**

I. Income taxes

The income tax burden is broken down as follows:

(in thousands of €)	30.09.08	30.09.07
Current tax burden	**646**	**584**
Current taxes for fiscal year	599	627
Adjustment of current taxes from previous periods	46	-43
Deferred tax burden	-	-
Total income tax burden	**646**	**584**

Befimmo is a partnership limited by shares with the status of Sicafi. This status grants exemption from corporation tax on its earnings.

The Company is nevertheless liable for corporation tax at the rate of 33.99% for non-deductible expenses. Tax payable on such expenses as at 30 September 2008 was €599,312.

Moreover, Fedimmo is a public company and as such is liable to corporation tax. Yet, after deducting notional interest calculated on Fedimmo's shareholders' equity, its tax base for the 2007/2008 fiscal year is zero and the sum of €9.9 million of notional interest is carried forward to future years. Taking account of the reserves of notional interest constituted previously, the total reserve to be carried forward to future years at 30 September 2008 amounts to €14.8 million.

Even though no income tax is recorded for Fedimmo, there would be every reason to book a deferred tax debit, equivalent to 33.99% of the notional interest carried over, to reflect the tax reserve deductible from future profits. However, since the financial forecasts for Fedimmo show that its tax base should be zero every fiscal year, since the notional interest is deductible, the Company should never realise this deferred tax asset and so it has not been recorded.

Likewise, since Fedimmo is not subject to IFRS standards for the preparation of its statutory accounts, Belgian accounting standards require its property portfolio to be valued using the amortised cost method.

This valuation method therefore creates a discrepancy between the tax base of the buildings (established according to Belgian standards) and their carrying value in a consolidation which, in accordance with IFRS standards, corresponds to the fair value. As of 30 September 2008, the tax base of the portfolio was €671.8 million, lower than its IFRS carrying amount of €693.9 million. This temporal difference of €22.1 million could give rise to the recording of a deferred tax asset at the rate of 33.99%. However, since this liability amount is offset by the deferred tax asset described above (linked to the notional interest carried forward), it should not be recorded in the consolidated accounts as of 30 September 2008.

(2) This amount includes the costs of not using credit lines, amounting to €434,537 and costs of arranging credit facilities of €340,323.

J. Result per share

The result per share is calculated by dividing the net result by the weighted average of the number of shares outstanding during the relevant period.

Since Befimmo has no diluting instruments, the basic and diluted result are identical.

RESULT FOR THE FISCAL YEAR (in thousands of €)	30.09.08	30.09.07
NUMERATOR		
Net result for the fiscal year	61 918	91 750
Minority interests	3 748	2 671
Group share	58 170	89 079
DENOMINATOR		
Shares outstanding at the end of the period (in units)	13 058 969	13 058 969
Weighted average of shares outstanding during the period (in units)	13 058 969	10 822 844
Result per share (basic and diluted) (in €)	**4.45**	**8.23**
Dividend for the fiscal year		
Interim dividend (gross)	-	30 074
Gross attributable dividend	**59 457**	18 743
Total gross dividend for the fiscal year	**59 457**	**48 817**
Gross dividend per share (in €)	4.55	4.51
Net result excluding result on portfolio - group share		
Net result excluding realised and unrealised capital gains on investment property (in thousands of €)	56 376	49 113
Net result per share excluding realised and unrealised capital gains on investment property (in €)	4.32	4.54

K. Goodwill

Befimmo's acquisition of Fedimmo generated goodwill from the positive difference between the acquisition cost (including transaction costs) and Befimmo's share of the fair value of the net assets acquired. This goodwill, recorded on the assets side of the consolidated financial statements, represents the future financial advantages associated with the synergies, optimisations and development prospects of a geographically widespread portfolio.

The following table illustrates the change in value of the goodwill over the period:

(in thousands of €)	30.09.08	30.09.07
COST		
Opening balance	**16 172**	-
Additional amounts linked to business combinations carried out during the period	-	16 676
Reductions linked to assets sold during the period	-195	-504
Closing balance	**15 977**	**16 172**
DECREASE IN VALUE		
Opening balance	-	-
Decreases in value posted during the period	-	-
Closing balance	-	-
CARRYING AMOUNT		
Opening balance	**16 172**	-
Closing balance	**15 977**	**16 172**

The goodwill has been allocated to the cash generating units that will benefit from the synergies of the acquisition, which corresponds in the case of the Fedimmo portfolio to the buildings grouped by geographical segment according to their location. This breakdown of goodwill by geographical segment is illustrated in the table below.

Regarding movements during the year, a reduction in goodwill was recorded when the properties at Tabakvest in Antwerp and Langerei in Bruges were sold in June 2008.

As these buildings left the Company's portfolio, the goodwill associated with them was reversed and incorporated into the calculation of the result of the sales.

Depreciation test

At the end of each accounting period, the goodwill is subject to an impairment test (conducted on the groups of buildings to which it was allocated on the basis of geographical segment), comparing the carrying amount of the groups of buildings (including the goodwill allocated at 100%) with their value in use. The value in use of the groups of buildings is assessed by the real estate appraiser on the basis of a calculation for updating the cash flows generated by these buildings, based on assumptions in accordance with standard IAS 36. This value in use is equivalent to the investment value of the buildings.

The result of this test carried out at 30 September 2008 (illustrated in the table below) shows that no impairment need be recorded as the value in use by segment is higher than the carrying amount.

GEOGRAPHICAL SEGMENTS

(in thousands of €)	Goodwill	Carrying amount (including 100% goodwill)	Value in use	Depreciation
Brussels city centre	597	29 010	29 060	-
Brussels Leopold district	2 108	101 535	101 688	-
Brussels North area	4 685	216 903	217 025	-
Walloon Region	2 673	82 258	82 482	-
Flemish Region	5 914	281 892	282 386	-
Total portfolio	**15 977**	**711 598**	**712 641**	-

Sensitivity test

The method for calculating the fair value of investment property by independent experts relies on making several specific assumptions, mainly the discount rate for the cash flows generated by the buildings and the residual value of each building.

The sensitivity was tested of the value of the goodwill to variations in the discount rate for the cash flows generated by the groups of buildings to which the goodwill was allocated. It appears that this rate has to be increased by 6.5% before the value of the goodwill recorded begins to be depreciated. A further 1% increase in the rate above that level would lead to a depreciation of the value of the goodwill of €20,650.

L. Investment properties and assets held for sale

(in thousands of €)	
Carrying value as at 30.09.2006	**1 078 357**
Acquisitions	703 786
Other investments	14 475
Disposals	-22 421
Changes in fair value	38 701
Carrying value as at 30.09.2007	**1 812 899**
Acquisitions	100 355
Other investments	44 441
Disposals	-64 879
Changes in fair value	-6 316
Carrying value as at 30.09.2008	**1 886 500**
of which: - Investment properties	1 877 636
- Assets held for sale	8 864

The disposals made during the fiscal year relate mainly to the sale of the semi-industrial portfolio and the two Woluwe Garden office buildings; in that context Befimmo gave guarantees covering principally an income guarantee requiring the booking of a provision of €4.7 million, as required by IAS 37.

The carrying amount at 30 September 2008 includes a portfolio of property worth €8.9 million for which undertakings have been signed and which should therefore, subject to certain conditions being satisfied, leave the Befimmo portfolio during the 2008/2009 and 2009/2010 fiscal years. These buildings were recorded in the Company's current assets at 30 September 2008 under the heading property held for sale.

Commitments

Commitments to tenants

Befimmo has undertaken to carry out the following work:

> For the Buildings Agency, work costing around €38.08 million in 2007 and 2008, €16.8 million of which will be borne by the Buildings Agency;

> Also for the Buildings Agency, work costing around €27.88 million in the Extension Justice building between October 2007 and early 2009, €5.3 million of which will be borne by the Buildings Agency;

Fedimmo, for its part, has given the Belgian Government an undertaking to carry out works (2007 to 2009) on the whole of its portfolio at a cost of €50.1 million.

At 30 September 2008, the sum of €9.5 million had already been realised. More specifically:

> Fedimmo has given an undertaking to the Buildings Agency to carry out work in Tower 3 of the World Trade Center at a cost of some €22.2 million, plus possible specific fitting-out at the expense of the Buildings Agency;

Furthermore, Befimmo has given undertakings to certain tenants to carry out renovation work and fitting-out in several buildings in its portfolio, costing an estimated total of €0.25 million.

Ongoing contractual commitments signed with approved building contractors

Commitments contracted by Befimmo with approved building contractors:

> World Trade Center Tower 2:
contract for €31.99 million including VAT;

> Central Gate:
contract for €1.28 million including VAT;

> Extension Justice:
contract for €16.55 million including VAT;

> Ikaros Business Park:
contract for €0.02 million including VAT;

> Medialaan:
contract for €0.50 million including VAT.

Commitments contracted by Fedimmo with approved building contractors:

> Liège – Rue Paradis:
3 contracts totalling €0.65 million including VAT;

> Pacheco:
contract for €0.21 million including VAT;

> Halle:
contract for €0.22 million including VAT;

> Kortrijk:
contract for €0.18 million including VAT;

> Ninove:
contract for €0.15 million including VAT;

> Oudenaarde:
contract for €1.58 million including VAT;

> Tervuren:
contract for €0.18 million including VAT;

> Tienen:
3 contracts totalling €0.78 million including VAT.

Undertakings to purchase property

During 2006/2007 Befimmo gave an undertaking to CIP to acquire the shares of Axento SA, the owner of a building under construction on the Plateau du Kirchberg in Luxembourg.

The purchase is due to take place upon provisional acceptance of the building, in the first quarter of 2009. We would recall that the investment value of this building on completion of the works is €96.5 million.

Restrictions on assignment

None of the buildings in Befimmo's portfolio is mortgaged or subject to any other restriction on realisation or assignment, subject only to the standard provisions contained in several syndicated loan agreements of 30 March 2006 and 27 June 2008 (property intended for letting may not be sold to or bought by a company in the group) and which have no impact on their value.

Similarly, none of Befimmo's real estate property is subject to any restriction on the recovery of revenue, with the sole reservation that in the context of two financial operations that were arranged on favourable terms, the Poelaert building and four buildings in the Fedimmo portfolio (Avenue des Arts, Rue du Gouvernement Provisoire, Rue Lambermont and Majoor Vandammestraat) were financed by the assignment of the credit for future rents to a financial institution, and may not be assigned without the prior consent of the assignee of the rents or before first paying of the financial liability.

