



CREATING VALUE IN REAL ESTATE

**INTERIM STATEMENT BY THE MANAGING AGENT
FOR THE PERIOD
01.10.2009 TO 31.12.2009**

- **Cash flow per share in line with forecasts**
- **Unrealised change in fair value of the portfolio of -0.54%**
- **Lets in the Axento building in Luxembourg**

The Board of Directors of Befimmo SA, Managing Agent of the Befimmo Sicafi, met on 12 February 2010 to establish the consolidated quarterly financial statements of the Befimmo Sicafi at 31 December 2009.

1. REAL-ESTATE PORTFOLIO

1.1. Lets in the Axento building in Luxembourg

Befimmo signed a number of substantial leases over the first quarter of the fiscal year.

These include the letting to BGL BNP Paribas bank and to BNP Paribas Real Estate of a total floor area of 6,500 m² in the Axento building in Luxembourg. This lease came into effect on 1 February 2010. Moreover, the whole of the commercial ground floor (1,600 m²) has been let for some months now.

These significant lets demonstrate that, even in a difficult economic climate, an excellent location and high quality are of prime importance for a building. These successes are a reflection of Befimmo's rigorous investment process.

1.2. Our Science-Montoyer renovation project has won the “IBGE 2009 green buildings” competition

Already in 2007, Befimmo was a prize-winner in the “Exemplary buildings” competition organised by the Brussels Institute for Environmental Management (IBGE); our project for the Impératrice building won the most votes in the *Office Building Renovation* category.

The goal of this competition is to demonstrate that it is technically possible, in the Brussels Capital Region, to build and/or renovate buildings in an exemplary fashion in terms of energy and environmental performance.

We are once again prize-winners in this competition for 2009.

The IBGE felt that our renovation project for the Science-Montoyer building deserved the prize on account of the high energy performance that we achieved¹. In this way, our renovation programme anticipates developments in the environmental regulations without sacrificing the comfort and flexibility that can be expected of a modern building.

Accordingly Befimmo is clearly positioning itself as a player that cares about energy performance.

Like the Impératrice project before it, our Science-Montoyer project was also rated “Excellent” under the Breeam² sustainable development system in the *Design & pre-construction* category.

1.3. Implementing the general renovation programme in the Fedimmo portfolio

Under its contractual obligation to the Belgian Government, Fedimmo completed the agreed general programme of works within the planned deadlines, apart from the work on Tower 3 of the World Trade Center. The renovation of Tower 3 of the WTC was postponed at the request of the Belgian Government and is currently in progress. Over the past three years, this work has led to a gradual increase in the basic annual rent, of €3.3 million as at 1 January 2010.

1.4. Renovation work in the Central Gate building

We decided to continue with the renovation of the Central Gate building (approx. 33,000 m²): the work will involve not only the renovation of the roofs, facades, toilets and common areas, but also the replacement of the window and door frames, and the reorganisation of the internal routes.

The total amount of this investment is estimated at €19 million.

The renovated building will be aimed at tenants seeking a prime location (next to the Central Station) at attractive rents.

¹ The overall level of thermal insulation in the Science-Montoyer building is K32 instead of the average level of K45 for a standard renovation in line with the Brussels EPB [energy performance of buildings]. Its primary energy consumption level is E63, much lower than the standard of E90.

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

1.5. Change in values

The fair value³ of Befimmo's consolidated portfolio at 31 December 2009 was €1,920.9 million. As the fiscal year opened, at 1 October 2009, the value was €1,922.9 million.

The following table shows the values of Befimmo's consolidated portfolio, by geographical area.

[million euros]	Change over the quarter (excluding investments and disposals) ⁴	Proportion of portfolio (%) ⁵	31.12.08	30.09.09	31.12.09
Offices					
Brussels centre (CBD)	-0.39%	56.4%	1 079.2	1 082.7	1 082.8
Brussels, decentralised	-2.25%	7.1%	145.5	139.4	136.2
Brussels suburbs	-1.39%	8.5%	172.6	166.7	164.4
Flanders	-0.52%	18.8%	364.2	360.4	361.3
Wallonia	0.97%	4.9%	90.9	92.2	94.3
City of Luxembourg	0.42%	4.3%	-	81.5	81.9
TOTAL	-0.54%	100%	1 852.3	1 922.9	1 920.9

Change in floor area between 31 December 2008 and 30 September 2009: disposal of a Fedimmo building on a short lease [Frankrijklei]⁶ and acquisition of Axento⁷ in July 2009.

1.5.1. Unrealised negative change in fair value of the consolidated portfolio limited to 0.54%

Excluding investments and disinvestments, the unrealised negative change in fair value of the consolidated portfolio is -0.54% or €10.3 million.

This limited negative change illustrates the stabilising effect of buildings long-term let to public institutions, in the current context of pressure on the office rental market.

The weighted average duration of our leases at 31 December 2009 was 9.3 years, and has held steady since the fiscal year opened.

³ These values are established in application of standard IAS 40 which requires investment property 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. It corresponds to (i) 2.5% for property worth more than €2.5 million and (ii) 10% (Flanders) or 12.5% (Wallonia and Brussels) for property worth less than €2.5 million. The Befimmo portfolio comprises both investment property and property held for sale.

⁴ Change in fair value between 30 September and 31 December 2009.

