



**Simplification of
corporate structure**

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Strategy update

31 October 2012

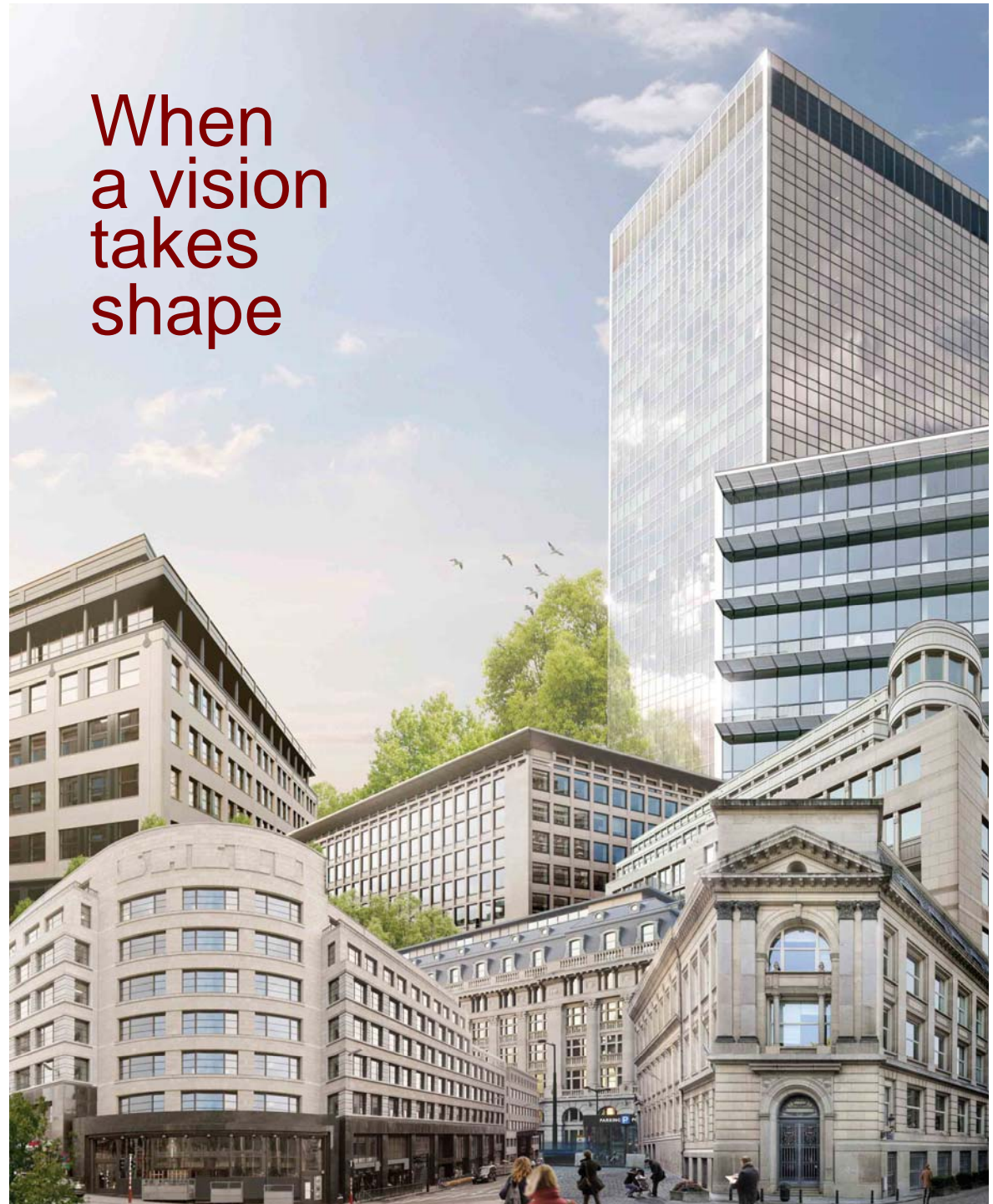
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When
a vision
takes
shape



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-  Befimmo has reached an agreement with AG Real Estate on:
- **Purchase by Befimmo SCA of the Statutory Manager**, Befimmo SA, from AG Real Estate for a consideration in cash of €21 million.
 - **Full internalisation of property management activities** for a consideration of €1.

This agreement is subject to the **approval** of the amendments to Befimmo SCA's Articles of Association, aimed at simplifying the corporate structure, **by an Extraordinary General Meeting of Shareholders** that shall be organised in December 2012.