M. Financial assets and liabilities

Presentation

Close as of 30.09.2008	TOTAL	Assets or liabilities at fair value through profit or loss	Loans and receivables	Financial liabilities valued at amortised cost	Cash flow hedging instruments
ASSETS					
Non-current financial assets					
F. Non-current financial assets	23 827	8 349	15 477		-
G. Finance leases receivables	9 772	-	9 772		-
Current financial assets					
B. Current financial assets	1 870	230	1 640		-
C. Finance leases receivables	56	-	56		-
D. Trade receivables	22 765	-	22 765		-
E. Other current assets	2 986	-	2 986		-
F. Cash and cash equivalents	4 556	-	4 556		-
Total financial assets	**65 831**	**8 579**	**57 252**		-
LIABILITIES					
Non-current financial liabilities					
B. Non-current financial debts	857 016	-	-	857 016	-
D. Trade and other payables	5 418	-	-	5 418	-
Current financial liabilities					
B. Current financial debts	15 379	-	-	15 379	-
D. Trade and other payables	37 181	-	-	37 181	-
Total financial liabilities	**914 994**	-	-	**914 994**	-

Close as of 30.09.2007	TOTAL	Assets or liabilities at fair value through profit or loss	Loans and receivables	Financial liabilities valued at amortised cost	Cash flow hedging instruments
ASSETS					
Non-current financial assets					
F. Non-current financial assets	25 626	3 509	15 528	-	6 590
G. Finance leases receivables	9 864	-	9 864	-	-
Current financial assets					
B. Current financial assets	5 343	-	5 343	-	-
C. Finance leases receivables	53	-	53	-	-
D. Trade receivables	15 210	-	15 210	-	-
E. Other current assets	69	-	69	-	-
F. Cash and cash equivalents	5 288	-	5 288	-	-
Total financial assets	**61 453**	**3 509**	**51 354**	-	**6 590**
LIABILITIES					
Non-current financial liabilities					
B. Non-current financial debts	148 637	-	-	148 637	-
D. Trade and other payables	5 201	-	-	5 201	-
Current financial liabilities					
B. Current financial debts	662 692	-	-	662 692	-
D. Trade and other payables	65 232	-	-	65 232	-
Total financial liabilities	**881 761**	-	-	**881 761**	-

The main items of the financial assets and liabilities are described hereafter:

1. Non-current financial assets

The heading "Assets at fair value through profit or loss" includes derivatives that are not recognised as hedging instruments, as defined in standard IAS 39, i.e. the IRS callables and Twin Cap options held by the Company. Note that Twin Cap options were previously booked under the "Hedging instruments" heading. However, during the fiscal year, these instruments no longer satisfied the criteria of IAS 39 and were therefore reclassified under this heading as assets at fair value through profit or loss. At 30 September 2008, Befimmo had no financial instruments regarded as hedging instruments under IFRS.

This heading also includes the amount of the Company's down-payment for the Axento project, with a view to the future acquisition of the Company when the building is completed.

2. Finance lease receivables

This heading relates to finance lease agreements (as per IAS 17) covering the following assets: a building located in Wandre, and Towers 3 and 4 of the WTC (emphyteutic lease contract on the land).

3. Current financial assets

The heading Assets at fair value via profit or loss includes the 5% CAP options and the 4.57/4.75% CAPs with knock-out at 5% which are not recognised as hedging instruments under IFRS and which mature in less than 12 months. The heading "Loans and receivables" includes various amounts to be recovered from counterparties of the Company. The instalments paid for the purchase of buildings in Ikaros park that were booked under that heading in 2006/2007 have been reclassified under investment properties to reflect their entry into the Befimmo portfolio during the period.

4. Current and non-current financial debts

(in thousands of €)	30.09.08	30.09.07
NON-CURRENT FINANCIAL DEBTS		
Credit institutions	597 651	82 934
Finance lease	51 705	64 199
Other: Borrowings	206 236	-
Other: Rental guarantees received	1 425	1 504
Total	**857 016**	**148 637**

(in thousands of €)	30.09.08	30.09.07
CURRENT FINANCIAL DEBTS		
Credit institutions	8 970	656 761
Finance lease	6 409	5 931
Total	**15 379**	**662 692**

The heading of financial debts to credit institutions covers all the bank financing held by the Company. The large increase in non-current debt owed to credit institutions is mainly a result of the long-term refinancing of the bridging loan that Befimmo arranged in December 2006 for the acquisition of Fedimmo. The heading "other non-current borrowings" covers the outstanding commercial paper issued by the Company at the date of close. Note that, at the close of the previous fiscal year, €239.3 million worth of commercial paper had been booked under current financial debts. Although these were short-term issues, the whole programme has a backup facility for a residual term of more than 12 months (via the unused portion of the bilateral facilities and syndicated loans arranged), which gives the Company the capacity to refinance the issues for the medium and long term. The Company therefore opted to book these debts as non-current financial debts over the 2007/2008 fiscal year.

The subheading "Finance lease" includes the debt associated with the emphyteutic lease contract on the WTC Tower 3, where Fedimmo is the emphyteutic tenant. This debt is divided into current and non-current debts according to its due date.

Future payments associated with this finance lease debt are as follows:

(in thousands of €)	Nominal rents	Updated rents
At less than one year	7 615	6 409
One to five years	53 684	51 705
At more than five years	-	-
Total	**61 299**	**58 114**

These future payments include the amount of rent to be paid up to the end of the emphyteutic lease contract and the sum payable by Fedimmo to acquire the freehold of the Tower.

WTC Tower 3 is also subject to a lease with an initial duration of 21 years to the Federal public services. The basic rent (i.e. unindexed) receivable under the agreement is as follows:

(in thousands of €)	Nominal rents
At less than one year	8 988
One to five years	35 952
At more than five years	128 080
Total	**173 020**

The subheading "Others" of non-current financial debts covers the amount of rental guarantees received in cash from tenants in the Company's property portfolio. Their carrying amount is equivalent to their fair value.

5. Trade and other current payables

(in thousands of €)	30.09.08	30.09.07
b. Trade payables	34 103	31 228
- Suppliers	20 260	17 867
- Tenants	13 843	13 361
c. Other	12 864	39 822
- Tax, salaries and social charges	10 099	6 075
- Others	2 765	33 747
Total	**46 967**	**71 050**

The heading "Trade payables – suppliers" records the amounts owing to various suppliers for goods and services contracted by the Company. Payables to tenants relates to amounts received as deposits for provisions for common charges paid in advance by tenants, and payments of rent for later periods.

Under the heading "Others", the first subheading mainly represents debts relating to taxes and tax withholdings owed by the Company, while the second subheading covers the Company's other short-term debts. In 2006/2007, the interim dividend distributed to shareholders in June 2007 was booked under this latter heading. Since no interim dividend was distributed in 2007/2008, the balance under this heading is significantly less than for the previous year.

Recording

The value of the assets and liabilities recorded in Befimmo's IFRS accounts is equivalent to their fair value, since the main assets items (investment properties, real estate certificates, etc.) are booked at their market value or closing share price, and the financial debts are mostly at floating rates while trade payables are short-term; these liabilities hence have a nominal value almost equivalent to their market value.

However, as of 30 September 2008 Befimmo also has fixed-rate financial debts worth some €33.6 million, initially arranged for periods of 5 to 18 years; while during the period Fedimmo agreed to assign future rents, structured at a fixed rate, totalling €59.8 million. The fixed rates set for these long-term borrowings generally no longer correspond to the current market rates, giving rise to a difference between the carrying amount of the liabilities on the face of the balance sheet and their fair value. The table below compares the nominal amount of the fixed-rate borrowings with their fair value at the end of the 2006/2007 and 2007/2008 fiscal years. The fair value of fixed-rate long-term debt is estimated by updating their future cash flows using a rate that takes account of the Company's credit risk.

This fair value is given in the table below as an indication, the nominal value being used for accounting purposes.

	30.09.08		30.09.07	
(in thousands of €)	Nominal value	Fair value	Nominal value	Fair value
Fixed rate financial debts	**93 377**	**94 110**	**40 704**	**41 254**

Quantitative description of main risks

A. Credit risk

The following tables illustrate the Company's maximum exposure to the credit risk at the closing date:

	TOTAL	Bank	Corporate	Government	Other
Financial assets as of 30.09.2008	**65 831**	**29 405**	**19 455**	**16 170**	**801**
Financial assets as of 30.09.2007	**61 453**	**29 537**	**24 931**	**4 901**	**2 084**

To limit the counterparty risk, in the context of its property rental business and also for investment or disinvestment transactions, Befimmo has received the following guarantees:

Guarantees received at the close of the fiscal year		30.09.2008	30.09.2007
Rental guarantees for leases	Blocked accounts	14 032	14 424
Rental guarantees for leases	Guarantees received in cash	1 425	1 504
Guarantees for investment work	Blocked accounts	4 565	2 050
Guarantees for investment instalments	Blocked account	14 303	14 303
Instalment on disinvestment (buildings with short leases)	Blocked account	430	-
Instalment on disinvestment (buildings with short leases)	Guarantees received in cash	675	-
Guarantee on disinvestment (buildings with short leases)	Bank guarantee	12 825	-
Total		48 255	32 280

Befimmo regularly monitors the recovery of its debts. The details of due dates at the closing date for trade debts are as follows:

Balance of trade debts by age (in thousands of €)	> 3 months	1 to 3 months	< 1 months	Unexpired	Total
As of 30.09.2008	1 617	-65	-18	21 230	22 765
As of 30.09.2007	1 516	638	279	12 777	15 210

For certain tenants in arrears, a debt repayment plan has been arranged; the amount of debt repayable under such a plan was €412,005 at 30 September 2008, compared with €1,004,283 at 30 September 2007.

Furthermore, write-downs of €123,000 were recorded during the 2007/2008 fiscal year (as against €111,000 in 2006/2007); while €30,000 of write-downs were written back in 2007/2008 (as against €87,000 in 2006/2007).

B. Finance-related risks

Befimmo has based its financing strategy on arranging loans at floating rates (based on Euribor rates), protected from rises by the acquisition of hedging instruments such as cap options (ceilings on interest rates).

Since floating rates have been rising significantly for over a year, Befimmo, without making fundamental changes to its floating-rate financing strategy, has worked to reinforce its hedging structure by acquiring additional cap options (in the form of twin cap options as described below) and by fixing the rate on part of its borrowings by arranging callable swap contracts.

At 30 September 2008, Befimmo's financing structure was mainly composed of:

> A commercial paper programme increased from €300 million to a total amount of €400 million during the period, €206.2 million of which was in use at 30 September 2008. This relatively low rate of use was linked to the difficult market in terms of liquidity. An average total of €261.3 million of the commercial paper programme increased was in use over the 2007/2008 fiscal year;

> Bilateral credit lines totalling €350 million, €300 million having a residual term of more than one year, €165.5 million of which was in use at 30 September 2008;

> A syndicated loan totalling €350 million over six years arranged in March 2006 (extended by an additional year for €220 million), rewarded at Euribor short-term rates plus a margin depending on the Company's credit rating, €350 million of which is in use;

> A syndicated loan totalling €300 million arranged in June 2008 for five years, rewarded on the basis of Euribor rates (plus a margin depending on the Company's credit rating). This facility was not in use at 30 September 2008, the €300 million available currently serving as a backup facility (rewarded by a non-use commission) for the commercial paper programme, to prevent any market risk in terms of liquidity;

> Some loans at fixed rates (mainly the assignment of the credit for future rent on the building in Place Poelaert) worth some €33 million at the date of close, are being repaid in line with a clearly defined timetable over the coming years.

> Fedimmo, a 90% subsidiary of Befimmo, has also agreed to assign the credit of future rents on four buildings in its portfolio, worth a total of €59.8 million, which is being repaid in line with a clearly defined timetable over a total of some 19 years.

(in thousands of €)	30.09.08	30.09.07
BORROWINGS		
Non-current		
Variable-rate borrowings	721 736	50 000
Fixed-rate borrowings	84 407	33 512
Total	**806 143**	**83 512**
Current		
Variable-rate borrowings	-	649 396
Fixed-rate borrowings	8 970	7 192
Total	**8 970**	**656 588**
TOTAL BORROWINGS	**815 113**	**740 100**

The table above illustrates that most of the Company's financial borrowings at 30 September 2008 consist of non-current financial debts, in contrast to the debt structure at the end of the 2006/2007 fiscal year. This lengthening of the residual term of the debt is due mainly to the refinancing of the bridging loan that the Company arranged when acquiring Fedimmo in the form of a syndicated loan for €300 million over five years and two bilateral lines of €100 million each over three years.

Furthermore, the financial debt linked to the Company's issue of commercial paper was reclassified during the year from short term to long term, in order better to reflect the economic reality of this type of finance, while abiding by IFRS presentation rules.

This financing strategy has resulted in an average financing cost of around 4.78% (margin and current hedging costs included), for an average term of some 3.72 years. Since its financing structure is mainly at floating rates, the Company nevertheless remains relatively exposed to market interest-rate fluctuations.

