



Befimmo

Annual Financial Report 2010/2011

# When a vision takes shape



# INTRODUCTION

## BENOÎT DE BLIECK, CEO

**In the present economic climate it has never been more important to stay dynamic: now is the time to develop our portfolio and keep it attractive, especially in terms of sustainable development.**

### **This year, you have decided to continue and even step-up your investments within your portfolio?**

Yes, the market is quiet and it seemed wise to stay proactive and anticipate the recovery of the real-estate market by focusing on our portfolio to maintain a high level of quality. Rather than submit to this crisis, we need to be more enterprising than ever to stay competitive. We believe that focusing on and taking care of our portfolio is the most constructive approach to the current climate.

Keeping our buildings up to market expectations notably means focusing on the environmental issues that are now central to the legitimate concerns of sector players, be they customers, tenants or vendors.

The theme of this Report has therefore emerged quite naturally: recent months have been devoted to major renovations – I am thinking of the Froissart and Science-Montoyer buildings.

Maintaining our buildings means keeping them attractive and earning income. This is still true in times of crisis.

### **Are you thinking of a specific example?**

Yes, let's look at the case of the Ocean House building in Zaventem. After the tenant moved out, we invested some €2 million. Half of the building is already re-let. Without major work, there would have been no chance of re-letting it.

### **Even today, you are still a Pure Player?**

Definitely! We believe that a clear and transparent approach creates value. This Pure-Player strategy, which Befimmo adopted almost five years ago, has become our “brand”: we want to offer investors the clarity and transparency they need to operate in the market.

It is precisely in these difficult times that, in my opinion, we need to keep a cool head and stick with this policy that has always been profitable.

### **One might think that the “Paradis” building project runs counter to this Pure-Player strategy. Has that project not taken you into property development?**

No, because the existing building and land have been part of our portfolio since 2006 – when we acquired Fedimmo – and once it has been constructed the new building will remain in our portfolio. It is to house the new offices of the staff of the Finance Federal Public Service, and is to be let for a fixed 25-year term, expiring in June 2038. So there is no occupancy risk.

Without changing direction, we took the opportunity to expand our skills: since 2006, Befimmo has developed expertise in the study of renovation projects. We now have an in-house team of about ten people that specialises in studying such projects and managing major building projects. Two members of the team are specialists in sustainable development.

Developing these skills in-house offers added value to our Pure-Player strategy. This is a great step forward for Befimmo.

In introducing this Report, I want to stress that Befimmo abides by the principles of sustainable development and aspires to be a pioneer in this area. As you can see, while equipping ourselves to remain attractive in this quieter period on the real-estate market, we are taking a long-term view...

**Annual Financial Report on the financial statements as at 31 December 2011 and the consolidated financial statements as at 31 December 2011 presented at the General Meeting of shareholders on 25 April 2012.**

**Following the approval of the change in the Befimmo fiscal year by the General Meeting of shareholders held on 22 June 2011, the latest fiscal period opened on 1 October 2010 and closed on 31 December 2011. Thus, exceptionally, it lasted 15 months.**

**To improve the comparability of the financial information, Befimmo is also publishing the financial data restated for 12-month periods, from 1 January 2010 to 31 December 2010 and 1 January 2011 to 31 December 2011. The data presented on the restated periods in the chapter “Financial report” were audited by the Statutory Auditor.**

**This Annual Financial Report has been prepared in accordance with the Royal Decree of 7 December 2010.**

**Any reference to the portfolio, assets, figures or activities of Befimmo should be understood on a consolidated basis, to include those of its subsidiaries, except where clear from the context or expressly stated otherwise.**

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# CONSOLIDATED RESULTS & KEY FIGURES 2011

## Summary of consolidated profit and loss account (€ thousand)

	31.12.2011 (15 months)	31.12.2011 (12 months) <i>restated periods</i>	31.12.2010	30.09.2010 (12 months)
<b>NET CURRENT RESULT</b>				
Net rental result	155 752	124 629	123 691	123 452
Net property charges	-8 988	-7 638	-7 435	-7 753
<b>Property operating result</b>	<b>146 764</b>	<b>116 992</b>	<b>116 256</b>	<b>115 699</b>
Corporate overheads	-17 695	-14 218	-12 700	-12 512
Other operating income & charges	-72	-191	8 678	8 970
<b>Operating result before result on portfolio</b>	<b>128 997</b>	<b>102 583</b>	<b>112 235</b>	<b>112 157</b>
Gains or losses on disposals of investment properties (±)	14 769	14 623	361	215
<b>Net property result</b>	<b>143 766</b>	<b>117 206</b>	<b>112 595</b>	<b>112 372</b>
Financial result (excl. changes in fair value of financial assets and liabilities)	-34 495	-28 824	-22 508	-22 792
Corporate taxes	-818	-668	-651	-651
<b>Net current result</b>	<b>108 453</b>	<b>87 715</b>	<b>89 436</b>	<b>88 928</b>
Changes in fair value of investment properties	-26 403	-18 984	-31 628	-34 557
Changes in fair value of financial assets and liabilities	5 038	-2 523	1 350	-3 774
<b>Changes in fair value of investment properties &amp; of the financial assets and liabilities</b>	<b>-21 365</b>	<b>-21 507</b>	<b>-30 277</b>	<b>-38 331</b>
<b>NET RESULT</b>	<b>87 088</b>	<b>66 208</b>	<b>59 159</b>	<b>50 598</b>
<b>NET RESULT (group share)</b>	<b>81 856</b>	<b>61 992</b>	<b>55 019</b>	<b>46 659</b>
<b>NET RESULT - NON-CONTROLLING INTERESTS</b>	<b>5 232</b>	<b>4 216</b>	<b>4 140</b>	<b>3 938</b>
<b>EPRA EARNINGS (group share)</b>	<b>90 023</b>	<b>70 287</b>	<b>85 034</b>	<b>84 746</b>
<b>NET RESULT (€/share) (group share)</b>	<b>4.87</b>	<b>3.69</b>	<b>3.28</b>	<b>2.78</b>
<b>NET CURRENT RESULT (€/share) (group share)</b>	<b>6.22</b>	<b>5.03</b>	<b>5.09</b>	<b>5.06</b>
<b>EPRA EARNINGS (€/share) (group share)</b>	<b>5.35</b>	<b>4.18</b>	<b>5.06</b>	<b>5.05</b>





## Key figures

	31.12.2011 (15 months)	31.12.2011 (12 months) <i>restated period</i>	30.09.2010 (12 months)
Total surface of investment properties (in m <sup>2</sup> )	851 441	851 441	830 164
Fair value of the portfolio (€ million)	1 971.3	1 971.3	1 922.6
Occupancy rate <sup>(1)</sup> (in %)	94.3	94.3	95.5
Shareholders' equity <sup>(2)</sup> (€ million)	1 002.6	1 002.6	1 017.4
Debt ratio <sup>(3)</sup> (in %)	45.8	45.8	44.1
Loan-to-value <sup>(4)</sup> (in %)	44.2	44.2	40.9
Investment capacity after dividend (€ million)	1 062.5	1 062.5	999.2

## Key figures per share <sup>(2)</sup>

Net asset value (in €)	57.17	57.17	60.60
Closing share price (in €)	50.28	50.28	62.00
Net result (in €)	4.87	3.69	2.78
Return on shareholders' equity <sup>(5)</sup> (in %) (on the considered period)	7.10	6.85	4.78
Gross dividend (in €)	4.93 <sup>(6)</sup>	-	3.90
Return on share price (in %) (on the considered period)	-4.97	-11.16	1.71
Gross yield <sup>(7)</sup> (in %)	7.84	-	6.29

## EPRA Key Performance Measures <sup>(8)</sup>

EPRA earnings (in € per share)	5.35	4.18	5.05
EPRA NAV (in € per share)	57.37	57.37	61.68
EPRA NNNAV (in € per share)	57.03	57.03	60.26
EPRA NET INITIAL YIELD (in %)	6.06	6.06	6.22
EPRA 'topped-up' NET INITIAL YIELD (in %)	6.26	6.26	-
EPRA vacancy rate (in %)	6.13	6.13	4.72

(1) The occupancy rate is calculated based on all properties available for lease, i.e. based on the investment properties excluding properties that are being constructed or developed for own account in order to be leased.

(2) The financial data are presented as "group share".

(3) Debt ratio is calculated in accordance with the Royal Decree of 7 December 2010.

(4) Loan-to-value: [(financial debts – cash) / fair value of portfolio].

(5) The return on an annual basis is the internal rate of return (IRR).

(6) Following the adoption of the law of 28 December 2011 (published in the Belgian Official Gazette of 30 December 2011), the rate of withholding tax for a Sicafi is 21% rather than 15% for dividends allocated or paid out from 1 January 2012. Natural persons earning over €20,020 a year in capital income are also subject to a surcharge of 4% on the portion of capital income that exceeds €20,020. Befimmo will not bear this additional contribution in any circumstances.

(7) Gross yield is equal to the gross dividend divided by the share price as at the closing of the fiscal year.

(8) The details on EPRA figures can be found in the chapter "EPRA Best Practices Recommendations with respect to Performance indicators" of this Report. For more information, please consult the EPRA website (European Public Real Estate Association): [www.epra.com](http://www.epra.com).

# LETTER TO THE SHAREHOLDERS

Dear Shareholders,

The 2010/2011 fiscal period turned out better than expected.

Over the first six months of a fiscal period which exceptionally consisted of fifteen months, we completed the planned sales, generating gains of €14.8 million, or €0.84 per share.

In the desire to re-use these available resources, we acquired by mutual agreement, the company that owns the Pavilion building, in the heart of the European quarter in Brussels, which the European Commission has in usufruct for fifteen years.

However, since the summer of 2011 concerns have focused on the sovereign debt crisis.

As a result, firms occupying a good third of our buildings have clearly gone on standby while awaiting a political solution to the problems of the eurozone and the resulting crisis. Against this background of uncertainty, they are being increasingly strict about managing their costs. This has brought about a slowdown in the property market, which is particularly marked in Brussels where the supply of offices to let, though slightly down, has never been so high.

Despite this gloomy atmosphere, our commercial teams have managed to sign leases for 70,000 m<sup>2</sup> of space, which is double the average of the past three years. New occupants account for a third of the new lets. This good performance is obviously related to the quality of our buildings.

Over the coming years, Befimmo expects, at a constant floor area, to maintain a steady rental income, two thirds of which comes from public institutions under leases with an average duration of more than 9 years.

At the same time, the cost of our financing, our main cost item, will increase. This situation, rather paradoxical in an environment of historically low interest rates, is the consequence, firstly, of the new demands of the financial markets in terms of risk premium and, secondly, of the banks' gradual application of the "Basel III" criteria.

While Befimmo is well protected, it will not be able to stay entirely immune to this situation.

In these circumstances, we are aiming for a dividend of €3.45 per share for the coming fiscal year 2012. Based on current share prices, such a dividend would offer a gross return of around 7%.

Returning to the highlights of the year, we are pleased to have obtained the permit to build the new Finance centre in Liege, where work has just begun. This is the outcome of a tremendous team effort which is testimony to the property-development skills that we have built up over time in and which could be exploited in the future.



We would also underline our outstanding access to the capital markets, demonstrated by the two bond issues successfully completed in 2011 for a total amount of €272 million.

Finally, we have pursued, and will continue to pursue, our major programme of investments to improve the energy efficiency of our buildings, designed to achieve the specific and measurable targets that we have set ourselves.

You can read more about these objectives in the major chapter on corporate social responsibility in this Annual Financial Report, just as in last year's Report.

Our result for this fifteen-month fiscal period amounts to €4.87 per share as against €2.78 per share for the twelve-month fiscal year as at 30 September 2010. The cash flow (EPRA earnings) of €5.35 per share is also better than forecast (€5.11 per share).

Accordingly, as announced, at the General Meeting of shareholders on 25 April 2012 we will be in a position to propose the distribution of a final dividend of €0.99 gross per share, in addition to the interim dividend of €3.94 gross per share distributed in December 2011.

During the fiscal period, the directorships of the Managing Agent of Mr Marc Blanpain, Mr Gustaaf Buelens and Mr Luc Vandewalle came to an end and we would like to thank them for their overall contribution to the work of the Board of Directors. We welcome two new Directors to the Board, Mr Hugues Delpire and Mr Etienne Dewulf<sup>(1)</sup>.

Rest assured, dear shareholders, that we are making every effort to keep Befimmo in profitable growth.

Thank you again for your renewed confidence, which this year has taken an even more material form through the success of the dividend in shares.

Brussels, 1 March 2012.

For Befimmo SCA  
The Managing Agent, Befimmo SA

Benoît De Blieck  
Managing Director  
Permanent Representative

Alain Devos  
Chairman of  
the Board of Directors

(1) Permanent representative of  
SPRL Etienne Dewulf.

# BEFIMMO IDENTITY AND STRATEGY

Befimmo is concentrating on its core business of Asset Manager, a Pure Player investor in office buildings, mainly in city centres, in Brussels, in Belgium

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 Decree of 7 December 2010 relating to the fixed-capital real estate investment companies.

Founded 16 years ago, Befimmo is a Sicafi specialising in investing in office buildings located mainly in city centres, notably in Brussels. Its portfolio, valued at about €2 billion, currently consists of around a hundred office buildings, with a total area of more than 850,000 m<sup>2</sup>, a large part of which is leased long-term to Belgian and European governmental institutions.

Listed on Euronext Brussels and a member of the BEL 20 index, Befimmo has a market capitalisation currently superior to €900 million.

Befimmo pursues an informed strategy of optimising its results over the long term and is keen to take up the challenges of sustainable development in its strategic thinking, and models its day-to-day activities on the principles of corporate social responsibility.

Befimmo focuses its business approach particularly on:

- **pursuing a clear and transparent strategy** as a Pure Player<sup>(1)</sup> in office buildings;
- **its customers**, the occupants of its buildings, without whose rental payments nothing would be possible. Befimmo seeks to secure its income over the long term and strives to maintain the highest possible occupancy rate for its portfolio, building over time a relationship of trust with its rental customers;
- **the quality of its new investments** to ensure lasting growth in earnings, cash flow and net asset value, by incorporating not only real-estate and financial aspects but also the environmental dimension into decisions;
- **judicious disinvestments** in line with a policy of anticipating cycles, arbitrating its portfolio, or simply taking opportunities;
- **controlling costs**, both real-estate expenses and corporate overheads, so enabling Befimmo to rank among the best performing listed European groups;
- **balancing its borrowing structure** to ensure its liquidity while limiting its financing costs and protecting its earnings and cash flow for periods of five to ten years against rises in interest rates above certain thresholds;
- **the development and motivation of its team of 40 staff members**, as at 31 December 2011.

(1) Pure Player: an investor that focuses on and is specialised in a single geographical or sectoral business segment.



As far as possible, Befimmo aims to offer its shareholders a stable dividend of a yield level that is balanced in relation to the Company's risk profile. Building on its experience, Befimmo will continue to work with the same philosophy of creating long-term value for its investors.

- Befimmo is concentrating on its core business of Asset Manager, a Pure Player investor in office buildings, mainly in city centres, in Brussels, in Belgium. As a specialist, Befimmo has no plans to diversify significantly into other areas of business that would expose it to risk/return profiles other than those of the professional investor in office property. While still giving priority to the Belgian market, Befimmo may get involved in new investment prospects abroad, as it already has in Luxembourg, in other eurozone countries with strong growth prospects whose legislation guarantees the fiscal transparency specific to Sicafi, and especially in cities offering sufficient liquidity and market depth. For the time being, Befimmo considers that only the French and Luxemburg markets satisfy these criteria.
- Additionally, Befimmo may take a limited interest in market opportunities deviating from this strategy that involve a higher risk profile as long as they can be shown to be relevant, in particular opportunities for acquiring development projects for own account and for acquisitions with a more financial profile, focused on long-term income from reliable debtors.

Finally, Befimmo continues its activity of sustainable development by working towards reducing the environmental impact of the activities it controls directly. To that end, Befimmo has set up an Environmental Management System ("EMS"), which is ISO 14001 certified (October 2010). The impacts of the Company's activities are assessed from a strategic viewpoint (acquisition, major renovation, etc.) and an operational viewpoint (building maintenance, use, etc.). Befimmo considers that, its own merits aside, the EMS, complemented by other tools used for Befimmo properties, such as the energy performance certificate or BREEAM certification<sup>(2)</sup>, is likely to contribute to optimising added value. This year, next to the qualitative indicators, Befimmo has also set up specific and measurable quantitative performance objectives, like the reduction of gas and electricity consumption for 2014. This will reduce the impact of its real estate portfolio on the environment.

(2) BREEAM (BRE Environmental Assessment Method) is the first environmental assessment method for buildings. It establishes a standard for best practices on sustainable design and has become the benchmark the most widely used for describing a building's environmental performance. For more information, see the website at: [www.breeam.org](http://www.breeam.org).



The Central Gate building, located in the city centre in Brussels, is undergoing renovation. The work began in January 2011 and should last 18 months. The renovation consists primarily of the refurbishment of the facades and roofing, rearrangement of the car parks, patios and internal routes, and a general facelift of the building's common areas.

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# KEY EVENTS OF THE FISCAL PERIOD

## Evolution of the real-estate portfolio

### INVESTMENTS AND DISINVESTMENTS

The significant transactions by Befimmo in the 2010/2011 fiscal period are the completion of the disposals of the Empress Court building in Brussels and the Kattendijkdok building in Antwerp, and the acquisition of Ringcenter SA, the company that owns the Pavilion complex, a complex of buildings fully in keeping with Befimmo's strategy of an investor specialising in office buildings in good locations and offering steady long-term revenue.

#### ACQUISITION OF RINGCENTER SA, OWNER OF THE PAVILION COMPLEX (19,700 m<sup>2</sup>)

During the first quarter of 2011, Befimmo and two of its subsidiaries reached agreement with the German fund SEB Investment GmbH for the purchase of the shares in Ringcenter SA, owner of the Pavilion complex, located in the European quarter of Brussels.

The European Commission has the whole complex in usufruct, for a residual duration of nearly 14 years.

This operation is in line with Befimmo's investment strategy and enhances the stability of its income.

#### DISPOSAL OF EMPRESS COURT<sup>(1)</sup> (15,500 m<sup>2</sup>)

In July 2010, Befimmo signed an agreement to sell the Empress Court building in Brussels when completed to the Vivaqua company, for the net price of €51 million (excluding fees and VAT).

Once the renovation was complete, the building was handed over, as initially planned, in March 2011. The sale of the building generated a result of €12.1 million, or €0.72 per share, in the financial statements for the 2010/2011 fiscal period.

#### DISPOSAL OF KATTENDIJKDOK<sup>(1)</sup> (12,000 m<sup>2</sup>)

In September 2010 Fedimmo signed an agreement to sell the Kattendijkdok building in Antwerp for €7.8 million excluding fees.

The transfer of ownership took place in the first quarter of 2011. The operation generated a result (group share) of €2.3 million, or €0.12 per share in the financial statements for the 2010/2011 fiscal period.

The operation is in line with Fedimmo's strategy, focusing on the office property sector, of disposing of buildings for which the lease is approaching expiry and which seem to lend themselves to redevelopment for a new use (residential, logistics, etc.).



**Pavilion**  
Brussels Leopold district

(1) The property was sold for more than its appraisal value.



## New leases and lease renewals for over 70,000 m<sup>2</sup>

### OTHER DISPOSALS

Befimmo is also analysing its property portfolio, mainly the buildings located in the decentralised or peripheral areas of Brussels which are no longer in line with its strategic policy.

By way of example, Befimmo has completed the disposal of floors of offices in a jointly owned building at Chaussée de la Hulpe, 177 in Brussels.

### LEASES

In the context of a continuing challenging economic climate, Befimmo is pursuing its objective of securing the loyalty of its rental customers by continuing to focus on satisfying their needs.

Indeed, in the 2010/2011 fiscal period it succeeded in renewing a large number of substantial contracts with existing tenants. Befimmo intends to protect its incomes on the middle- and long-term. For example, for the 2012 fiscal year, 98.9% of the budgeted rental income are already contractually assured. The proportion amounts to 91.9% for 2013 and to 87.3% for 2014. These percentages are close to the projections made in previous fiscal years.

As at 31 December 2011, the rental vacancy rate for the Brussels office market<sup>(2)</sup> was 11.5%, just below the rate recorded at the beginning of the year. Nevertheless, there are still substantial differences between the various district. Vacant space in the Central Business District ("CBD") is 7.5% in the Léopold district and 8.8% in the North area. The actual city centre (within the Pentagon) has a lower vacancy rate: a mere 4.8% of available property.

Over the 2010/2011 fiscal period, Befimmo signed leases for space in excess of 70,000 m<sup>2</sup>: 58,000 m<sup>2</sup> of offices and 12,000 m<sup>2</sup> of retail, storage or multi-purpose space. Of the leases agreed over the fiscal period, new customers account for 33.7% of rents (27 transactions), the balance being renewals of existing leases (33 transactions).

In its portfolio, situated in the **Brussels CBD**, Befimmo concluded transactions for a total space of approximately 34,000 m<sup>2</sup> during the past fiscal period.

Among the largest transactions was the signature in June 2011 of a long-term lease – subject to a suspensory condition – with the Linklaters law firm, to re-let the building at Rue Brederode No 13 (13,400 m<sup>2</sup>) which it has now occupied for nearly 30 years. The new lease, with a fixed term of 15 years, will begin as soon as the major renovation work is complete, due around mid-2014. This renovation project is described below in more detail.

Furthermore, some tenants have renewed their leases for several years. Notable examples are Alpha Credit and Agallis at Central Gate, Unico Banking Group and the European Association of Cooperative Banks in the View Building.

Furthermore, Befimmo welcomed several new tenants in the CBD. In particular, it signed a long-term lease (10.5 years) with the company Federal Express for nearly 4,000 m<sup>2</sup> of space in Central Gate. New tenants also include companies such as Health City, K&L Gates, the Center for Networking Alliance, Rolls Royce International and Intel Corporation.

(2) Source of the market figures: CBRE – 31 December 2011 ([www.cbre.com](http://www.cbre.com)).

## KEY EVENTS OF THE FISCAL PERIOD

As at 31 December 2011, the occupancy rate of Befimmo's buildings in the Brussels CBD amounts to 4.3% and remains lower than the market average (7.4%).

In its **decentralised** portfolio, over the fiscal period, Befimmo carried out transactions covering a total space of some 10,000 m<sup>2</sup>, the main one being the renewal of leases of Shell Belgium, Entreprises Louis de Waele and Auxipress. These have enabled Befimmo to sustain a vacancy rate below the market average (15.3%) as at 31 December 2011, the availability was no higher than 14.8%.

In the decentralised portfolio, and in the **Brussels periphery**. In the Brussels periphery, the situation remains difficult. Befimmo's vacancy rate is 18.3%, against a market rate of 23.3%. Many tenants have nevertheless confirmed their confidence in Befimmo by renewing and extending leases covering a total area of around 14,000 m<sup>2</sup>. They include Stryker, Avnet Europe, Straumann, Fortis Banque and Toyota Boshoku, Safilo Benelux, Signode, Toyoda Gosei Europe, Tokai Rika Belgium Carestream Health Belgium and ND Ultimate. Befimmo was pleased to welcome new tenants to its periphery portfolio, covering a total space of 10,000 m<sup>2</sup>. These are among others Total Belgium, Yokogawa, Pfizer Europe Service Center, Sorin Group Belgium, Integra LS, Ivalis Belgium, Softline, Sinsys, Unamic/HCN, Northwind, Habasit Belgium, Telima Belgique and Axialyze. We also note the recent transactions with the company Teleroute, subsidiary of Wolters Kluwer, which will occupy a part the building Ocean House after its renovation.





Paradis project  
Liège

More floors were let in the Axento building, at Kirchberg in **Luxembourg**, to tenants such as Fidupar, TE Holding and Apollo Management Investment Luxembourg, demonstrating once again that takers can be found for high quality buildings in good locations even in very challenging market circumstances. At the end of the fiscal period, only half a floor was still available to let.

Befimmo owes this result, which is decent in a context of economic crisis, and well up on the previous three years, to the quality of its portfolio and the proactive approach of its commercial team.

## PROJECT TO BUILD THE NEW FINANCE CENTRE AT RUE PARADIS IN LIÈGE (39,000 m<sup>2</sup>)

We would recall that, in early 2009 the Buildings Agency signed a lease with Fedimmo, a 90% subsidiary of Befimmo, for a building to be erected at Rue Paradis in Liège under a public promotion contract. This building is to house the new offices of the Finance Federal Public Service, and is let for a fixed 25-year term, expiring in June 2038.

Under that contract, Fedimmo applied for a “single permit” based on the building certificate it obtained mid-2008. The permit was issued by the technical official and delegate of the Walloon Region on 30 September 2011.

An appeal lodged against a decision of the Walloon Minister of Public Works on the opening and modification of roads as set out in the amended plans of the single permit application, is under investigation by the Council of State.

In early November 2011, appeals against the permit were lodged with the Walloon Minister for Town and Country Planning. The Minister has ruled on these appeals and, by Ministerial Order on 10 February 2012, issued the requested permit.

Fedimmo has begun erecting the building in early March 2012, with handover expected in June 2014. The total cost of the project is estimated at around €95 million.

Since Liège is a candidate city for the 2017 international exposition, Fedimmo now also intends to conduct studies on the urban development of the rest of the land it owns.

# KEY EVENTS OF THE FISCAL PERIOD

The building Science-Montoyer is the first building in Europe to receive the BREEAM Post Construction “Excellent” certification

## REFURBISHMENT AND RENOVATION WORK

Befimmo takes care to keep its property in a good state of repair and improve it; over the fiscal year it carried out repair and renovation work costing a total of €4.4 million, notably in the Tervuren, Ikaros Business Park, Fountain Plaza, Oudenaarde and Planet 2 buildings. This work was booked to the accounts for the fiscal period.

Befimmo is also continuing with a major investment programme, spending an overall total of €40.1 million on renovation and construction work on its property portfolio over the fiscal period.

### FROISSART (3,200 m<sup>2</sup>)

Fedimmo completed renovation work on the building in late October 2010 at a total cost of €5.8 million. With an ideal location right next to the Rond-point Schuman in Brussels, in the heart of the European quarter, the building is available to let. As at 31 December 2011, its occupancy rate was 35%.

Over the first half of the fiscal period, at the “Ecobuild” exhibition that took place in London in March 2011, Fedimmo won the “2011 BREEAM<sup>(1)</sup> Award category Europe Offices”, for the scheme to renovate this building. This internationally renowned exhibition is the leading event on sustainable design and construction. In practice, this means that the Froissart project obtained the highest score of all the schemes in Europe to receive BREEAM certification. Apart from the building’s high energy performance, the project also includes features such as the provision of public-transport information for the building’s users and facilities for cyclists. This award is a clear

demonstration of outside recognition of the sustainable performance of this project.

### SCIENCE-MONTOYER (5,400 m<sup>2</sup>)

Fedimmo also completed a full renovation of the building, with a reorganisation of the vertical and horizontal routes to optimise the existing space. The budget for the work was €9.7 million. The building, which enjoys an excellent location in the European quarter of Brussels, was handed over in October 2011 and is currently under offer.

The project was a prize-winner in the “IBGE 2009 – Green Buildings” competition and is the first building in Europe to receive the BREEAM Post Construction “Excellent” certification.

### CENTRAL GATE (32,500 m<sup>2</sup>)

Befimmo is continuing with its programme to renovate the Central Gate building in Brussels. The programme covers the refurbishment of the facades and roofing, rearrangement of the car parks, patios and internal routes, and a general facelift of the building’s common areas.

The planned investments, in this occupied building, amount to a total of €24.3 million. The work began in January 2011 and should last 18 months.

(1) BREEAM (BRE Environmental Assessment Method) is the first environmental assessment method for buildings. It is a benchmark for best practice in sustainable design. It has become the most widely used benchmark of a building’s environmental performance. For more information, see the website: [www.breeam.org](http://www.breeam.org).





**Ikaros phase 2**  
Brussels periphery



**Science-Montoyer**  
Brussels Leopold district

### **TOWER 3 OF THE WORLD TRADE CENTER (75,800 m<sup>2</sup>)**

The first two phases of the renovation work in Tower 3 in the WTC in Brussels are finished, while the third and final phase is in progress and should be completed by the end of 2012. The total budget for the renovation work in this tower is €22.2 million.

### **ENERGY INVESTMENTS**

Under its multi-annual investment programme to improve the energy performance of its operational buildings (Befimmo's portfolio excluding Fedimmo), Befimmo invested a total of €3.9 million over the fiscal period.

This topic is covered by a separate chapter of this Report, page 103.

### **OTHER INVESTMENTS**

Befimmo carried out other work during the fiscal period, including the renovation of the façades and an entrance hall in the Fountain Plaza complex, an upgrade of the air conditioning in five buildings in the Ikaros parc, the replacement of the dome in the Meir building, the renovation of the entrance hall of the Guimard building, and the renovation of the entrance hall and common parts of the Dubrucq building.

### **BREDERODE 1 (13,400 m<sup>2</sup>)**

This prestigious building, ideally located in the city centre, is to be fully renovated at a total cost of some €25.23 million. The work programme will begin as soon as the urban development permit has been obtained, during the second half of 2012, and is expected to last around fifteen months. As soon as the major renovation is completed, scheduled for mid-2014, the Linklaters law firm will let the building at Rue Brederode No 13 for a fixed 15-year term. The buildings at Rue Brederode No 9 and Rue de Namur No 48, currently let to Linklaters, will be vacated as soon as the new building is handed over and will then once again be available to let.

### **COMPLEXE IKAROS PHASE 2**

Befimmo has begun major renovation work in phase 2 of the Ikaros complex. The total cost of this work should be €4.80 million.

The goal is to obtain BREEAM "Very Good" certification after renovation.