⁵ The proportion of the portfolio is calculated on the basis of fair values at 31 December 2009.

⁶ For more information, see press release of 18 November 2009 (www.befimmo.be).

⁷ For more information, see press releases of 23 July and 18 November 2009 (www.befimmo.be).

1.5.2. Change in fair value of the portfolio by geographical segment

An analysis of the change in value of the portfolio by geographical sector also bears out our basic strategy of investing in buildings preferably in good city-centre locations.

Thus over the first quarter of the fiscal year, values of property located in the CBD held relatively steady (-0.39%). On the other hand, there was a drop in values of property located in decentralised areas (-2.25%) and in the suburbs (-1.39%). These values are in fact more sensitive to market cycles and rental vacancies are higher.

1.5.3. Overall rental yield

Looking at the consolidated portfolio, the overall yield on current rents was 6.59% at 31 December 2009, as against 6.48% at 30 September 2009. Adding the estimated rental value of vacant premises, the figure is 7.02% as against 6.92% for the same periods.

1.5.4. Occupancy rate

At 31 December 2009, the occupancy rate⁸ of the whole portfolio was steady at 93.9%, compared with 93.7% at 30 September 2009. This occupancy rate calculation takes account of all the property in the portfolio, including buildings that are not let due to renovation. Excluding the impact on this occupancy rate of the renovations in progress in our Impératrice and Froissart buildings, the rate would be 96.1% at 30 September and 96.3% at 31 December 2009.

2. NET ASSET VALUE AT 31 DECEMBER 2009

At 31 December 2009, the total Befimmo's net asset value⁹ – group share – was €982.3 million.

The book value – group share – is therefore €58.50 per share. This value is stable in relation to the value of €58.87 per share applicable as the fiscal year opened.

(€/share)

Book value at 30 September 2009	€58.87
Balance dividend 2009	-€1.04
Net result at 31 December 2009	€0.69
Book value at 31 December 2009	€58.50

At 31 December 2009, the Befimmo share closed at €61.80, thus being listed at a premium of 5.6% to book value.

⁸ Occupancy rate: current rent (including area let but for which the lease has yet to begin) / (current rent + estimated rental value for vacant premises).

⁹ Audit of the accounts: the half-yearly accounts (to 31 March) are subject to a limited review while the yearly accounts to 30 September are audited. The quarterly accounts (to 30 June and to 31 December) are not audited, however.

The Sicafi's debt ratio at 31 December 2009 was 45.7%.

The return on equity was 2.71%¹⁰. The year-on-year return on the share price attained 6.30%¹⁰ at 31 December 2009.

3. PERIODIC RESULTS

	Q1 2008/2009	Q1 2009/2010
	[1 Oct. 08 - 31 Dec. 08]	[1 Oct. 09 - 31 Dec. 09]
Net rental income ¹¹ (million euros)	28.2	30.9
Number of shares ¹²	13 058 969	16 790 103
Operating result before result on portfolio (€/share)	1.85	1.57
Net result (€/share) [group share]	-4.25	0.69
Net cash-flow ¹³ (€/share) [group share]	1.11	1.13

The **net rental result** is up 9.6% on the same quarter of last year. This increase is mainly due to the impact of the acquisition of Axento in June 2009 and the letting of the Extension Justice building early 2009.

The **net cash flow** earned over the first quarter of the fiscal year is in line with forecasts and well up on last year (+31,5%), mainly because of reduced financial charges.

Apart from the impacts mentioned above, the improved **net result** at 31 December 2009 in relation to the previous year originates:

- firstly, from an unrealised positive change in value (IAS 39) of the hedging instruments (€2.4 million) in relation to a negative change (-€18.9 million) for the same period last year;
- secondly, from an unrealised negative change in the value of the portfolio (IAS 40) that was much lower (-€10.3 million) than that recorded for the first quarter of last year (-€45.7 million).

¹⁰ This is the IRR [Internal Rate of Return], calculated over the 12 previous months, for a shareholder taking part in the capital increase of June 2009 and taking account of the interim dividend of €3.36 per share (gross) and the balance dividend of €1.04 per share (gross).

¹¹ Net rental result as presented in the IFRS income statement layout in 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 concerning real-estate Sicafs, Belgian Official Journal of 29 June 2006.

¹² The capital increased carried out in June 2009 increased the number of shares from 13,058,969 to 16,790,103. Befimmo does not hold any of its own shares.

¹³ The net cash flow is the net result before depreciation, write-downs and provisions.

4. FORECASTS

Unless other factors intervene, the Managing Agent confirms the previously published¹⁴ dividend forecast of €3.90 per share (gross) for the current fiscal year.

Befimmo is pursuing its core business of asset manager, developing a strategy as a pure-player specialist investor in quality office buildings located in the city centre. It is endeavouring to both create value in its current portfolio and take advantage of investment opportunities, provided that they create value for its shareholders.

5. FORTHCOMING PUBLICATIONS¹⁵

Tuesday 25 May 2010	Press release: publication of half-yearly results for 2009/2010
Monday 31 May 2010	Publication of the Half-yearly Financial Report for 2009/2010 on Befimmo's website (www.befimmo.be)

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¹⁴ See the chapter entitled "Forecasts" on pages 56 to 59 of the 2009 Annual Financial Report.

¹⁵ Publication after the close of the stock market.