Befimmo has therefore put in place an interest-rate hedging strategy designed to limit the risk of an increase in short-term interest rates on its financial charges. The Board of Directors has accordingly adopted a policy of hedging some 50-75% of the company's total borrowings, over a 3-5 year time frame, mainly by using financial instruments with option features. As a result of applying this policy, the Company has arranged the following financial instruments with financial institutions:

> 5% cap options, covering the period 30 June 2006 to 31 December 2008, for a notional €368 million, €200 million of which is based on Euribor 3 months and €168 million on Euribor 1 month;

> A 4.75% cap, based on Euribor 3 months, for a notional €200 million and a 4.57% cap, based on Euribor 1 month, for a notional €168 million; these cap options nevertheless have a 5% knock-out barrier. These cap options, acquired in August 2007, were arranged to improve the hedging level over the period from September 2007 to end December 2008;

> 3.5%-5% twin cap options, acquired in October 2006 and March 2007, covering the period from 1 January 2009 to 31 December 2011, for a notional total of €400 million. These instruments, the notional values of which are based half on Euribor 1 month and 3 months, enable the Company to cap the interest rate at 3.5% when the underlying index is below 5%, and at 5% when the underlying index exceeds 5%;

> IRS callable at 3.73%, acquired in March 2007 for five years and for a notional €200 million. This instrument offers a fixed interest rate (half at Euribor 3 months and Euribor 1 month) of 3.73% for some 25% of Befimmo's total debt over five years. When acquiring this instrument, Befimmo nevertheless sold the bank an option to cancel the swap at a given date, namely in March 2009, at its own initiative. The sale of this option secured Befimmo a lower guaranteed fixed rate for the period up to March 2009.

> IRS callable at 3.90%, acquired in November 2007 for ten years and for a notional €100 million. This instrument offers a fixed interest rate (Euribor 3 months) of 3.90% for some 12.5% of Befimmo's total debt over ten years. When acquiring this instrument, Befimmo nevertheless sold the bank an option to cancel the swap at a given date, namely 31 December 2010, at its own initiative. The sale of this option secured Befimmo a lower guaranteed fixed rate for the period up to end December 2010.

Furthermore, to limit its risk of rates over specific periods (year end,...), during the period Befimmo acquired forward rate agreements (FRAs), fixing borrowing rates in advance over limited periods. At 30 September 2008, no such agreements were yet in force.

The accounting treatment of these instruments under IFRS is to be assessed on a case-by-case basis. However, given the particular features of Befimmo's instruments (twin cap options and IRS callables) they could not be recognised as hedging instruments under IFRS. These instruments are therefore regarded as trading instruments under IFRS, and changes in their market value are booked entirely to the profit and loss account. Note that the market value of the derivatives is notified every time the accounts are closed by the financial institutions from which these instruments were acquired.

On the basis of the current budget hypotheses (see chapter on business outlook), the following table shows the correspondence between the amount of borrowings and the hedging instruments over Befimmo's next three fiscal years:

(in millions of €)	Realised 2006/2007 (at 30.09.07)	Realised 2007/2008 (at 30.09.08)	Prevision 2008/2009 (at 30.09.09)	Prevision 2009/2010 (at 30.09.10)	Prevision 2010/2011 (at 30.09.11)
5% cap	368	368	-	-	-
4.57% cap/4.75% cap with 5% KO	368	368	-	-	-
3.5%-5% twin cap	-	-	400	400	400
IRS callable 3.73%	200	200	0/200 (1)	0/200 (1)	0/200 (1)
IRS callable 3.90%	-	100	100	100	0/100 (2)
Total amount hedged	**568 (3)**	**668 (3)**	**500/700**	**500/700**	**400/700**
Commercial papers	239	206	265	283	298
Syndicated loan	50	350	350	350	350
Bilateral credit lines	85	166	250	300	300
Bridging loan	326	-	-	-	-
Total borrowings at floating rates	**699**	**722**	**865**	**933**	**948**
Fixed-rate borrowings	41	93	82	79	75
Total borrowings	**740**	**815**	**947**	**1 012**	**1 023**
Hedge ratio	**81%**	**93%**	**61%/83%**	**57%/77%**	**46%/76%**

In accordance with the accounting policies described above, changes in the value of the derivatives held by the Company (hedging instruments or otherwise) taking place during the accounting year are described in the following table:

(in thousands of €)	Initial fair value	Acquisitions during the period	Change in book value in equity	Changes in fair value in profit and loss account	Final fair value
2006/2007 fiscal year	309	4 673	4 522	-1 490	8 014
2007/2008 fiscal year	8 014	-	-4 522	5 058	8 550

C. Liquidity risk

With the new facilities that were arranged during the 2007/2008 fiscal year, the residual (weighted) mean duration of Befimmo's financing structure is 3.72 years. The tables below illustrate the maturities of the financial liabilities held by the Company:

LIABILITIES (30.09.2008)	Total	< 1 year	1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	857 016	-	788 424	68 592
D. Non-current trade and other debts	5 418	-	5 418	-
Current financial liabilities				
B. Current financial debts	15 379	15 379	-	-
D. Current trade and other debts	37 181	37 181	-	-
Total financial liabilities	**914 994**	**52 560**	**793 841**	**68 592**

LIABILITIES (30.09.2007)	Total	< 1 year	1 to 5 years	> 5 years
Non-current financial liabilities				
B. Non-current financial debts	148 637	-	127 373	21 264
D. Trade and other non-current payables	5 201	-	5 201	-
Current financial liabilities				
B. Current financial debts	662 692	662 692	-	-
D. Trade and other current payables	65 232	65 232	-	-
Total financial liabilities	**881 761**	**727 924**	**132 574**	**21 264**

(1) In March 2009, the counterpart bank of the IRS callable is entitled to terminate the contract. Therefore, after that date, the hedge will either be cancelled or maintained at €200 million.
(2) As of 31 December 2010, the counterpart bank of the IRS callable is entitled to terminate the contract. Therefore, after that date, the hedge will either be cancelled or maintained at €100 million.
(3) From the financial viewpoint, the caps with KO acquired in 2007 do not provide additional hedging but are in fact an improvement of the existing hedging provided by the 5% cap. Therefore, the notional €368 million covered by these caps is not additional to the notional total of the hedging instruments.

N. Employee benefits

Befimmo's staff are covered by a defined-benefit pension plan. The plan provides for payment of a retirement pension, calculated on the basis of the last salary and seniority, and a survivor's pension. At the member's request, benefits may be paid as a lump sum.

The pension plan is funded by contributions paid into the pension fund of Fortis Real Estate OFP and by payment of defined contributions into a group insurance.

An actuarial valuation is made every year in accordance with IAS 19 by independent actuaries.

The defined-benefit obligation has evolved as follows:

(in thousands of €)	2007/2008	2006/2007
RECONCILIATION OF CURRENT VALUE OF THE OBLIGATION		
Opening balance	1 224.3	**1 316.4**
Current service cost during the fiscal year	157.3	159.0
Interest cost	77.7	67.6
Plan participants' contributions	30.8	26.1
Past service cost	-	-
Business combinations	-	-
Reductions or settlements	-	-
Actuarial gains and losses	(18.6)	(344.8)
Benefits paid	-	-
Closing balance	**1 471.5**	**1 224.3**
Current value of obligations – funded plans	*1 471.5*	*1 224.3*
Current value of obligations – non-funded plans	**-**	**-**

The fair value of the plan assets has evolved as follows:

(in thousands of €)	2007/2008	2006/2007
RECONCILIATION OF FAIR VALUE OF PLAN ASSETS		
Opening balance	1 946.7	**1 598.0**
Expected return	127.7	104.7
Actuarial gains and losses	(350.9)	(54.1)
Employer's contributions	338.8	272.0
Plan participants' contributions	30.9	26.1
Business combinations	-	-
Reductions or settlements	-	-
Benefits paid	-	-
Closing balance	**2 093.2**	**1 946.7**

Net liabilities or plan assets recognised in the balance sheet are as follows:

(in thousands of €)	2007/2008	2006/2007
RECONCILIATION OF AMOUNTS BOOKED TO THE BALANCE SHEET		
Current value of the obligation	1 471.5	1 224.3
Fair value of plan assets	(2 093.2)	(1 946.7)
(Surplus)/Deficit	(621.7)	(722.4)
Actuarial gains and losses not booked to balance sheet	-	-
Past service costs not yet booked to balance sheet	-	-
Amount not booked to plan assets owing to limit on plan assets	621.7	722.4
Net liabilities or plan assets recognized in the financial statements	-	-
Liabilities booked to balance sheet	-	-
Plan assets booked to balance sheet	-	-

The total charge booked to the income statement amounts to:

(in thousands of €)	2007/2008	2006/2007
TOTAL CHARGE BOOKED TO THE INCOME STATEMENT		
Current service cost during the fiscal year	157.3	159.0
Interest cost	77.7	67.6
Expected return	(127.7)	(104.7)
Actuarial gains and losses	332.2	(290.7)
Effect of the limit on plan assets booked to the balance sheet	(100.7)	440.8
Past service cost	-	-
Reductions or settlements	-	-
Total charge	**338.8**	**272.0**

The charge is included under the heading "Corporate management costs" in the IFRS income statement.

The fair value of plan assets breaks down as follows:

(in thousands of €)	30.09.08		30.09.07	
FAIR VALUE OF PLAN ASSET				
Equity instruments	552.9	40.9%	606.3	45.9%
Borrowing instruments	451.5	33.4%	434.6	32.9%
Real estate	50.0	3.7%	44.9	3.4%
Others	297.4	22.0%	235.1	17.8%
Subtotal (pension fund)	1 351.8	100.0%	1 320.9	100.0%
Group insurance	741.4		625.8	
Total	**2 093.2**		**1 946.7**	

The assets consist of 4,133 shares issued by Befimmo, valued as of 30 September 2008 at €294 thousand.

The expected yield rate of return is 6.00%, calculated by weighting the expected yield rates of return on the pension fund and the group insurance.

These expected yield rates of return are 6.75% a year for the pension fund and 4.50% a year for the group insurance.

The actual yield of the assets during the period was negative at €223.2 thousand. For the 2006/2007 fiscal year, it was positive at €50.6 thousand.

The main actuarial assumptions are summarised below:

	30.09.08	30.09.07
Discount rate	6.00%	5.50%
Expected rate of salary increase	4.00%	4.00%
Expected yield rate of plan assets	6.00%	6.00%
Expected rate of pension increase	2.00%	2.00%
Mortality table	MR-5/FR-5	MR-5/FR-5

The history of the plan's surpluses and deficits and the adjustments linked to the experience of the current value of the obligation and the fair value of the assets (i.e. without taking account of the actuarial gains or losses arising out of changes in the actuarial assumptions) are summarised in the following table:

(in thousands of €)	30.09.08	30.09.07	30.09.06	30.09.05	30.09.04
Current value of the obligation	1 471.5	1 224.3	1 316.4	907.1	718.8
Fair value of assets	-2 093.2	-1 946.7	-1 598.0	-1 244.4	-932.7
(Surplus)/Deficit	(621.7)	(722.4)	(281.6)	(337.2)	
Adjustments based on experience					
a) current value of the obligation	113.9	78.4	102.2	Not available	Not available
b) fair value of assets	(350.9)	54.1	(54.5)	(46.6)	Not available

Expected contributions from Befimmo for the 2008/2009 fiscal year are estimated at €352.30 thousand.

O. Related-party transactions

Remuneration of the directors of Befimmo SA and the key management personnel of Befimmo SCA, borne by Befimmo SCA.