# KEY EVENTS OF THE FISCAL PERIOD

SUMMARY TABLE OF WORK PLANNED OVER THE NEXT 3 YEARS (as at 31.12)

	Realised	Forecasts		
(€ million)	2011	2012	2013	2014
	(15 months)	(12 months)		
Brederode 1	0.9	1.5	15.3	8.1
Central Gate	9.3	14.3	-	-
Empress Court	4.8	-	-	-
Froissart	0.1	0.1	-	-
New Finance centre (Tower Paradis)	2.4	22.5	50.6	15.3
Science-Montoyer	7.2	-	-	-
WTC Tower 3	4.4	4.8	-	-
Others	7.0	11.9	10.3	12.4
<b>Energy investments</b>	<b>3.9</b>	<b>3.6</b>	<b>3.4</b>	<b>3.3</b>
<b>TOTAL</b>	<b>40.1</b>	<b>58.8</b>	<b>79.6</b>	<b>39.0</b>

EVOLUTION IN ENVIRONMENTAL PERFORMANCE LINKED TO MAJOR RENOVATIONS (as at 31.12.2011)

	Standart renovation Brussels (EPB) <sup>(1)</sup>	Empress Court	Froissart	Science-Montoyer	New Finance centre (Tower Paradis)
K-level <sup>(2)</sup>	45	37	25	29	37
E-level <sup>(3)</sup>	75	<79	<70	59	60
CO <sub>2</sub> emissions (Kg/m <sup>2</sup> )	65	34	27	21.5	11
<b>Dedicated cost</b>	<b>-</b>	<b>8.1%</b>	<b>8.1%</b>	<b>8.6%</b>	<b>8.1%</b>
BREEAM Certification Design	-	"Excellent"	"Excellent"	"Excellent"	"Excellent"
BREEAM Certification Post Construction	-	-	"Very Good"	"Excellent"	-

(1) For applied permit requests. PEB= Energy Performance of Buildings.

(2) Level K= a building's overall thermal insulation level.

(3) Level E= a building's primary energy consumption level.

## Befimmo achieved its goal of debt refinancing for a total of €416 million

### Strengthening the financial structure and interest-rate hedging

When establishing its overall refinancing programme in late 2010, Befimmo decided to pay particular attention to diversifying its sources of financing. Now, as a result of this decision, alongside the financing provided by the banks, Befimmo also obtains significant financing directly on the financial markets, from private individuals and from institutional investors.

In 2011, Befimmo achieved its goal of debt refinancing for a total of €416 million by means of the following operations:

- during April 2011, Befimmo had recourse to the private investor market by issuing bonds for an amount of €162 million maturing in April 2017;
- in October 2011, the Company arranged two bank loans, namely a fixed-rate loan for an amount of €44 million amortized on a weighted duration of about 7 years and a bilateral credit line for €100 million maturing in March 2017;
- in December 2011, Befimmo issued bonds for an amount of €110 million maturing in December 2015.

This financing contributes to the covering of syndicated loans maturing in March 2012 (€130 million) and March 2013 (€220 million), or a total of €350 million.

In addition, 60.1% of the optional interim dividend in shares – offered to Befimmo shareholders in December 2011 – was distributed in new shares, which increased the Company's equity by €35.1 million.

These operations increased the weighted average duration of borrowings to 4.51 years as at 31 December 2011. The average cost of financing (including margin and costs) was 3.45% over the 15 months of the past fiscal period and 3.55% over the 12 last months of this fiscal period, compared with 2.97% for the 2009/2010 fiscal year.

In recent months, Befimmo has also added to its portfolio of interest-rate hedging instruments and lengthened their duration. The package of instruments currently in place give the Company a hedging ratio of 83.52%<sup>(4)</sup> as at 31 December 2011. This hedging ratio is over 80% until the fourth quarter of 2013, over 70% until the fourth quarter of 2014 and over 40% until the third quarter of 2016.

(4) Hedge ratio: (fixed-rate borrowings + notional rate of IRS and CAPS)/total borrowings.

# BRUSSELS PROPERTY MARKET<sup>(1)</sup>

The take-up of Brussels offices proved more challenging in 2011 than in previous years. Economic and financial instability forced firms to shelve their strategic location decisions as they continue to invest little and restructure to cut costs. Many of the transactions are renegotiations, with companies taking advantage of a break in or expiry of the lease to start negotiations with the owners, offering a longer commitment in return for more favourable rental conditions.

Rental vacancies are decreasing marginally but remain high. The reconversion of former offices, notably into housing, began some time ago and is on the rise. It is slowly contributing to absorb the structural surplus. Moreover, few new speculative projects are due to come onto the market in 2012 and 2013 and therefore should not contribute to raise the vacancy rate, which stands at 11.5%.

In the investment market for office buildings, the volume of investment in 2011 was around €528 million, in line with the figure for 2010 but below those achieved during 2005 to 2008, of between €1.3 billion and

€2 billion a year. Prime buildings on long-term leases, with a secure future income, are still the most highly prized in this market context.

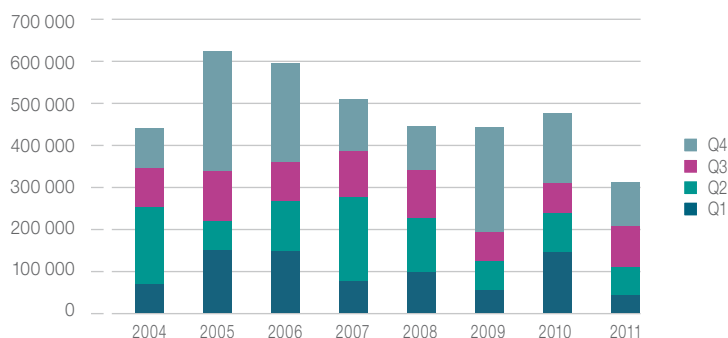
## Brussels rental market

### DEMAND

While demand for office space during 2011 was weakened by economic instability and totalled only 320,000 m<sup>2</sup> (down 35% from 2010), it represents the lowest demand of the last ten years. The first half of 2011 was particularly slow, with demand barely achieving 100,000 m<sup>2</sup>. The second half of 2011 was significantly better with demand at slightly more than 200,000 m<sup>2</sup>.

The Leopold district still attracts the most demand for office space, representing 30% of total demand for the year. It relates, among others, to the lease of the Capital building to the European Commission, which signed up for 21 years (46,000 m<sup>2</sup>), and the lease of over 5,000 m<sup>2</sup> of the

HISTORY OF DEMAND FOR OFFICES PER QUARTER (in m<sup>2</sup>)



(1) Source: CBRE – 31 December 2011  
([www.cbre.com](http://www.cbre.com)).



Orion Center to Brussels Formation and the Cortenbergh building let to the Finnish Embassy (4,600 m<sup>2</sup>).

Almost 37% of total demand comes from the public sector, while the remaining 63% comes from the private sector, including, among others, 15% from industry, 11% from the financial sector and 11% from services. These are mostly small transactions, except for the rental of approximately 4,000 m<sup>2</sup> in the Central Gate building (owned by Befimmo) to the company Fedex, another 4,000 m<sup>2</sup> in the Winterthur building to Euler Hermès and nearly 4,600 m<sup>2</sup> in the Leopold Square building to the company Air Liquide.

Demand from the private sector is characterized by a large number of ongoing renegotiations in Brussels, which are expected to be just as numerous during 2012. Indeed, a significant percentage of private-sector demand comes from occupants whose lease is coming up to expiry or a break; in return for a longer commitment they are seeking favourable rental conditions or to take the opportunity to move into more recent, higher-quality and

more modern offices, if they are not in good buildings.

Other transactions were recorded in the Brussels periphery. After the Leopold district, the periphery has been the market most in demand, with nearly 75,000 m<sup>2</sup> of transactions realised, accounting for over 23% of total demand in 2011; Yara and BsB contributed significantly to the total in this sub-market by respectively renting nearly 5,400 m<sup>2</sup> in the newly created Corporate Village in Zaventem (airport) and 6,700 m<sup>2</sup> in the building located on Boulevard Baudouin 1<sup>er</sup> in Louvain-la-Neuve.

## RENTAL VACANCIES

Despite the low level of take-up during 2011, availability of offices continued to fall, from 11.8% at the end of December 2010 to 11.5% as at 31 December 2011. While this decline seems marginal, it could start a trend in terms of area, as availability dropped from 1.55 million m<sup>2</sup> to 1.49 million m<sup>2</sup>.

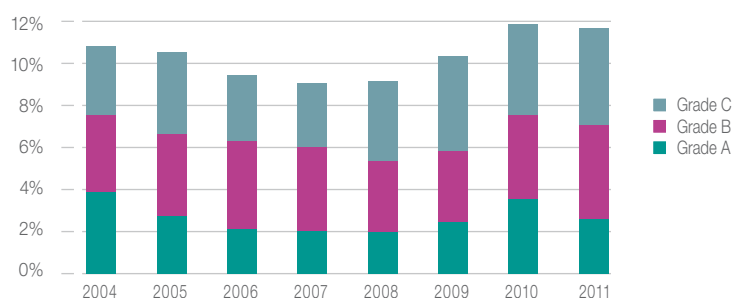
The Leopold district and North area recorded the sharpest falls in rental vacancies, dropping over the last twelve months

from 9.5% to 7.5% and 10.1% to 8.8%, respectively. These substantial decreases are due in particular to the European Commission letting the Capital building (Leopold district) and the letting of the Waterside building to FPS Justice (7,600 m<sup>2</sup>) and the Manhattan building to the Vlerick Management School (4,900 m<sup>2</sup>) in the North area.

This downward trend in rental vacancy on the Brussels office market is due mainly to the increasing reconversion of structurally empty office space into residential properties, hotels or nursing homes, and the lower handover of new speculative buildings onto the market.

Examples include the Livingstone building (16,000 m<sup>2</sup>), the Chambon complex, the old headquarters of the former CGER bank (75,000 m<sup>2</sup>) and the former headquarters of Solvay (45,000 m<sup>2</sup>), both sold in 2011. They are to be redeveloped over the coming years into mixed-use buildings, mainly for housing. Similar operations are being carried out or are planned in the months and years ahead, particularly in areas where the rental vacancies are structurally high and accessibility to public transport is low, notably the Marcel Thiry and Colonel Bourg neighbourhoods in the Brussels periphery.

VACANCY RATES (in %)



# BRUSSELS PROPERTY MARKET

## SUPPLY

During 2011, some 125,000 m<sup>2</sup> of new office space came onto the market. A limited number of speculative projects (i.e. with no prior commitment from a tenant), currently under construction, are expected in 2012. The construction activity reached its lowest level in 2012 with approximately 68,766 m<sup>2</sup>, of which 17,366 m<sup>2</sup> are already pre-let.

The volume of handovers has fallen sharply since 2010 and is expected to remain relatively low in 2012 and 2013 due to the reluctance of developers and promoters to build new speculative projects. The only exception is without a doubt the Leopold district where some major renovation and/or redevelopment projects are taking place, including in the Square Frère Orban 7-10, Arts-Lux, Montoyer 15 and Spa/Joseph II buildings, whose potential target tenants appear to have been identified.

It seems likely that construction activity may resume by 2014, when a significant number of projects are expected (313,742 m<sup>2</sup>, of which 73% is unlet). However, given the present oversupply on the market and since

these projects are mostly speculative, it is likely that they will be delayed until they are pre-let.

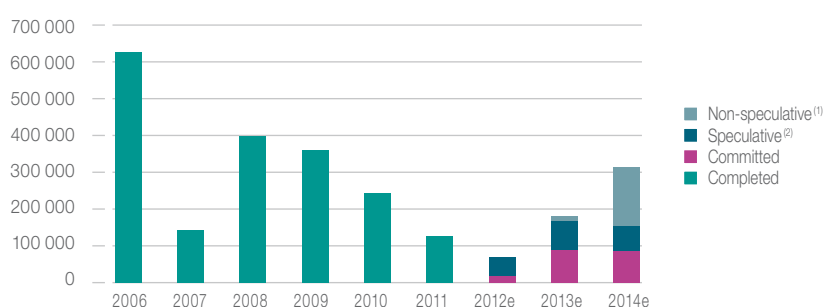
## RENTAL VALUES

Prime rents and weighted average rents have remained stable over the past year, now at €285/m<sup>2</sup> per year and €164/m<sup>2</sup> per year respectively. However, in this context of a highly competitive rental market, gratuities and concessions granted by owners are relatively high.

## Brussels investment market

The Brussels investment market remains somewhat weak with a total of approximately €528 million being invested in office buildings in Brussels during 2011 (compared to an average of €922 million over the past 5 years).

DEVELOPMENT PROJECTS (in m<sup>2</sup>)



(1) The projects are scheduled but will only be launched if a tenant signs.

(2) The projects are launched even without the precommitment of a tenant.



The main transactions recorded are:

- Befimmo's acquisition (€78 million) of Ringcenter SA, owner of the Pavilion complex, located in the Leopold district and let for 15 years to the European Commission;
- the acquisition by Swiss Life France of the Renaissance building (€40 million) in the center of Brussels and let for more than 15 years;
- the acquisition of UpSite building by Ethias (€25 million) located in the North area and let for 27 years to Smals;
- the acquisition of the Drapiers 17 building (€21 million) let to the European Defence Agency for 13 years acquired by Intégrale; and
- the acquisition of the Regency building by a private Belgian investor.

As was the case in 2010, Belgian investors account for almost half (43%) of investment volume, the main players being insurance companies wishing to invest the premiums received from their customers.

The Brussels office investment market is characterized by a lack of prime products on long-term leases, called super-core, and a lack of liquidity of standard buildings partially let short-term to multiple tenants, for which investors still have little appetite.

Given the scarcity of prime assets and because of increased competition from investors for such products, values are remaining high, trading at yields of around 5%.

High-quality office buildings (3/6/9 leases) are giving yields of between 6.5% and 7.5% in the CBD, and between 7.5% and 9.0% in the periphery. These yields have risen slightly since the same period last year.

# PORTFOLIO

## Profile

Befimmo is an Asset Manager, pursuing a Pure-Player strategy investing in quality office buildings in districts where there is a structural shortage, such as city centres. Its home markets are Brussels and more generally Belgium. The portfolio is spread across the various submarkets and enjoys both:

### A FIRM FOUNDATION

- 58.3% of the portfolio is located in the Central Business District ("CBD") of Brussels where much of demand is structural, from the Belgian federal, regional and European institutions, along with the companies, representations and offices that need to be close to those institutions;
- some fifty buildings let mainly to the Belgian Government are located in city centres all over Belgium (18.5% in Flanders and 4.6% in Wallonia); this concerns primarily the buildings acquired during the Fedimmo operation in December 2006, which are let long-term to the Buildings Agency (in addition to 2 buildings in Antwerp and Louvain, acquired in 2008 and let long-term mainly to Fortis Banque);
- Befimmo also owns the Axento building, situated in Luxemburg city (4.1% of its portfolio).

## AND OPPORTUNITIES

- 6.5% of the portfolio is located in decentralised areas, mainly in places where companies nevertheless enjoy the advantages of a city location (served by public transport, access to services, close to customers, etc.);
- 7.9% of the portfolio is located in the Brussels periphery mainly in Zaventem and Vilvoorde. Half of this portfolio, the Ikaros and Planet business parks, is located in a niche market for business parks with small office buildings, offering a rapid, flexible and effective response to the needs of small-sized companies and subsidiaries of multinationals.

These niche markets are the most sensitive to market cycles.

As at 31 December 2011, 66.6% of the (for the next 10.5 years on average) comes from Belgian and European governmental institutions.

The occupancy rate of the portfolio, calculated on the basis of buildings available for lease (94.3% as at 31 December 2011), remains at a much higher level than the market (88.5%)<sup>(1)</sup>.

The running costs (maintenance, management and overheads) are under control.

In such a large portfolio – around one hundred buildings – there is a natural redevelopment pipeline that adds additional value. In this context, the ongoing or future renovations are actively managed, such as the Central Gate, Fountain Plaza, Tower 3 of the WTC and certain buildings of the Ikaros-park in Brussels and the construc-

(1) Source of the figures regarding the real-estate market: CBRE - 31 December 2011 ([www.cbre.com](http://www.cbre.com)).



► **Axento**  
Luxembourg city

tion of the new Tower Paradis in Liège. Additionally, once the building permit is obtained during the second half of 2012, Befimmo will start the renovation works in the Brederode 1 building in Brussels.

## Investment strategy

Befimmo's core business is investment in high-quality office buildings in locations where scarcity creates value, such as in Central Business Districts. Befimmo considers investment projects meeting the following main criteria:

- well located (visible, accessible) and in, areas well served by public transport;
- an adequate critical size, well equipped and efficient;
- a good occupancy with quality tenants, corporates and Public Institutions;
- suitable for successfully passing the due diligence examinations which look into planning permission and technical, environmental, legal and tax issues;
- potential to create value.

Befimmo may also adopt proactive positions, taking on certain marketing risks (for example by letting buildings acquired but 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 was the case – for instance – with the Axento project in Luxembourg. Befimmo may also consider

forming partnerships for certain real-estate transactions that exceed its own investment capacity.

While still giving priority to the Belgian market, Befimmo could get involved in new investment prospects abroad, as it already has in Luxembourg, in other eurozone countries with strong growth prospects whose legislation guarantees the fiscal transparency specific to REIT, and especially in cities where there is sufficient liquidity and depth in the property market. For the time being, Befimmo considers that only the French and Luxemburg markets satisfy these criteria.



# PORTFOLIO

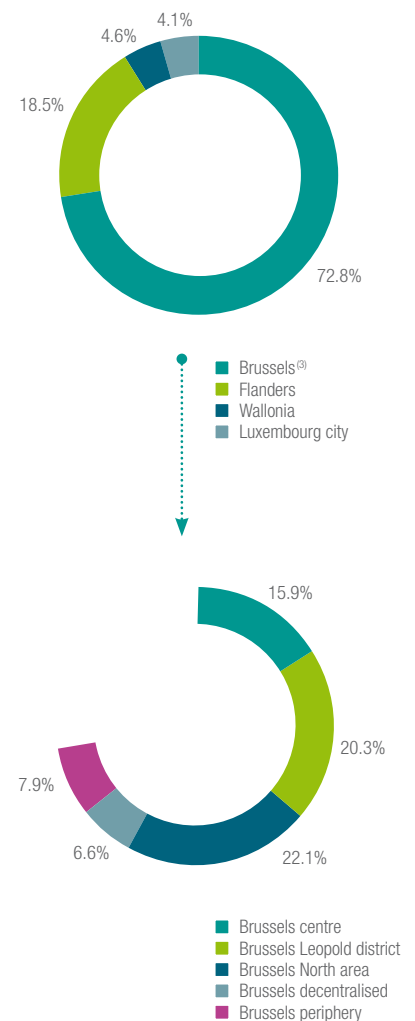
## Real-estate portfolio

### CHANGES IN FAIR VALUE <sup>(1)</sup>

The fair value of Befimmo's consolidated portfolio was €1,971.3 million as at 31 December 2011, compared with €1,922.6 million as at 30 September 2010. This evolution in value incorporates the cost of the renovation work carried out in the portfolio over the period (15 months), the arrival of the Pavilion building, the sale of the Empress Court, Kattendijkdok and Hulpe 177 buildings, and the changes in fair value booked to the income statement.

Excluding investments and disinvestments, the portfolio lost €26.4 million (-1.29%) of its value over the 15 months of the fiscal period to 31 December 2011, -€19.0 million of which (-0.93%) over the last 12 months of this fiscal period.

### GEOGRAPHICAL BREAKDOWN <sup>(2)</sup>

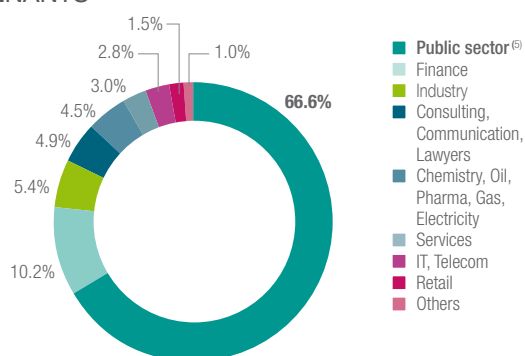
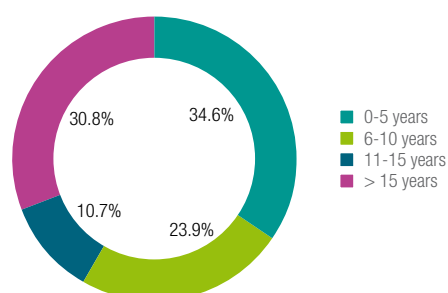


(1) These values are established in application of standard IAS 40 which requires investment property to be booked at "fair value". Fair value is obtained by deducting the average costs for transactions established by independent real-estate experts from the "investment value". These costs amount to (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.

(2) The proportions are expressed on the basis of fair value of the investment properties as at 31 December 2011.

(3) Brussels: this means Brussels and its Economic Hinterland, i.e. CBD, decentralized and periphery.

The buildings representing individually more than 5% of the fair value of the portfolio are the Tower 2 and 3 of the World Trade Center, which represent approximately 16.5% together.

TENANTS <sup>(4)</sup>BUILDINGS IN THE PORTFOLIO BY AGE <sup>(6)</sup>

## CHANGES IN FAIR VALUE

CHANGES IN FAIR VALUE OFFICES	Change 12 months <sup>(7)</sup> (in %)	Change 15 months <sup>(8)</sup> (in %)	Proportion of portfolio <sup>(9)</sup> (31.12.2011) (in %)	Fair value (31.12.2011)	Fair value (30.09.2011)	Fair value (30.09.2010)	Fair value (30.09.2009)
(€ million)							
<i>Properties available for lease</i>	-0.92	-1.29	98.4	1 939.7	1 911.3	1 835.3	1 866.8
Brussels centre (CBD)	-0.86	-1.17	57.1	1 124.9	1 100.0	1 017.8	1 034.2
Brussels decentralised	-3.66	-4.00	6.5	127.3	128.6	129.8	139.4
Brussels periphery	-4.79	-5.28	7.9	156.3	156.3	159.6	166.7
Wallonia	-1.34	-2.55	4.3	85.3	82.6	87.5	89.2
Flanders	1.21	1.39	18.5	364.6	362.3	358.4	355.8
Luxembourg city	1.67	-0.82	4.1	81.4	81.5	82.2	81.5
<i>Properties that are being constructed or developed for own account in order to be leased</i>	-1.99	-2.06	1.6	31.5	48.5	49.6	51.5
<b>INVESTMENT PROPERTIES</b>	<b>-0.95</b>	<b>-1.32</b>	<b>100.0</b>	<b>1 971.3</b>	<b>1 959.8</b>	<b>1 884.9</b>	<b>1 918.3</b>
<b>PROPERTIES HELD FOR SALE</b>	<b>0.00</b>	<b>-0.22</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>37.7</b>	<b>4.6</b>
<b>TOTAL</b>	<b>-0.93</b>	<b>-1.29</b>	<b>100.0</b>	<b>1 971.3</b>	<b>1 959.8</b>	<b>1 922.6</b>	<b>1 922.9</b>

(4) The proportions are expressed on the basis of the current rent as at 31 December 2011.

(5) Public sector: Belgian Public Institutions (federal &amp; regional), European Institutions and delegations.

(6) Buildings which underwent a major renovation are classed in the age category corresponding to the date of the renovation. The proportions are expressed on the basis of the fair value of the properties available for lease as at 31 December 2011.

(7) The change over the past 12 months is the change in fair values between 1 January 2011 and 31 December 2011 (excluding investments and disinvestments).

(8) The change over the past 15 months is the change in fair values between 1 October 2010 and 31 December 2011 (excluding investments and disinvestments).

(9) The proportion of portfolio is calculated on the basis of the fair value of the portfolio as at 31 December 2011.

## PORTFOLIO

## CHANGES IN FAIR VALUE OF BUILDINGS OVER THE PAST TWO FISCAL YEARS, BY QUARTIER

2009/2010				2010/2011				
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q5
-0.54%	-0.48%	-0.39%	-0.39%	-0.38%	-0.29%	-0.48%	-0.39%	0.19%
Q1 + Q2 + Q3 + Q4				Q1 + Q2 + Q3 + Q4 + Q5				
-1.77%				-1.29%				
Q2 + Q3 + Q4 + Q1					Q2 + Q3 + Q4 + Q5			
-1.62%					-0.93%			

Once again this year there was a gradual slowdown in the rythme of the decreases in value brought about by the economic and financial crisis. This trend is illustrated over the past two fiscal years in the table above. The change in fair value amounts to -1.29% for the 15 months to 31 December 2011, compared with -1.77% for the 12 months to 30 September 2010. Based on the restated periods (12 months), the change in fair value amounts to -1.62% as at 31 December 2010, compared with -0.93% as at 31 December 2011.

The value of the Befimmo portfolio (excluding Fedimmo) fell over the reporting period by -2.55% (-€33.7 million) in line with the outlook, mainly owing to:

- falls in the value of certain buildings where the leases are approaching expiry and of buildings on short leases or with vacant space that are still feeling the pressure on estimated rental values;
- rising values of buildings located in the CBD and still on long-term leases to public institutions, owing to investors' appeal displayed during recent transactions involving buildings in good locations and with secure long-term income from Public Institutions.

The value of the Fedimmo buildings, on the other hand, most of which are on long-term leases to the Belgian Government, rose slightly over the fiscal period (1.01%). This increase is due mainly to the indexing of rents and revaluation gains recognised for the Science-Montoyer and Froissart buildings, following the completion of major renovations in these buildings, which more than offset the negative impact of the gradual approach of the expiries of the leases with the Belgian Government.

(as at 31.12.2011)					
	Acquisition price	Fair value	Insured value <sup>(1)</sup>	Current yield	Potential yield
	(€ million)			(in %)	
<i>Properties available for lease</i>	1 749.2	1 939.7	1 862.4	6.61	7.01
Brussels centre (CBD)	957.2	1 124.9	860.2	6.43	6.72
Brussels decentralised	138.2	127.3	137.9	6.24	7.33
Brussels periphery	189.6	156.3	196.3	7.09	8.69
Wallonia	95.5	85.3	202.4	13.23	13.23
Flanders	368.7	364.6	424.2	5.81	5.81
Luxembourg city	- <sup>(2)</sup>	81.4	41.4	5.32	6.11
<i>Properties that are being constructed or developed for own account in order to be leased</i>	38.0	31.5			
<b>TOTAL - INVESTMENT PROPERTIES</b>	<b>1 787.2</b>	<b>1 971.3</b>	<b>1 862.4</b>	<b>6.51</b>	<b>6.90</b>

## OVERALL RENTAL YIELD

The overall rental yield on current rents in the investment properties (excluding properties that are being constructed or developed for own account in order to be leased) was 6.61% as at 31 December 2011, as against 6.60% as at 30 September 2010.

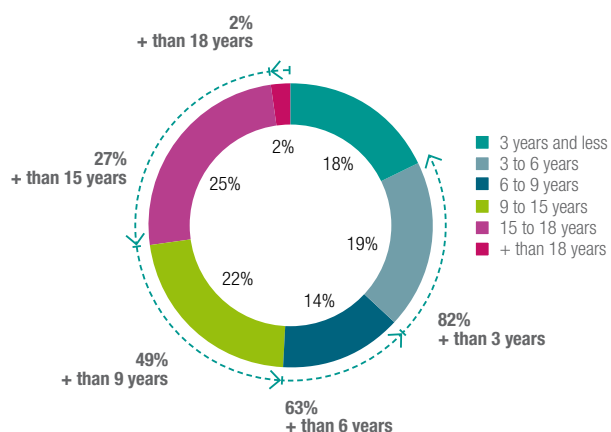
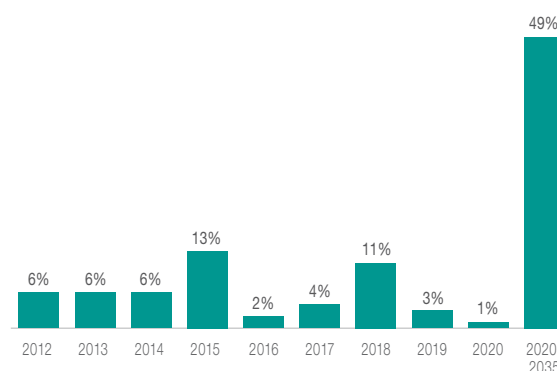
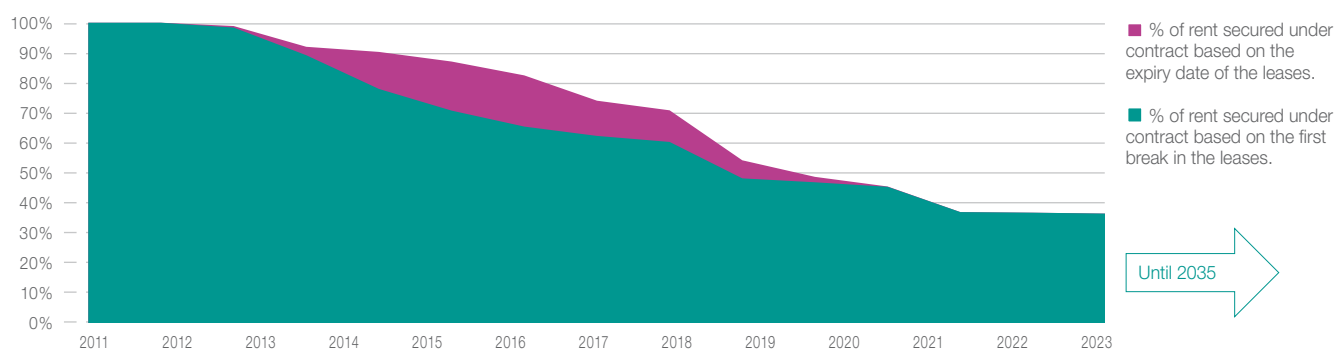
Again as at 31 December 2011, the overall rental yield on current rents, plus the estimated rental value on unoccupied premises, was 7.01%, as against 6.90% as at 30 September 2010.

Including properties that are being constructed or developed for own account in order to be leased, the real and current yields were 6.51% and 6.90% respectively as at 31 December 2011.

(1) The insured value is the reconstruction value (excluding the land).

(2) Pursuant to the Royal Decree of 7 December 2010, a public Sicafi is entitled not to disclose the purchase price for a segment containing a single property.