-  Proposal to this Extraordinary General Meeting to transform the Limited Partnership by Shares into a Limited Liability Company.

Furthermore,

- Befimmo confirms its strategic profile with full focus on the Belgian and Luxembourg office markets.
- Befimmo's subsidiary Fedimmo will apply for Belgian REIT.

Simplification of corporate structure

Current structure

Shareholders	
AG Insurance & related companies	16.8%
Befimmo SCA & subsidiaries	3.5%
SFPI / FPIM	3.2%
Free float	76.5%



New structure

Shareholders	
AG Insurance & related companies	16.8%
Befimmo SA & subsidiaries	3.5%
SFPI / FPIM	3.2%
Free float	76.5%



Simplification of corporate structure



Purchase of the Statutory Manager, Befimmo SA

- For a consideration in cash of €21 million.
- Supported by commonly used valuation methods.
- Realistic price compared to some recent transactions.

The agreement is subject to the approval of the transformation and the amendments to Befimmo SCA's Articles of Association by an Extraordinary General Meeting of Shareholders to be held in December 2012.

Simplification of corporate structure



Full internalisation of property management activities

- Integration of the property management currently performed by AG Real Estate PM.
- For a consideration of €1 => neutral on Befimmo's net result, EPRA earnings and NAV.
- Take-over of the team and benefit from the combination of know-how.
- Befimmo = **sole daily direct contact** with its tenants.

The agreement is subject to the approval of the transformation and the amendments to Befimmo SCA's Articles of Association by an Extraordinary General Meeting of Shareholders to be held in December 2012.

Transformation of the corporate structure*

- Limited Partnership by Shares (SCA/Comm.VA) => Limited Liability Company (SA/NV).
- Direct appointment of the Board of Directors by the shareholders.
- Same legislation, same governance rules and same regulator (FSMA).
- Corporate Governance Charter: majority of the Board members shall not be linked to the shareholders.

Simplification of corporate structure



Impact on results

- ❏ Cancellation of the perpetual yearly management fee [2011: €1.6 million and 2010: €1.4 million].
- ❏ Impact on EPRA earnings:
 - Net positive impact of €0.07/share in 2012 fiscal year.
 - Net positive annual impact of €0.06/share for the following years.
- ❏ Impact on net result and NAV:
 - In 2012, a one-off net negative impact of €1.09/share.
- ❏ Impact on ratios:
 - LTV + 1%.
 - ICR, marginally improved.
- ❏ Financed by existing credit lines.

Rationale for the transaction

- Simplified structure, fully open & transparent:
 - Direct appointment of the Board of Directors.
 - Broadening potential shareholders base.
- Internalisation of property management: closer to its tenants.
- Future net income will be fully attributable to Befimmo shareholders.
- Future growth would have resulted in a higher management fee.
- Attractive financial conditions, beneficial to all Shareholders.

Shareholders calendar | Extraordinary General Meeting

- Friday 2 November 2012: invitation to the EGM
- Tuesday 4 December 2012: 1st EGM [10.00 AM]

But, should the attendance quorum not be reached at the first meeting (min. 50%), a second Extraordinary General Meeting of Shareholders, with the same agenda, will be held on:

- **Thursday 20 December 2012: EGM [10.00 AM]**

Assessment of a potential geographical diversification in France and in particular in the Parisian office markets

In the current macroeconomic environment, such a diversification would not meet Befimmo's risk/return targets and investment criteria.

Focus on the Belgian and Luxembourg office markets

- Pure play Investor | High-quality city centre office buildings.
- Well positioned in its core markets:
 - *High-quality portfolio with the ability to attract new tenants.*
 - *2/3 of public institutional tenants.*
 - *Long-term duration of its leases (\pm 10 years).*
- Optimisation | value creation through Befimmo's know-how:
 - *Continuous upgrading of its existing portfolio.*
 - *Attractive investment opportunities.*
 - *Disposals of non-strategic buildings.*
- LTV: around or below 50%.

Fedimmo SA applies for the REIT status

- Applying to obtain FSMA's agreement to transform to an institutional REIT
 - Enabling distribution of its full cash-flow (EPRA earnings) to Befimmo.
 - Avoiding future (exit) tax liabilities.

- Befimmo's entire consolidated Belgian portfolio will benefit from the tax transparent regime.

- Supporting Befimmo's dividend paying capacity.



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