FISCAL YEAR 2007/2008 Name	Short-term benefits (salaries, bonuses)	Post-employment benefits (pensions,...)	Other long-term benefits	Severance grants
Benoît Godts	49 750			
Alain Devos	34 000			
Gustaaf Buelens	31 500			
Luc Vandewalle	32 500			
Marc Blanpain	45 500			
Marcus Van Heddeghem	36 500			
Gaëtan Piret	45 500			
bvba Roude - Jacques Rousseaux	55 500			
Arcade Consult bvba - André Sougné	35 000			
CEO	400 000	74 795		650 000
variable portion	*120 000*			
Management [1]	456 878	68 027[2]		
variable portion	*77 663*			
Total key management personnel	**1 222 628**	**142 822**	**–**	**650 000**

FISCAL YEAR 2006/2007 Name	Short term benefits (salaries, bonuses)	Post-employment benefits (pensions,...)	Other long-term benefits	Severance grants
Benoît Godts	26 000			
Gustaaf Buelens	12 050			
Luc Vandewalle	8 750			
Marc Blanpain	20 650			
Marcus Van Heddeghem	13 300			
Gaëtan Piret	18 650			
Philippe Gosse	5 000			
bvba Roude - Jacques Rousseaux	24 900			
Arcade Consult bvba - André Sougné	16 250			
CEO	436 250	62 810		650 000
variable portion	*180 000*			
Management [1]	456 350	17 885		
variable portion	*54 000*			
Total key management personnel	**1 038 150**	**80 695**	**–**	**650 000**

Post-employment benefits are described in the appendix on employee benefits.

Relationships with companies in the Fortis group are described in the chapter on corporate governance.

(1) This amount corresponds to remuneration (including social charges) actually paid during the period. It may be influenced by fluctuations in staff numbers.
(2) Including group insurance and contribution to the pension fund.

Statutory Auditor's report

Statutory Auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended September 30, 2008

DELOITTE
Réviseurs d'Entreprises
Lange Lozanastraat 270
B-2018 Antwerp
Belgium

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of BEFIMMO SCA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at September 30, 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of €1,971,751 (000) and a consolidated profit for the year then ended of €61,918 (000).

The management of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the management and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of September 30, 2008, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the management.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

> The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Antwerp, 13 November 2008

The statutory auditor

DELOITTE Réviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by

Frank Verhaegen

Jurgen Kesselaers

Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises SC s.f.d. SCRL
Société civile sous forme d'une société coopérative à responsabilité limitée
Siège social: Avenue Louise 240, B-1050 Bruxelles
TVA BE 0429.053.863 - RPM Bruxelles - Fortis 230-0046561-21

Statutory income statement (in thousands of €)

	30.09.08	30.09.07
I. (+) Rental income	71 414	76 599
III. (+/-) Charges linked to letting	-346	-282
NET RENTAL INCOME	**71 068**	**76 318**
IV. (+) Recovery of property charges	13 289	4 613
V. (+) Recovery of rental charges and taxes normally payable by tenants on let properties	16 333	18 478
VI. (-) Costs normally payable by tenants and borne by the landlord on rental damage and refurbishment at the end of lease	-	-9
VII. (-) Charges and taxes normally paid by tenants on let properties	-17 652	-18 173
VIII. (+/-) Other revenue and charges for letting	157	146
PROPERTY RESULT	**83 195**	**81 372**
IX. (-) Technical costs	-14 545	-6 822
X. (-) Commercial costs	-1 032	-1 493
XI. (-) Charges and taxes on unlet properties	-1 028	-1 504
XII. (-) Property management costs	-919	-1 227
XIII. (-) Other property charges	-4	-27
(+/-) Property charges	**-17 529**	**-11 072**
PROPERTY OPERATING RESULT	**65 666**	**70 300**
XIV. (-) Corporate management costs	-7 839	-7 846
XV. (+/-) Other operating income and charges	1 251	-42
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**59 079**	**62 412**
XVI. (+/-) Gains or losses on disposals of investment properties	7 445	-
XVIII.(+/-) Changes in fair value of investment properties	-6 672	37 908
OPERATING RESULT	**59 852**	**100 320**
XIX.(+) Financial income	52 649	29 701
XX. (-) Interest charges	-38 022	-32 805
XXI.(-) Other financial charges	-15 665	-7 557
(+/-) Financial result	**-1 039**	**-10 662**
PRE-TAX RESULT	**58 813**	**89 658**
XXIII.(-) Corporation tax	-646	-584
(+/-) Taxes	**-646**	**-584**
NET RESULT	**58 168**	**89 074**
TOTAL BASIC NET RESULT AND DILUTED PER SHARE	**4.45**	**8.23**

The auditor's report has given unqualified approval to the statutory accounts of Befimmo SCA.

Statutory balance sheet (in thousands of €)

ASSETS		30.09.08	30.09.07
I.	**Non-current assets**	**1 788 104**	**1 756 136**
C.	Investment properties	1 192 152	1 130 052
E.	Other property, plant and equipment	335	327
F.	Non-current financial assets	595 617	625 757
II.	**Current assets**	**27 251**	**24 625**
B.	Current financial assets	1 943	5 358
D.	Trade receivables	16 532	11 802
E.	Tax receivables and other current assets	2 997	173
F.	Cash and cash equivalents	3 397	4 293
G.	Deferred charges and accrued income	2 382	2 999
TOTAL ASSETS		**1 815 354**	**1 780 761**

SHAREHOLDERS' EQUITY AND LIABILITIES		30.09.08	30.09.07
SHAREHOLDERS' EQUITY		**966 802**	**931 899**
A.	Capital	**186 919**	186 919
B.	Share premium account	**372 952**	372 952
D.	Reserves	**21 113**	21 113
E.	Result	**385 818**	346 393
	a. Result brought forward from previous years	**327 650**	287 394
	b. Net result for the fiscal year	**58 168**	59 000
G.	Hedging instruments	-	4 522
LIABILITIES		**848 552**	**848 862**
I.	**Non-current liabilities**	**747 377**	**84 438**
B.	Non-current financial debts	747 377	84 438
	a. Credit institution	539 716	82 934
	c. Other	207 661	1 504
II.	**Current liabilities**	**101 176**	**764 424**
A	Provisions	4 758	-
B.	Current financial debts	57 038	696 761
	a. Credit institution	7 084	656 761
	c. Other	49 953	40 000
D.	Trade debts and other current debts	36 574	64 593
F.	Accrued charges and deferred income	2 806	3 069
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 815 354**	**1 780 761**

The auditor's report has given unqualified approval to the statutory accounts of Befimmo SCA.

Explanatory note on changes in the statutory profit (loss) carried forward

The total profit (loss) to be appropriated as of 30 September 2008 is €385.8 million. It consists of a realised part of €113.6 million corresponding to the cumulative surplus cash flow realised in relation to the dividend distributed, and an unrealised part of €272.3 million corresponding to the unrealised gains or losses recorded on the property portfolio and hedging instruments.

After distribution of the proposed dividend for the fiscal year (€59.5 million), the profit (loss) to be carried forward will be €326.4 million, consisting of a realised part of €54.1 million and an unrealised part of €272.3 million.

Explanatory table of the statutory profit (loss) to be carried forward from the 2007/2008 fiscal year

(in millions of €)

Profit (loss) to be appropriated at 30 September 2007	**346.4**
- unrealised	249.4
- realised	97.0
Balance of dividend for the 2006/2007 fiscal year (after interim dividend of €30.1 million)	**-18.7**
Profit (loss) brought forward at 30 September 2007	**327.6**
- unrealised	249.4
- realised	78.3
Profit (loss) for the 2007/2008 fiscal year	**58.2**
- unrealised	22.9
- realised	35.3
Profit (loss) to be appropriated at 30 September 2008	**385.8**
- unrealised	272.3
- realised	113.6
Proposed dividend for the 2007/2008 fiscal year [1]	**-59.5**
Profit/loss to be carried forward at 30 September 2008	**326.4**
- unrealised	272.3
- realised	54.1

(1) Note that the dividend for the fiscal year is €24.2 million higher than the realised part of the profit (loss) for the fiscal year. This is primarily because Fedimmo SA, whose accounts are kept according to Belgian accounting standards, may not distribute all of its cash flow because of the amortisation it must carry out on its properties. The consolidated cash flow is €59.8 million.

General information

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General information on Befimmo SCA and its capital

1. Identification

1.1. Company name

BEFIMMO SCA, a Sicaf incorporated under Belgian law.

1.2. Registered office

Chaussée de Wavre 1945, 1160 Auderghem.

This can be transferred by simple decision of the Managing Agent to anywhere in Belgium.

1.3. Legal form

"Société en commandite par actions" under Belgian law.

1.4. Formation

BEFIMMO SCA was incorporated on 30 August 1995 as a joint-stock company under the corporate name "Woluwe Garden D" by a deed executed before Gilberte Raucq, notary public in Brussels. The Company was later converted into a "Société en commandite par actions", under the corporate name "Befimmo" again by a deed executed before notary Gilberte Raucq on 24 November 1995. The articles of association have been amended several times. The coordinated articles of association are available on the website of Befimmo SCA (www.befimmo.be).

1.5. Duration

BEFIMMO SCA has been established for an indefinite period.

1.6. Register of corporate bodies

BEFIMMO SCA is registered in the Register of Corporate Bodies under number 0 455 835 167.

1.7. Company object (Article 5 of the articles of association)

The principal aim of BEFIMMO SCA is the collective investment of capital collected from the public in "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, listed 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 implementing the Law of 20 July 2004 on certain forms of collective management of investment portfolios, applying to collective real estate investment institutions.

BEFIMMO SCA may, however, on an ancillary or temporary basis, invest in securities other than those defined in the preceding indent, in accordance with the terms and conditions set out in Article 6.2 of its articles of association, and hold liquid assets. Such investments and the holding of liquid assets must be the result of a special decision by the Managing Agent, justifying their ancillary or temporary nature. The holding of securities must be compatible with the implementation in the short or medium term of the investment policy described above. In addition, the said securities must be listed on a regulated, recognised stock exchange that is open to the public. Liquid assets may be held in any currency in the form of sight or term deposits or any money-market instruments with a high degree of liquidity.

> BEFIMMO SCA may acquire personal property and real estate necessary to the direct accomplishment of its object.

It may take any measures and carry out all operations, in particular those covered in Article 6 of its articles of association, that it considers useful for the accomplishment and development of its object, subject to compliance with the relevant legal provisions.

It may take an interest, by means of merger or otherwise, in any business having the same object.

Pursuant to Article 20(4) of the Law of 20 July 2004 on certain forms of collective management of investment portfolios, Article 559 of the Code of Company Law does not apply.

1.8. Places where publicly accessible documents can be consulted

> The articles of association of BEFIMMO SCA and of Befimmo SA can be consulted at the Clerk's Office of the Brussels Commercial Court, at the registered office and on the website www.befimmo.be.

> The annual accounts will be deposited at the Banque Nationale de Belgique and may be consulted at the Clerk's Office of the Brussels Commercial Court.

> The annual accounts as well as the relative reports of BEFIMMO SCA are sent every year to registered shareholders as well as to any other person requesting a copy.

> The decisions concerning the appointment and dismissal of the members of the Board of Directors of Befimmo SA are published in the Annexes to the Belgian Official Journal.

> Financial notices concerning BEFIMMO SCA are published in the financial press and are sent to Euronext. They may also be consulted on the website www.befimmo.be.

Other documents accessible to the public and referred to in the prospectus can be consulted at the registered office of BEFIMMO SCA.

2. Registered capital

2.1. Issued capital

As of 30 September 2008, the Company capital totalled €189,727,025.09. It was represented by 13,058,969 fully paid no-par-value shares.

2.2. Authorised capital

The Managing Agent is authorised to increase the capital in one or more stages by up to €189,727,025.09.

Subject to the same conditions, the Managing Agent is authorised to issue convertible debentures or subscription rights. This authorisation is granted for five years from 8 February 2008. It may be renewed.