# PORTFOLIO

DURATION OF LEASES <sup>(1)</sup>EXPIRY DATES LEASE CONTRACTS <sup>(2)</sup> (First break)PERCENTAGE OF RENT SECURED UNDER CONTRACT IN RELATION TO THE RESIDUAL DURATION OF LEASES IN THE CONSOLIDATED PORTFOLIO <sup>(3)</sup> (for ongoing and signed future leases) (in %)

(1) The proportions are expressed on the basis of the current rent as at 31 December 2011.

(2) Every percentage corresponds to the sum of the annual rent of the leases expiring during the year. The proportions are expressed on the basis of the current rent as at 31 December 2011. This graph does not take account of the new lease with the Buildings Agency for the Paradis building in Liège.

(3) 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 in relation to the current rent as at 31 December 2011. This graph does not take account of the new lease with the Buildings Agency for the Paradis building in Liège.



## OCCUPANCY RATE AND WEIGHTED AVERAGE DURATION OF LEASES

The occupancy rate<sup>(4)</sup> of the property in the portfolio, calculated on the basis of properties available for lease, was 94.30% as at 31 December 2011 compared with 95.53% as at 30 September 2010.

The occupancy rate of all the investment properties, i.e. including properties that are being constructed or developed for own account in order to be leased, was also 94.30% as at 31 December 2011, as against 94.03% as at 30 September 2010.

As at 31 December 2011, the weighted average duration of current leases was 9.02 years as against 9.13 years as at 30 September 2010. In February 2012, after the close of the fiscal period,

Fedimmo was granted the single permit for the Paradis project from the authority competent to rule on appeals. Taking account of the lease on the building to be erected, the weighted average term of current leases rises from 9.02 years to 10.0 years as at 31 December 2011.

## REVERSION RATE

The reversion rate of the portfolio of investment properties as at 31 December 2011 was -7.53% (compared with -5.60% as at 30 September 2010). This rate must however be viewed against the background of the long average duration of Befimmo's leases, which has remained above 9 years since December 2006.

### REVERSION RATE (as at 31.12.2011)

	Current rent <sup>(5)</sup> (€ thousand)	Proportion of rents <sup>(6)</sup> (in %)	Weighted average duration <sup>(7)</sup> (1 <sup>st</sup> break)	Reversion rate <sup>(8)</sup> (in %)
Brussels centre (CBD)	74 193	56.4	10.2 years	-6.8%
Brussels decentralised	8 138	6.2	3.9 years	-7.5%
Brussels periphery	11 365	8.6	2.7 years	-2.9%
Wallonia	11 695	8.9	6.0 years	-20.9%
Flanders	21 732	16.5	13.0 years	-8.8%
Luxembourg city	4 444	3.4	3.5 years	0.3%
<i>Properties available for lease</i>	<i>131 565</i>	<i>100</i>	<i>9.02 years</i>	<i>-7.5%</i>

(4) Occupancy rate: current rent (including the rate for space leased but for which the lease has yet to begin)/(current rents + estimated rental value for vacant space).


(5) The current rent at the closing date plus rent on future leases signed as at 31 December 2011 as reviewed by the real-estate experts.


(6) The proportion of rents is calculated on the basis of the current rent as at 31 December 2011.

(7) Weighted average 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. This duration does not take account of the new lease with the Buildings Agency for the Paradis building in Liège.

(8) Reversion rate: 1-((current rent + estimated rental value of vacant space)/estimated rental value of total space).

## PORTFOLIO

**Poelaert**   
Brussels centre



TENANTS (as at 31.12.2011)			
	Current rent <sup>(1)</sup>	Weighted average duration of leases <sup>(2)</sup>	(in %)
1. Public sector (federal & regional) <sup>(3)</sup>			57.7%
2. European Institutions & representations <sup>(4)</sup>			8.9%
<b>Top two tenants: PUBLIC SECTOR</b>	<b>€87.6 million</b>	<b>10.5 years</b>	<b>66.6%</b>
3. Fortis Banque and affiliated companies			4.7%
4. Linklaters			3.2%
5. BGL BNP Paribas and affiliated companies			2.3%
6. Levi Strauss			2.3%
7. Citibank			2.1%
8. Sheraton Management LLC			1.4%
9. General Electric			0.9%
10. Federal Express			0.7%
<b>Next eight tenants</b>	<b>€23.1 million</b>	<b>8.3 years</b>	<b>17.6%</b>
<b>Next ten tenants</b>	<b>€5.6 million</b>	<b>4.1 years</b>	<b>4.3%</b>
<b>Top twenty tenants</b>	<b>€116.3 million</b>	<b>9.8 years</b>	<b>88.4%</b>
<b>Approx. 180 tenants</b>	<b>€15.2 million</b>	<b>3.4 years</b>	<b>11.6%</b>
<b>TOTAL</b>	<b>€131.6 million</b>	<b>9.02 years</b>	<b>100.0%</b>

(1) The current rent at the closing date plus rent on future leases signed as at 31 December 2011 as reviewed by the real-estate experts.

(2) Weighted average duration of leases, i.e. the sum of (annual current rents 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) Public sector: Belgian Public Institutions: Federal (49.8%), Flemish Region (6.9%), Walloon Region (1.0%).

(4) European Institutions and delegations: European Commission (6.1%), European Parliament (2.3%) and delegations (0.5%).



## SUMMARY OF DATA ON PROPERTIES IN THE BEFIMMO PORTFOLIO (as at 31.12.2011)

	Rental space (in m <sup>2</sup> )	Percentage of portfolio <sup>(5)</sup> (in %)	Current rent <sup>(6)</sup> (€ thousand)	Occupancy rate (in %)
<b>Brussels centre</b> 10 buildings	111 431	15.9%	20 863	96.8%
<b>Brussels Leopold district</b> 10 buildings	96 057	16.2%	21 351	90.8%
<b>Brussels North area</b> 3 buildings	187 506	24.3%	31 978	98.5%
<b>Brussels Central Business District (CBD)</b> 23 buildings	394 994	56.4%	74 193	95.7%
<b>Brussels decentralised</b> 7 buildings	60 366	6.2%	8 138	85.2%
<b>Brussels periphery</b> 7 buildings and office parks	106 470	8.6%	11 365	81.7%
<b>Total Brussels</b> 37 buildings	561 830	71.2%	93 695	92.8%
<b>Wallonia</b> 20 buildings	95 601	8.9%	11 695	100%
<b>Flanders</b> 33 buildings	180 563	16.5%	21 732	100%
<b>Luxembourg city</b> 1 building	13 447	3.4%	4 444	87.2%
<i>Properties available for lease</i>	851 441	100%	131 565	94.3%
<b>INVESTMENT PROPERTIES</b>	851 441	100%	131 565	94.3%
<b>TOTAL</b>	851 441	100%	131 565	94.3%

(5) The proportion of the portfolio is calculated on the basis of the current rent as at 31 December 2011.

(6) The current rent at the closing date plus rent on future leases signed as at 31 December 2011 as reviewed by the real-estate experts.

# CONCLUSIONS OF THE REAL-ESTATE EXPERT

To the Board of Directors Befimmo SA  
Managing Agent of Befimmo SCA  
Parc Goemaere • Chaussée de Wavre 1945 • 1160 Brussels

Dear Sirs,

**Re : Valuation of the real-estate portfolio of  
Befimmo as at 31<sup>st</sup> December 2011.**

## CONTEXT

In accordance with Chapter IV, Section 4 of the Royal Decree of 7<sup>th</sup> December 2010 with regard to the Sicafis Befimmo has instructed an independent valuer to provide an opinion of value for its portfolio as at 31<sup>st</sup> December 2011. We have been mandated to value the part of the Befimmo portfolio with long term leases and the Fedimmo portfolio while Winsinger & Associés has been mandated to value the other Befimmo properties. Furthermore we have consolidated the results of the valuation of which the main conclusions are listed hereunder.

Jones Lang LaSalle has been active in Belgium since 1965 and has a long track record in valuing professional real estate. Winssinger & Associés indicates as well that it 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. The mission of the valuers 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

The investment value is defined as the most likely value that could reasonably be obtained on the date of valuation in normal sales conditions between willing and well-informed parties before deduction of transaction costs.

As our principal valuation method we have adopted a static capitalisation approach and also carried out a simple "sanity check" in terms of price per square metre.

The static capitalisation is carried out in the form of a "Term and Reversion" valuation, with the current income based on contractual rents capitalised until the end of the current contract, and the ERV capitalised in perpetuity and brought to a net present value. It should be noted that this method of valuation applies a multiplier to the current and future expected rent that is based on analysis of sales of comparable properties in the market. The multiplier depends on the yield that investors require when acquiring in this market. The yield reflects the risks intrinsic to the sector (future voids, credit risk, maintenance obligations, etc.). Where there are unusual factors specific to the property, then an explicit correction is made either, for example:

- non-recovered charges or taxes in a market where recovery from the tenant is usual;
- renovation work or deferred repairs necessary at the date of valuation in order to continue to receive the rent;
- unusual outgoing costs.

It is important to understand the distinction between this "capitalisation" approach and the discounted cash flow method where future growth and inflation are explicit. This difference is why discount rates in a discounted cash flow valuation are higher than yields in a static capitalisation approach.

The yields used are based on the valuers judgement in comparison with evidence of comparable

sales. Factors in the market that determine yield are numerous, and different factors are of importance to different buyers. The following criteria are often taken into account : the quality of the tenant and duration of the lease, the location, the state of repair, the age and the architectural quality of the building and also the efficiency of the building (gross to net ratio/parking ratio).

Ultimately it is supply and demand in the investment market that determines the price. For the financial accounting of a Sicafi and in accordance with the IAS/IFRS norms it is common practice to use the Fair Value. Following a press release of the Belgian Association of Asset Managers (BEAMA), dated 8 February 2006, the Fair Value can be obtained by subtracting 2.5% transaction costs from properties with an investment value of more than € 2,500,000. For properties with an investment value under € 2,500,000 registration duties of 10% or 12.5% should be subtracted, depending on the region where they are situated.

In the light of all comments mentioned above, we confirm that the investment value of the Befimmo property portfolio as at 31<sup>st</sup> December 2011 amounts to a total of

**2,021,733,000 €**  
**(TWO BILLION AND TWENTY ONE**  
**MILLION SEVEN HUNDRED AND THIRTY**  
**THREE THOUSAND EUROS);**

this amount includes the valuation of the buildings which have been carried out by Winssinger & Associés SA.

The most likely sale value corresponding to the fair value of the Befimmo property portfolio as at 31<sup>st</sup> December 2011 amounts to a total of

**1,971,282,000 €**  
**(ONE BILLION NINE HUNDRED AND**  
**SEVENTY ONE MILLION TWO HUNDRED**  
**AND EIGHTY TWO THOUSAND EUROS);**

this amount includes the valuation of the buildings which have been carried out by Winssinger & Associés SA.

On this basis, the initial yield of the portfolio with properties held for letting is 6.61%. Should the vacant accommodation be fully let at estimated rental value, the initial yield would be 7.01% for the same portfolio. The occupation rate of the portfolio with properties held for letting is 94.30%. For the total portfolio of investment properties this rate is also 94.30%.

The average level of passing rent obtained is currently approximately  $\pm$  7.53% above the current average estimated rental value.

The property portfolio comprises:

OFFICES	Fair value (in € million)	(in %)
<b>INVESTMENT PROPERTIES</b>	<b>1 971.3</b>	<b>100%</b>
<i>Properties available for lease</i>	<i>1 939.7</i>	<i>98.4%</i>
Brussels centre (CBD)	1 124.9	57.1%
Brussels decentralised	127.3	6.5%
Brussels periphery	156.3	7.9%
Wallonia	85.3	4.3%
Flanders	364.6	18.5%
Luxembourg city	81.4	4.1%
<i>Properties that are being constructed or developed for own account in order to be leased</i>	<i>31.5</i>	<i>1.6%</i>
<b>PROPERTIES HELD FOR SALE</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1 971.3</b>	<b>100%</b>

Yours sincerely,  
Brussels, 9<sup>th</sup> January 2012.

R.P. Scrivener M.R.I.C.S.  
National Director  
Head of Valuations and Consulting  
On behalf of Jones Lang LaSalle





# PORTFOLIO IN DETAIL



# OFFICE BUILDINGS <sup>(1)</sup>

## > 10,000 m<sup>2</sup>

### Brussels centre CENTRAL GATE

Rue Ravenstein 50-70  
Cantersteen 39-55  
1000 Brussels  
Space: 32,287 m<sup>2</sup>  
Under renovation

1

### Brussels Leopold district WIERTZ

Rue Wiertz 30-50  
1050 Brussels  
Space: 10,865 m<sup>2</sup>  
Year built: 1996

5

### Brussels Leopold district PAVILION

Rue de la Loi 70-72-74  
1000 Brussels  
Space: 19,641 m<sup>2</sup>  
Year built: 2005

9

### Brussels centre POELAERT

Place Poelaert 2-4  
1000 Brussels  
Space: 14,146 m<sup>2</sup>  
Year renovated: 2001

2

### Brussels Leopold district JOSEPH II

Rue Joseph II 27  
1000 Brussels  
Space: 12,831 m<sup>2</sup>  
Year built: 1994

6

### Brussels North area NOORD BUILDING

Boulevard du Roi Albert II 156/1  
1000 Brussels  
Space: 42,726 m<sup>2</sup>  
Year built: 1989

### Brussels centre BREDERODE 1

Rue de Brederode 13  
and Rue Thérésienne  
1000 Brussels  
Space: 13,388 m<sup>2</sup>  
Year renovated: 2001

3

### Brussels Leopold district ARTS

Avenue des Arts 28/30  
Rue du Commerce 96/112  
1000 Brussels  
Space: 16,793 m<sup>2</sup>  
Year renovated: 2005

7

### Brussels North area WTC TOWER 2

Boulevard du Roi Albert II 30  
1000 Brussels  
Space: 68,980 m<sup>2</sup>  
Year renovated: 2009

11

### Brussels centre MONTESQUIEU

Rue des Quatre Bras 13  
1000 Brussels  
Space: 19,004 m<sup>2</sup>  
Year renovated: 2009

4

### Brussels Leopold district VIEW BUILDING

Rue de l'Industrie 26-38  
1040 Brussels  
Space: 11,156 m<sup>2</sup>  
Year renovated: 2001

8

### Brussels North area WTC TOWER 3

Boulevard du Roi Albert II 30  
1000 Brussels  
Space: 75,800 m<sup>2</sup>  
Under renovation

12

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

# OFFICE BUILDINGS

## > 10,000 m<sup>2</sup>

### Brussels periphery

## MEDIA

Medialaan 50  
1800 Vilvoorde  
Space: 18,104 m<sup>2</sup>  
Year built: 1999

13

### Brussels decentralised

## LA PLAINE

Boulevard Général Jacques 263G  
1050 Brussels  
Space: 15,933 m<sup>2</sup>  
Year built: 1995

17

### Flanders

## KORTRIJK

### BLOEMISTENSTRAAT

Bloemistenstraat 23  
8500 Kortrijk  
Space: 11,505 m<sup>2</sup>  
Year renovated: 2005

21

### Brussels periphery

## FOUNTAIN PLAZA

Belgicastraat 1/3/5/7  
1930 Zaventem  
Space: 16,690 m<sup>2</sup>  
Year built: 1991

14

### Brussels decentralised

## TRIOMPHE I & II

Avenue Arnaud Fraiteur 15-23  
1050 Brussels  
Space: 20,530 m<sup>2</sup>  
Year built: 1998

18

### Flanders

## ANTWERP

### MEIR

Meir 48  
2000 Antwerp  
Space: 20,612 m<sup>2</sup>  
Year renovated<sup>(1)</sup>: 1985

22

### Brussels periphery

## PLANET II

Leuvensesteenweg 542  
1930 Zaventem  
Space : 10,279 m<sup>2</sup>  
Year built: 1988

15

### Wallonia

## LIÈGE

### RUE PARADIS

Rue Paradis 1  
4000 Liège  
Space: 38,945 m<sup>2</sup>  
Year built: 1987

19

### Flanders

## LEUVEN

### VITAL

Vital Decosterstraat 42/44  
3000 Leuven  
Space: 19,033 m<sup>2</sup>  
Year renovated: 1993

23

### Brussels periphery

## IKAROS BUSINESS PARK

### (PHASES 1 TO 5)

Ikaroslaan  
1930 Zaventem  
Space: 46,053 m<sup>2</sup>  
Year built: 1990 to 2008

16

### Luxembourg

## AXENTO

Avenue John Fitzgerald Kennedy 44  
Plateau du Kirchberg  
Space: 13,447 m<sup>2</sup>  
Year built: 2009

20

### Flanders

## TERVUREN

### LEUVENSESTEENWEG

Leuvensesteenweg 17  
3080 Tervuren  
Space: 20,408 m<sup>2</sup>  
Year built: 1980

24

(1) This is the construction year of a new building and the renovation of the old part of the building.





# LIST OF MAIN RISKS

**Wiertz**  
Brussels  
Leopold district



Some of the risks associated with Befimmo's business are heightened by the difficult economic climate we are experiencing. This mainly entails the following risks: risk of a fall in the fair value of the assets, insolvent tenants, unlet space and changing interest rates. Details of these risks are set out below.

The risks listed in this chapter are not exhaustive. The list is based on information known at the moment of the drafting of the current Report, since other risks may exist which are unknown, improbable or considered unlikely to have an adverse effect on the Company, its business or its financial situation.



## Main risks relating to Befimmo and its business

### Risk related to the rental market

The Brussels property market is currently characterised by higher supply than demand. Owing to the concentration of its portfolio – by segment – in the market for office buildings and – geographically – in Brussels, the Company is sensitive to developments in the Brussels office property market and faces a risk related to the occupancy of its buildings.

### Concentration risk

Any investment, even in property, involves a certain level of risk. Befimmo's portfolio is not very diversified in terms of segment and geography (office buildings located mainly in Brussels and its Economic Hinterland (72.8% as at 31 December 2011)) or in commercial terms (the Belgian State as a tenant accounted for 49% of the total rents as at 31 December 2011). The investment in the Axento project in Luxembourg, in July 2009, was a first step in Befimmo's plans for limited international diversification. If appropriate, this diversification may be extended to the French market.

### Risks related to tenants

The Company is exposed to risks relating to the departure or financial default of its tenants and the risk of vacant rental property. It is also exposed to the impact of policies decided by the public authorities to optimise their needs of office space.

The weighted average duration of leases agreed by Befimmo was 9.02 years as at 31 December 2011.

To mitigate this risk, the Company actively manages its relationships with its customers so as to minimise as far as possible vacancies in premises in its property portfolio.

As at 31 December 2011 the occupancy rate of the portfolio was 94.3% as compared with a market rate of 88.5%<sup>(1)</sup>. Nevertheless, the occupancy rate is still sensitive to the economic climate, especially in the periphery. On an annual basis, a 1% fluctuation in the occupancy rate of the Company's portfolio would have an impact of some €1.3 million on the property operating result.

In line with standard market practice, private-sector tenants are required to provide a rental guarantee, generally equivalent to six months' rent. Public-sector tenants (the Belgian State, the Flemish Region, the Walloon Region and European Institutions), which account for a substantial proportion of the Company's portfolio (66.6% as at 31 December 2011), do not give rental guarantees, however.

The continuity of Befimmo's cash flows depends mainly on its rental income being secured over the long term. Accordingly, the Company endeavours to let a large proportion of its property portfolio on long leases. This strategy came to fruition in particular (i) in December 2006 when it acquired Fedimmo SA, which at the time had a portfolio of leases with an initial weighted average duration of 17 years, (ii) through the signature that same year of a new lease agreement with the public authorities with an initial duration of

(1) Source of the market figures: CBRE – 31 December 2011 ([www.cbre.com](http://www.cbre.com)).

# LIST OF MAIN RISKS

20.5 years for the Montesquieu building in Brussels, (iii) the acquisition in June 2008 of two buildings located in Antwerp and Leuven, let mainly to Fortis Banque SA for a weighted average duration of over 17 years, (iv) the signature of a 15-year usufruct agreement with the European Parliament relating to the Wiertz building and (v) when it obtained the contract to provide offices to the Finance Federal Public Service in Liège for a fixed 25-year term, expiring in 2038 (Paradis project). The permit has been delivered by the technical official and delegate on 30 September 2011. Following the appeals filed against this permit, the Walloon Minister of Public Works decided on the appeals and has, by Ministerial Order of 10 February 2012, delivered the requested permit. As a result, the works started early March 2012. Appeals can still be lodged with the Council of State. The project is described in more detail in the chapter “Key events of the fiscal period” on page 11 of this Report. (vi) It was also confirmed by the negotiation during the 2009/2010 and 2010/2011 fiscal years of extensions for several years on leases in the Schuman 3, La Plaine and Brederode 1 buildings in Brussels. (vii) Furthermore, on 21 February 2011, Befimmo acquired the shares of Ringcenter SA, owner of the Pavilion complex, from the German fund SEB Investment GmbH. The European Commission has the whole complex in usufruct, for a residual duration of nearly 14 years.

## Risk related to the fair value of the buildings

The Company is exposed to the risk of a change in the fair value of its portfolio as valued by independent experts, which affects the Company's net result and debt ratio; based on the figures as at

31 December 2011, a 1% change in value of the portfolio has an impact of some €20 million on the net result and 0.45% on the debt ratio<sup>(1)</sup>.

## Risk of inadequate insurance coverage

The Company is naturally exposed to the risk of major losses affecting its buildings. In order to mitigate this risk, the buildings of the entire consolidated Befimmo's portfolio are covered by a number of insurance policies (covering fire, storm, water damage, etc.) for a total sum insured (new reconstruction value, excluding the land) of around €1,862 million as at 31 December 2011.

## Risk of deterioration of buildings

The Company is exposed to the risk of depreciation of its buildings as a result of wear and tear in use, and the risk of obsolescence associated with the growing (legislative and societal) demands in terms of sustainable development (energy performance, etc.). Befimmo strives to keep its properties in a good state of repair and upgrade it in terms of sustainable performance by making an inventory of the preventive and corrective maintenance works to be carried out, and implementing works programmes, in cooperation with the property manager (AG Real Estate Property Management). Befimmo is also keen to have most of its buildings covered by “total guarantee” maintenance contracts. As at 31 December 2011, 72% of the consolidated portfolio was covered by such a “total guarantee” contract.

(1) The debt ratio is calculated in accordance with the Royal Decree of 7 December 2010.

### Risks related to execution of major works

The Company is exposed to the risks of delays, overshooting the budget and organisational problems when carrying out major works on the buildings in its portfolio. Detailed monitoring of technical, budgetary and planning aspects has been introduced to manage the risks associated with these works. Furthermore, the concluded contracts with construction companies generally provide for a number of measures to limit these risks (price ceilings, delay penalties, etc.).

### Risks of inflation and deflation

The Company is exposed to the risk of the costs that it has to bear (renovation works, etc.) being indexed on a basis that changes more quickly than the health index (used for the indexation of the rents); the impact of rent adjustments in line with inflation (based on the health index) can be estimated at €1.2 million annualised per percentage point of change in the health index.

Regarding the risk of deflation, 81.39% <sup>(2)</sup> of the leases in Befimmo's consolidated portfolio are hedged against the effect of any negative indexing (45.26% provide for a minimum equal to the base rent and 36.13% contain a clause setting a minimum of the last rent paid). The remaining 18.61% of the leases do not provide for any minimum rent.

### Risks related to co-contractors

Besides the risk of defaulting its tenants, the Company is also exposed to the risk of default by its other co-contractors (property manager, construction companies, etc.).

### Risks related to merger, demerger or acquisition

Many buildings entered the Befimmo property portfolio as a result of a merger, demerger or acquisition of companies.

While the Company has taken the usual precautions in transactions of this type, mainly by carrying out due-diligence investigations on the properties involved and on the absorbed or acquired companies, it cannot be excluded that hidden liabilities have been transferred to the Company further to such transactions.

### Risks specific to transactions outside Belgium and Luxembourg

The Company has less experience and knowledge of foreign markets and of the parties it would be doing business with.

### Regulatory and environmental risks

The Company is exposed to the risk of infringing increasingly complex regulations, notably environmental and fire-safety regulations, the environmental risks related to property purchase or ownership, and the risk of refusal, non-renewal or cancellation of urban-development, environmental or other permits.

Changes in regulations, notably on taxation (in particular, given the budgetary measures undertaken or announced by the government, amongst others, in terms of notional interest and withholding tax), environment, urban development, mobility policy and sustainable development, and any new constraints on the Company and its subsidiaries regarding the possibility of renting buildings and renewing certain permits, could have an

<sup>(2)</sup> On the basis of the current rent as at 31 December 2011.

# LIST OF MAIN RISKS

impact on its profitability and the value of its portfolio.

## Risk of staff turnover

Given the relatively small size of its team (40 staff members as at 31 December 2011), the Company is exposed to a certain risk of organisational problems in the event of certain key members of staff leaving.

## Risk of legal or arbitration proceedings

The Company is a party to legal proceedings, and may be involved in others in future. Currently Befimmo is involved, as plaintiff or defendant, in a number of legal proceedings. In the Company's view, current proceedings on a whole are not expected to have a major impact on Befimmo, as the potential gains or losses are highly unlikely to materialise and/or are of insignificant amounts.

# Main financial risks

## Risk related to financing cost

An important part of the Company's current borrowings are based on loans at floating rates. This policy protects the Company against relatively high fixed-rate financial charges while its income is depressed by the fall in rents.

It nevertheless creates a situation in which the result is sensitive to changes in interest rates. An increase in the Company's financial charges could also have an influence on its rating, which is BBB/outlook stable for the long term and A-2 for its short-term debt.

However, the interest rate risks of this type of financing are mitigated by implementing a policy of interest rate risk hedging over a five- to ten-year period, covering a degressive proportion of the total borrowings. The goal is to protect against a significant rise in rates, while preserving at least some possibility of the Company benefiting from falling rates. Thus, on the basis of borrowings as at 31 December 2011, part of borrowings (€732 million or 83.5% of total borrowings) is financed at fixed rates (conventional fixed rates or IRS). The remaining borrowings, of €144.5 million, are at variable rates, protected against rises by means of option instruments (CAPS).

As at 31 December 2011, the hedge ratio was 83.5%<sup>(1)</sup>. The choice and level of instruments is based on an analysis of rate forecasts by a number of consulted banks, arbitrage between the cost of the instrument and the level and type of

(1) Hedge ratio: (fixed rated debts + notional of the IRS and CAP options)/total debts.

Meir  
Antwerp



protection offered and an estimate of the level of the net cash flow needed to pay out the forecast dividend and an objective to limit the variations of the financial charges.

Without hedging and based on the borrowings situation and the Euribor rates as at 31 December 2011 (not including the impact of the hedging instruments), the exposure to the rate risk is estimated at €1.22 million (annualised) for any change in market rates of 0.25%.

Based on the financial hedging instruments active during the 2012 fiscal year, the borrowings situation and the Euribor rates as at 31 December 2011, the impact of a drop in financing rates of 0.25% would lead to a reduction in financial charges estimated at €0.67 million on an annual basis and a rise of the same order would entail an increase in financial charges estimated at €0.67 million on an annual basis.

The Company's financing costs are influenced by its Standard & Poor's rating, which depends in particular on its indebtedness. Should the debt ratio remain significantly above about 55% (compared to the Company's target below 50%), one possible consequence would be a credit watch on Befimmo's rating, and a possible downgrade to BBB-. Any such downgrade in the rating would make it harder to obtain new financing, generate additional financing costs, estimated at €1.04 million, and could damage the Company's image with investors.

The Company's financing costs also depend on the bank margins and margins charged on the financial markets.

Since 2008, financing margins have risen sharply, which influences the cost of additional financing or renewals.

In 2011, Befimmo issued two retail bonds: in April, for an amount of €162 million maturing in 6 years and in December, for an amount of €110 million maturing in 4 years. The issues are a first step in the diversification of the Company's financing sources and fit within the refinancing programme, which will be implemented by June 2013.

### Risk related to a change in fair value of the hedging instruments

A change in the forecast movements of short-term interest rates could alter the value of the hedging instruments. Based on the fair value of the hedging instruments as at 31 December 2011, it can be estimated that if the rate curve as at 31 December 2011 had been 0.5% lower than the reference rates curve, the change in fair value of the hedging instruments would have been -€3.4 million. Conversely, the change would have been +€3.5 million.

### Liquidity risk

Befimmo is exposed to a liquidity risk should its financing contracts not be renewed or be terminated.

The Company's debt ratio<sup>(2)</sup> was 45.8% as at 31 December 2011 and 44.1% as at 30 September 2010 (the Loan-to-value<sup>(3)</sup> ("LTV") ratio was 44.2% as at 31 December 2011 and 40.9% as at 30 September 2010). The short-term liquidity risk is covered by the use of medium- to long-term lines as a backup for the commercial paper programme (up to €400 million). The weighted average

(2) Debt ratio: [(liabilities - provisions - other financial liabilities (permitted hedging instruments) - deferred tax liabilities - accruals/total assets)]. This ratio is calculated in accordance with the Royal Decree of 7 December 2010.

(3) Loan-to-value ("LTV"): ((financial debts - cash)/(fair value of portfolio)).

# LIST OF MAIN RISKS

duration of financing was 4.51 years as at 31 December 2011.

The next expiry date for the Company's financing renewal is situated in March 2012 and concerns a part of its syndicated loans amounting to €130 million. This refinancing need was hedged by, amongst others, the implementation in November 2011 of a contract for the assignment of future charges (excluding indexation) on a building of Befimmo and of a bilateral credit line expiring in March 2017 for a total amount of €100 million.

The next following due dates are March and June 2013 when two syndicated loans, amounting to €520 million in aggregate need to be partially repaid. A first part of this need has already been hedged in December 2011 following the implementation of a bond issue maturing in 4 years for a total amount of €110 million.

As at 31 December 2011 the Company had €411 million of unused lines (including cash and cash equivalents but excluding the short-term credit facility for an amount of €50 million). The importance of the volume of the unused lines can be explained through the decision to anticipate, partly, the financing due dates 2012 and 2013.