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

2.3. Changes to the capital since 30.09.07

	AMOUNT (in €)	NUMBER OF SHARES
As of 30.09.07	189 727 025.09	13 058 969
As of 30.09.08	189 727 025.09	13 058 969

2.4. Structure of the shareholding [1]

DECLARANTS	NUMBER OF DECLARED VOTING RIGHTS ON THE DATE OF DECLARATION	DATE OF DECLARATION	%
Fortis Insurance Belgium and associated companies	2 454 729	15.10.08	18.8
Free float [2]	10 604 240		81.2

3. The founder of Befimmo SCA

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

(1) The extraordinary general meeting of 25 November 2008 and, should the quorum not be attained, the extraordinary general meeting of 15 December 2008 will be asked to adopt a statutory threshold of 3% in addition to the legal thresholds.
(2) Percentage of a company's capital held by the public. This relates to holdings of shareholders with less than 5% of the total shares.

4. "Société en Commandite par Actions"

BEFIMMO SCA's legal form is a "Société en commandite par Actions" (SCA).

An SCA is made up of two categories of partners:

> the acting partner whose designation appears in the business name and who has unlimited liability for the Company's commitments;

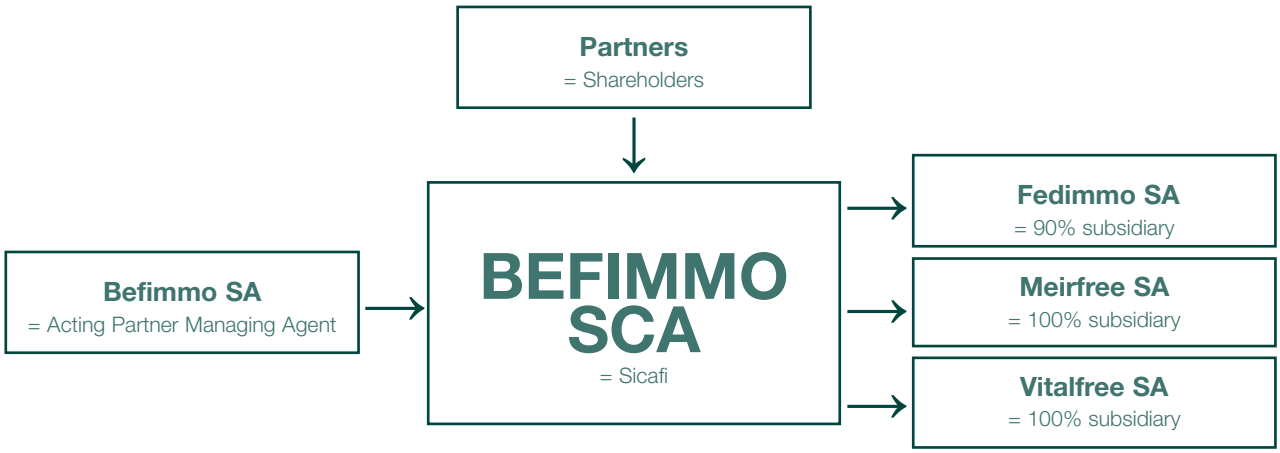
> the partners or shareholders who are liable only for the amount of their contribution and are not jointly and severally liable.

Moreover, an SCA is managed by one or more managers.

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

Befimmo SA is controlled by Fortis Real Estate Asset Management.

Befimmo SCA holds 90% of the shares of Fedimmo SA, 100% of the shares of Meirfree SA and 100% of the shares of Vitalfree SA.



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, Winssinger & Associates and Jones Lang LaSalle.

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

6. Statement by the responsible persons

Befimmo SA, Managing Agent of the Company, represented by its permanent representative Mr Benoît De Blieck and Mr Laurent Carlier, Chief Financial Officer of the Company, declare for and on behalf of Befimmo SCA, that to the best of their knowledge:

a) the financial statements, prepared in accordance with the applicable accounting standards, give an accurate picture of the assets, financial situation and the results of the Company and the enterprises included in the consolidation;

b) the management report contains an accurate account of the development of the business, results and situation of the Company and the enterprises included in the consolidation, and a description of the main risks and uncertainties they face.

Extracts from the coordinated articles of association

BEFIMMO
Limited Partnership by shares
Public Real Estate Investment Company with fixed capital incorporated under Belgian law (SICAFI / BEVAK)
Company that has made a public call on savings
Registered office: Auderghem (B-1160 Brussels), Chaussée de Wavre, 1945
V.A.T. number BE 455.835.167
Register of Legal Entities, number 0455.835.167

Extracts of the coordinated articles of association as of 18 December 2007

As far as the language of the articles of association is concerned, the articles of association are drawn up in Dutch and French, neither language taking preference over the other, the English version being an unofficial translation from French.

Article two: Managing partner - Shareholder

The company is composed of two categories of partners:

1. The limited liability company ("NV"/"SA") "BEFIMMO", managing partner of which the name appears in the corporate name and whose liability for the debts of the company is unlimited. The managing partner shall act as manager of the company in accordance with article 15 of the articles of association.

   Every change of the managing partner implies the amendment of the corporate name.
2. The partners that are only responsible up to the amount of their contribution and their liability is not joint and several.

   In no case should they interfere with the management of the company.

   They can, however, act as proxyholder or as member of a body of a legal entity that, on whatever ground, represents the company.

Article six: Allocation of investments

1. The assets of the company are invested in real estate as defined in article 2, 4° of the Royal Decree of April ten nineteen hundred ninety-five.

   In order to assure an adequate partitioning of the investment risks, the real estate investments are mainly divided into three types of investments:

   - office buildings with great flexibility, low maintenance costs and disposing of a great number of parking spaces.
   - structured commercial buildings such as "shopping centres".
   - semi-industrial buildings such as offices and warehouses.

   The real estate can be located in Europe.
2. The investments in securities, other than the immovable goods specified above, are made in accordance with the criteria defined by articles 56 and 57 of the Royal Decree of March four nineteen hundred ninety-one concerning certain collective investment companies.

   For the application of said articles 56 and 57, the limitations mentioned herein are calculated on basis of the assets that are not invested in real estate.

   The company can keep no other securities other than real estate securities, unless they are traded on a regulated market of a Member State of the European Community, or traded on the Nyse, Nasdaq or a Swiss Stock Exchange.
3. The company can, as a tenant, enter into agreements of real estate leasing in the meaning of article 2, 9° of the Royal Decree of April ten nineteen hundred ninety-five, as far as the value in capital of the rights stemming from these agreements at the moment of the conclusion of this agreement does not exceed ten percent (10 %) of the company's assets.
4. The company can, as ancillary activity, lease out one or more buildings, with or without purchase option.

Article eight: Capital

The capital is fixed at the sum of one hundred eighty-nine million seven hundred twenty-seven thousand twenty-five euros and nine eurocents (€189,727,025.09).

It is represented by thirteen million fifty-eight thousand nine hundred sixty-nine (13,058,969) shares without nominal value, numbered from 1 to 13,058,969, each representing an equal part of the capital, all fully paid-up.

Article nine: Authorised capital

The manager is authorised to increase the capital, in one or several stages, on the dates and pursuant to the terms and conditions resolved by him, by an amount of maximum one hundred and eighty-nine million seven hundred and twenty-seven thousand and twenty-five euros and nine eurocents (€189,727,025.09).

The manager is authorised under the same conditions to issue converti-ble bonds or subscription rights, without being able to limit or revoke the preferential right of the shareholders

This authorisation is granted for a period of five years as from the date of publication in the Annexes of the Belgian Official Gazette of the minutes of the shareholders' meeting of December seventeen two thousand and seven.

The authorisation is renewable.

This(ese) capital increase(s) may be achieved by way of subscriptions in cash, by contributions in kind or by incorporation of reserves provided the rules set forth in the Code of Company Law, article 11 of the Royal Decree of April ten nineteen hundred ninety-five concerning Real Estate Investment Companies and the current articles of association are complied with. This(ese) share capital increase(s) may give rise to the issue of shares with voting right. They can also occur by means of the conversion of convertible bonds or the exercise of subscription rights – whether or not attached to a security – which may give rise to the creation of shares with voting right.

Whenever the share capital increases resolved pursuant to this authorisation involve an issuance premium, the amount of such premium shall, after possible deduction of costs, be allocated by the manager to a blocked account which constitutes, like the share capital, the guarantee of third parties, and this issuance premium shall, subject to its incorporation in the share capital by the manager as set forth above, only be reduced or suppressed by resolution of the shareholders' meeting taken in compliance with the quorum and majorities requirements set forth in the Code of Company Law for a share capital reduction, by reimbursement to the shareholders or by the shareholders' release of the paying-up of their contribution.

Article ten: Capital increase

1. The capital of the company may be increased by resolution of the shareholders' meeting, resolving in accordance with articles 558 and, as the case may be, 560 of the Code of Company Law or by decision of the manager within the framework of the authorized share capital. It is, however, forbidden for the company to subscribe directly or indirectly to its own share capital increase.
2. In case of a public issue of the shares of the company, the latter shall have to act in compliance with the rules laid down in article 75, first subparagraph, of the Act of July twenty two thousand and four and articles 28 and following of the Royal Decree of April ten nineteen hundred ninety-five concerning Real Estate Investment Companies.

3. At each capital increase, the manager determines the rate and the conditions of issue of new shares, unless the shareholders' meeting decides on it itself.
4. The notice of the shareholders' meeting has to mention explicitly the issue of shares without nominal value below the par value of the existing shares.
5. Should the share capital be increased with an issuance premium, the amount of such premium must be fully paid-up upon subscription.

Article eleven: Preferential subscription right

Should the share capital be increased by subscription in cash, the shares are by preference offered to the shareholders in proportion to the number of their securities on the day of issue.

In accordance with article 11 §1 of the Royal Decree of April ten nine-teen hundred ninety-five concerning Real Estate Investment Companies, the preferential subscription right of the shareholders cannot be derogated from.

Article twelve: Capital increase by means of contribution in kind

The capital increases by contribution in kind are subject to the rules set forth in articles 601 and 602 of the Code of Company Law.

Thereby, in accordance with article 11 § 2 of the Royal Decree of April ten nineteen hundred ninety-five concerning Real Estate Investment Companies, the following conditions must be complied with:

1° the identity of the contributor must be mentioned in the report specified in article 602 subparagraph 3 of the Code of Company Law, as well as in the notice to the shareholders' meeting that will decide on the share capital increase;

2° the issue price cannot be lower than the average stock exchange price during thirty days preceding the contribution;

3° the report referred to in 1° must also mention the impact of the proposed contribution on the situation of the former shareholders, especially in relation to their part in the profit and in the capital.

Article thirteen: Repurchase of own shares

1. The company may, by virtue of the decision of the shareholders' meeting in compliance with articles 620 and 630 of the Code of Company Law, acquire or pledge its own shares that have been fully paid-up in cash.

   That same meeting may determine the conditions for disposal of these shares.
2. The manager is authorised to acquire securities mentioned sub 1 when such acquisition is necessary in order to prevent serious and imminent damage to the company. Such authorisation is valid for three years as from the date of publication of the minutes of the shareholders' meeting of December seventeen two thousand and seven and is renewable for an equal time period.
3. The conditions for the disposal of securities acquired by the company are determined according to article 622 § 2 of the Code of Company Law, by the shareholders' meeting or by the manager as the case may be.
4. The manager is authorised to dispose of the company's own shares acquired by the company in following cases: 1) when these shares are listed in the meaning of article 4 of the Code of Company Law; 2) when the resale takes place on a stock exchange or as a result of a public sale offer directed to all shareholders under the same conditions, in order to prevent serious and imminent damage to the company, being understood that this authorisation is valid during a period of three years as from the date of publication of the minutes of the meeting of December seventeen two thousand and seven and that it is renewable for identical periods; 3) in all other cases permitted for by the Code of Company Law.