## Risk related to counterparty banks

Arranging a financing contract or a hedging instrument with a financial institution creates a counterparty risk of that institution defaulting. Therefore, Befimmo ensures a diversification of its banking relationships.

The Company has currently a business relationship with 13 banks:

- the main banks which will provide the financing are, in order of importance, Fortis Banque, ING, Dexia, KBC, LB Lux and BECM (group CM-CIC). These banks represent €871 million on an amount of €1,115 million of banking lines available for Befimmo as at 31 December 2011;
- the counterparty banks of the hedging instruments are Fortis Banque, ING, Dexia and KBC.

Since Befimmo's financial model is based on structural borrowings, the amount of cash deposited with financial institutions is structurally very limited. It was €4.2 million as at 31 December 2011 and €3.5 million as at 30 September 2010.

## Risk related to covenants for financing agreements

The Company is exposed to the risk of its financing agreements being cancelled, renegotiated, terminated or subject to early repayment should it fail to abide by its commitments to certain financial ratios (covenants) that it made when signing those agreements.

## Risk of change

At present, Befimmo is only investing in the eurozone and is not willing to take any risk for the real estate investments. Nevertheless, the Company could implement foreign currency financing (for example US \$), which would immediately be subject to a risk of change hedging through the acquisition of exchange swap contracts.



### **Risks related to the REIT status**

Should the Company lose recognition of its REIT status (*Sicafi/Vastgoedbevak*), it would no longer qualify for the favourable tax regime applicable to REIT. Loss of such recognition is also generally regarded as grounds for an early repayment (acceleration) of the Company's loans.

The Company is also subject to the risk of future unfavourable changes to the legal provisions applicable to REIT. These changes could, inter alia, cause a fall in the results or the net asset value or increase the debt ratio (for example, because of the mere application of new accounting rules), decrease the maximum debt ratio, or affect the extent to which a REIT must distribute dividends to shareholders.

The transposition into Belgian Law of the UCITS IV- and the AIFM-directive could affect some aspects of the organisation of REIT. Consequently, the Company might have to adapt its existing rules, which would imply that it devotes a significant amount of resources to that effect.

### **Risks related to European Market Infrastructure Regulation**

If the draft proposal for a regulation of the European Parliament and of the Council on over-the-counter (OTC) derivative transactions, central counterparties and trade repositories (also known as the "European Market Infrastructure Regulation" or "EMIR") enters into force without modification, the Company is likely to be subject to the onerous margin calls for interest rate swaps to protect against fluctuating interest rates. However, as at the date of this document, this regulation has not been adopted yet.

# FINANCIAL STRUCTURE

## Financing policy

Befimmo proactively manages its financing cost, which is its main cost item and therefore has a significant influence on its result and EPRA earnings.

Befimmo strives to secure the availability of its financing over periods of renewals which ensure a balanced spread of their maturities. It makes sure that it keeps some variable interest rates, hedged against rate rises, on a portion of its borrowings.

Except in exceptional circumstances, this policy offers a degree of protection against the disruptions associated with changing economic cycles. When the economic climate is favourable, the cost of borrowing will certainly rise but will in principle be partly offset by an improvement in operating income (higher occupancy of buildings and inflation), possibly with a delayed action. As this offset effect is limited, a hedging policy has been put in place. Conversely, in an adverse economic climate, the reduction in finance costs offers a measure of compensation for any decrease in operating cash flows. However, in the circumstances of the present financial crisis, financial charges are tending to rise as margins increase.

As at 31 December 2011, Befimmo's financial structure had the following main characteristics:

- total confirmed credit facilities of €1,287 million, €877 million of which were in use;
- a debt ratio of 45.8%, an LTV ratio of 44.2%;
- a weighted average duration of borrowings of 4.51 years;
- 83.5% of total borrowings at fixed rates (including IRS);
- an average financing cost (including hedging margin and costs) of 3.45% over the 15 months of the past fiscal period and 3.55% over the 12 last months of this fiscal period.

As at 31 December 2011, the Company had €411 million of unused credit lines, including cash but excluding the short-term credit line of €50 million.

On 5 October 2011 the Standard & Poor's rating agency confirmed the rating of BBB/ outlook stable for Befimmo's long-term borrowings and A-2 for its short-term borrowings.

### FINANCING

#### (€ million)

Syndicated loan 2006
Syndicated loan 2008
Bilateral lines
Fixed-rate loans <sup>(2)</sup>
Bond issues
Commercial paper
Bilateral line (short term)
<b>Total financing</b>
Borrowing (outlook at constant perimeter)

#### Objective

New financing in 2012/2013

#### Total financing

Borrowing (outlook at constant perimeter)
Temporary excess

## Debt structure

In order to reduce its financing costs, Befimmo has set up a commercial paper programme for up to €400 million. As at 31 December 2011, €262 million of this programme was in use.

This programme has backup facilities consisting of the various credit lines arranged. The Company makes sure that it arranges the necessary financing in due time, seeking a balance between cost, duration and diversification of its sources of finance.

Final maturity date	Use 31.12.2011	Total of confirmed credit lines (notional amount) 31.12.2011	Debts reaching maturity in the cours of 2012	Total of confirmed credit lines (notional amount) 31.12.2012	Debts reaching maturity in the cours of 2013	Total of confirmed credit lines (notional amount) 31.12.2013
2012 - 2013 <sup>(1)</sup>	210	350	-130	220	-220	-
2013	-	300		300	-300	-
2017	-	250		250		250
2021 - 2025 - 2027	115	115	-7	108	-7	101
2015 - 2017	272	272		272		272
-	262					
-	17					
	<b>877</b>	<b>1 287</b>		<b>1 150</b>		<b>623</b>
		877		914		978
				450		450
		<b>1 287</b>		<b>1 600</b>		<b>1 073</b>
		877		914		978
		411		686		95

(1) Syndicated loan of €220 million extended for a further year (2013).

(2) These fixed-rate loans correspond to assignments of receivables from future rent (excluding indexing).

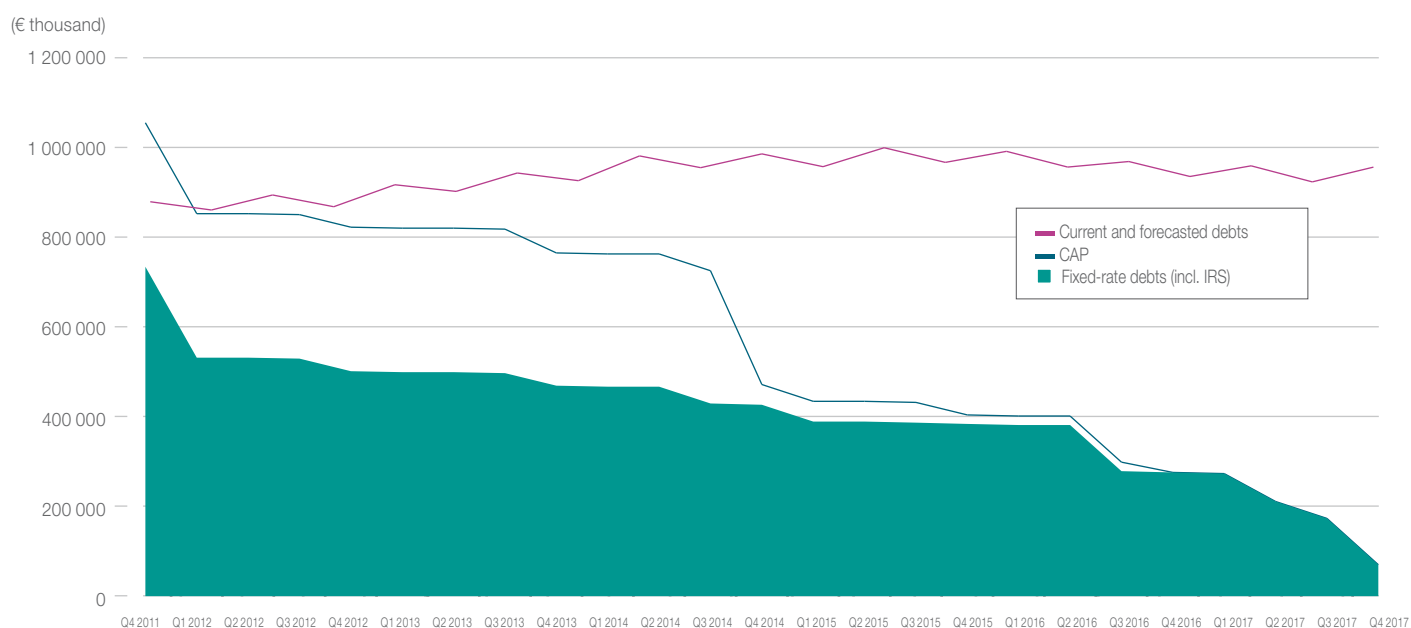
# FINANCIAL STRUCTURE

## Interest rate risk hedging

The interest rate hedging policy is designed to hedge a degressive portion of borrowings, over a period of 5 to 10 years. The objectives and implementation of this policy are regularly reviewed. The choice and level of instruments is based on an analysis of rate forecasts by a number of consulted banks, and arbitrage between the cost of the instrument, the level and the type of protection offered. In addition, the Company's hedging policy also aims to limit

changes in financial charges under existing covenants and to protect EPRA earnings as required to pay the forecast dividend.

### CHANGES IN THE PORTFOLIO OF HEDGING INSTRUMENTS AND FIXED RATE FINANCING IN RELATION TO FORECASTED DEBTS



# FINANCIAL RESULTS

The floor area of the Company's property was changed over the 15 months of the fiscal period by the sale of the Kattendijkdok building (January 2011) and Empress Court building (March 2011) and the sale of floors in the shared property Chaussée de la Hulpe 177 in Brussels (June 2011), and by the acquisition – with two of its subsidiaries – of Ringcenter SA, owner of the Pavilion complex (February 2011).

ANALYSIS OF THE CHANGES IN EPRA EARNINGS (€ thousand)	
EPRA earnings 2010 (group share) – restated period (12 months)	85 034
Termination of the leasehold on the block 2 of the WTC	-6 494
EPRA earnings 2010 (group share) – restated period (12 months), excluding exceptional elements	78 540
Increase of the financial charges	-5 770
Impact of the change in the floor area on the property operating result	3 278
Deterioration of the property operating result at constant floor area	-2 563
Corporate overheads	-1 532
Other operating income and charges (spreading of the gratuities)	-1 667
EPRA earnings 2011 (group share) – restated period (12 months)	70 287

The **net rental result** was €155.8 million over the 15 months to 31 December 2011, compared to €123.5 million for the 12 months to 30 September 2010. Based on the restated periods (12 months), the rental result is up 0.8% from €123.7 million as at 31 December 2010 to €124.6 million as at 31 December 2011. This rise is due mainly to the contribution of the Pavilion complex since February 2011 and the indexing of leases. However, the rise is limited due to:

- the loss of income following the sale of the Kattendijkdok building in January 2011;
- the decrease in rental income at constant floor area (EPRA like-for-like<sup>(1)</sup>) owing to the departure of certain tenants, the impact of the renegotiation of certain leases through their extension, the end of the income guarantee on the Axento building (which expired on 31 December 2010), and the negative impact of the spreading of rental gratuities.

**Net rental charges** were €9.0 million over the 15 months to 31 December 2011, compared with €7.8 million for the 12 months to 30 September 2010. Based on the restated periods (12 months), net rental charges were 2.7%, rising from €7.4 million as at 31 December 2010 to €7.6 million as at 31 December 2011.

(1) Including indexing.

# FINANCIAL RESULTS

Guimard  
Brussels  
Leopold district



Based on the data mentioned above, this gives a **property operating result** of €146.8 million for the 15 months to 31 December 2011, compared with €115.7 million for the 12 months to 30 September 2010. Based on the restated periods (12 months), the rental result is up 0.6% from €116.3 million as at 31 December 2010 to €117.0 million as at 31 December 2011.

Over the past twelve months to 31 December 2011, **corporate overheads** increased by 12% from €12.7 million at the end of December 2010 to €14.2 million at the end of December 2011. This increase is due mainly to the fees incurred by the refinancing program and the costs associated with the team and the Managing Agent.

**Other operating income** was -€0.1 million over the 15 months to 31 December 2011 as against €9.0 million for the 12 months to 31 December 2010. Note that, in April 2010, the non-recurring proceeds of the termination of the leasehold granted on the block 2 of the WTC (€7.2 million, or €6.5 million group share) were booked to other operating income.

The **result on the disposals of investment properties** was €14.8 million over the 15 months of the 2010/2011 fiscal period. This amount was generated by the sales completed in early 2011 (Empress Court building in Brussels, Kattendijkdok building in Antwerp and the sale of floors of offices in a jointly owned building at Chaussée de la Hulpe 177 in Brussels).

The **financial result (excluding changes in the fair value of financial instruments)** was -€34.5 million for the

15 months to 31 December 2011, compared with -€22.8 million for the 12 months to 30 September 2010.

Based on the restated periods (12 months), the financial result was down 28.1% from -€22.5 million as at 31 December 2010 to -€28.8 million as at 31 December 2011. This change is explained mainly by:

- the rise in short rates (the Euribor average rose from 0.69% to 1.29%),
- higher margins on new financing arranged during 2011, and
- the increase in average borrowings (some €37 million over the last 12 months).

The average cost of financing (including hedging margin and costs) was 3.55% over the last 12 months of the fiscal period, compared with 2.97% for the 2009/2010 fiscal year.

The **change in fair value of investment properties** was -€26.4 million (-1.29%) over the 15 months of the fiscal period and -€19.0 million (-0.93%) over the last 12 months of the 2010/2011 fiscal period as against -€31.6 million (-1.62%) for the restated 12 months to 31 December 2010.

The **change in fair value of financial instruments** was +€5.0 million over the 15 months of the past fiscal period and -€2.5 million over the last 12 months of the 2010/2011 fiscal period as against +€1.3 million restated for the 12 months to 31 December 2010.

The combination of these items gave a **net result** (group share) of €81.9 million over the 15 months to 31 December 2011, compared with €46.7 million for the 12 months to 30 September 2010.





Based on the restated periods (12 months), the net result was up 12.7% from €55.0 million as at 31 December 2010 to €62.0 million as at 31 December 2011.

**EPRA earnings** (group share) were €90.0 million over the 15 months to 31 December 2011, compared with €84.7 million for the 12 months to 30 September 2010. Based on the restated periods (12 months), EPRA earnings were down -17.3% from €85.0 million as at 31 December 2010 to €70.3 million as at 31 December 2011. Excluding the non-recurring proceeds from the termination of the leasehold granted on the block 2 of the WTC (€7.2 million, or €6.5 million group share) booked during the 2009/2010 fiscal year, this decline was limited to -10.5% and is due mainly to the rise in financial charges.

The **net result** (group share) and **EPRA earnings** for the period are slightly higher than the published forecasts.

# EPRA BEST PRACTICES RECOMMENDATIONS IN TERMS OF PERFORMANCE INDICATORS

In August 2011 the Board of Directors of the European Public Real Estate Association (EPRA) published an update of the report entitled "Best Practices Recommendations" <sup>(1)</sup>.

This document contains its recommendations for defining the main financial performance indicators applicable to listed real-estate companies.

Befimmo supports the reporting standardisation approach designed to improve the quality and comparability of information and supplies her investors with most of the EPRA recommendations.

The Statutory Auditor has checked whether the "EPRA earnings", "EPRA NAV" and "EPRA NNNAV" ratios have been calculated in accordance with the definitions given in the "EPRA Best Practices Recommendations"

of August 2011 and whether the financial data used to calculate those ratios tally with the accounting data included in the consolidated Financial Statements.

The portfolio figures have been reviewed by the real-estate appraiser, Jones Lang LaSalle.

## KEY PERFORMANCE INDICATORS

Tables	EPRA Indicators	EPRA Definitions <sup>(2)</sup>	31.12.2011 (15 months)	31.12.2011 (12 months) <i>restated period</i>	30.09.2010 (12 months)
<b>1</b>	EPRA earnings	Recurring earnings from core operational activities  € thousand €/share	<b>90 023</b> <b>5.35</b>	70 287 4.18	84 746 5.05
<b>2</b>	EPRA NAV	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long term investment property business model  € thousand €/share	<b>1 006 222</b> <b>57.37</b>	1 006 222 57.37	1 035 645 61.68
<b>3</b>	EPRA NNNAV	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes  € thousand €/share	<b>1 000 114</b> <b>57.03</b>	1 000 114 57.03	1 011 855 60.26
<b>4</b>	(i) EPRA Net Initial Yield (NIY)	Annualised rental income <sup>(3)</sup> based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs	<b>6.06%</b>	6.06%	6.22%
	(ii) EPRA 'topped-up' NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents)	<b>6.26%</b>	6.26%	-
<b>5</b>	EPRA Vacancy Rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio	<b>6.13%</b>	6.13%	4.72%

(1) The report is available on the EPRA website: [www.epra.com](http://www.epra.com).

(2) Source: EPRA Best Practices: [www.epra.com](http://www.epra.com).

(3) For Befimmo, the annualised rental income used to calculate the EPRA Net Initial Yield is equivalent to the current rent at the closing date plus rent on future leases signed as at 31 December 2011 as reviewed by the real-estate experts.



► Meir  
Antwerp

TABLE ① : EPRA EARNINGS (€ thousand)

	31.12.2011 (15 months)	31.12.2011 (12 months) <i>restated period</i>	30.09.2010 (12 months)
Net result IFRS (group share)	81 856	61 992	46 659
Adjustments to calculate EPRA earnings	8 167	8 294	38 087
To exclude:			
I. Changes in fair value of investment properties and porperties held for sale	26 403	18 984	34 557
II. Gains and losses on disposals of investment properties	-14 769	-14 623	-215
VI. Changes in fair value of financial assets and liabilities and close out costs	-4 432	3 129	3 774
X. Adjustments in respect of non-controlling interests	965	805	-29
EPRA earnings (group share)	90 023	70 287	84 746 <sup>(4)</sup>
EPRA earnings (€/share) (group share)	5.35	4.18	5.05

(4) EPRA earnings for the fiscal year 2009/2010 contains a non-recurring income of €6.5 million (group share) resulting from the termination of the leasehold which was granted on the block 2 of the World Trade Center.

# EPRA BEST PRACTICES RECOMMENDATIONS

TABLE ② AND ③: EPRA NAV &amp; NNNAV (€ thousand)

	31.12.2011	30.09.2010
<b>Net asset value (part du groupe)</b>	<b>1 002 628</b>	<b>1 017 445</b>
<b>Net asset value (€/share) (group share)</b>	<b>57.17</b>	<b>60.60</b>
Effect of exercise of options, convertible debts and other equity interests	-	-
<b>Diluted Net asset value, after the exercise of options, convertible debts and other equity interests</b>	<b>1 002 628</b>	<b>1 017 445</b>
To include:		
II. Revaluation at fair value of finance lease credit	-14	-77
To exclude:		
IV. Fair value of financial instruments	3 606	18 269
To include/exclude:		
Adjustments in respect of non-controlling interests	1	8
<b>EPRA NAV (group share)</b>	<b>1 006 222</b>	<b>1 035 645</b>
<b>EPRA NAV (€/share) (group share)</b>	<b>57.37</b>	<b>61.68</b>
To include:		
I. Fair value of financial instruments	-3 606	-18 269
II. Revaluations at fair value of fixed-rate loans	-2 540	-5 955
To include/exclude:		
Adjustments in respect of non-controlling interests	38	434
<b>EPRA NNNAV (group share)</b>	<b>1 000 114</b>	<b>1 011 855</b>
<b>EPRA NNNAV (€/share) (group share)</b>	<b>57.03</b>	<b>60.26</b>

TABLE ④: EPRA NET INITIAL YIELD (NIY) and 'topped-up' NIY (€ thousand)

	31.12.2011	30.09.2010
Investment properties and properties held for sale	1 971 282	1 922 611
To exclude:		
Properties that are being constructed or developed for own account in order to be leased	-31 550	-49 631
Properties held for sale	-	-37 647
Properties available for lease	1 939 732	1 835 334
To include:		
Allowance for estimated purchasers' cost	49 662	47 114
<b>Investment value of properties available for lease (B)</b>	<b>1 989 394</b>	<b>1 882 447</b>
Annualised cash passing rental income	127 546	124 157 <sup>(2)</sup>
To exclude:		
Property charges <sup>(1)</sup> (last 12 months)	-7 018	-6 765
<b>Annualised net rents (A)</b>	<b>120 528</b>	<b>117 085</b>
To include:		
- notional rent expiration of rent free periods or other lease incentives	2 484	-255 <sup>(2)</sup>
- rent on signed future contracts	1 535	-52 <sup>(2)</sup>
<b>'Topped up' annualized net rents (C)</b>	<b>124 547</b>	<b>117 392</b>
<b>EPRA NET INITIAL YIELD (A/B)</b>	<b>6.06%</b>	<b>6.22%</b>
<b>EPRA 'topped-up' NET INITIAL YIELD (C/B)</b>	<b>6.26%</b>	<b>-</b>

(1) The scope of the real-estate charges to be excluded for calculating the EPRA Net Initial Yield is defined in the EPRA Best Practices and does not correspond to "real-estate charges" as presented in the consolidated IFRS accounts.

(2) In the 2010 Annual Financial Report, EPRA Net Initial Yield was calculated using a different method: the rent at the expiry of rental gratuity periods and the rent for signed future contracts were removed from the current rent of the expert. Moreover, the two items were calculated on a pro rata basis for the months concerned, rather than an annualised basis. The opposite approach has been used in this Report.

# EPRA BEST PRACTICES RECOMMENDATIONS

TABLE ⑤: INVESTMENT PROPERTIES RENTAL DATA

Segment	Gross rental income over the last 12 months (€ thousand)	Net rental income over the last 12 months (€ thousand)
	31.12.2011	31.12.2011
Brussels centre (CBD)	69 270	66 727
Brussels decentralised	8 317	7 430
Brussels periphery	10 650	9 249
Wallonia	11 340	10 674
Flanders	21 129	19 310
Luxembourg city	3 891	3 726
<b>Total properties available for lease</b>	<b>124 598</b>	<b>117 116</b>
<b>Reconciliation to the consolidated IFRS income statement</b>		
<b>Rental income related to:</b>		
- Properties booked as financial leases (IAS 17)	27	-3
- Investment properties sold during the last 12 months	4	-122
<b>Total</b>	<b>124 629<sup>(1)</sup></b>	<b>116 992<sup>(2)</sup></b>

(1) The total "Gross rental income" for the period defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "Net rental income" of the consolidated IFRS accounts.

(2) The total "Net rental income" for the period defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "Property operating result" of the consolidated IFRS accounts.



Lettable space (in m <sup>2</sup> ) 31.12.2011	Current rent <sup>(3)</sup> (€ thousand) 31.12.2011	Estimated rental value (ERV) on vacant spaces (€ thousand) 31.12.2011	Estimated rental value (ERV) (€ thousand) 31.12.2011	Vacancy rate (in %)	
				31.12.2011	30.09.2010
394 994	74 193	3 333	72 577	4.6%	2.9%
60 366	8 138	1 419	8 889	16.0%	10.2%
106 470	11 365	2 553	13 531	18.9%	21.9%
95 601	11 695	-	9 671	0.0%	0.0%
180 563	21 732	-	19 972	0.0%	0.0%
13 447	4 444	655	5 115	12.8%	0.0%
<b>851 441</b>	<b>131 565</b>	<b>7 959</b>	<b>129 755</b>	<b>6.13%</b>	<b>4.72%</b>

(3) The current rent at the closing date plus rent on future leases signed as at 31 December 2011 as reviewed by the real-estate experts.

# EPRA BEST PRACTICES RECOMMENDATIONS

## INVESTMENT PROPERTIES - LIKE FOR LIKE (€ thousand)

	31.12.2011 (12 months) <i>restated period</i>				
Segment	Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties that are being constructed or developed <sup>(1)</sup>	Total net rental income
Brussels centre (CBD)	63 421	3 459	-9	-153	66 718
Brussels decentralised	7 430		-21		7 409
Brussels periphery	9 249				9 249
Wallonia	10 674				10 674
Flanders	19 310		103		19 413
Luxembourg city	3 726				3 726
<b>Total</b>	<b>113 810</b>	<b>3 459</b>	<b>73</b>	<b>-153</b>	<b>117 189</b>
<b>Reconciliation to the consolidated IFRS income statement</b>					
Net rental income related to:					
- Investment properties sold earlier on (before 1 January 2010)					-195
- Properties booked as financial leases (IAS 17)					-3
<b>Property operating result in the consolidated IFRS income statement</b>					<b>116 992<sup>(2)</sup></b>

(1) These are properties that are being constructed or developed for own account in order to be leased.

(2) The total "Net rental income" for the period defined in EPRA Best Practices, reconciled with the consolidated IFRS income statement, corresponds to the "Property operating result" of the consolidated IFRS accounts.

31.12.2010 (12 months) <i>restated period</i>						Evolution
Properties owned throughout 2 consecutive years	Acquisitions	Disposals	Properties that are being constructed or developed <sup>(1)</sup>	Total net rental income	Properties owned throughout 2 consecutive years	
63 661	-	-351	8	63 318		-0.4%
8 319		-144		8 175		-10.7%
8 818				8 818		4.9%
10 102				10 102		5.7%
19 679		820		20 499		-1.9%
5 344				5 344		-30.3%
115 923	-	326	8	116 257		-1.8%
				4		
				-5		
				116 256		

# EPRA BEST PRACTICES RECOMMENDATIONS

## INVESTMENT PROPERTIES - VALUATION DATA

Segment	Fair value		Changes in fair value over the last 12 months		Changes in fair value over the last 12 months	
	(€ thousand)		(€ thousand)		(in %)	
	31.12.2011	30.09.2010	31.12.2011	30.09.2010	31.12.2011	30.09.2010
Brussels centre (CBD)	1 124 874	1 017 760	-9 814	-17 237	-0.86%	-1.67%
Brussels decentralised	127 275	129 828	-4 836	-9 064	-3.66%	-6.53%
Brussels periphery	156 323	159 632	-7 871	-7 945	-4.79%	-4.74%
Wallonia	85 255	87 504	-1 154	-2 610	-1.34%	-2.90%
Flanders	364 590	358 365	4 347	-251	1.21%	-0.07%
Luxembourg city	81 415	82 244	1 337	709	1.67%	0.87%
<b>Total properties available for lease</b>	<b>1 939 732</b>	<b>1 835 334</b>	<b>-17 922</b>	<b>-36 400</b>	<b>-0.92%</b>	<b>-1.94%</b>
<b>Reconciliation tot he consolidated IFRS balance sheet</b>						
<i>Properties that are being constructed or developed for own account in order to be leased</i>	31 550	49 631			-1.99%	
<b>Investment properties in the consolidated IFRS balance sheet</b>	<b>1 971 282</b>	<b>1 884 964</b>			<b>-0.93%</b>	

	EPRA Net Initial Yield over the last 12 months		Reversion rate		Weighted average duration	
	(in %)		(in %)		(in years)	
	31.12.2011	30.09.2010	31.12.2011	30.09.2010	31.12.2011	30.09.2010
	6.00%	6.15%	-6.82%	-4.43%	10.2	10.3
	5.33%	6.02%	-7.52%	-9.09%	3.9	4.0
	6.03%	5.93%	-2.85%	-6.40%	2.7	2.8
	12.47%	11.20%	-20.92%	-14.20%	6.0	6.2
	5.36%	5.36%	-8.81%	-3.37%	13.0	14.2
	4.39%	6.33%	0.33%	-4.71%	3.5	3.4
	<b>6.06%</b>	<b>6.22%</b>	<b>-7.53%</b>	<b>-5.60%</b>	<b>9.0</b>	<b>9.1</b>
			-			
			-7.53%			

# EPRA BEST PRACTICES RECOMMENDATIONS

## INVESTMENT PROPERTIES - LEASE DATA

Final expiry date					
	Average duration of leases as at 31.12.2011 (in years) expiry date	Current rent of the leases reaching final expiry			
		(€ thousand)			
		in 2012	in 2013	in 2014-2016	from 2017
Brussels centre (CBD)	10.8	414	613	3 474	69 589
Brussels decentralised	4.9	348	2 976	137	4 676
Brussels periphery	5.4	1 211	65	3 994	6 045
Wallonia	6.0	4 893	-	2 172	4 630
Flanders	13.0	217	156	1 659	19 713
Luxembourg city	7.3	-	-	-	4 444
<b>Total properties available for lease</b>	<b>9.8</b>	<b>7 083</b>	<b>3 809</b>	<b>11 436</b>	<b>109 097</b>
Next break					
	Average duration of leases as at 31.12.2011 (in years) 1 <sup>st</sup> break	Current rent of the leases reaching next break			
		(€ thousand)			
		in 2012	in 2013	in 2014-2016	from 2017
Brussels centre (CBD)	10.2	902	1 263	14 267	57 659
Brussels decentralised	3.9	352	3 198	1 297	3 291
Brussels periphery	2.7	1 671	3 527	4 361	1 756
Wallonia	6.0	4 893	-	2 172	4 630
Flanders	13.0	217	156	1 753	19 619
Luxembourg city	3.5	346	-	3 364	734
<b>Total properties available for lease</b>	<b>9.0</b>	<b>8 381</b>	<b>8 143</b>	<b>27 214</b>	<b>87 687</b>

## PROPERTIES THAT ARE BEING CONSTRUCTED OR DEVELOPED FOR OWN ACCOUNT IN ORDER TO BE LEASED (as at 31.12.11)

Segment	Cost to date	Costs to complete	Future interest to be capitalised	Forecast total cost
	(€ thousand)			
New Finance centre (Tower Paradis)	6 067	83 695	4 693	94 455
Total	6 067	83 695	4 693	94 455

## Reconciliation tot he consolidated IFRS balance sheet

Difference between cost to date and the fair value	-497
Fair value of the project WTC 4	25 979
<b>Properties that are being constructed or developed for own account in order to be leased in the consolidated IFRS balance sheet</b>	<b>31 550</b>



## Final expiry date

Estimated rental value (ERV) of the leases reaching final expiry

(€ thousand)			
in 2012	in 2013	in 2014-2016	from 2017
370	535	2 961	66 774
272	2 314	194	4 689
1 077	37	3 423	6 348
4 337	-	1 535	3 799
188	175	1 486	18 109
-	-	-	4 460
<b>6 244</b>	<b>3 061</b>	<b>9 600</b>	<b>104 179</b>
Next break			

Estimated rental value (ERV) of the leases reaching next break

(€ thousand)			
in 2012	in 2013	in 2014-2016	from 2017
837	1 176	13 269	55 357
277	2 541	1 320	3 331
1 514	3 235	4 252	1 886
4 337	-	1 535	3 799
188	175	1 569	18 025
310	-	3 400	750
<b>7 462</b>	<b>7 127</b>	<b>25 347</b>	<b>83 148</b>

Forecast completion date	Lettable space (in m²)	% let
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mid 2012	48 600	100%
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# APPROPRIATION OF THE RESULT

## Impact of the application of the Royal Decree of 7 December 2010 on Sicafis on the preparation of accounts and the appropriation of the result

The Royal Decree of 7 December 2010 on Sicafis contains several provisions relating to the preparation of their accounts and the appropriation of their result. In particular, it requires the result to be appropriated to specific reserves, such as the reserve for the balance of changes in fair value of properties, the reserve for estimated transaction fees and costs incurred for the hypothetical disposal of investment properties, and the reserve for the balance of changes in fair value of hedging instruments.