Article fourteen: Form

1. The shares are registered shares, bearer shares or dematerialised shares, within the limits set forth by the law.

   The shares are all fully paid-up and are without indication of nominal value.
2. A register of registered shares is kept at the registered office, as the case may be and if the law allows it, in an electronic form, which each shareholder can inspect.

   Certificates evidencing a person's registration shall be delivered to the shareholders.

   All transfers amongst the living or because of decease as well as each conversion of securities are recorded in this register.
3. The bearer shares are signed by the manager. These signatures can be replaced by name stamps.

   The bearer shares can be issued as single stock certificates securities or collective stock certificates that represent various shares under the forms that will be determined by the manager.
4. As of January first two thousand and eight, the company shall cease to issue bearer shares. The bearer shares of the company that have already been issued and have been registered on a securities account on January first two thousand and eight shall exist in dematerialised form as from that date. The other bearer shares shall, as and when registered on the securities account as from January first two thousand and eight, also automatically be converted into dematerialised shares.

   In accordance with the time periods set forth by the applicable legislation for the abolition of bearer shares, the shares that have not yet been converted shall be converted by operation of law into dematerialised shares and shall be registered by the manager on the securities account. Until the securities holder identifies himself and obtains the registration of these shares on his own name, the converted securities shall be registered in the name of the company.
5. Dematerialised shares shall be represented by an entry into the account in the holder's name at a recognised account holder or settlement institution.
6. The holder of dematerialised shares can, at any time, request the conversion of these shares at his expense, into registered shares, and the other way round.

Article fifteen: Management

The company shall be managed in the exclusive interest of the shareholders by one or more managers that have to be managing partners and who have been appointed in these articles of association.

Article sixteen: Management exercised by a legal entity

The manager of the company shall be a legal entity; when it concerns a limited liability company, it acts through its board of directors and, as the case may be, its representative(s) for the day-to-day management, in function of the nature of acts to be performed in this company. The members of the bodies of the managing legal entity and more particularly when it concerns a limited liability company, its directors and representatives for the day-to-day management, are personally neither manager nor representative for the day-to-day management, nor managing partner of this company.

Article seventeen: Internal organisation and capacity of the members of the bodies of the manager

The manager must be organised in such a way that within its board of directors at least two natural persons exercise in a collegial manner the supervision of the company's representative(s) for the day-to-day management concerning these acts that concern the company. The effective direction of the business in the meaning of article 38 of the Act of July twenty two thousand and four must be conferred on at least two natural persons.

The members of the effective direction of the business as defined hereabove as well as the members of the management bodies and of the day-to-day management of the manager must fulfil the conditions concerning reliability, expertise, experience and autonomy, as laid down in 38 of the Act of July twenty two thousand and four and article 4, § 1, 4° of the Royal Decree of April ten nineteen hundred ninety-five and must not come within the scope of the list of the prohibitions set forth in article 39 of the Act of July twenty two thousand and four.

Article eighteen: End of the mandate of the manager

The functions of the manager shall come to an end in the following cases:

- resignation: the manager can only resign if this resignation is possible in the framework of the commitments he has entered into towards this company and as far as he does not compromise the company; his resignation must be made public by the notice of a shareholders' meeting having as its agenda the ascertainment of resignation and the measures to be taken; this shareholders' meeting shall have to meet at least one month before the resignation becomes effective;
- winding-up, the declaration of bankruptcy or any other similar proce-dure affecting the manager;
- loss, by all members of the management bodies or day-to-day management of the manager, of the reliability, experience and autonomy required by article 4, § 1, 4° of the Royal Decree of April ten nineteen hundred ninety-five; in this case, the manager or the statutory auditors must convene a shareholders' meeting having as agenda the possible ascertainment of the loss of these requirements and the measures to be taken; this assembly must meet within one month; if only one or more members of the management bodies or day-to-day management of the manager do not fulfil the above-mentioned requirements, the manager must replace them within one month; after this time period, the assembly of the company shall be convened as specified hereabove; all the foregoing in the one or other case, subject to the measures that the Banking, Finance and Insurance Commission may take pursuant to the powers set forth in article 92 of the Act of July twenty two thousand and four;
- declaration of incapacity in the sense of article 39 of the Act of July twenty two thousand and four that compromises all members of the management bodies or the day-to-day management; in this case, the manager or the statutory auditors must convene the shareholders' meeting having on its agenda the ascertainment of the declaration of incapacity and the measures to be taken; this assembly must take place within one month; only when one or more members of the management bodies or the day-to-day management of the manager do no longer fulfil the abovementioned requirements, shall the manager have to replace them within one month; after this time period, the assembly of the company shall be convened as specified hereabove; all this, in one case or the other, subject to the measures that the Banking, Finance and Insurance Commission would take pursuant to the powers set forth in article 92 of the Act of July twenty two thousand and four.

The manager thus appointed in the articles of association cannot be revoked, except by decision of a court of law and for serious grounds.

In case of termination of the functions of the manager, the company shall not be wound-up, even when it concerns the sole manager. This manager will be replaced by the shareholders' meeting, resolving in the same manner as for modification of the articles of association, through convocation by the other managers or by the statutory auditors.

The manager shall be elected by said meeting on a list on which at least two candidates are proposed by the sponsor(s).

Article nineteen: Sole statutory manager

Is nominated as sole manager whose appointment is made in the articles of association ("statutory manager"):

The limited liability company "BEFIMMO", with registered office at 1210 Brussels (Saint-Josse-ten-Noode), Boulevard Saint-Lazare, 4-10, registered at the Register of Commerce of Brussels, under the number 547.509 and at the National Register of Legal Persons, under the number 444.052.241.

Article twenty-one: Manager's compensation

1. The manager shall receive a compensation determined in accordance with the conditions defined hereinafter, pursuant to article 19 of the Royal Decree of April ten nineteen hundred ninety-five.

   He shall moreover have the right to the reimbursement of the remuneration and the costs in relation with his assignment, listed in the prospectus referred to in article 21 of the Royal Decree of April ten nineteen hundred ninety-five.
2. The manager's compensation is calculated every year in function of the consolidated result before the taxes, group share, of the financial year concerned, resulting from the (annual) accounts established in accordance with the reference framework IFRS as adopted in the European Union.

   For the purpose of the application of this article, this result shall be adapted as follows:

   (i) the gains or losses resulting from the appraisal at the correct value of the buildings of the company or of its subsidiaries and of the other immovable goods as defined in the Royal Decree of April ten nineteen hundred ninety-five, shall be excluded from the result to the extent that they pertain to the fraction that exceeds the purchase value of these elements (later investments included);

   (ii) in case of disposal of the buildings or of the other immovable goods referred to in (i) in the course of the financial year, the result stemming from the disposal shall be corrected in such a way that the realised gains or losses will be calculated by reference to the lowest value between the purchase value (later investments included) and the last correct value of the disposed asset as reflected from an accounting point of view in the quarterly accounts, without prejudice to point (i).

   The manager takes the necessary execution measures for the calculation of this compensation.
3. This compensation equals two hundredths (2/100) of a reference profit, corresponding, if a profit has been realised, with one hundred ninety-eighths (100/98) of the result referred to in subparagraph 2 after allocation of this compensation to the financial year concerned, in a way that after the allocation of the compensation in the expenses of the company, the compensation in relation to the financial year represents two point zero four percent (2.04%) of the aforementioned result.
4. The compensation is due at September thirty of the financial year concerned, but is only payable after approval of the annual accounts of the financial year.
5. The calculation of the compensation is subject to the control of the auditor.

Article twenty-two: Powers of the manager

1. The manager of the investment company has all the powers to accomplish all acts necessary or useful for the realisation of the company's purpose, with exception of the acts which the law or the articles of association reserve for the shareholders' meeting.
2. The manager establishes the half-yearly report of which mention is made in article 76, § 1, of the Act of July twenty two thousand and four and the draft of the annual report and the prospectuses of which mention is made in this provision in accordance with articles 52 and 53 of the Act of July twenty two thousand and four.

   The manager appoints the expert in accordance with article 7 of the Royal Decree of April ten nineteen hundred ninety-five and proposes, as the case may be, each modification to the list of experts as referred to in article 5, § 1, 8° of said Royal Decree to the Banking, Finance and Insurance Commission.

   The manager proposes, as the case may be, the modification of the custodian in accordance with article 12, § 2 of the Royal Decree of April ten nineteen hundred ninety-five to the Banking, Finance and Insurance Commission.

   The manager informs the custodian of each real estate transaction of the company in accordance with article 13, § 2 of the Royal Decree of April ten nineteen hundred ninety-five.
3. The manager can grant to each proxyholder every specific power, limited to certain acts or to a series of certain acts, with the exception of the day-to-day management and of the powers which are reserved to him by the Code of Company Law and by the Act of July twenty two thousand and four, as well as by its implementing Decrees.
4. The manager is authorised to fix the remuneration of this(ese) proxyholder(s), which shall be withheld from the company's operating expenses.

   The manager can revoke this(ese) proxyholder(s) discretionarily ("ad nutum").

Article twenty-three: Representation of the company

1. The company shall be represented by the manager in all acts, including these in which a public officer intervenes, and before a court of law, in accordance with the legal and statutory rules on the representation of this manager – legal person.
2. The company shall moreover be legally bound by special proxyholders

of the company acting within the limits of their powers.

3. In accordance with article 18 of the Royal Decree of April ten nineteen hundred ninety-five, the company shall be represented for each act of disposal pertaining to its real estate as defined in article 2, 4° of said Royal Decree, by the manager, acting via two physical persons that have to be member of its management body and of which one must be the permanent representative.

Article twenty-four: Prevention of conflicts of interests

1. The company shall be structured and organised in such a manner that the risk that conflicts of interests affect the interests of the security holders is minimised, in accordance with article 40, § 2, of the Act of July twenty two thousand and four.
2. The manager, the members of the management bodies or of the day-to-day management of the company's manager and the proxyholders of the company, cannot act as counterparty in a transaction with the company or with a company it controls, nor obtain an advantage in such a transaction, unless the transaction represents any interest for the company, enters in the scope of its investment policy and is executed in accordance with normal market conditions.
3. The company must inform the Banking, Finance and Insurance Commission in advance of the transactions mentioned in the second subparagraph.
4. The transactions mentioned in the second subparagraph shall immediately be made public and must be the object of a special mention in the annual report, and as the case may be, the half-yearly report.
5. The preceding provisions shall not apply to:
   - the acquisition of securities by the company within the framework of a public issue made by third party issuers, for which the manager of the company or the members of the management bodies or the day-to-day management intervene as intermediaries as defined in article 2, 10° of the Act of August second two thousand and two concerning the supervision of the financial sector and the financial services;
   - the acquisition, by the persons mentioned in the first subparagraph as far as the company's shares are concerned;
   - the transactions concerning liquid funds of the company in which the manager or the members of the management bodies or the day-to-day management act as counterparty, on the condition that they have the capacity of intermediaries as defined in article 2, 10° of the Act of August second two thousand and two concerning the supervision of the financial sector and the financial services.
6. In addition to the preceding provisions, the manager shall comply with articles 523 and 524 of the Code of Company Law.

Article twenty-five: Control

1. The control of the financial situation, the annual accounts and the regularity of the operations to be recorded in the annual accounts, shall be entrusted to one or more auditors belonging to the Institute of Business Auditors.

   This(ese) auditor(s) is/are appointed by the shareholders' meeting for a renewable term of three years and may only be removed for legal reasons, under penalty of damages, as the case may be.

   The shareholders' meeting determines the number of auditors and their remuneration.