Befimmo's accounts for the 2010/2011 fiscal period have been prepared in accordance with that Royal Decree.

To highlight the impact of its application, the statutory accounts as at 30 September 2010 have been restated on the basis of that Royal Decree.

## STATUTORY SHAREHOLDERS' EQUITY AS AT 30 SEPTEMBER 2010 AS APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS OF 15 DECEMBER 2010

(€ thousand)	Before appropriation of the result for the fiscal period 30.09.2010
<b>A. Paid-up capital (+)</b>	<b>233 985</b>
a. Subscribed capital	243 935
b. Costs of capital increase (-)	-9 950
<b>B. Issue premiums unavailable under the articles of association (+)</b>	<b>485 340</b>
<b>C. Buy-back of own shares (-)</b>	
<b>D. Reserves</b>	<b>21 113</b>
a. Legal	1 295
b. Unavailable	3 633
c. Exempted	0
d. Available	16 185
<b>E. Result</b>	<b>277 009</b>
a. Brought forward from previous fiscal years	230 348
b. For the fiscal year	46 661
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1 017 446</b>

**RESTATEMENT OF SHAREHOLDERS' EQUITY AS AT 30 SEPTEMBER 2010 PURSUANT TO THE ROYAL DECREE OF 7 DECEMBER 2010**

(€ thousand)	Before appropriation of the result for the fiscal period 30.09.2010	Appropriation of the result for 2009/2010 to the reserves	Allocation of dividend for 2009/2010	After appropriation of the result to the reserves and allocation of the dividend 30.09.2010
<b>A. Paid-up capital (+)</b>	<b>233 985</b>			<b>233 985</b>
a. Subscribed capital	243 935			243 935
b. Costs of capital increase (-)	-9 950			-9 950
<b>B. Issue premiums unavailable under the articles of association (+)</b>	<b>485 340</b>			<b>485 340</b>
<b>C. Reserves</b>	<b>251 462</b>	<b>46 661</b>	<b>-65 580</b>	<b>232 542</b>
a. Legal reserve (+)	1 295			1 295
b. Reserve for balance of changes in fair value of properties (±)	193 649	-35 004		158 645
c. Reserve for estimated fees and costs incurred in the hypothetical disposal of investment properties (-)	-29 114	614		-28 500
e. Reserve for balance of changes in fair value of permitted hedging instruments to which hedging accounting as defined in IFRS is not applied (±)	-22 933	-3 789		-26 722
m. Other reserves (±)				
- Unavailable	3 633			3 633
- Available	16 185			16 185
n. Result brought forward from previous fiscal years (±)	88 747	84 839	-65 580	108 006
<b>D. Result for the fiscal year</b>	<b>46 661</b>	<b>-46 661</b>		
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1 017 446</b>	<b>0</b>	<b>-65 580</b>	<b>951 866</b>

# APPROPRIATION OF THE RESULT

## Appropriation of results (statutory accounts)

The net result for the fiscal period which exceptionally lasted 15 months was €79,526,913.2.

Taking account of the result brought forward from the 2009/2010 fiscal year, restated in accordance with the Royal Decree of 7 December 2010 on Sicafis (€108,005,562.71) (see before), the incorporation by merger-absorption of the result brought forward of the company Ringcenter (€20,985,996.00) and the net result for the fiscal year (€79,526,913.20), the result to be appropriated amounts to €208,518,471.91.

The result for the fiscal period relates to 18,175,440 shares, an increase of 8.3% in relation to the previous period. The increase in the number of shares issued is the result of:

- the creation of 637,371 shares on 22 June 2011 on account of the merger-absorption with the company Ringcenter, owner of the Pavillon complex. These shares are held by two subsidiaries of Befimmo (Meifree SA and Vitafree SA);
- the creation of 747,966 shares on 15 December 2011 as part of the optional interim dividend in shares declared by the Managing Agent of Befimmo as at 24 November 2011 and proposed to the shareholders in December 2011.

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 be invited to:

- approve the annual accounts as at 31 December 2011 which, in accordance with the Royal Decree of 7 December 2010 on Sicafis, contain appropriations to the statutory reserves;
- distribute, as return on capital, a dividend of €86,630,121.61. This dividend would consist, firstly, of the interim dividend of €68,684,750.47, or €3.9412 gross per share, declared on 24 November 2011 for 17,427,474 shares outstanding at that time and, secondly, a final dividend of €17,945,371.14, representing a gross rounded dividend of €0.9873 for each of the 18,175,440 shares of the Company, payable by detaching coupon No 22;
- carry forward the balance again, i.e. the sum of €116,928,926.48.

The net amount of the final dividend is payable; a bearer of coupons who is exempt from withholding tax and not subject to the 4% <sup>(1)</sup> additional contribution on capital income will therefore receive an amount equal to the number of shares held multiplied by €0.9873.

The proposed dividend for the 2010/2011 fiscal period (including the interim dividend declared on 24 November 2011 and the final dividend referred to above) is consistent with article 27 of the Royal Decree of 7 December 2010 on Sicafis, in that it exceeds the required minimum of 80% of the sum of adjusted result and net capital gains on the realisation of property not exempt from the distribution requirement, less the net reduction of the Company's borrowings over the fiscal period, as reflected in the statutory accounts.

(1) Following the adoption of the law of 28 December 2011 (published in the Belgian Official Gazette of 30 December 2011), the rate of withholding tax for a Sicafi is 21% rather than 15% for dividends allocated or paid out from 1 January 2012. Natural persons earning over €20,020 a year in capital income are also subject to a surcharge of 4% on the portion of capital income that exceeds €20,020. Befimmo will not bear this additional contribution in any circumstances.

## EXPLANATORY TABLE OF THE STATUTORY RESULT FOR THE 2010/2011 FISCAL PERIOD

<b>Result brought forward as at 30 September 2010</b>	<b>108 005 562.71 €</b>
Result for the 2010/2011 fiscal period	79 526 913.20 €
Result brought forward for Ringcenter	20 985 996.00 €
<b>Result to be appropriated as at 31 December 2011</b>	<b>208 518 471.91 €</b>
Interim dividend for the 2010/2011 fiscal period	-68 684 750.47 €
Impact of appropriation to reserves (RD of 7 December 2010)	-4 959 423.82 €
Final dividend proposed for the 2010/2011 fiscal period	-17 945 371.14 €
<b>Result to be carried forward as at 31 December 2011</b>	<b>116 928 926.48 €</b>

## RESULT TO BE APPROPRIATED

Proposed appropriations and withdrawals	<b>A. Net result</b>	<b>79 526 913.20 €</b>
	<b>B. Transfer to / from reserves (-/+)</b>	<b>7 103 208.41 €</b>
	I. Transfer to / from reserve of balance (positive or negative) of changes in fair value of properties (-/+)	
	- Accounting year	29 998 088.76 €
	- Previous fiscal years	
	- Realisation of properties	-16 458 101.43 €
	II. Transfer to / from reserve of estimated fees and charges incurred in the hypothetical disposal of investment properties (-/+)	730 183.93 €
	VI. Transfer from reserve of balance of changes in fair value of permitted hedging instruments to which hedging accounting as defined in IFRS is not applied (+)	
	- Accounting year	-19 229 595.08 €
	- Previous fiscal years	
	XI. Transfer to / from result brought forward from previous years (-/+)	12 062 632.23 €
	<b>C. Return on capital</b>	<b>-86 630 121.61 €</b>
	- Interim dividend paid out in December 2011	-68 684 750.47 €
	- Final dividend for the fiscal year	-17 945 371.14 €
	<b>D. Return on capital apart from C</b>	<b>-</b>

# SUBSEQUENT EVENTS AFTER YEAR-END CLOSING



**Paradis project**  
Liège

The Managing Agent has no particular subsequent events to report, apart from Fedimmo SA obtaining the single permit for the construction project of the new Finance centre Tower Paradis in Liège.

As at 10 February 2012, the Walloon Minister of Public Works decided on the appeals, lodged against the permit issued by the technical official and delegate of the Walloon Region on 30 September 2011 and has, by Ministerial Order, delivered the requested permit. The project is described in more detail in the chapter “Key events of the fiscal period” on page 11 of this Report.



# OUTLOOK AND DIVIDEND POLICY

## Outlook

The outlook for the next three fiscal years, prepared in accordance with IFRS standards and presented in consolidated form, is based on information available as at 31 December 2011 (principally existing contracts) and on Befimmo's assumptions<sup>(1)</sup> and assessments of certain risks.

These forecasts may not be interpreted as a commitment on the part of Befimmo to achieve them and neither are they 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 on the real estate and financial markets. Given the present context of uncertainty and economic recession, the assumptions used may be highly volatile in future.

The assumptions and risk assessments seemed reasonable at the time they were made but, since it is impossible to predict future events, they may or may not prove to be correct. Accordingly, Befimmo's actual results, financial situation, performance or achievements, or the market results may differ substantially from these forecasts. Given these uncertainties, shareholders should not give undue credence to these forecasts.

Moreover, these forecasts are valid only at the time of writing of the Annual Financial Report. Befimmo does not undertake to update the forecasts, for example to reflect a 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.

In establishing forecasts of changes in the fair values of the properties over the next three fiscal years, Befimmo made use of the market trend scenarios considered by the real-estate experts, adjusted in line with specific factors relating to the actual situation of the properties in the portfolio.

The scenarios considered expect the effects of the economic and financial crisis to lessen over the coming years and inflation to average around 2% a year.

Aside from these general market trends, Befimmo has incorporated into the forecasts the actual characteristics of its buildings, mainly in terms of their rental situation (notably the residual duration of the leases) and their degree of obsolescence (technical and environmental performance, etc.).

Regarding new investments, Befimmo plans to pursue its growth targets by taking advantage of market opportunities that might occur in Belgium or, potentially, in Luxembourg or France, and offer prospects for creating lasting value for its shareholders.

<sup>(1)</sup> Notably regarding renewal of leases or finding new rental customers, but also changes in interest rates and inflation.

# OUTLOOK AND DIVIDEND POLICY

The following external and internal assumptions are made:

	Realised		Assumptions		
	2009/2010	2010/2011	2012	2013	2014
<b>EXTERNAL ASSUMPTIONS</b>					
Change in health index	2.56%	2.91%	2.49%	1.95%	2.00%
Average of Euribor 1- and 3-month interest rates	0.61%	1.22%	0.88%	0.92%	1.46%
<b>INTERNAL ASSUMPTIONS</b>					
Actual net income/potential income <sup>(1)</sup>	90.6%	90.9%	94.6%	92.9%	93.8%
Average financing cost (including margin and costs)	2.97%	3.45%	3.87%	3.91%	3.94%
Changes in values of consolidated portfolio	-1.77%	-1.29%	-1.44%	-0.89%	-0.38%
Total number of shares in circulation	16 790 103	17 538 069	17 732 936	17 929 969	18 129 191

This growth can take two forms:

- internal, steady and gradual growth, through direct and indirect acquisitions, in line with Befimmo's investment capacities;
- occasional external growth through mergers with other real estate portfolios, as opportunities arise.

In normal operation, Befimmo's LTV ratio could thus reach around 50% so as to optimise the use of its borrowing capacity.

Any growth project structurally raising Befimmo's debt ratio substantially above 50% to 55% would require further recourse to the capital market, as happened in 2007 and 2009, or possibly even a partnership.

The forecasts are nevertheless made on the basis of a stable floor area of its property assets and equity perimeter, with the exception of the assumption that shareholders avail themselves each year of the opportunity to obtain a dividend in new shares (up to about 25% of the dividend). They do not take account of any new investment.

Accordingly, these projections do not include any external growth.

(1) The ratio of actual net income to potential income over a fiscal year is calculated by 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 (ERV).

## Dividend policy

The assumptions used for making forecasts **at constant floor area and perimeter** indicate that fiscal year 2012 should achieve EPRA earnings of €3.86 per share.

The decrease in the estimated EPRA earnings for 2012 (€3.86) in relation to 2011 (€5.35) is due to an exceptional environment of a weak economy combined with rising financing costs.

On that basis, **at constant floor area and perimeter**, Befimmo expects to be able to provide a gross dividend of €3.45 for fiscal year 2012, which could be payable as an interim dividend of €2.59 in December 2012 and a final dividend of €0.86 in May 2013 which, based on a share price of €50.28 (31 December 2011), corresponds to a gross yield of 6.9% and, based on the net asset value of €57.17 as at 31 December 2011, corresponds to a gross yield of 6%.

The dividend in future years will obviously depend on the economic climate and the investment opportunities that the Company takes, while continuing to benefit from a stable income, thanks to the defensive nature of its property assets.

## SUCCESS OF THE OPERATION OF DISTRIBUTION OF THE INTERIM DIVIDEND IN CASH OR SHARES

In November 2011, the Managing Agent of Befimmo decided to offer shareholders the choice to receive the payment of the interim dividend of €3.35 net per share (for the 12 first months of the 2010/2011 fiscal period) in cash, in exchange for new shares or a combination of these two possibilities. The issue price of these new shares was set at €46.9 per share, or generating a premium of 4.9% compared to the Befimmo share price as at 19 December 2011 (€49.19), the day of the listing of the new shares.

A proportion of 60.1% of the coupons representing the dividend was reinvested in new shares. As a result of this operation, Befimmo issued 747,966 new shares and increased its equity by €35,1 million. Befimmo's registered capital of Befimmo therefore amounts to €264,1 million and is represented by 18,175,440 identical shares (or an increase of 4.3% of the total number of shares) offering the same rights and benefits.

# OUTLOOK AND DIVIDEND POLICY

CONSOLIDATED INCOME STATEMENT FORECAST (as at 31.12 - in € thousand)				
	Realised	Forecasts		
	2011	2012	2013	2014
	(15 months)	(12 months)		
I. (+) Rental income	156 037	128 018	127 354	130 669
III. (+/-) Charges linked to letting	-285	-400	-400	-400
<b>Net rental result</b>	<b>155 752</b>	<b>127 618</b>	<b>126 954</b>	<b>130 269</b>
(+/-) Net property charges	-8 988	-9 099	-8 894	-8 715
<b>Property operating result</b>	<b>146 764</b>	<b>118 519</b>	<b>118 061</b>	<b>121 555</b>
XIV. (-) Corporate overheads	-17 695	-14 967	-15 723	-16 001
XV. (+/-) Other operating income and charges	-72	824	203	-
<b>Operating result before result on portfolio</b>	<b>128 997</b>	<b>104 376</b>	<b>102 540</b>	<b>105 554</b>
XVI. (+/-) Gains or losses on disposals of investment properties	14 769	-	-	-40
XVIII. (+/-) Changes in fair value of investment properties	-26 403	-29 260	-18 421	-7 913
<b>Operating result</b>	<b>117 364</b>	<b>75 116</b>	<b>84 119</b>	<b>97 601</b>
(+/-) Financial result (excl. the changes in fair value of the financial assets and liabilities) <sup>(1)</sup>	-34 495	-32 185	-33 031	-33 095
(+/-) Changes in fair value of the financial assets and liabilities	5 038	458	1 066	371
<b>Pre-tax result</b>	<b>87 906</b>	<b>43 389</b>	<b>52 155</b>	<b>64 877</b>
(+/-) Corporate taxes	-818	-827	-844	-861
<b>Net result</b>	<b>87 088</b>	<b>42 562</b>	<b>51 311</b>	<b>64 017</b>
<b>Net result - group share</b>	<b>81 856</b>	<b>37 933</b>	<b>47 324</b>	<b>59 570</b>
Net result - non-controlling interests	5 232	4 629	3 987	4 447
<b>Net result - group share</b>	<b>81 856</b>	<b>37 933</b>	<b>47 324</b>	<b>59 570</b>
Changes in fair value of investment properties	26 403	29 260	18 421	7 913
Changes in fair value of the financial assets and liabilities	-5 038	-458	-1 066	-371
Close-out costs on financial assets and liabilities	606			
Non-controlling interests	726	1 024	149	329
<b>Current net result - group share</b>	<b>104 554</b>	<b>67 758</b>	<b>64 827</b>	<b>67 441</b>
<b>of which: EPRA earnings - group share</b>	<b>90 023</b>	<b>67 758</b>	<b>64 827</b>	<b>67 516</b>
- Gains or losses on disposals of investment properties	14 769	-	-	-40
- Non-controlling interests (result on sale of investment properties)	-239	-	-	-35
<b>Average number of shares in circulation over the period</b>	<b>16 822 216</b>	<b>17 546 077</b>	<b>17 741 034</b>	<b>17 938 156</b>
<b>Net result - group share (€/share)</b>	<b>4.87</b>	<b>2.16</b>	<b>2.67</b>	<b>3.32</b>
<b>Net current result - group share (€/share)</b>	<b>6.22</b>	<b>3.86</b>	<b>3.65</b>	<b>3.76</b>
<b>EPRA earnings - group share (€/share)</b>	<b>5.35</b>	<b>3.86</b>	<b>3.65</b>	<b>3.76</b>

CONSOLIDATED BALANCE SHEET FORECAST (as at 31.12 - in € thousand)				
	Realised	Forecasts		
	2011	2012	2013	2014
<b>Total assets</b>	<b>2 027 849</b>	<b>2 053 296</b>	<b>2 113 121</b>	<b>2 138 782</b>
Real-estate portfolio	1 971 282	1 993 066	2 049 215	2 070 753
Other assets	56 567	60 230	63 905	68 030
<b>Total shareholders' equity</b>	<b>1 070 459</b>	<b>1 061 335</b>	<b>1 060 599</b>	<b>1 071 851</b>
Shareholders' equity	1 002 628	990 255	986 753	994 932
Non-controlling interests	67 830	71 080	73 846	76 920
<b>Total liabilities</b>	<b>957 390</b>	<b>991 961</b>	<b>1 052 521</b>	<b>1 066 931</b>
Financial borrowings	875 134	914 221	978 293	996 491
Other liabilities	82 256	77 740	74 228	70 440
<b>Total liabilities and shareholders' equity</b>	<b>2 027 849</b>	<b>2 053 296</b>	<b>2 113 121</b>	<b>2 138 782</b>
<b>Number of shares in circulation</b>	<b>17 538 069</b>	<b>17 732 936</b>	<b>17 929 969</b>	<b>18 129 191</b>
<b>Net asset value - group share (€/share)</b>	<b>57.17</b>	<b>55.84</b>	<b>55.03</b>	<b>54.88</b>
<b>Debt ratio according to the RD</b>	<b>45.8%</b>	<b>48.3%</b>	<b>49.8%</b>	<b>49.9%</b>
<b>Loan-to-value</b>	<b>44.2%</b>	<b>45.9%</b>	<b>47.7%</b>	<b>48.1%</b>

(1) The financial result includes the activation of interim interest on renovation projects for an amount of €315 thousand in 2012, €1,620 thousand in 2013 and €3,751 thousand in 2014.

# EVOLUTION OF THE BEFIMMO SHARE

## Befimmo on NYSE Euronext Brussels

The year 2011 was one of uncertainty and volatility on the financial markets. The main stock market indexes fluctuated substantially, reaching their lowest point in December 2011, beset by the historic sovereign-debt crisis.

The Befimmo share followed the downward trend of the market to close at €50.28 as at 31 December 2011, as against €62.00 as at 30 September 2010. Note that the total number of shares outstanding increased over the period with more than 8%, from 16,790,103 to 18,175,440.

As at 31 December 2011, it was trading at a discount of 12.1% in relation to net asset value. Over the past 12 months, the liquidity of the Befimmo share held steady with a daily volume of €1.3 million, equivalent to 22,000 shares, or a velocity of the float of around 40%. Based on the share price as at 31 December 2011, Befimmo offers a gross yield on dividend of 7.84%<sup>(1)</sup>.

For shareholders who opted for a stock dividend, return on equity was 7.10% and return on the share price was -4.97% over the 15 month period to 31 December 2011, while shareholders opting for a cash dividend earned a return on equity of 6.11% and a return on the share price of -5.31% over the same period.

Over the 16 years since the stock market introduction, the Befimmo share has offered a total annualised yield of 6.5%<sup>(2)</sup>. The various graphs hereafter illustrate the performance of the Befimmo share in relation to the BEL 20 and EPRA indexes.

Befimmo makes every effort to develop and improve its relationship with investors by regularly taking part in roadshows. Thanks to these efforts, Befimmo has good stock-market visibility and interest from both private and institutional investors.

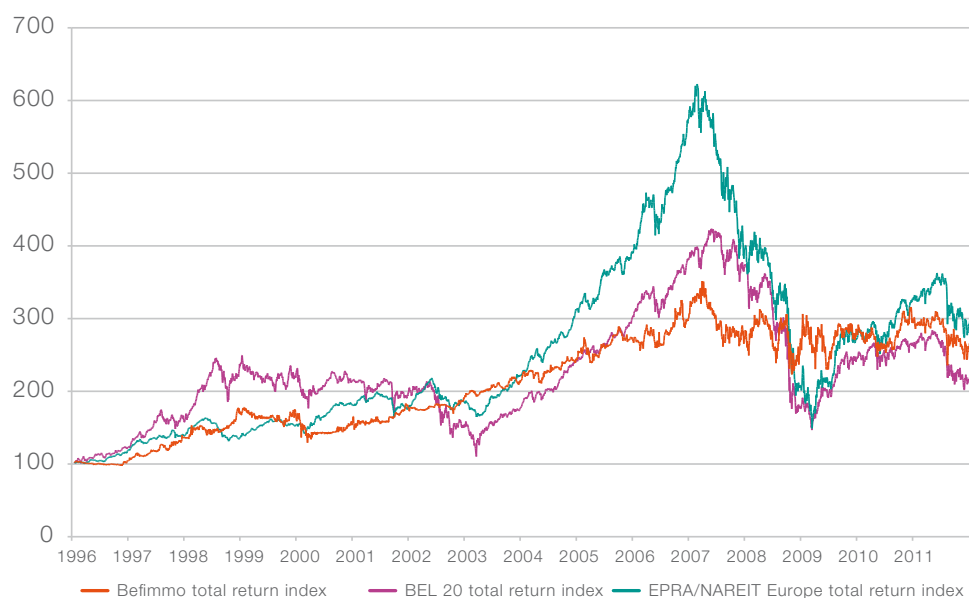
(1) Gross dividend of €3.94/share divided by the closing price as at 31 December 2011.

(2) Taking account of reinvestment of dividends received.

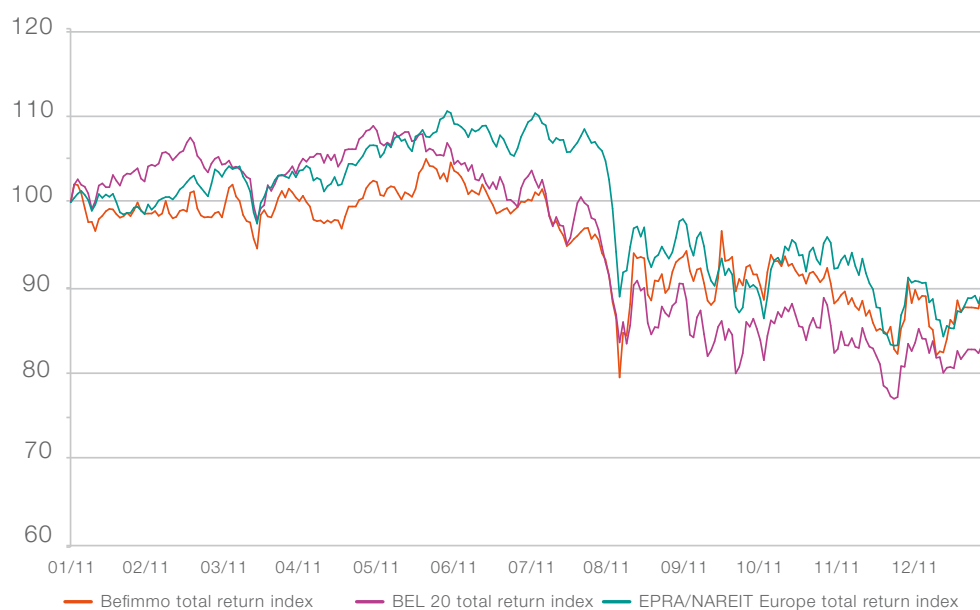


## Performance of Befimmo's total return index in relation to the total return index of the BEL 20 and EPRA/NAREIT Europe indexes<sup>(3)</sup>

PERFORMANCE SINCE 1996



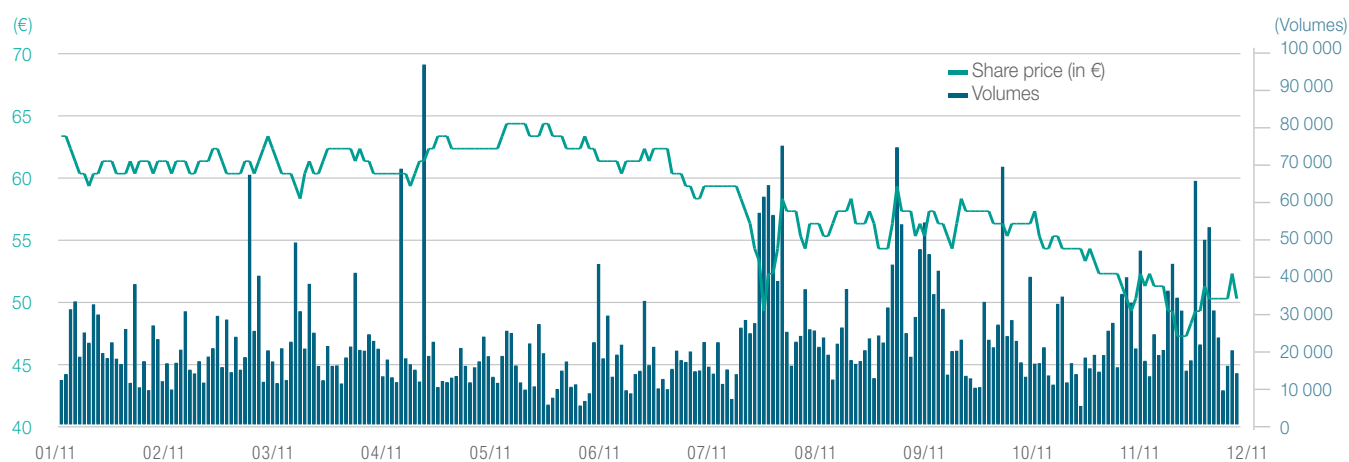
PERFORMANCE DURING THE FISCAL PERIOD 2010/2011 (12 MONTHS)



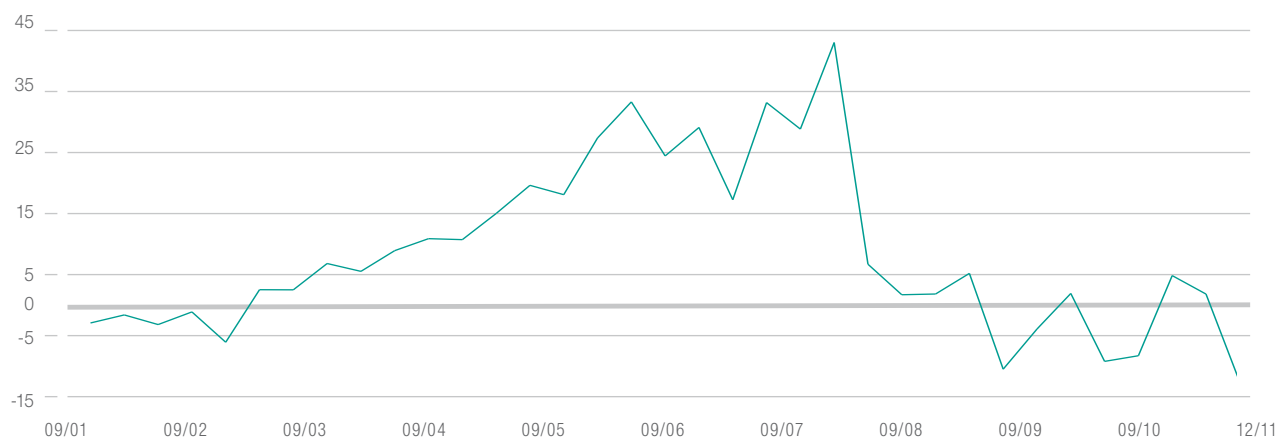
(3) Source: KBC Securities.

## EVOLUTION OF THE BEFIMMO SHARE

SHARE PRICE AND VOLUMES (01.01.2011 to 31.12.2011)



PREMIUM AND DISCOUNT (2001 to 2011) (in %)



The Befimmo share is listed on NYSE Euronext Brussels (compartment B) and is included in the indexes BEL 20, Bel Real Estate and Next 150 of NYSE Euronext.