   This(ese) auditor(s) control(s) and certify(ies) the accounting data stated in the annual account of the company and confirm(s) as the case may be all of the information to be provided in accordance with articles 83 and 88 of the Act of July twenty two thousand and four.
2. Article 141,2° of the Code of Company Law is not applicable to the com-pany having the status of a closed-end investment company, in accordance with article 83, § 1, second paragraph, of the Act of July twenty two thousand and four.
3. In accordance with article 80 of the Act of July twenty two thousand and four, the members of the personnel of the Banking, Finance and Insurance Commission that are authorised thereto, are entitled to be provided with all information or proceed with on the spot searches and peruse all the company's documents.

Article twenty-six: Composition - Powers

The shareholders' meeting is composed of the managing partner and all owners of shares who are entitled to vote either in person or by proxy in compliance with the legal or statutory provisions.

Article twenty-seven: Meetings

The annual shareholders' meeting shall take place on the first business day after December fourteen at ten o'clock a.m. (being understood that Saturday is not considered to be a business day).

If this day is a statutory holiday, the meeting takes place on the following business day.

An extraordinary meeting may be convened each time it is in the company's interest.

It must be convened at the request of shareholders holding together one fifth of the share capital.

The annual meetings shall take place at the registered office or at a place in the Brussels-Capital Region, specified in the notice.

The extraordinary or special shareholders' meetings are held in Belgium, at the location indicated in the notices.

Article twenty-eight: Notices

The shareholders' meeting, the annual as well as the extraordinary is held following a notice by the manager, the managing partner or the auditors.

The notices contain the agenda and are drawn up in compliance with the law.

Article twenty-nine: Admission to the Meeting

The managing partner(s) is/are admitted by law to each shareholders' meeting without having to fulfil any admittance formalities.

In order to be admitted to the shareholders' meeting, every holder of bearer shares must deposit his securities at the registered office of the company or at the institution specified in the notice and this five days before the date fixed for the meeting (except for the statutory shorter legal period).

The holders of registered shares must, within the same time period, inform the manager in writing (letter or power of attorney) of their intention to attend the meeting and specify the amount of shares in respect of which they shall vote.

The holders of dematerialised shares must, within the same period, file with the company's registered office or with the institutions specified in the notices of the meeting, a certificate issued by a recognised account holder or the settlement institution, which records the unavailability of said shares until the date of the shareholders' meeting.

Article thirty: Representation

All holders of securities may be represented at the shareholders' meeting by a proxy holder that is a shareholder himself and that has fulfilled the admittance formalities to be admitted to the shareholders' meeting.

The legal entities and managing partners may, however, be represented by a proxyholder who is not a shareholder. Minors, persons struck by legal disability or other people declared incapable shall act through their legal representative.

The manager may determine the form of the proxies and demand that these are deposited at the location specified by him within the time period set forth in article 29, second subparagraph of the articles of association.

Joint owners, beneficial owners and bare owners, and secured creditors and debtors must be represented by one single person.

Article thirty-one: Office

All shareholders' meetings are chaired by the manager.

The chairman appoints the secretary.

The meeting appoints two vote-takers amongst the shareholders.

Article thirty-three: Voting rights of the shareholders

1. Each share entitles its holder to one vote.
2. In case of acquisition or pledging by the company of its own shares, the voting right of these securities shall be suspended.

3. The votings take place by raising hands or by calling names, unless the general meeting, by majority of votes, decides otherwise.

Article thirty-four: Deliberations to the Shareholders' Meeting - Voting right

1. No meeting shall deliberate on items that were not specified in the agenda, except when all shareholders and managing partner(s) are present and unanimously grant their approval on the new items.
2. The decisions of the shareholders' meeting, including the amendments to the articles of association, are only adopted with the consent of each one of the managers.
3. Each draft amendment to the articles of association must first be submitted to the Banking, Finance and Insurance Commission, in accordance with article 9 of the Royal Decree of April ten nineteen hundred ninety-five.
4. Except in the case set forth by the law or the articles of association, each resolution shall be adopted by a majority of votes irrespective of the number of securities present at the meeting.

Article thirty-six: Company records

The company's financial year begins on October first and ends on September thirty.

On this last date, the books of the company are closed and the manager prepares a full inventory, as well as the annual accounts in accordance with the Act on book-keeping and the annual accounts of the undertakings and the special provisions of the Royal Decree of April ten nineteen hundred ninety-five concerning Real Estate Investment Companies.

The costs that may be borne by the company are, amongst others, incorporation, organisation and domiciliation costs hereof, the costs for the service of the company's stock certificates, the costs related to the real estate operations and the investment transactions, the compensation of the manager and the costs referred to in article 21 of the articles of association, the costs of technical management, supervision, maintenance, and other of the real estate of the company, the accountancy and inventory costs, the costs stemming from the supervision of the accounts and the control of the company, the publication costs that are inherent to the share offer, costs stemming from the establishment of periodical reports and the distribution of financial information, the management costs and the taxes and duties and rights due as a result of the business carried on by the company, or as a consequence of the activities of the company, as well as the costs enumerated in a prospectus referred to in article 21 of the Royal Decree of April ten nineteen hundred ninety-five.

Furthermore, the manager establishes an inventory when the company proceeds to a share issue or a share buy-back other than via the stock exchange.

Article fourty-four: Amendments of the law

In case of amendments of the law, the manager is allowed to adapt these articles of association to the future legal texts that would amend these articles of association.

This authorisation aims expressly at an amendment by notarial deed only.

Principal amendments to the coordinated articles of association proposed for approval at the extraordinary general meeting to be held on 25 November 2008 and, should the quorum not be attained, the extraordinary general meeting of 15 December 2008

Article 13: Repurchase of own shares

Proposal to renew for a three-year period the Managing Agent's authorisation to acquire and sell the Company's own shares where such buying or selling is necessary to prevent serious or imminent damage to the Company.

Article 14 bis: Thresholds

Proposal to introduce a statutory threshold of 3% for the declaration of large shareholdings.

Article 17: Internal organisation and capacity of the members of the bodies of the Managing Agent

Proposal to provide that persons entrusted with the executive management of the Company may be natural persons or one-man private limited-liability companies, and to specify that the permanent representatives of those companies must also abide by the conditions concerning reliability, expertise, experience and independence laid down by Article 38 of the Law of 20 July 2004.

Article 37: Distribution

- Proposal for an amendment to comply with the text of Article 37(2) of the Royal Decree of 21 June 2006 on accounting, annual accounts and consolidated accounts of public real estate Sicafs, and amending the Royal Decree of 10 April 1995 on real estate Sicafs.
- Proposal for an amendment principally designed to comply with the distribution obligations to which the Sicafi is subject, with a view to the possible exercise of its option for the tax regime under French law of listed real estate investment company (SIIC) and safeguard the Company's interests and hence the shareholders' rights to dividends should Befimmo SCA's shareholders include a shareholder whose situation makes the Company liable, under French law, to a 20% levy on income of French origin distributed to that shareholder.

Befimmo is subject to the Belgian legal provisions applicable to Sicafis and may opt, by 31 January 2009, for the SIIC regime in accordance with the law applicable in France

Real estate Sicaf (Belgium)

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 (The 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 listed on the stock exchange.

> Have a debt limited to 65% of the total asset value at market value.

> Have strict rules governing conflicts of interests.

> 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 contribution supplement).

SIIC (France)

A. Description of the SIIC status

1. Befimmo SCA plans to opt, if so decided, for the fiscal regime for Sociétés d'Investissements Immobiliers Cotées (listed real estate investment companies – SIIC), referred to in Article 208 C of the French General Taxation Code (CGI), with effect from 1 October 2008.

The SIIC regime exempts French companies from tax on:

- profits earned from letting property, sub-letting leased property and the exploitation of certain property rights in rem;
- capital gains realised on disposal of eligible property assets to unrelated persons: property and property rights in rem referred to above, holdings in 95% subsidiaries that have opted for the SIIC regime or in companies of persons having the same aim, and property lease agreements;
- dividends received from 95% subsidiaries that have opted for the SIIC regime.

This regime, which is not dissimilar to the fiscal regime applicable to Sicafis, will enable Befimmo SCA to invest in property in France and benefit from this favourable tax regime for such transactions carried out in France.

2. To benefit from this regime, Befimmo SCA must satisfy several conditions, notably:

- it must have a permanent establishment in France;
- its purpose and business must be that of a property company: acquisition and construction of buildings for rent;
- its shares must be listed on a French regulated market;
- at least 15% of its capital and voting rights must be held by persons each holding, directly or indirectly, less than 2% of the capital and voting rights;

- 60% or more of its capital and voting rights may not be held directly or indirectly by one or more persons acting in concert within the meaning of Article L 233-10 of the French Commercial Code;
- it must opt formally for the SIIC regime no later than the end of the fourth month following the start of the fiscal year in which the company wishes to be subject to the SIIC regime.

On the first day of its 2008-2009 corporate fiscal year, Befimmo SCA satisfies all the required conditions, subject to the option condition to be complied with, if so decided, no later than 31 January 2009. Opting for the SIIC regime is an irrevocable step.

3. Furthermore, the French General Taxation Code requires SIICs to make a minimum distribution.

These requirements are as follows:

- 85% of rental income must be distributed by the end of the fiscal year following the one in which it was received;
- 50% of income from disposals of eligible real estate property must be distributed by the end of the second fiscal year following the one in which it was received;
- 100% of the dividends distributed by subsidiaries opting for the regime provided for by Article 208 C of the CGI must be distributed during the fiscal year following the one in which they were received.

A shareholder of Befimmo SCA which is not a natural person and which owns, directly or indirectly, 10% or more of the dividend rights of Befimmo SCA and is not liable for corporation tax or an equivalent tax on account of the income distributed by Befimmo SCA, makes the Company liable to a 20% levy on the amount of any such sums distributed to it out of income that is exempt from tax on French companies, unless the shareholder is also obliged to distribute all of the dividends it receives and does not itself have an associate holding 10% or more of its dividend rights that is exempt from corporation tax or an equivalent tax on account of the dividends it receives.

The Managing Agent will propose to the extraordinary general meeting scheduled for 25 November 2008 and, should the quorum not be attained, to the extraordinary general meeting of 15 December 2008, that a new provision be inserted into Befimmo SCA's articles of association to charge this 20% levy to shareholders whose situation makes the Sicafi liable for that levy.