DATA PER SHARE (in €)					
	30.09.2007	30.09.2008	30.09.2009	30.09.2010	31.12.2011
		(12 months)			(15 months)
Number of outstanding shares	13 058 969	13 058 969	16 790 103	16 790 103	18 175 440
Number of shares in circulation at close of fiscal period	13 058 969	13 058 969	16 790 103	16 790 103	17 538 069
Average number of shares in circulation during fiscal period	10 822 844	13 058 969	14 060 753	16 790 103	16 815 751
<b>Share price</b>					
Highest	97.60	81.62	75.40	65.00	69.05
Lowest	69.12	62.01	53.50	53.95	47.11
Closing	72.93	71.53	62.00	62.00	50.28
Net asset value	71.36	74.03	58.87	60.60	57.17
Distribution ratio (in %) <sup>(1)</sup>	94%	99%	85%	78%	96%
Gross dividend	4.51 €	4.55 €	3.36 € / 1.04 €	3.90 €	3.94 € / 0.99 € <sup>(2)</sup>
Gross yield (in %) <sup>(3)</sup>	6.17%	6.36%	6.69%	6.29%	7.84%

VELOCITY (January to December)					
	2007	2008	2009	2010	2011
Number of shares traded	4 735 440	5 527 288	7 284 304	6 299 659	5 691 401
Average daily turnover	18 570	21 591	28 454	24 417	22 146
Free float velocity <sup>(4)</sup>	43.3%	52.1%	61.2%	46.2%	41.7%

(1) Up to the 2009/2010 fiscal year inclusive, the pay-out ratio is the gross dividend divided by the net consolidated cash flow (group share). As of the 2010/2011 fiscal period, the net current result (group share) is used as a denominator.

(2) Following the adoption of the law of 28 December 2011 (published in the Belgian Official Gazette of 30 December 2011), the rate of withholding tax for a Sicafi is 21% rather than 15% for dividends allocated or paid out from 1 January 2012. Natural persons earning over €20,020 a year in capital income are also subject to a surcharge of 4% on the portion of capital income that exceeds €20,020. Befimmo will not bear this additional contribution in any circumstances. The gross dividend of €3.94 per share corresponds to the interim dividend of the 2010/2011 fiscal period (15 months) distributed in December 2011. The gross dividend of €0.99 per share corresponds to the final dividend of the 2010/2011 fiscal period (15 months), to be distributed in May 2012, subject to the approval of the General Meeting of shareholders to be held on 25 April 2012.

(3) The gross yield is the gross dividend per share divided by closing price.

(4) Free-float velocity is the total number of shares traded divided by the total number of shares from the Befimmo SCA free float.

# SHAREHOLDER STRUCTURE

## SHAREHOLDERS (as at 31.12.2011)

	Number of voting rights declared the day of statement	(in %)
<b>Declarants</b>		
AG Insurance and affiliated companies	3 156 080	17.4 <sup>(1)</sup>
<b>Befimmo's subsidiaries</b>		
Meirfree SA	424 914	2.3
Vitalfree SA	212 457	1.2
Free float	14 381 989	79.1
<b>Number of shares</b>	<b>18 175 440</b>	<b>100</b>

The Company applies a statutory declaration threshold of 3%.



Goemaere  
Brussels  
decentralised

(1) Based on the latest transparency declaration received on 15 October 2008 and the prior undertaking to subscribe to the capital increase of June 2009 for all the rights they held.

# KEY DATES FOR SHAREHOLDERS 2012

## KEY DATES FOR SHAREHOLDERS

Ordinary General Meeting of the 2010/2011 fiscal period (15 months)	Wednesday 25 April 2012
Payment of the attributable dividend of the 2010/2011 fiscal period on presentation of coupon No 22	
- <i>Ex-date</i>	Monday 30 April 2012
- <i>Record date</i>	Thursday 3 May 2012
- <i>Payment date</i>	from Friday May 4 2012
Interim statement - publication of the net asset value as at 31 March 2012	Monday 14 May 2012 <sup>(2)</sup>
Publication of Half-Yearly Financial Report and the net asset value as at 30 June 2012	Thursday 30 August 2012 <sup>(2)</sup>
Interim statement - publication of the net asset value as at 30 September 2012	jeudi 15 November 2012 <sup>(2)</sup>
Payment of the interim dividend of the 2012 fiscal year on presentation of coupon No 23	
- <i>Ex-date</i>	Monday 17 December 2012
- <i>Record date</i>	Wednesday 19 December 2012
- <i>Payment date</i>	from Thursday 20 December 2012
Publication of the annual results and the net asset value as at 31 December 2012	Thursday 19 February 2013
Online publication of the Annual Financial Report 2012 on Befimmo's website	Monday 25 March 2013
Ordinary General Meeting of the fiscal year closing as at 31 December 2012	Wednesday 24 April 2013
Payment of the attributable dividend of the 2012 fiscal year on presentation of coupon No 24	
- <i>Ex-date</i>	Monday 29 April 2013
- <i>Record date</i>	Thursday 2 May 2013
- <i>Payment date</i>	from Friday 3 May 2013

(2) Publication after the closing of the stock exchange.

# CORPORATE GOVERNANCE STATEMENT



Befimmo team

## Principles

Befimmo has adopted the Belgian Code of Corporate Governance published on 12 March 2009 (the “2009 Code”), available on the GUBERNA website: [www.guberna.be](http://www.guberna.be).

The following documents relating to the corporate governance of the Company are all published on Befimmo’s website: [www.befimmo.be](http://www.befimmo.be): the corporate governance charter, the code of ethics and the annexes to the charter:

- the terms of reference of the Board of Directors;
- the terms of reference of the Audit Committee;
- the terms of reference of the Appointment and Remuneration Committee;
- the terms of reference of the Executive Officers;
- the charter of the Supervisory College of day-to-day management;
- the terms of reference of the internal audit.

These documents have not been modified during the past fiscal period.

The current chapter of the Annual Financial Report contains information on Befimmo’s practice of the principles of governance over the past fiscal period.

# Management structure

## MANAGING AGENT

Befimmo SA manages the Sicafi Befimmo SCA. In accordance with the Sicafi's articles of association, as Managing Agent, Befimmo SA is empowered in particular to carry out all acts necessary or useful for achieving the corporate purpose of Befimmo SCA, with the exception of those reserved by law or the articles of association to the shareholders' General Meeting, to draft the quarterly trading updates, Half-Yearly and Annual Financial Reports and prospectuses for Befimmo SCA, to appoint real estate experts, to propose changes to the list of experts, 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 transactions intended to benefit Befimmo SCA, whether by merger or other transaction, with all companies having similar purposes.

According to article 18 of the articles of association, the Managing Agent cannot be revoked, except by a decision of a court and for serious grounds.

In addition to the reimbursement of any costs directly relating to its mission, Befimmo SA is entitled to receive remuneration in proportion to the Company's net result for the fiscal period. This remuneration is calculated every year on the basis of the consolidated pre-tax result, group share, for the accounting period concerned, shown by 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 calculating that remuneration:

- (i) gains or losses resulting from the valuation at fair value of the properties of the Company or its subsidiaries and other real estate assets within the meaning of the Royal Decree of 7 December 2010, 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 properties and other real estate assets referred to at (i) above are realised during the course of the fiscal period, 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 period concerned; in this way, once the remuneration has been entered into Befimmo SCA's accounts, the remuneration for the period will represent 2.04% of the above-mentioned result. This remuneration is due on 31 December of the fiscal period concerned, but is payable only after approval of the annual accounts. The calculation of the remuneration is checked by the Statutory Auditor.

## 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.

He is Mr Benoît De Blieck.



# CORPORATE GOVERNANCE STATEMENT

## BOARD OF DIRECTORS OF THE MANAGING AGENT BEFIMMO SA

### Composition of the Board of Directors

At the close of the fiscal period, the Board had eight Directors: one Executive Director, two Non-Executive Directors linked to the Promoter, and five Non-Executive Directors, classed as independent pursuant to article 526ter of the Code of Company Law.

As the fiscal period opened, the Board had nine members. Three directorships expired in March 2011, namely those of Mr Blanpain, Mr Buelens and Mr Vandewalle. A few months before these mandates expired, the Board initiated the procedure for appointing new Directors, as described in its terms of reference, to replace the outgoing Directors. In consultation with the Appointment and Remuneration Committee, the Board defined a profile for suitable candidates and started the recruitment procedure together with an extern advisor specialised in director research.

In February 2011, the Appointment and Remuneration Committee made recommendations for appointments to the Board. The Board discussed the recommendations and presented the candidates to the General Meeting of Befimmo SA on 16 March 2011, which appointed as directors Mr Hughes Delpire and the SPRL Etienne Dewulf, represented by its permanent representative, Mr Etienne Dewulf.

The Board of Directors examined the recommendations of the Corporate Governance Commission of 11 January 2011 regarding feminine directors. The Board will ensure to conform to those recommendations when Directorships will become vacant in the future.

The Directors are appointed for up to four years and may be re-elected.

A brief description of the careers of each Director, or of the permanent representative of each company acting as a Director, is set out hereafter.

The Board deplores the loss of Mr Gustaaf Buelens on 24 February 2012 who, as a Director, contributed to the development of Befimmo since its foundation.

## Directors as at 31 December 2011

### Mr ALAIN DEVOS

Mr Alain Devos (1953) is Chairman of Befimmo SA and also a member of the Appointment and Remuneration Committee.

Mr Alain Devos is permanent representative of the SPRL A. Devos, CEO of AG Real Estate SA (formerly Fortis Real Estate) since 2003. He holds directly or indirectly many directorships in companies affiliated with AG Real Estate SA. He is vice-chairman of Interparking SA and a director of Ascencio SA, managing agent of the REIT Ascencio SCA.

After studying as sales engineer at Solvay ULB (1975), he began his business career as a budget analyst at Sperry New Holland-Clayson. From 1978 to 1989, he was director of the real estate development department of CFE and went on to join *Générale de Banque* as head of real estate finance within the corporate & investment banking department. From 1990 to 2003, he held a number of assignments at AG Insurance (formerly Fortis AG), the latest being managing director and member of the management committee. Mr Alain Devos is also currently director of Brussels Enterprises Commerce and Industry (BECI) and director of the *Union Professionnelle du Secteur Immobilier* (UPSII), member of the Guberna Board of Trustees and Fellow member of the Royal Institute of Chartered Surveyors (RICS).



## Board of Directors

The Board of Directors met 20 times during the 2010/2011 fiscal period (15 months).

### COMPOSITION OF THE BOARD OF DIRECTORS FROM BEFIMMO

Name Directorship Board of Directors	Date of the first nomination	Date on which the directorship expires	Attendance at the Board of Directors during the 2010/2011 fiscal period (15 months)
⑤ <b>Alain Devos</b> Chairman, Non-Executive Director, linked to the Promoter	October 2002	May 2015	20
④ <b>Benoît De Blieck</b> Executive Director, not linked to the Promoter	August 1999	May 2015	20
⑦ <b>BVBA Arcade Consult</b> represented by its permanent representative, André Sougné, Non-Executive Director, Independent	March 2006	May 2013	20
① <b>Hugues Delpire</b> Non-Executive Director, Independent	March 2011	May 2015	13 meetings out of 14 (since 16 March 2011)
⑧ <b>SPRL Etienne Dewulf</b> represented by its permanent representative, Etienne Dewulf, Non-Executive Director, Independent	March 2011	May 2015	13 meetings out of 14 (since 16 March 2011)
② <b>Benoît Godts</b> Non-Executive Director, linked to the Promoter	November 1995	May 2015	20
⑥ <b>BVBA Rode</b> represented by its permanent representative, Jacques Rousseaux, Non-Executive Director, Independent	March 2006	May 2013	20
③ <b>Marc Van Heddeghem</b> Non-Executive Director, Independent	July 2004	May 2014	16
<b>Marc Blanpain</b> Non-Executive Director, not linked to the Promoter	March 2002	March 2011	6 meetings out of 6 (till 16 March 2011)
<b>Gustaaf Buelens</b> Non-Executive Director, Independent	November 1995	March 2011	5 meetings out of 6 (till 16 March 2011)
<b>Luc Vandewalle</b> Non-Executive Director, Independent	November 1995	March 2011	4 meetings out of 6 (till 16 March 2011)

# CORPORATE GOVERNANCE STATEMENT

## Mr BENOÎT DE BLIECK

Mr De Blieck (1957) has been Managing Director of Befimmo SA since August 1999 and of its subsidiary Fedimmo SA since December 2006.

Before that (1992-1999), he was a member of the management committee of Bernheim-Comofi SA (then a subsidiary of Groupe Brussels Lambert), responsible for international development. He began his career in 1980 at Entreprises Ed. François & Fils, later to become CFE, responsible for a number of building sites in Saudi Arabia (1980-1985) and project studies (1985-1988). He was then responsible for real estate project development, first at Codic (1988-1990) and later at Galliford (1990-1992).

He is a civil engineer (ULB, Polytechnic College 1980), a post-graduate (Cepac) of the *École de Commerce Solvay* (ULB, 1986). Mr Benoît De Blieck also holds a directorship, since 2008, at the *Union Professionnelle du Secteur Immobilier* (UPSI) and he is a Fellow member of the Royal Institute of Chartered Surveyors (RICS) - 2008. Mr De Blieck holds a directorship, since December 2009, at the European Public Real Estate Association (EPRA).

## Mr ANDRÉ SOUGNÉ<sup>(1)</sup>

Mr André Sougné (1944) is an Independent Director of Befimmo SA since March 2006 and a member of its Supervisory College of day-to-day management since March 2011.

A doctor of law (ULG), he began his career in 1967, focusing entirely on real estate promotion and management. He worked for over 20 years in the real estate subsidiary of the An-Hyp savings bank as secretary-general, director and then managing director. He is currently permanent representative of Arcade Consult on the board of directors

of Compagnie Het Zoute NV, Compagnie Het Zoute Real Estate NV and Compagnie Het Zoute Reserve NV, honorary chairman of the Professional Union of the Real Estate Sector (UPSI) and of the European Union of Developers and House Builders (UEPC).

## Mr HUGUES DELPIRE

Mr Delpire (1956) was appointed Independent Director of Befimmo SA and member of its Audit Committee in March 2011.

He has been general manager, member of the executive board and chief legal & finance officer of the Oxyane Group (Décathlon) since December 2000. Hugues Delpire is commercial engineer and graduate at the *École Supérieure de Sciences Fiscales*. He began his career in 1979 at *Zurich Assurances Belgique* where he became head of the finance department in 1987. In 1991 he was appointed administrative and financial director and member of the management committee of BESIX, listed BTP group, responsible notably for financing and international risk management.

After taking part in the structuring of ARTESIA Banking Corporation (Bacob, Paribas Belgique and AP Assurances) as director and CFO of the insurance cluster, he launched the activities of AXA Real Estate Investment Manager Benelux as managing director.

Hugues Delpire then joined Oxyane (Décathlon) in 2000. As general manager for finance and legal affairs, over his career at Oxyane he headed property, internal audit, financial and management controlling, legal affairs, taxation, financial organisation, SFS finance, treasury and financing, and the in-house credit and insurance companies.

Member of the executive board of Décathlon SA, parent company of Oxyane, he is also director or advisor of several subsidiaries in France and abroad.

Alongside this business career, Mr Hugues Delpire also taught finance in several Belgian universities for more than 15 years.

## Mr ETIENNE DEWULF<sup>(2)</sup>

Mr Etienne Dewulf (1955) was appointed Independent Director of Befimmo SA and member of its Appointment and Remuneration Committee in March 2011.

Acting on behalf of SPRL Etienne Dewulf, Mr Dewulf currently works as a consultant, mainly in real estate.

He is a graduate in commercial and financial science (ICHEC). He began his career in sales functions at GB-INNO-BM (1981-1983) and Materne Coniflux (1983-1985), before moving into corporate banking at Crédit Général (1985-1987). He then found his vocation in the building industry, where he held a number of posts from 1987 to 2010: executive delegate at Maurice Delens SA (later Valens SA) in 1987, then managing director of Soficom Development (1989) and then, since 1995, managing director of Eiffage Benelux (former holding company Soficom SA). Up to May 2010, he held the post of chairman and managing director of Eiffage Benelux SA, a subsidiary of the French Eiffage group. Since 2 February 2012, Mr Etienne Dewulf is also chairman of the Professional Union of the Real Estate Sector (UPSI).

(1) As permanent representative of BVBA Arcade Consult.

(2) As permanent representative of SPRL Etienne Dewulf.

**Mr BENOÎT GODTS**

Mr Benoît Godts (1956) is a Director of Befimmo SA and a member of its Audit Committee and Supervisory College of day-to-day management. He is also a director of Fedimmo.

A graduate of master in law (UCL 1983), he is director and member of the executive committee of AG Real Estate Group Asset Management SA. He holds several directorships in companies affiliated with AG Real Estate SA. He is a director and member of the Audit Committee of the REIT Ascencio SCA and chairman of the board of the SPPICAV Immo Nation.

**Mr JACQUES ROUSSEAU<sup>(3)</sup>**

Mr Jacques Rousseau (1938) is an Independent Director of Befimmo SA and Chairman of its Audit Committee. Acting on behalf of BVBA Roude, Mr Rousseau is also a director of Fedimmo.

Mr Rousseau has acquired management know-how and experience as chairman of the management committee of *Crédit Agricole* (Belgium), managing director of the *Fédération des caisses coopératives de Crédit Agricole* (Belgium), and as a director of companies in the banking, real estate and insurance sectors. In the public sector, he was a director-general at the Ministry of Finance, deputy head of cabinet of the Minister for Finance, head of cabinet of the Flemish Minister for Economy, head of cabinet of the Flemish Minister for Finance and the Budget, and director of several semi-public enterprises (including GIMV) and public institutions. He is a member of the Guberna Board of Trustees. He is currently director of Luxafoil NV, Private Insurer NV and The Belgian NV.

**Mr MARC VAN HEDDEGHEM**

Mr Marc Van Heddeghem (1949) is an Independent Director of Befimmo SA and Chairman of its Appointment and Remuneration Committee since March 2011.

He began his career in 1972 as an industrial engineer with a variety of building contractors. After that, he was a director of various companies working in real-estate investment and/or development. Next, he was director of investment, development and real-estate holdings at Groupe Royale Belge (1984-1998). From 1998 until 2003 he was managing director of Wilma Project Development SA. After which he was managing director of the Redevco companies (2003-2010). Mr Van Heddeghem is currently a director of Compagnie Het Zoute NV, Compagnie Het Zoute Real Estate NV and Kinopolis NV.

**Outgoing Directors  
(in office till 16 March 2011)****Mr MARC BLANPAIN**

Mr Blanpain (1941) was appointed Director of Befimmo SA in March 2002. His Directorship expired on 16 March 2011. Until then, he was Chairman of the Appointment and Remuneration Committee and he was member of the Supervisory College of day-to-day management.

A doctor of law (ULB, 1965) and a graduate in economic law (ULB, 1966), Mr Blanpain joined Générale de Banque (which later became Fortis Banque) in 1969 where he had various responsibilities. From 1988 to 1996, he was managing director of *Générale de Banque* and from 1997 to 2006 he was chairman of the subsidiary Belgolaise. He is also director of various companies.

**Mr GUSTAAF BUELENS**

Mr Buelens (1941) was appointed Independent Director in November 1995 and his Directorship expired on 16 March 2011. Until then, he was a member of the Appointment and Remuneration Committee.

Since 1969, Mr Gustaaf Buelens was chairman and managing director of a number of real-estate companies.

**Mr LUC VANDEWALLE**

Mr Vandewalle (1944) was appointed Independent Director in November 1995 and his Directorship expired on 16 March 2011. Until then, he was a member of Befimmo SA's Audit Committee.

Mr Vandewalle, who has a degree in economics (RUG), had a long career within the ING bank. He was director and member of the management committee of the bank in 1992, and chairman of ING Belgium in 2000. He held directorships in outside companies of the ING group.

(3) As permanent representative of BVBA Roude.

# CORPORATE GOVERNANCE STATEMENT

## Role of the Board of Directors

The Board of Directors of Befimmo SA, Managing Agent of 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, half-yearly and quarterly accounts of the Sicafi; it draws up the management report which includes the corporate governance statement; 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 Financial Reports, half-yearly and quarterly accounts, and published press releases.

Over the 2010/2011 fiscal period (15 months), the Board of Directors has made decisions on the following topics:

- all the investment and disinvestment files that the Sicafi has considered. These all related to office buildings in Belgium and in Luxembourg;
- determining corporate strategy;
- refinancing borrowings (notably 2 bonds issues) and the interest-rate risk hedging policy;
- investments in sustainable development;
- appointment of real estate-experts for the 2012 to 2014 fiscal years.

It has also been regularly informed of the activities of the Audit Committee, the Appointments and Remunerations Committee and the Supervisory College of the day-to-day management. With the assistance

of the Appointments and Remunerations Committee, it handled the appointment of new Directors and the replacement of the outgoing Directors on the Board's committees.

The Board of Directors convened an Extraordinary General Meeting, held on 22 June 2011, notably to change the dates of the fiscal year, to adapt the Sicafi's articles of association to the Royal Decree of 7 December 2010 on Sicafis and the law of 20 December 2010 on certain rights of shareholders, and to propose the merger by absorption of Ringcenter with Befimmo SCA. It also decided to distribute an interim dividend in December 2011, in the form of an optional dividend, thereby increasing the Sicafi's capital, within the authorised capital.

The Befimmo SA Board of Directors also determined the position of Befimmo SCA as a shareholder of Fedimmo on the following files:

- Liège Paradis: monitoring of the process for obtaining the single permit for erecting a building to house the Finance FPS in Liège;
- important works and lease projects for the Science-Montoyer building in Brussels.

## Self-assessment

The Board of Directors already carried out a first thorough self-assessment, which was finished in September 2009. In June 2010, it followed up the issues raised during that procedure.

The Board intends to do a new thorough self-assessment during the 2012 fiscal year.

## Remuneration

The Directors (but not the Managing Director) receive attendance tokens drawn on Befimmo SCA for €2,500 per meeting, in addition to a fixed remuneration of €10,000 a year. Details of the remuneration earned by the Directors are set out in the remuneration report hereafter.

## COMMITTEES AND COLLEGE

### Audit Committee

The Audit Committee assists the Board of Directors of Befimmo SA and the Executive Officers of Befimmo SCA to ensure the accuracy and truthfulness of the Company's accounts and financial information. In terms of internal control, the Audit Committee ensures that the Company's internal control and risk-management systems are relevant and effective. It also monitors internal auditing and the external controls by the Statutory Auditor, is involved in appointing the latter and in supervising the tasks entrusted to it over and above its legal duties.

The Committee consists of three members, two of which are Independent Directors. All members of the Audit Committee are competent in accounting, audit and finance.

The Committee met 15 times during the 2010/2011 fiscal period (15 months).



During the fiscal period, the members of Befimmo SA's Audit Committee are as follows:

- **Jacques Rousseaux**<sup>(1)</sup>, Independent Director and Chairman of the Audit Committee;  
Number of Committee meetings attended during the fiscal period: 15;
- **Benoît Godts**, Director linked to the Promoter;  
Number of Committee meetings attended during the fiscal period: 15;
- **Hugues Delpire**, Independent Director;  
Number of Committee meetings attended during the fiscal period (since 25 March 2011): 11;
- **Luc Vandewalle**, Independent Director;  
Number of Committee meetings attended during the fiscal period (until 16 March 2011): 3.

The remuneration of the members of this Committee is €1,500 per meeting. It is charged to Befimmo SCA.

During the 2010/2011 fiscal period (15 months) the following main issues were addressed:

- quarterly, half-yearly and annual accounts;
- the accounting treatment of specific transactions (merger, capital increase, optional dividend);
- the adaptation of reporting information following the change of accounting period (the exceptional 15-month fiscal period in 2010/2011);
- financing and interest-rate hedging policy;
- an examination of the conditions and documents relating to the refinancing

operations (prospectus, quotations by banks, duration of instruments, etc.) ;

- the position of Befimmo as a shareholder of Fedimmo at its extraordinary general meeting – held on 21 December 2011 – with the following agenda (i) approval of the recognition of revaluation gains on certain properties in the portfolio classed as property, plant and equipment, and (ii) the decision to include these gains in the calculation of the annual appropriation to the legal reserve;
- risk management (review of disputes, monitoring of internal control and follow-up of internal audit, etc.);
- budgets and outlook for the coming fiscal years and their presentation.

The self-assessment of the Audit Committee took place in 2008. The Board decided to do a new self-assessment during the last months of the 2010/2011 fiscal period. This way, its new member, appointed in March 2011, will have the time to get acquainted with the way the Committee operates. The Committee will report on the Board on that matter at the beginning of the 2012 fiscal year.

### Appointment and Remuneration Committee

Regarding appointments and renewals of mandates, the Committee assists the Board of Directors in:

- drawing up profiles for the Directors, members of the Committees of the Board of Directors, the Chief Executive Officer ("CEO") and the other Executive Officers of Befimmo SCA;
- seeking candidates for positions to be filled in the Board of Directors and the Committees of Befimmo SA, as well as the board of directors of Fedimmo; it then

delivers an opinion and makes a recommendation on the candidates;

- the process of appointing or re-electing the Chairman of the Board of Directors of Befimmo SA.

Regarding remunerations, the Committee assists the Board of Directors of Befimmo SA in making proposals on:

- remuneration policy;
- individual remuneration, setting of performance objectives and performance evaluation for the CEO and the other Executive Officers.

The Committee also prepares the remuneration report, which is included in Befimmo SCA's corporate governance statement, and comments on it at the General Meeting of shareholders.

Until March 2011, as only two of its four members were Independent Directors, the composition of the Committee did not comply with the recommendations of the 2009 Code (Principles 5.3/1 and 5.4/1) or with the corporate governance charter which advocate a majority of independent directors. As stated previously, Befimmo SA did not change the composition of this Committee after the entry into force of the 2009 Code, preferring to give priority to the continuity of the Committee's work until the Directorships of two of its members had expired. On 16 March 2011, the Committee's composition became compliant, since it now has three members, two of whom are Independent Directors.

The Committee met 6 times during the 2010/2011 fiscal period (15 months).

(1) As permanent representative of BVBA Roude.

# CORPORATE GOVERNANCE STATEMENT

During this fiscal period, the members of the Appointment en Remuneration Committee are as follows:

- **Marc Van Heddeghem**, Independent Director; Chairman of the Committee (since 25 March 2011); Number of Committee meetings attended during the fiscal period: 6;
- **Alain Devos**, Director linked to the Promoter; Number of Committee meetings attended during the fiscal period: 6;
- **Etienne Dewulf**<sup>(1)</sup>, Independent Director (since 25 March 2011); Number of Committee meetings attended during the fiscal period: 1;
- **Marc Blanpain**, Director not linked to the Promoter; Chairman of the Committee (until 16 March 2011); Number of Committee meetings attended during the fiscal period: 3;
- **Gustaaf Buelens**, Independent Director (until 16 March 2011); Number of Committee meetings attended during the fiscal period: 5.

The remuneration of the members of this Committee is €750 per meeting. It is charged to Befimmo SCA.

In the 2010/2011 fiscal period (15 months), following main issues were notably addressed:

- recommendations for the reappointment of three Directors and assistance to the Board in selecting two new independent directors and appointing members of the Board's committees;
- renewal of the Directorship and financial status of the Managing Director;
- remuneration of the other Executive Officers;
- evolution of the gross salary bill of the Company;
- drafting of the remuneration report.

## Supervisory College of day-to-day management

The Supervisory College of day-to-day management ensures that the Managing Director and the other Executive Officers implement and abide by procedures and methods covering all day-to-day management. Its duties do not include checking all the actions of the Managing Director and other Executive Officers nor assessing the wisdom of the decisions they take.

This College is composed of two Non-Executive Directors who meet with the Managing Director.

The College met 8 times during the 2010/2011 fiscal period (15 months).

During this fiscal period, the members of this College are as follows:

- **Benoît Godts**, Director linked to the Promoter; Number of Supervisory College meetings attended during the fiscal period: 8;
- **André Sougné**<sup>(2)</sup>, Independent Director (member since 25 March 2011); Number of Supervisory College meetings attended during the fiscal period: 3;
- **Marc Blanpain**, Director not linked to the Promoter (until 16 March 2011); Number of Supervisory College meetings attended during the fiscal period: 5.

The remuneration of the members of this College is €750 per meeting. It is charged to Befimmo SCA.

Apart from monitoring the ongoing real-estate business, the Supervisory College of day-to-day management was called upon in particular to consider the following issues:

- various aspects of personnel management (recruitment, evaluation and other procedures);
- human resources available and for recruitment;
- monitoring of the electronic document management system;
- practical effects on the Company of the Royal Decree of 7 December 2010 and the law of 20 December 2010 on certain rights of the shareholders of listed companies;
- challenges in refinancing and interest-rate risk hedging policy;
- services provided by third parties (outsourcing, consultants, third-party real-estate operators, etc.) for Befimmo SCA.

(1) As permanent representative of SPRL Etienne Dewulf.

(2) As permanent representative of BVBA Arcade Consult.



## Executive Officers



### MANAGING DIRECTOR OF BEFIMMO SA, MANAGING AGENT OF THE SICAFI

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 makes proposals to the Board of Directors on strategic matters, investments, disinvestments and financing. Currently, the Managing Director of Befimmo SA is also Befimmo SA's Permanent Representative in the Sicafi and the CEO.

This is Mr Benoît De Blieck.

The Managing Director's remuneration is set out in the remuneration report hereafter.

### EXECUTIVE OFFICERS

Pursuant to article 38 of the law of 20 July 2004, Befimmo SCA has appointed the following Executive Officers for an indefinite duration: the Managing Director of Befimmo SA (Mr Benoît De Blieck ④, Chief Executive Officer of Befimmo), Mrs Martine Rorif ③, Chief Operating Officer of Befimmo, Mr Laurent Carlier ②, Chief Financial Officer of Befimmo and Mrs Jeannine Quaetaert ①, General Counsel and Secretary of Befimmo.

Under their terms of reference, the Executive Officers are responsible for running the Company and its policy-making in accordance with the decisions of the Board.

With the exception of the CEO, the Executive Officers are remunerated in their

capacity as members of the management team, under a contract of employment with Befimmo SCA.

The various components of the Executive Officers' remuneration are described in the Remuneration Report hereafter. They do not receive any remuneration from Fedimmo SA. The attendance tokens received by Mr De Blieck and Mr Carlier, as Directors, are automatically returned to Befimmo SCA of Fedimmo SA.

The Executive Officers lead a team of 40 staff members (as at 31 December 2011) and endeavour to keep operating costs at an optimum level.

The heads of the operational departments are Mr Cédric Biquet (Chief Investment Officer), Mr Marc Geens (Head of portfolio), Mr Rikkert Leeman (Chief Technical Officer) and Mrs Emilie Delacroix (Investor Relations and External Communication Manager).

Mrs Jeannine Quaetaert is Secretary-General.

### REMUNERATION REPORT <sup>(3)</sup>

#### General

During the 2009/2010 fiscal year, the Appointment and Remuneration Committee drafted a document describing the policy for remunerating Befimmo SA's Directors and the Executive Officers of the Company. This document was approved by the Board of Directors of 15 October 2010. It is an integral part of the corporate governance charter of the Company and is published on Befimmo's website: [www.befimmo.be](http://www.befimmo.be).

No changes to this document were made by the Company during the 2010/2011 fiscal period.

It intends to adapt the document to reflect the effect of changing the Company's fiscal year (decided in June 2011) on the appraisal period for the Executive Officers and all Company employees, and accordingly, the time of year when any adjustments to fixed and variable pay will take place.

At the moment, the Company does not intend to make significant changes to its remuneration policy over the next two fiscal years, unless it decides to set up a stock award or stock options scheme in future for the Executive Officers. However, the relevance of this policy will be examined in the framework of the next self-assessment of the Board of Directors, which will be carried out in the course of the 2012 fiscal year.

The latest review of the remuneration of the Non-Executive Directors took place on 1 October 2007.

(3) Remuneration report for the 2010/2011 fiscal period (15 months).

# CORPORATE GOVERNANCE STATEMENT

## DIRECTORS - REMUNERATION 2010/2011 FISCAL PERIOD (15 months)

(in €)	BEFIMMO					FEDIMMO	Total
	Fixed annual remuneration	Attendance tokens				Attendance tokens	
	Board of Directors	Board of Directors	Audit Committee	Appointments and Remunerations Committee	Supervisory Committee	Board of Directors	
BVBA Arcade Consult - André Sougné	12 500	50 000			2 250		64 750
Marc Blanpain (directorship expired on 16 March 2011)	5 000	15 000		2 250	3 750		26 000
Gustaaf Buelens (directorship expired on 16 March 2011)	5 000	12 500		3 750			21 250
Hugues Delpire (appointed on 16 March 2011)	10 000	32 500	16 500				59 000
Alain Devos	12 500	50 000		4 500			67 000
SPRL Etienne Dewulf - Etienne Dewulf (appointed on 16 March 2011)	10 000	32 500		750			43 250
Benoît Godts	12 500	50 000	22 500		6 000	6 250	97 250
BVBA Roude - Jacques Rousseaux	12 500	50 000	22 500			10 000	95 000
Marcus Van Heddeghem	12 500	40 000		4 500			57 000
Luc Vandewalle (directorship expired on 16 March 2011)	5 000	10 000	3 000				18 000
<b>Total Directors</b>	<b>97 500</b>	<b>342 500</b>	<b>64 500</b>	<b>15 750</b>	<b>12 000</b>	<b>16 250</b>	<b>548 500</b>

## EXECUTIVE OFFICERS - REMUNERATION 2010/2011 FISCAL PERIOD (15 months)

(in €)	Fixed pay	Variable pay	Post-employment benefits	Other components of remuneration and miscellaneous benefits	Severance grants	Total
Benoît De Blicck	422 500	150 000	107 383	46 742	650 000	726 625
Other Executive Officers <sup>(1)</sup>	792 554	156 210	185 781	73 776		1 208 321
<b>Total Executive Officers</b>	<b>1 215 054</b>	<b>306 210</b>	<b>293 163</b>	<b>120 518</b>	<b>650 000</b>	<b>1 934 945</b>

(1) Charges sociales incluses.

The variable remuneration of the CEO and other Executive Officers for a fiscal period, and the review, if any, of their basic remuneration (with effect from 1 January of the following year) were until now determined by the Committee each year in December, for a fiscal year closing as at 30 September, by the Board of Directors and on recommendation of the Committee.

When determining annual variable remuneration, the Committee receives an activity report from the CEO and an overview of the Company's key performance indicators for the fiscal year concerned. The CEO is invited to the Committee meeting to comment on this activity report and his own performances, to advise on the performances of the other Executive Officers and to make proposals for their fixed and variable pay. Next, the Committee deliberates, in the absence of the CEO, and makes recommendations for the fixed and variable pay of the CEO and other Executive Officers; the Board then takes the relevant decisions.

## Remuneration and benefits

The remuneration and benefits mentioned below are in accordance with the Company's remuneration policy. There is no share option plan or share benefit plan for the Non-Executive Directors and the Executive Officers.

The **Non-Executive Directors** of Befimmo SA receive a fixed annual remuneration in that capacity. They also receive tokens for attending meetings of the Board of Directors, and meetings of the committees of the Board of Directors that they attend as members. Their total remuneration for the 2010/2011 fiscal period will be paid by Befimmo SA in May 2012. It is charged to Befimmo SCA,

which makes provision for it at the close of its fiscal year.

The table before sets out the remuneration paid to the Non-Executive Directors for Befimmo SCA's 2010/2011 fiscal period (15 months).

The Managing Director does not receive a remuneration as a Director, but as CEO.

Two of Befimmo SA's Non-Executive Directors are also Directors of Fedimmo SA, the subsidiary held by Befimmo for 90%. In that capacity, they receive tokens for attending meetings of the Board of Directors of Fedimmo SA. They are paid this remuneration in the month of April following the close of the fiscal year. The table below also sets out the remuneration due to them for the 2010/2011 fiscal period.

**The Executive Officers** receive basic remuneration and variable remuneration; they have a pension plan and certain other benefits mentioned in the table before, individually for the CEO and collectively for the other Executive Officers.

The fixed remuneration given in the table is as actually paid to the four Executive Officers over the 2010/2011 fiscal period (15 months). The variable remuneration is as paid for the 2009/2010 fiscal year during the 2010/2011 fiscal period.

**The CEO** carries out his duties as a self-employed person. His variable remuneration is determined by the Board of Directors, on a proposal of the Appointment and Remuneration Committee, on the basis of contractual criteria relating to cash flow, execution of the budget and an overall assessment of his management of the

Company over the fiscal period. His variable remuneration for the 2009/2010 fiscal period was paid in January 2011.

He has a pension plan (defined-benefits scheme) and has a guaranteed-income insurance and a health and hospitalisation insurance. Moreover, he is paid a flat-rate monthly allowance for using his private car for business purposes, and the Company pays him a fixed allowance for his business expenses. The costs of these various advantages for the 2010/2011 fiscal period (15 months) are indicated in the table before.

A severance grant of €650,000 was set by contract in September 2006 (before the entry into force of the 2009 Code and the law of 6 April 2010).

The **other Executive Officers** are Company employees. They may receive variable remuneration not exceeding 25% of their annual pay. Any variable remuneration is awarded, by decision of the Appointments and Remunerations Committee at year end, on a proposal of the CEO, on the basis of several criteria.

# CORPORATE GOVERNANCE STATEMENT

At its meeting of 2 December 2010, the Board of Directors, on a proposal of the Appointments and Remunerations Committee, decided to award them variable remuneration for the period from 1 October 2009 to 30 September 2010, based on the following criteria:

- successful operational results (investments and disinvestments on favourable terms, during the fiscal period, preparing the request of the single permit for the new Finance centre in Liège);
- the continuing efforts regarding sustainable development;
- the achievement of a substantially improved cash flow in relation to forecasts;
- the review of the documentation on corporate governance;
- good coordination of the objectives of the Befimmo team.

They have a pension plan (defined-benefits scheme), costing €185,781 to the Company. They also have a hospital insurance, a flat-rate monthly entertainment allowance, meal vouchers and “ecocheques”. They have a company car (with the usual accessories) and a mobile phone. The cost to the Company of all these benefits is given under the heading “Other components of remuneration and miscellaneous benefits” in the table before.

The employment contracts of these Executive Officers do not contain any reference to a severance grant.

## REPORT ON INTERNAL CONTROL AND RISK- MANAGEMENT SYSTEMS

Befimmo has organised the management of internal control and corporate risks by defining its control environment (general framework), identifying and classifying the main risks to which it is exposed, analysing its level of control of these risks and organising a “control of control”. It also pays particular attention to the reliability of the financial reporting and communication process.

### Control environment

#### Company organisation

- The Board of Directors has set up two internal committees (the Audit Committee and the Appointments and Remunerations Committee) and a Supervisory College of the day-to-day management.
- The Company is organised into a number of departments as set out in an establishment plan. Each person has a job description. There is a procedure of delegation of power. The support functions are the accounts, IT, legal, human resources and communication departments as well as the general secretary. Of the control functions, the Compliance function is exercised by the general secretary. The management control is the responsibility of the controlling team. The CFO is in charge of organising risk management.
- Each year, the Company's Directors and Executive Officers fill in an individual questionnaire so that any transactions they have carried out with the Company as “related parties” can be identified.
- The human resources department ensures that the skills required for each post are defined and that the procedures are observed, notably for annual performance appraisal and pay review.

### External players

Some external stakeholders also play a role in the control environment. The main ones are the FSMA, the Statutory Auditor, the real-estate experts, the rating agency Standard & Poor's and financial analysts.

### Organisation of internal control

The Audit Committee has a specific duty in terms of internal control and corporate risk management. In carrying it out, the Audit Committee makes use in particular of the work of internal auditing, which reports directly to it. The role, composition and activities of the Audit Committee are described in this chapter entitled “Corporate governance statement” and in the terms of reference of the Audit Committee which can be consulted on the Company's website: [www.befimmo.be](http://www.befimmo.be).

### Ethics

The Board of Directors has drafted and approved a corporate governance charter and a code of ethics. They can also be consulted on the Company's website: [www.befimmo.be](http://www.befimmo.be).

## Risk analysis and control activities

This analysis is based on the regular update of a study, designed to classify the Company's major risks, by order of importance and frequency of occurrence, and to determine the level of control of these risks, was conducted with the help of an external consultant. The conclusions of the study form the framework of the internal audit priorities, set by the Audit Committee. The Audit Committee reviews the risk analysis yearly. The risk factors are described in the chapter "List of main risks". That chapter also describes the measures taken to control and limit the potential impact of each of the risks identified.

## Financial information and communication

The process of establishing financial information is organised as follows:

A retro planning chart sets out the tasks to be completed for the quarterly, half-yearly and annual closures of the Company and its subsidiaries, with deadlines. Befimmo has a check list of actions to be followed up by the financial department. Under the supervision of the chief accountant, the accounts team produces the accounting figures using the accounting system Lisa. The controlling team checks the validity of these figures and produces the quarterly reports.

The figures are checked using the following techniques:

- coherence tests by comparison with historical or budget figures;
- sample checks of transactions according to their materiality.

The quarterly reporting and the press release/corresponding report are then presented to the Audit Committee and thereafter to the Board of Directors.

Data are protected by daily backups online via an external service and weekly tape backups.

## Players involved in the supervision and assessment of internal control

The quality of internal control is assessed throughout the fiscal period by:

- internal audit: over the 2010/2011 fiscal period (15 months) 4 internal audits were conducted, on the payroll, the investment/disinvestment process, insurance management and management of supplier payments;
- the Audit Committee: over the 2010/2011 fiscal period (15 months), the Audit Committee reviewed the quarterly closures and the specific accounting methods. It validated the internal audit charter. It reviewed the disputes and main risks facing the Company and considered the recommendations of internal auditing;
- the Statutory Auditor in the context of its review of the half-yearly and annual accounts: over the 2010/2011 fiscal period, the Statutory Auditor made recommendations in particular concerning the keeping of the financial statements;
- the Supervisory College of day-to-day

management: over the 2010/2011 fiscal period. In particular, the College conducted a review of personnel policy (recruitment procedure, induction, job description, evaluation procedure, adequacy of resources, etc.). It also analysed the impact on the Company of the Royal Decree of 7 December 2010 and the law of 20 December 2010.

The Board of Directors supervises the performance of the duties of the Audit Committee in that connection, notably through that Committee's reporting.

## Others involved

### STATUTORY AUDITOR

The Statutory Auditor is designated with the prior agreement of the FSMA. 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 FSMA's controls.

The FSMA may also ask it to confirm the accuracy of other information sent to the FSMA.

The General Meeting of 15 December 2011 of Befimmo SA has renewed the mandate of the Company Auditor, Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL, whose registered office is situated Berkenlaan 8B, 1831 Diegem, listed on the Register of Legal Persons bearing the number 0429.053.863 Brussels, represented by Mr Rik Neckebroeck and Mrs Kathleen De Brabander, business

# CORPORATE GOVERNANCE STATEMENT

auditors acting jointly, for a three year-period started on 1 October 2010.

The Statutory Auditor's fees for the 2010/2011 fiscal period (15 months) amount to €66,000 excluding VAT. In the 2010/2011 fiscal period it also provided additional services as part of its statutory duties for a fee of €60,450. In addition to its statutory role, during the 2010/2011 fiscal period Deloitte and its affiliated companies also provided services related to other non-auditing duties for a fee of €93,585 excluding VAT.

Deloitte, represented by the same auditors, has also been appointed as Statutory Auditor of most Befimmo subsidiaries. The auditor's fees for reviewing the financial statements for the 2010/2011 fiscal period of Fedimmo SA, Meirfree SA, Vitalfree SA and Ringcenter SA (regarding the latter company, until 22 June 2011 when it was absorbed by Befimmo) amounted to €33,500 excluding VAT.

Auditing for the Luxembourg subsidiary, Axento SA, is performed by Deloitte SA, with its registered office at Rue de Neudorf 560, 2220 Luxembourg, entered in the Luxembourg register of commerce and companies under number B 67.895 and with establishment licence No 88607, represented by John Psaila, Partner. The fees for auditing the accounts of Axento SA for the 2010/2011 fiscal period amount to €9,000 excluding VAT.

## REAL-ESTATE EXPERTS

In accordance with the Royal Decree of 7 December 2010, Befimmo SCA calls on external real estate experts for regular or occasional valuations of its property assets. For the 2010/2011 fiscal period,

Befimmo SCA called on two real-estate experts:

- Jones Lang LaSalle, a private limited liability company incorporated under Belgian law, valued all the buildings on long-term leases, principally to public institutions, and had the task of coordinating the surveys (to do so, Jones Lang LaSalle uses the valuations made by Winssinger & Associés in accordance with that expert's valuation method);
- Winssinger & Associés (a member of the DTZ group), a public company incorporated under Belgian law, valued all the buildings not included in the remit of the expert Jones Lang LaSalle.

The fees of these experts for the quarterly valuations in the 2010/2011 fiscal year were:

- Jones Lang LaSalle: €290,125.00 (excluding VAT)
- Winssinger & Associés: €153,143.21 (excluding VAT)

Since the mandates of these two real-estate experts expired on 31 December 2011, for three years from fiscal year 2012 Befimmo has appointed three real-estate experts to carry out the valuations of its consolidated portfolio, namely:

- Jones Lang LaSalle, which will take over the valuation of the portfolio valued by Winssinger & Associates until 31 December 2011 (in this respect, Jones Lang LaSalle will take over in its summary report the values established by Winssinger & Associates and Price Waterhouse Coopers using their respective valuation methods);
- Winssinger & Associates, which will value the property portfolio of Fedimmo SA

which until 31 December 2011 was valued by Jones Lang LaSalle;

- Price Waterhouse Coopers, which will take over the valuations of the Befimmo SCA properties valued by Jones Lang LaSalle until 31 December 2011.

These new mandates were granted in accordance with the requirements of the new Royal Decree of 7 December 2010, notably introducing a system of rotation between the real-estate experts valuing the Sicafis' portfolios. These new three-year mandates take effect on 1 January 2012 and end on 31 December 2014.

## 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. The fees of Dexia Banque Belgium amount to €65,000 excluding VAT per year.

Since the entry into force of the Royal Decree of 7 December 2010, sicafis no longer have to appoint a depository bank. The Company therefore proposed that this requirement be removed in its amended articles of association, adopted on 22 June 2011. It then terminated the previous agreement with Dexia Bank Belgium SA with effect from 30 September 2011.



## Research & development

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

## Rules for preventing conflicts of interest

### PRINCIPLES

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 18 of the Royal Decree of 7 December 2010 (which requires the FSMA to be notified beforehand of operations planned with persons referred to by that provision, such operations to take place under normal market conditions and to be made public) – 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) (article 26 of the charter).

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 discussion by the Board of Directors;
- 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;
- him to refrain from being present at the Board's debate on the transaction or taking part in 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 would be prepared to carry out the transaction concerned, he must not be sent the preparatory notes and the item must be reported in an appendix to the minutes not sent to him.

In any case, the transaction must be carried out at arm's length. If the transaction does take place, it must be mentioned in the "Corporate governance statement" chapter of the Annual Financial Report, but the minutes for the transaction need not be reproduced in full (article 27 of the charter).

Since Befimmo SA's Directors are appointed for their skill and experience in real estate, it often happens that they hold directorships in other real-estate companies or companies controlling real-estate companies. Therefore, it may happen that a transaction



# CORPORATE GOVERNANCE STATEMENT

proposed to the Board of Directors (such as the purchase of property at auction) could interest another company in which a director holds a position. In that case, which may in certain circumstances give rise to a conflict of interests, Befimmo SCA has decided to apply a procedure modeled closely on article 523 of the Code of Company Law relating to conflicts of interests. In particular, the Director concerned shall immediately report such a situation to the Chairman of the Board of Directors and the Managing Director. Once the risk has been identified, the Director concerned and the Managing Director consider together whether the “Chinese walls” procedures adopted within the organisation that the Director belongs to is sufficient to allow him to attend, unchallenged and at his sole responsibility, the meetings of the Board of Directors. Where no such procedures have been put in place or where the director concerned or the Board of Directors takes the view that it would be wiser for that director not to attend, then he shall withdraw from the discussion and decision-making process. He shall not be sent the preparatory notes, shall withdraw from the Board of Directors when the item is discussed and the item shall be covered by an appendix to the minutes which shall not be sent to him (article 29 of the charter).

## OBLIGATORY INFORMATION PURSUANT TO THE CODE OF COMPANY LAW (ARTICLES 523 AND 524)

Over the past fiscal year, no transactions gave rise to the application of article 523 of the Code of Company Law.

During this fiscal period, a single transaction led to the application of article 524 of the Code of Company Law which, subject to certain exceptions, requires transactions with affiliated companies to be submitted for the opinion of a committee of independent directors, assisted by an independent expert.

During the fiscal period, the Board of Directors decided, to the extent necessary, to apply the article 524 procedure in the context of its decision to allocate an interim dividend either in cash or in shares. The stock dividend was linked to a capital increase within the limits of the authorised capital, in which companies affiliated to Befimmo could take part. The Board set up an internal committee of three Independent Directors, assisted by the auditor Mr Luis Laperal as an independent expert, which delivered a reasoned opinion to the Board in writing on 23 November 2011. The committee's opinion<sup>(1)</sup> read as follows:

*“After considering the opinion of the independent expert, Luis Laperal, of 21 November, which reads as follows: “The planned capital increase is by definition open to all shareholders holding the required number of coupons to request conversion of their entitlement and thus subscribe to at least one share. Assuming that only AG Insurance SA and various*

*affiliated companies opt (or are eligible to opt) for this conversion, the capital increase would entail a mechanical dilution for the other shareholders of about 1.05%. Such a limited dilution would not be such as to cause damage to the company that was grossly unfair or contrary to the interests of the company”, and based on the considerations contained in this opinion, the Committee members unanimously concluded that the proposed transaction (described under section 1 above):*

- *is in the interests of the company and its shareholders (as mentioned in section 3.1 above);*
- *is not liable to cause damage to the Company that is grossly unfair in the light of its policy (as described in section 3.2 above); and*
- *causes no harm, to the Company or its shareholders since, on the assumption that only companies affiliated with Befimmo choose the stock dividend, the mechanical dilution for the other shareholders would be only about 1.05% (assuming an exchange ratio of 14 coupons to one new share).”*

It emerges from the minutes of the meeting of the Board of Directors of 24 November 2011 that after considering the positive opinion above, the Board noted that “the procedure under article 524 of the companies has been followed,” discussed the matter and decided “to offer shareholders the opportunity to receive the interim dividend payable in December 2011, in cash or shares.”

The reasoned opinion of the committee of independent directors and the minutes of the meeting of the Board of Directors of

(1) This is a translation of the original report which was drafted in French.

24 November 2011 were submitted to the Statutory Auditor which issued the following assessment:

*"On the basis of our procedures, we would make the following observations:*

- *regarding point (a) above, we note that the conclusion set out in the minutes of the board meeting of 24 November 2011 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 in the minutes of the board meeting. This does not mean that we have assessed the amounts of the transactions or the merits of the decision of the board of directors.*

*Our report may be used solely in the context of the transactions described above and not for any other purposes. This report relates only to the data referred to above, and not any other data of any kind.*

19 January 2012

**DELOITTE Reviseurs d'Entreprises**

SC s.f.d. SCRL

Represented by

Rik Neckebroeck

Kathleen De Brabander"

## APPLICATION OF ARTICLE 18 OF THE ROYAL DECREE OF 7 DECEMBER 2010

Over the past fiscal period, two cases have resulted in application of article 18 of the Royal Decree of 7 December 2010. That article requires a Sicafi to inform the FSMA in advance of any transaction that it intends to carry out with an affiliated company.

In December 2010, the Company notified the CBFA (now the FSMA) of its intention to take out an insurance policy with the affiliated company AG Insurance SA.

In April 2011, the Company informed the FSMA that it was considering the purchase of a property in joint ownership with the affiliated company AG Real Estate SA. The transaction did not go ahead, however.

## OPERATIONS NOT COVERED BY THE LEGAL PROVISIONS ON CONFLICTS OF INTERESTS

On 15 February 2011, on a recommendation of the Appointments and Remunerations Committee, the Board of Directors of Befimmo SA decided to propose to the Ordinary General Meeting of Befimmo – subject to the agreement of the FSMA – to renew the directorship of three Directors for a four-year term.

Since the decision fell to the General Meeting and not the Board of Directors, article 523 of the Code of Company Law and the internal rules on conflicts of interests did not have to be applied.

# CORPORATE GOVERNANCE STATEMENT

## FURTHER INFORMATION

### **Services of AG Real Estate Holding SA**

Befimmo continued the contract with AG Real Estate Property Management SA ("AG RE PM") and for the fiscal year ending on 31 December 2011 (15 months), AG RE PM invoiced fees under the contract of the order of €1,533,000 including VAT, of which an amount of €354,467.53 (net honorary) including VAT was borne directly by Befimmo. The open balance in Befimmo's accounts at the closing date was a trade debt of €23,122.08 including VAT.

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

All of these services are billed at market rates.

During the fiscal period to 31 December 2011 (15 months), Befimmo spent €907.50 including VAT on such fiscal consultancy services.

## Rules to prevent market abuse

### PRINCIPLES

The corporate governance charter incorporates rules designed to prevent market abuses, applicable to Directors, Executive Officers and anyone else likely to have access 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 or she shall make and keep up-to-date lists of persons having or likely to have access to privileged information and who know or cannot reasonably fail to know that it is privileged information. Where such persons plan to carry out transactions on financial instruments issued by Befimmo SCA, Befimmo SA or one of their subsidiaries, they must first notify the Compliance Officer in writing of their intention to carry out the transaction. 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.

Such persons must notify the FSMA of transactions carried out on their own behalf 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.

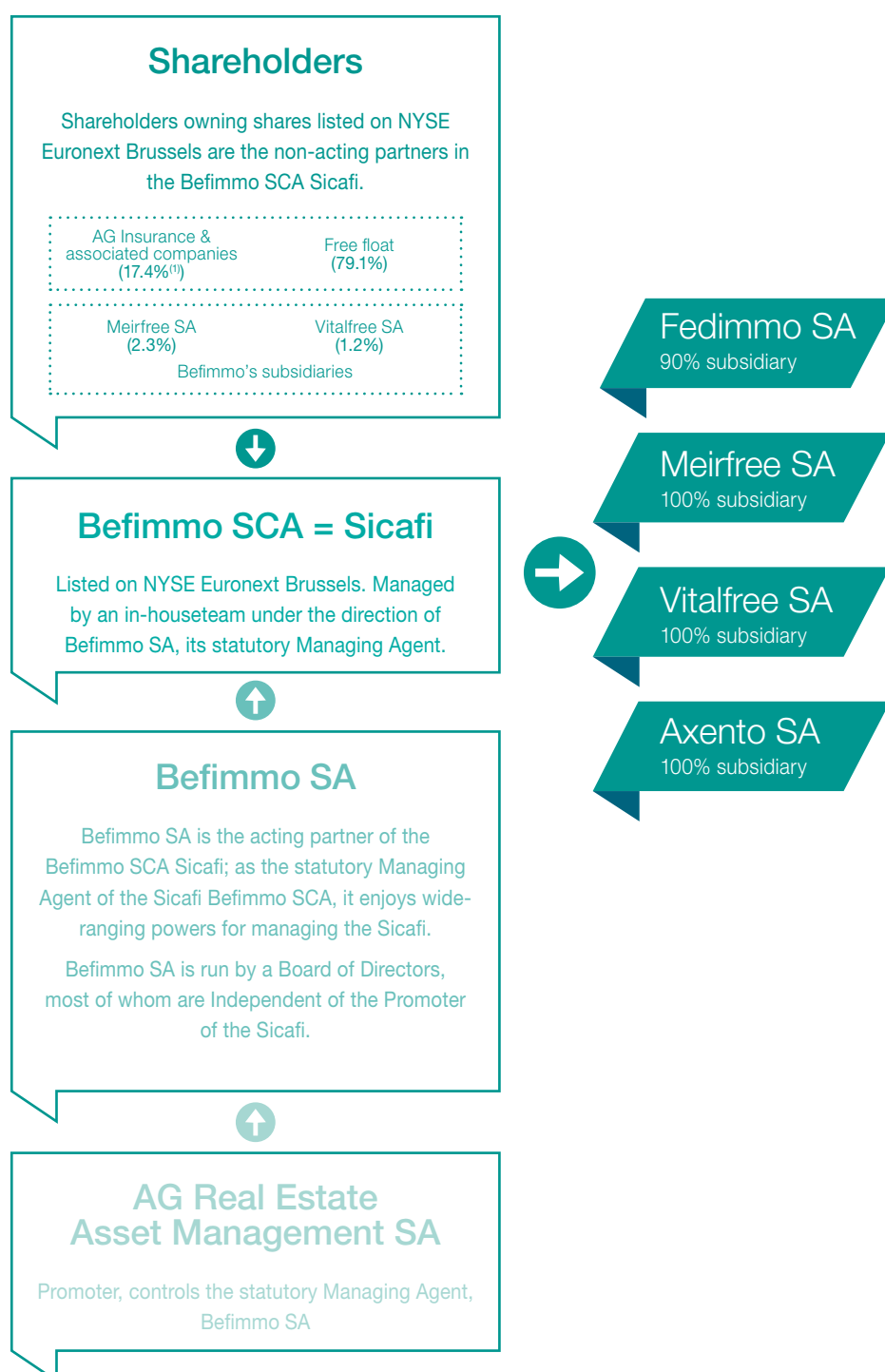
During so-called "closed periods", such persons may not carry out transactions on financial instruments issued by Befimmo SCA, Befimmo SA or one of their subsidiaries.

### APPLICATION

Over the past fiscal period, the position of Compliance Officer of Befimmo SCA was held by Mrs Jeannine Quaetaert.

The above-mentioned rules were applied without giving rise to any difficulties.

# Structure and organisation



(1) Based on the latest transparency declarations received on 15 October 2008 and the prior undertaking to subscribe to the capital increase of June 2009 for all the rights they held.

# CORPORATE GOVERNANCE STATEMENT

## Shareholdings and stock options

Befimmo did not set up any stock options scheme and did not grant any stock options over the past 2010/2011 fiscal period. At the close of the fiscal period, the CEO and another Executive Officer had the following holdings:

- Benoît De Blieck : 1,310 shares
- Laurent Carlier : 156 shares

## Compliance with the 2009 Code

During the fiscal period (but only until 16 March 2011), the only derogation from the rules of the Code of Corporate Governance was in respect of the composition of the Appointments and Remunerations Committee. Until that date, this Committee comprised four members, only two of whom were Independent Directors, while the Code recommends a majority of Independent directors. As stated in the Annual Financial Report

(2009/2010 fiscal year) this happened because the mandate of one Independent Director had been renewed the previous year, but he had not yet been classed as independent. Owing to the high quality of the Committee members and to ensure continuity in its operation, the Company left the situation unchanged, while providing at that time to remedy this non-compliance with the 2009 Code in March 2011, as it did in fact do. Since then, the Committee has had three members, two of whom are independent, thus bringing it into line with the 2009 Code.



**Guimard**  
Brussels Leopold district

## 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 (hereafter the RD), requires them to disclose and, if appropriate, explain in the management report how the factors listed by that provision might have an influence in the event of a public sale offer. Most of the powers of Befimmo SCA's administrative body in that respect are restricted by the 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 event 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 public sale offer.

- 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));  
Rules applicable to the appointment and replacement of the members of the administrative body (Royal Decree, article 34(7));  
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.

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 7 December 2010 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 authorisa-

tion 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 share capital, in one or several stages, by contributions in cash or in kind or by incorporating reserves, on the dates, pursuant to the terms and conditions resolved by him, by an amount of maximum €253,194,780.59. This authorisation was 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 22 June 2011 (or 5 July 2011); since the capital increase through authorised capital, and following the allocation of an interim dividend in cash or new shares established as at 15 December 2011, the authorised share capital amounts to €242,327,968.38.; the use of the clause may lead to a significant increase in shareholders' equity, higher than the above-mentioned amount 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 authorized 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 5 July 2011);



# CORPORATE GOVERNANCE STATEMENT

- 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 at 5 July 2011 (the date of publication of the minutes of the shareholders' Meeting of 22 June 2011 in the Annexes to the Belgian Official Gazette) and may be renewed 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 in the following cases: 1) on the stock market or off-stock market when these shares are admitted to be listed on a regulated market in the meaning of article 4 of the Code of Company Law; 2) when the disposal takes place on a stock exchange of movable goods 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 such authorization is valid for a period of three years from the date of publication of the minutes of the meeting of 22 June 2011 and that it is renewable for identical periods; 3) in all the other cases permitted for by the Code of Company Law".