Appendix: Befimmo consolidated portfolio

INVESTMENT BUILDINGS (as of 30.09.08)

	YEAR BUILT/ YEAR RENOVATED	RENTAL SPACE (m^2)	INITIAL DURATION OF LEASES (years))	RENTS CALLED DURING THE FISCAL YEAR (thousands of €)	PERCENTAGE OF PORTFOLIO[1]	CURRENT RENTS (thousands of €)	OCCUPANCY RATE
OFFICES							
Brussels City centre							
Brederode 1 Rues de Brederode, de Namur and Thérésienne 1000 Brussels	1990/2001	25 213	14	3 360	2.9%	3 465	100.0%
Brederode Corner Rues de Brederode, de Namur 1000 Brussels	2008	8 036	9	120	1.5%	1 850	100.0%
Central Gate Rue Ravenstein 50-70/Cantersteen 39-55 1000 Brussels	1997/2000	30 675	3/6/9	3 744	3.2%	3 843	86.6%
Empereur Boulevard de l'Empereur 11 1000 Brussels	1997/2004	5 953	9	938	0.8%	938	100.0%
Extension Justice Rue des Quatre Bras 13 1000 Brussels	2009	19 035	20,5	0	3.3%	3 982	100.0%
Gouvernement Provisoire Rue du Gouvernement Provisoire 15 1000 Brussels	1973/2005	2 836	21	546	0.5%	548	100.0%
Impératrice Boulevard de l'Impératrice 17-19 1000 Brussels	1997/2000	17 070	9	2 676	2.3%	2 798	100.0%
Lambermont Rue Lambermont 2 1000 Brussels	1850/2000	1 788	21	305	0.3%	309	100.0%
Pacheco Boulevard Pacheco 32 1000 Brussels	1976	5 481	15	554	0.5%	557	100.0%
Poelaert Place Poelaert 2-4 à 1000 Bruxelles	2001	14 146	18	3 079	2.6%	3 093	100.0%
		130 233		**15 322**	**17.9%**	**21 383**	**97.3%**
Brussels Leopold district							
Arts Rues des Arts 28/30, du Commerce 96/112 1000 Brussels	1920/2005	16 793	21	3 654	3.1%	3 666	100.0%
Froissart Rue Froissart 95 1000 Brussels	1980	2 581	1,25	242	0.1%	110	23.9%
Guimard Rues Guimard 9, du Commerce 87-91 1040 Brussels	1997	5 357	3/6/9	1 161	1.0%	1 184	100.0%
Joseph II Rue Joseph II 27 1000 Brussels	1994	12 831	27	3 763	3.2%	3 792	100.0%
Schuman 3 Rond-Point Schuman 2-4a, Rue Froissart 141a-143 1040 Brussels	2001	5 487	9	1 442	1.3%	1 516	100.0%
Schuman 11 Rond-Point Schuman 11 1040 Brussels	2004	5 176	3/6/9	1 372	1.3%	1 494	100.0%
Science Rue de la Science 8 1000 Brussels	1959/1999	4 921	3,25	557	0.5%	559	100.0%
View Building Rue de l'Industrie 26-38 1040 Brussels	2001	11 106	3/6/9	1 925	1.8%	2 094	100.0%
Wiertz Rue Wiertz 30-50 1050 Brussels	1996	10 857	3/6/9	2 859	2.4%	2 886	99.6%
		75 109		**16 975**	**14.5%**	**17 302**	**98.0%**

INVESTMENT BUILDINGS (as of 30.09.08)

	YEAR BUILT/ YEAR RENOVATED	RENTAL SPACE (m^2)	INITIAL DURATION OF LEASES (years))	RENTS CALLED DURING THE FISCAL YEAR (thousands of €)	PERCENTAGE OF PORTFOLIO[1]	CURRENT RENTS (thousands of €)	OCCUPANCY RATE
OFFICES (continued)							
Brussels North area							
Noord Building Boulevard du Roi Albert II 156/1 1000 Brussels	1989	42 726	25/27	7 933	6.6%	7 894	100.0%
World Trade Center - Tower 2[2] Boulevard du Roi Albert II 30 1000 Brussels	in progress	66 326	9	9 929	9.1%	10 888	97.3%
World Trade Center - Tower 3 Boulevard du Roi Albert II 30 1000 Brussels	1981	75 800	21	8 966	7.5%	8 988	100.0%
		184 852		**26 828**	**23.2%**	**27 770**	**98.9%**
Brussels decentralised							
Eudore Devroye Rue Père Eudore Devroye 245 1150 Brussels	1996	1 576	6/9	297	0.3%	301	100.0%
Goemaere Chaussée de Wavre 1945 1160 Brussels	1988/1998	6 966	3/6/9	1 144	1.0%	1 156	99.9%
Hulpe 177 Chaussée de La Hulpe 177 1170 Brussels	1970	1 462	6	183	0.2%	183	74.1%
Jean Dubrucq Avenue Jean Dubrucq 175 b 1 1080 Brussels	1991	7 744	9	833	0.7%	860	100.0%
La Plaine Boulevard Général Jacques 263G 1050 Brussels	1995	15 933	12/18	3 473	2.9%	3 495	100.0%
Triomphe I Avenue Arnaud Fraiteur 15-23 1050 Brussels	1998	11 498	9	2 418	2.1%	2 470	100.0%
Triomphe II Avenue Arnaud Fraiteur 15-23 1050 Brussels	1998	9 257	6/9	1 332	1.1%	1 366	99.9%
Triomphe III Avenue Arnaud Fraiteur 25-27 1050 Brussels	1993	6 974	3/6/9	888	0.8%	906	78.4%
		61 410		**10 568**	**9.0%**	**10 737**	**97.1%**
Brussels suburbs							
Eagle Building Koutervelstraat 20 1831 Diegem	2000	8 646	3/6/9	899	0.8%	939	95.4%
Fountain Plaza Belgicastraat 1/3/5/7 1930 Zaventem	1991	16 690	3/6/9	1 746	1.7%	2 000	89.5%
Ikaros Business Park (phases I to V) Ikaroslaan 1930 Zaventem	1990 à 2007	46 053	3/6/9	4 603	4.2%	5 053	82.0%
Media Medialaan 50 1800 Vilvoorde	1999	18 105	3/6/9	2 570	2.0%	2 349	99.4%
Ocean House Belgicastraat 17 1930 Zaventem	1997	4 693	6/9	724	0.6%	757	100.0%
Planet II Leuvensesteenweg 542 1930 Zaventem	1988	10 277	3/6/9	675	0.7%	783	72.0%
Waterloo Office Park Bâtiment A, Drève de Richelle 161 1410 Waterloo	1992	2 005	3/6/9	257	0.2%	274	98.1%
		106 469		**11 474**	**10.2%**	**12 155**	**87.6%**

(1) The percentage of the portfolio is calculated on the basis of current rents as of 30 September 2008.
(2) Tower 2 of the World Trade Center includes one floor (1,500 m^2) in Tower 1 of the same building of which Befimmo owns the freehold.

INVESTMENT BUILDINGS (as of 30.09.08)

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OFFICES (continued)							
Wallonia							
Ath - Place des Capucins 1	1995	4 055	18	490	0.4%	497	100.0%
Binche - Rue de la Régence 31	1960	2 480	9	156	0.1%	175	100.0%
Braine-l'Alleud - Rue Pierre Flamand 64	1977	2 175	21	178	0.1%	179	100.0%
Chênée - Rue Large 59	1983	1 276	6	78	0.1%	78	100.0%
Eupen - Vervierserstrasse 8	1989	2 240	15	248	0.2%	249	100.0%
La Louvière - Rue Ernest Boucqueau 15	1997	6 116	18	742	0.6%	748	100.0%
Liège - Avenue Emile Digneffe 24	1953	2 358	6	164	0.1%	167	100.0%
Liège - Rue Paradis 1	1987	38 945	6	3 642	3.1%	3 654	100.0%
Liège - Rue Rennequin-Sualem 28	1968	2 991	6	199	0.2%	201	100.0%
Malmedy - Rue Joseph Werson 2	2000	2 757	21	294	0.2%	295	100.0%
Marche-en-Famenne - Avenue du Monument 25	1988	4 070	18	444	0.4%	446	100.0%
Mons 1 - Rue Joncquois 118	2002	7 851	18	1 167	0.9%	1 090	100.0%
Mons 2 - Digue des Peupliers 71	1976	7 268	9	1 170	0.9%	1 082	100.0%
Namur - Rue Henri Lemaître 3	1925	990	9	69	0.1%	73	100.0%
Namur - Rue Pépin 5	1965	1 130	9	126	0.1%	128	100.0%
Namur - Rue Pépin 31	1900	1 018	9	66	0.1%	67	100.0%
Namur - Rue Pépin 22	1900	877	9	54	0.0%	56	100.0%
Namur - Avenue de Stassart 9	1900	1 939	9	175	0.2%	180	100,0%
Saint-Vith - Klosterstrasse 32	1988	2 956	18	308	0.3%	313	100.0%
Seraing - Rue Haute 67	1971	2 109	15	166	0.1%	169	100.0%
		95 601		**9 936**	**8.2%**	**9 848**	**100.0%**
Flanders							
Antwerpen - Meir 48	1985	20 612	18/27	813	2.6%	3 084	100.0%
Antwerpen - Frankrijklei 73	1973	5 243	3	419	0.3%	417	100.0%
Antwerpen - Kattendijkdok - Oostkaai 22	1978	12 167	3	684	0.6%	679	100.0%
Bilzen - Brugstraat 2	1995	1 318	18	164	0.1%	165	100.0%
Brugge - Boninvest 1	1996	2 690	21	174	0.1%	175	100.0%
Deinze - Brielstraat 25	1988	3 167	15	321	0.3%	335	100.0%
Dendermonde - Sint-Rochusstraat 63	1987	6 453	21	747	0.6%	759	100.0%
Diest - Koning Albertstraat 12	1995	2 869	21	351	0.3%	352	100.0%
Diksmuide - Woumenweg 49	1979	2 207	21	211	0.2%	223	100.0%
Eeklo - Raamstraat 18	1993	3 155	15	340	0.3%	342	100.0%
Haacht - Remi van de Sandelaan 1	1985	2 170	18	236	0.2%	237	100.0%
Halle - Zuster Bernardastraat 32	1985	7 440	18	888	0.7%	893	100.0%
Harelbeke - Kortrijksestraat 2	1990/2006	1 973	9	204	0.2%	205	100.0%
Herentals - Belgiëlaan 29	1987	3 296	18	383	0.3%	387	100.0%
Ieper - Arsenaalstraat 4	1994	4 623	18	539	0.5%	541	100.0%
Izegem - Kasteelstraat 15	1981	2 910	9	270	0.2%	276	100.0%

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OFFICES (continued)							
Flanders (continued)							
Knokke-Heist - Majoor Vandammestraat 4	1979	2 696	21	301	0.3%	302	100.0%
Kortrijk - Bloemistenstraat 23	1995/2005	11 505	18	1 344	1.1%	1 342	100.0%
Kortrijk - Ijzerkaai 26	1992	1 813	9	185	0.2%	186	100.0%
Leuven - Vital Decosterstraat 42/44	1993	19 033	12/15	487	1.5%	1 846	100.0%
Lokeren - Grote Kaai 20	2005	1 938	21	235	0.2%	237	100.0%
Menen - Grote Markt 10	1988	3 273	9	336	0.3%	341	100.0%
Nieuwpoort - Juul Filliaertweg 41	1982	2 868	15	310	0.3%	321	100.0%
Ninove - Bevrijdingslaan 7	1981	2 683	9	277	0.2%	285	100.0%
Oudenaarde - Marlboroughlaan 4	1963	4 701	21	317	0.3%	318	100.0%
Roeselare - Rondekomstraat 30	1987/2003	6 795	21	634	0.5%	636	100.0%
Sint-Niklaas - Driekoningenstraat 4	1992	6 987	18	784	0.7%	788	100.0%
Sint-Truiden - Abdijstraat 6	1984	3 932	15	364	0.3%	365	100.0%
Tervuren - Leuvensesteenweg 17	1980	20 408	15	1 098	0.9%	1 098	100.0%
Tielt - Tramstraat 48	1982	4 180	15	417	0.3%	418	100.0%
Tienen - Goossensvest 3	1985	6 390	15	665	0.6%	668	100.0%
Tongeren - Verbindingstraat 26	2002	7 482	21	1 009	0.8%	1 013	100.0%
Torhout - Burg 28	1973	1 720	18	160	0.1%	160	100.0%
Torhout - Elisabethlaan 27	1985	1 284	9	136	0.1%	136	100.0%
Vilvoorde - Groenstraat 51	1995	5 992	21	760	0.6%	764	100.0%
		197 973		**16 563**	**17.0%**	**20 292**	**100.0%**
TOTAL BEFIMMO		**851 647**		**107 666**	**100.0%**	**119 487**	**97.3%**

(1) The percentage of the portfolio is calculated on the basis of current rents as of 30 September 2008.

Ce rapport annuel est également disponible en français.
Dit jaarverslag is ook verkrijgbaar in het Nederlands.

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Cover photo: The Meir 48 building in Antwerp.