- Legal or 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 the Managing Agent.

Note, moreover, that, pursuant to article 29.2 of the articles of association, "Any shareholder may participate in a shareholders' meeting and exercise his right to vote: (i) if his shares are registered in his name on the fourteenth day prior to the shareholders' meeting, at 24 hours (midnight, Belgian time), either: - by registration of the shares in the company's registered shares register; - by registration of the shares in the account of an authorised holder or settlement institution; - by provision of the bearer shares to a financial intermediary. The aforementioned day and time shall be the recording date, (ii) and if the company has been informed, no later than the sixth day prior to the date of the meeting, of the shareholders' desire to participate in the shareholders' meeting, as the case may be, directly by the shareholder for holders of registered shares or by a financial intermediary, authorised account holder or settlement institution for holders of bearer or dematerialised shares." 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 have an indirect influence to that effect.

- Rules applicable to changes in the option writer's articles of association (Royal Decree, article 34(7)) Pursuant to article 8 of the Royal Decree of 7 December 2010 on real-estate Sicafs, any draft amendment of the articles of association must first be approved by the FSMA. 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 FSMA. Like any decision of the general meeting, amendments to Befimmo SCA's articles of association require the agreement of the Managing Agent.



- Important agreements to which the Company is a party and which can take effect, be amended or lapse in the event of a change in the control of the Company as a result of a takeover bid (RD, article 34(9))

It is standard practice to include a “Change of control” clause in financing agreements, entitling the bank to ask for the loan to be repaid 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'Économie du Commerce et de la Monétique, BBVA, BCE Luxembourg, Degroof, Dexia, BNP Paribas Fortis Banque, ING, KBC, Lloyds, Mizuho, RBS.

Moreover, in Befimmo's two bond issues in 2011, similar clauses provided for payment of a higher coupon in the event of a change of control of the Company leading to a rating downgrade.



**Meir**  
Antwerp



*The Science-Montoyer building, renovated in 2011 and prize-winner in the "IBgE 2009 - Green Buildings" competition, is the first building in Belgium to be rated "Excellent" at the BREEM Post Construction stage of certification.*

# Corporate social responsibility

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# MESSAGE FROM THE CEO

Regarding Corporate Social Responsibility ("CSR"), Befimmo endeavours to take account of environmental, economic and social concerns in its business.

Of course, since it operates in real estate, Befimmo has the most significant control over its environmental impact. This is why environmental aspects has always been central to its sustainable development communication, though it certainly does not neglect the other two pillars of CSR.

This Report, which gives extensive coverage to corporate social responsibility, is an opportunity to set out the economic and social measures taken in more detail. Moreover, with regards to the environmental aspects, a set of quantitative indicators have been introduced for ease of reading the implementation of our policy.

## **So is corporate social responsibility now an integral part of your strategic policy?**

It is. The environmental aspect is fully integrated in our business, especially our renovation projects. Players in the real-estate sector are increasingly sensitive to it and the market is beginning to differentiate between energy-efficient and other buildings.

Fortunately, we have long been proactive. We went ahead without waiting for the recent laws and regulations; the energy performance of all our projects has been an integral part of our investment programme for some years now.

There are several reasons behind this. First, a substantial proportion of our stakeholders are very interested in this issue and are

enquiring about it. It would benefit no-one to ignore their interest in the issue. Our tenants too are sensitive to these environmental issues, not only for ecological and economic reasons, but also on account of their reputations.

Finally, we ourselves are greatly concerned about these issues of sustainable development, since by refurbishing buildings to bring them into line with modern energy standards, we are giving Befimmo a strategic position in its market. Accordingly, each year at the "strategy" Board meeting, we approve a specific budget to cover all aspects of energy investments.

Our philosophy has always been to work in a sustainable manner, adding value to the building and benefitting tenants during their occupancy and the building after they leave. This long-term view requires a clear proactive approach of which environmental policy is now an integral part.

## **Do these objectives require major investments?**

Yes. Our current programme of investment in renovation and construction will cost some €175 million over the next three years. These renovations address the building's energy performance. This programme also includes the construction of the Paradis building located in Liège, next to Guillemins railway station.

This tower will be exemplary in energy and environmental terms.

The additional investment in energy efficiency accounts for 5 to 10% of the total, which will directly benefit tenants in energy savings.

Otherwise, we are simultaneously investing some €4 million a year in the operational portfolio (i.e. occupied buildings), mainly for maintenance and upgrades. That said, one has to accept that it is also up to tenants using the property to be mindful of the building's impact on the environment... So our role consists in making them aware of their responsibility as major energy consumers.

## **And have you introduced such specific measures in-house?**

Yes, alongside our policy of energy saving in the buildings that we offer on the market, we are working on our own environment policy. We have taken a number of in-house measures to reduce our own environmental impact, such as improving the management of emissions from our vehicle fleet. You might say this seems rather symbolic. I don't think so. I think it clearly contributes to an overall change in mindset that is tending towards greater convergence of financial and non-financial strategies.

So despite the low impact of these measures at our small scale, we believe in them as individuals and as a team. Moreover, our sustainable development team is working to raise awareness, through regular communication and specific training. Befimmo staff and teams are also major stakeholders and, as such, they play an important role in this area.

## **Is this commitment based on principles, a policy?**

Indeed, we have translated these principles into a policy that is published on Befimmo's website. The policy is approved by the Board of Directors. It is informed of and involved in all major decisions relating to





corporate social responsibility. Furthermore, our sustainable development team includes some of our Executive Officers, which is testimony to our commitment at all levels, including management. This team, supported by human resources, also educates the staff. So you see that everyone at Befimmo is included and welcome to contribute to our corporate social responsibility objectives; rigorous monitoring of decisions with a dashboard allows these objectives to be achieved in the medium term.

Honestly, I like to think that we are pioneers in this field. We have started the ball rolling by introducing a genuine environmental policy and strategy and, as a result, we are ahead of the field in this area. Our failing has perhaps been not to communicate enough, as our stakeholders have told us. We are taking account of their views in this Report by giving a detailed account of the measures taken and our goals in this area.

### **Is this approach paying off?**

Yes! In 2010, our Environmental Management System was ISO 14001 certified; this means that our policy is credible, robust and acknowledged. This is very positive not only for all our counterparties, but also for Befimmo itself; this recognition encourages us to pursue our efforts to keep this “sustainable” perspective in mind when making our everyday choices and in everything we do.

### **What are your latest priorities?**

This year we are adding quantitative objectives to our qualitative objectives: they are specific and measurable and will allow us to demonstrate, with supporting figures, how we are reducing the impact of

our property portfolio on the environment. These quantitative targets, covering the period from 2012 to 2014, will clearly play an important role both in-house and externally; they will motivate the team in their day-to-day decision-making and provide stakeholders with a yardstick of our efforts in that direction.

# GENERAL INFORMATION

**Data with the symbol ✓ have been checked by Deloitte as part of a limited review report.**

Befimmo subscribes to the principles of Corporate Social Responsibility (CSR). The guidelines of its social responsibility policy can be summarised as follows:

## BEFIMMO'S SOCIAL RESPONSIBILITY POLICY





## GRI reporting

**GRI**<sup>(1)</sup> is introducing a corporate social responsibility reporting standard, accepted worldwide. This Annual Financial Report has achieved a **B+ quality level** (see Table 1) and has therefore been checked by a third party, Deloitte (see paragraph on “External review” on page 109), allowing the “+” to be added to the B quality level.

A check by GRI confirms this quality level. This check is not a judgement on the value or quality of the content of the Report, but

assesses the level of application of the GRI reporting framework.

Since the publication of the GRI Construction and Real-Estate Sector Supplement (CRESS), Befimmo also takes account of the guidelines and priorities set out in its report, as appropriate.

The index of GRI content can be found in Appendix 3, on page 164 of this Report.

TABLE 1: CRITERIA REPORTING APPLICATION LEVELS OF GRI

Report Application Level		C	C+	B	B+	A
Standard Disclosures	Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report externally assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report externally assured	Same as required for Level B
	Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category
	Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 performance Indicators, including at least one from each of: economic, social and environmental		Report on a minimum of 20 performance indicators, at least one from each of: economic, environmental, human rights, labor, society, product responsibility		Report on each core G3 and sector supplement indicator with due regard to the materiality principle by either: a) reporting on the indicator or b) explaining the reason for its omission

(1) Global Reporting Initiative (“GRI”) – <https://www.globalreporting.org/>.



# GENERAL INFORMATION



## EPRA reporting

In September 2011, the European Public Real Estate Association (“EPRA”) published for the first time a report entitled “Best Practices Recommendations on Sustainability Reporting”<sup>(1)</sup>. This document contains the recommendations and for defining the main sustainable-development performance indicators applicable to listed real-estate companies.

Befimmo supports the reporting standardisation approach because it wants to improve the quality and comparability of the information supplied to investors and has implemented most of the EPRA recommendations.

The first edition of this EPRA report currently focuses on environmental issues only. Indeed, the “EPRA Sustainability Reporting” committee has identified these as the most relevant and significant for the real-estate sector. EPRA plans to implement these social indicators in future editions.

Moreover, the EPRA performance indicators (Best Practices Recommendations – “BPRs”), currently cover only operational buildings and the building occupied by the company itself.

A summary table of the main EPRA indicators is provided in Appendix 4, on page 174 of this Report.

**For ease of reading, the references to the performance indicators published by the GRI and EPRA are given in the margin of this chapter on “corporate social responsibility”.**

## Reporting period

This Report covers activities over the 2010/2011 fiscal period (15 months<sup>(2)</sup>). The perimeter is set as at 31 December 2011.

The previous Annual Financial Reports (including that for the 2009/2010 fiscal year, published in November 2010) are available on Befimmo’s website:  
<http://www.befimmo.be/en/publications/22>.

## Scope of reporting

Befimmo SCA’s main activities and internal operation did not change over the fiscal period and no significant changes are planned for the next fiscal year.

The scope of reporting on sustainable development activities covers the activities of Befimmo SCA and its subsidiaries, Fedimmo SA, Meirfree SA, Vitalfree SA and Axento SA.

As at 31 December 2011, the consolidated portfolio represented 851,441 m<sup>2</sup> of office space. This floor area changed over the 15 months of the past fiscal period, mainly due to the sale of the Kattendijkdok building (January 2011) and Empress Court

(1) [www.epra.com/regulation-and-reporting/sustainability/](http://www.epra.com/regulation-and-reporting/sustainability/).

(2) As a reminder, this fiscal period, which began on 1 October 2010, ended on 31 December 2011 and therefore exceptionally lasted 15 months.

building (March 2011), the sale of a floor of office space in a jointly owned building at Chaussée de la Hulpe 177 in Brussels (June 2011) and the purchase of Ringcenter SA, owner of the Pavilion complex (February 2011). The comparison of the 2010/2011 and 2009/2010 fiscal periods is therefore influenced by this change in floor area (around 6,700 m²).

Befimmo's strategic commitments to sustainable development apply to its whole portfolio.

The activities covered by the Environmental Management System ("EMS") are those which Befimmo controls. Initially, the operational aspects of the EMS are deployed for the common areas of the buildings.

This does not rule out implementing activities regarding aspects over which Befimmo has less influence, such as tenants' behaviour.

Regarding operational control, Befimmo's influence varies according to the type of tenant and the relative size of their lets in the building:

- 1. building with multiple tenants (M);
- 2. building with single tenant (S);
- 3. building let by the Buildings Agency (B);

TABLE 2: BEFIMMO'S RELATIVE INFLUENCE DEPENDING ON THE RENTAL SITUATION

Relative influence	Rental situation		
	M	S	B
Non-recurring improvements	++	++	++
Recurring improvements	++	+	-

## External review

As mentioned before, as part of the GRI reporting of its sustainable development indicators, Befimmo tasked Deloitte with a limited review to obtain a B+ application level. Deloitte's audit work was supplemented by a number of recommendations to help Befimmo to improve the quality and presentation of the chapter on "corporate social responsibility".

## Glossary

A glossary is provided in Appendix 5, on page 175, to help the reader understand this chapter, and to provide more information on certain terms used. A copy of this glossary is available on Befimmo's website: [www.befimmo.be/en/lexicon-0](http://www.befimmo.be/en/lexicon-0).

# OUR VISION IN A GIVEN CONTEXT

## “Why corporate social responsibility is important to Befimmo and what are Befimmo’s commitments?”

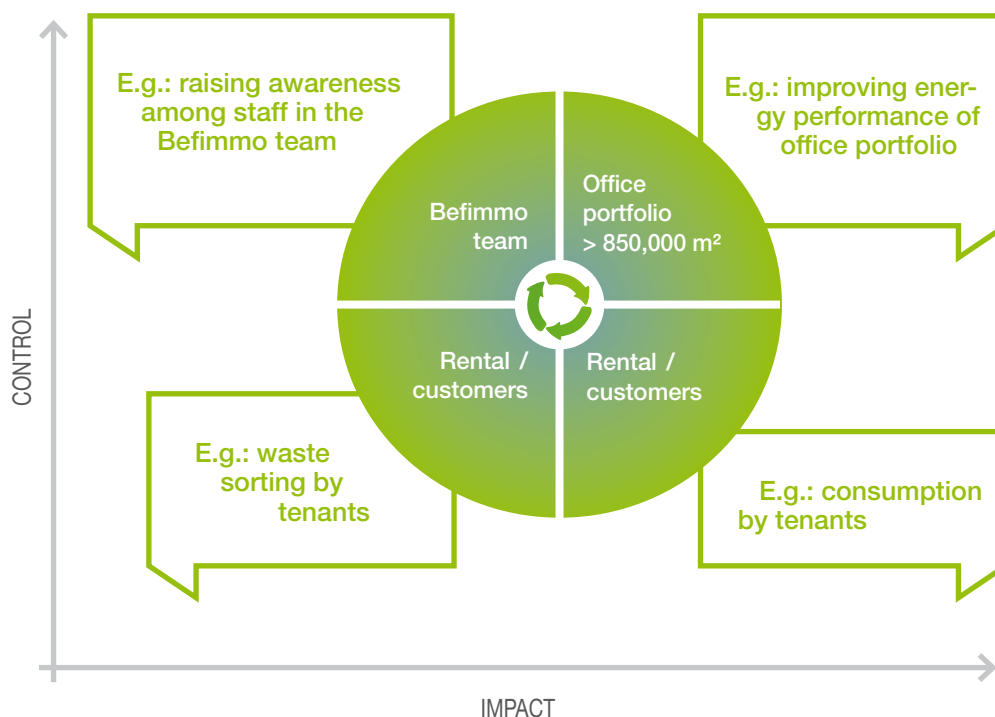
Corporate social responsibility is an increasingly fundamental concept in the opinion of those involved in the real-estate sector. Property owners, occupiers and promoters all over the world are facing tougher requirements in terms of real-estate sustainability.

So the real-estate sector has to face up to its responsibilities in this field and has to take account of this. The sector is complex, mainly because there are many players who can have an impact on a building’s environmental performance. The management and refurbishment of existing buildings are both a challenge and a significant opportunity.

The corporate social responsibility policy is based on common sense and is a response to a general trend in society that we find

in both private and institutional shareholders, the legislature, the tenants and public opinion. This policy aims to frame the Company’s present and future activities in reasonable and responsible management, while optimising use of natural, human and financial resources.

As an Asset Manager specialising in investment in office buildings, Befimmo applies a fully sustainable approach to its activities, as this Report shows<sup>(1)</sup>. Its current portfolio includes one hundred quality office buildings, with an overall floor area of over 850,000 m<sup>2</sup>, valued at €1.9 billion.



(1) Indeed, societal aspects and Befimmo’s vision are reported in various sections of this Report, notably in the “Letter to the shareholders”, the “Evolution of the real-estate portfolio”, “Befimmo identity and strategy”, etc.

### Choice of the main priorities according to their impact and the control that Befimmo has on them. (see illustration before)

Befimmo's activities have a significant environmental impact; that is why the Company has focused primarily on environmental issues and takes the steps necessary to reduce the environmental impact of the activities over which it has direct control and influence.

As far as possible, Befimmo also strives to make its tenants aware of the environmental impact of their behaviour to reduce their consumption. Its influence can help to raise its tenants' awareness, thereby helping to improve the energy performance of the building they occupy by informing them through various information tools such as the consumption monitoring available on the Befimmo extranet.

Befimmo's approach also focuses increasingly on social aspects. In spite of its small size (40 employees) and therefore its relatively limited environmental impact, the Befimmo team is crucial to the success of the global strategy of the Company. Staff awareness of and participation in conceptual work, as well as their day-to-day contribution, are key factors for achieving its objectives.

#### Environmental aspects

Befimmo's activities have an impact on the environment at different levels: jobs, working conditions, use of natural resources, energy consumption, waste production, etc. The Befimmo activities are themselves influenced by their own environment: geographical situation, legislation, local economy, global economy, risks of bad weather, etc. A good understanding of the possible interactions between each of these elements is essential for managing the risks and opportunities in an informed way.

The main risks identified at strategic level, besides climate change and pollution of the environment, are non-compliance with legislation and depreciation of the value of the portfolio when low-consumption buildings have become commonplace on the market.

In the past, the commercial life of a building was between 25 and 30 years. This lifetime is shortening as European legislation becomes increasingly restrictive. True to one of the main principles of sustainable development, "reduction at source", Befimmo is closely monitoring the development of existing legislation, anticipating forthcoming legislation and analysing the sector studies in order to incorporate new management technologies and tools as quickly as possible, and hence often at lower cost (i.e. it costs less to plan a solution from the design phase of a major renovation, rather than implementing it retroactively).

## OUR VISION IN A GIVEN CONTEXT

The priority environmental impacts linked to Befimmo's activities are:

- energy management;
- management of natural resources;
- waste management;
- water management.

Befimmo always takes care to keep its property in a good state of repair and improve it, particularly in terms of energy performance; over the past fiscal period it carried out renovation and construction work costing a total of €40.1 million as part of its multiannual investment plan. Between 8 and 10% of this overall investment went to improve the energy performance of its buildings and thus respond to current and future legislation and also to its tenants' expectations.

Befimmo ensures the ongoing improvement of its overall environmental performance through precise and measurable qualitative and quantitative performance objectives and an environmental programme that takes account of the economically acceptable application of the best available techniques. Befimmo has prepared a multiannual investment plan that includes the work to be performed by 2020.

### Social aspects

Befimmo aims to bolster its employees' commitment to the Company and the environment in which they evolve. In particular it strives to offer staff a quality working environment, relevant training and genuine development opportunities. More specifically, in terms of corporate social responsibility, an awareness-raising and training programme was implemented for the team. To raise awareness among the workforce, environmental goals are set and discussed

annually at individual staff appraisal interviews.

### Economic aspects

Befimmo has a code of ethics requiring ethical values to be observed in relations with its customers, management team, partners and shareholders. Befimmo conducts its business in accordance with the applicable legislation and ethical values. In line with this code of ethics, Befimmo abides by in-house rules designed to limit the risks associated with money laundering and funding of terrorism.

Befimmo is convinced that a responsible approach to its business is crucial for the Company's sustainability, and it intends to pursue its future activity with this same vision. It aims to maintain its portfolio of offices at a high level of quality in an environment of constantly changing energy performance, which is both a concern and an increasingly important criterion for stakeholders. The strategic priority will remain focused on environmental aspects and Befimmo will thus continue to anticipate regulatory changes and achieve a gradual improvement in the energy performance of its buildings. Communication between Executive Officers and the Board Of Directors on the one hand and staff on the other, as well as the involvement and commitment of each and every one of them, will be developed further. In terms of interaction, Befimmo will also continue to play an active role in the work already begun with the identified stakeholders.

# MANAGING CORPORATE SOCIAL RESPONSIBILITY

## “How does Befimmo manage corporate social responsibility?”

### Internal organisation

Befimmo's corporate social responsibility is now fully integrated into its day-to-day management. The staff on Befimmo's team, numbering forty as at 31 December 2011, are increasingly involved in this policy in one way or another and are aware of the major impact the real-estate sector has on the environment.

At the **strategic level**, the sustainable development team consists of 4 people, 2 of whom are Executive Officers: the Chief Financial Officer (“CFO”), Chief Operating Officer (“COO”), Chief Technical Officer (“CTO”) and Investor Relations & External Communication Manager (“IR & ECM”).

This team, in cooperation with the Chief Executive Officer (“CEO”), is responsible for developing and monitoring the environmental programme, freeing up adequate human resources, and conducting the annual management review.

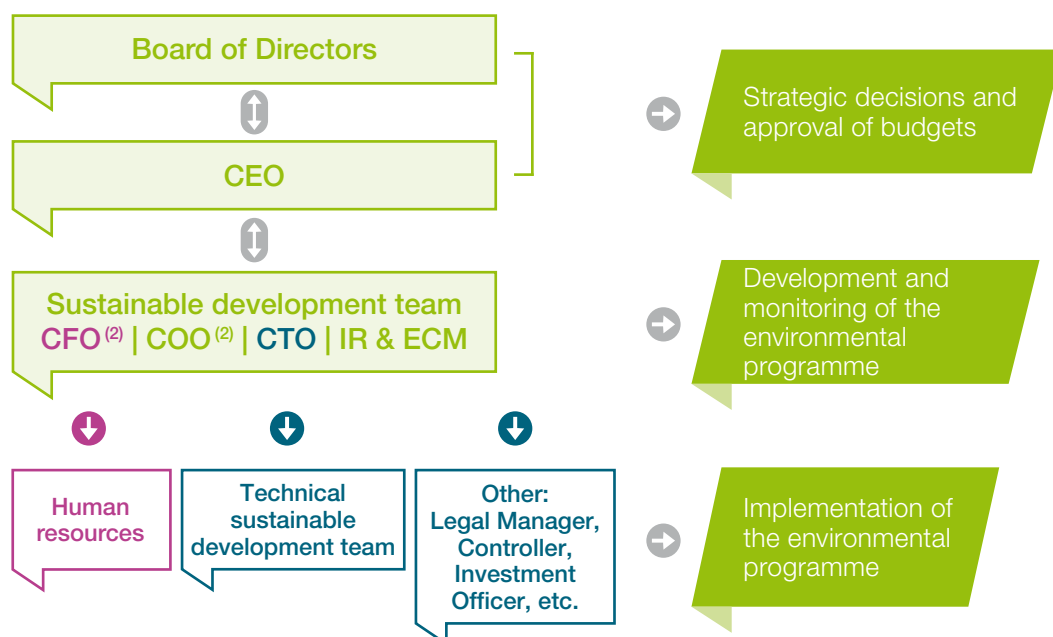
At the **operational level**, the technical sustainable development team is tasked with assessing the implementation of the Environmental Management System on a regular basis and putting the environmental programme into operation.

From 1 April 2012, a member of the **human resources** department will be responsible for increasing team members' awareness of environmental considerations. Befimmo has been a member of Business & Society asbl<sup>(1)</sup> for a year now, and works alongside this association to maximise

integration of the principles of sustainable development in its organisation.

Other staff members also have responsibilities specifically defined in the EMS:

- Legal Manager (“LM”);
- Head of Portfolio (“HOP”);
- Investment Officer (“IO”);
- Controller;
- Internal Auditor;
- The Project Managers (“PM”);
- The managers.



(1) [www.businessandsociety.be](http://www.businessandsociety.be).

(2) The CFO and COO are Executive Officers.

# MANAGING CORPORATE SOCIAL RESPONSIBILITY

## Stakeholders

*Stakeholders are defined as “any group or individual that can affect or be affected by the company’s purpose”, Freeman, R.E., “Strategic Management: A stakeholder approach”, Pitman, Boston, 1984.*

Any business needs to communicate about its activities, commitments and performance and, in an increasingly interactive world, nothing can be built in isolation. Befimmo undertakes to take account of the reasonable expectations of its stakeholders

and partners in devising its strategy and establishing a fair dialogue and constructive consultation with them.

## EXTERNAL STAKEHOLDERS

The following diagram indicates the main external stakeholders Befimmo has identified. A description of the interaction with most of them can be found in the table in Appendix 2 to this Report, on page 162 and on Befimmo’s website: [www.befimmo.be/en/questionnaires](http://www.befimmo.be/en/questionnaires).







### Befimmo's membership of Business & Society asbl

During the past fiscal period, Befimmo became a member of Business & Society, an association bringing together more than 80 businesses and business federations from a variety of sectors, which aspires to become a benchmark for Corporate Social Responsibility ("CSR"). As a benchmark network in Belgium, Business & Society offers its members the opportunity to exchange knowledge and experience in the field of CSR. During this first year as a member, the Business & Society team has conducted an in-depth review of Befimmo's sustainable development policy. This review allows Befimmo to gauge the efforts it has made, enhance best practices, improve certain insights and explore new issues.



### EPRA Award "Most Improved Annual Report 2010-2011"

On 1 September 2011, Befimmo received the prize for the "Most Improved Annual Report 2010/2011" and a Gold Award in London. This prize is awarded annually by the European Public Real Estate Association ([www.epra.com](http://www.epra.com))<sup>(1)</sup>. Befimmo's Annual Financial Report was selected from more than 80 annual reports of major European listed property companies.

This award is the first in the Company's history, and Befimmo is keen to keep improving its corporate communication.

## COMMUNICATION WITH EXTERNAL STAKEHOLDERS

### Carbon Disclosure Project

For the first time, Befimmo took part in reporting carbon emissions linked to its activities by responding to the questionnaire of the "Carbon Disclosure Project"<sup>(2)</sup> which aims to set up a global database of corporate greenhouse emissions. This organisation acts on behalf of 550 investors representing more than US\$70 trillion in assets.

### Greenhouse Gas Protocol

Regarding greenhouse gases, such as carbon emissions, Befimmo plans to comply gradually with the international "Greenhouse Gas Protocol"<sup>(3)</sup>. This standard, developed by the World Resources Institute (WRI)<sup>(4)</sup> and the World Business Council for Sustainable Development (WBCSD)<sup>(5)</sup>, is an acknowledged global benchmark used for mapping, quantifying and managing greenhouse gases.

### Corporate social responsibility FAQs

Since Befimmo joined BEL 20, the Company has noticed growing interest by external stakeholders in its sustainable development approach. In order to give answers that are as clear as possible and to provide this information to all stakeholders at the same time, Befimmo has prepared frequently asked questions (FAQs) on corporate social responsibility. This document is available on the Befimmo website: [www.befimmo.be/en/faq](http://www.befimmo.be/en/faq), and will be supplemented as important new data become available or stakeholders ask relevant questions.

(1) With over 200 active members, EPRA is the voice of European listed real-estate companies and represents €250 billion in real-estate assets.

(2) [www.cdproject.net/](http://www.cdproject.net/).

(3) [www.ghgprotocol.org/](http://www.ghgprotocol.org/).

(4) [www.wri.org/](http://www.wri.org/).

(5) [www.wbcsd.org/](http://www.wbcsd.org/).

# MANAGING CORPORATE SOCIAL RESPONSIBILITY

## Questionnaire

In a desire to come into more direct contact with external stakeholders, they can also assess Befimmo's sustainable development approach and make comments and suggestions for improvement by filling an "External Stakeholders Questionnaire" which is available on Befimmo's website: [www.befimmo.be/en/stakeholders-questionnaire](http://www.befimmo.be/en/stakeholders-questionnaire).

## ANALYST/INVESTOR FEEDBACK

During the past fiscal period, Befimmo has responded to questionnaires sent by VIGEO (an analyst linked to the Ethibel share index), CDP (Carbon Disclosure Project) and GRESB (Global Real-Estate Sustainability Benchmark). The responses and feedback received are published on Befimmo's website: [www.befimmo.be/en/questionnaires](http://www.befimmo.be/en/questionnaires).

Overall, the Company's strengths have been assessed as:

- strategy and analysis;
- reporting, disclosure and external communication;
- environmental aspects;
- monitoring;
- certification.

The areas for development are:

- socio-economic aspects;
- customer relations;
- quantitative performance.

In response to stakeholder expectations, various working groups will follow up on the most relevant comments and will be responsible for:

- assessing the conditions to be met (including socio-economic aspects) for inclusion in the Ethibel index;
- assessing the possibility of rolling out a customer-satisfaction survey.

As outlined on page 150 of this chapter, quantitative performance objectives were established.

In terms of communication, Befimmo will continue to answer questionnaires.

## INTERNAL STAKEHOLDERS

### Employee-satisfaction survey

The Befimmo team has changed considerably since the acquisition of Fedimmo in late 2006. 22 new talents have joined our teams and we now have a staff of 40. This development has had a significant impact. This growth has undoubtedly led to greater complexity in human resource management: in a small team, managing these various aspects is by definition more intuitive and therefore less formal. We have detected increasing needs for delegation, communication, recognition, self-fulfillment, organisation, stress and time management.

In April 2011, the management organised a workshop on well-being and efficiency at work. This meeting was conceived as a staff-satisfaction survey, and aimed to identify measures that might contribute to an ideal balance between, on the one hand, well-being, defined as a state of health, pleasure, realisation and personal develop-

ment; and, on the other, efficiency, which means the ability of a person, group or system to achieve the goals it has set itself. This workshop was an opportunity for the entire staff to stand back from their workday situation and facilitated a wide-ranging and very constructive debate, confirming the collective working atmosphere, solidarity, attachment and mutual respect within Befimmo, and to the Company itself.

It was a chance to gauge the team's expectations. A number of measures have already been undertaken to respond to these expectations, such as extending health-insurance cover, revising the holiday schedule, installing a new telephone switchboard, promoting sports activities, etc.

### Activities at corporate level

Opportunities for improvement were identified at corporate level following analyses made by Business & Society, VIGEO, Deloitte and through external audits. Although the impact of the Befimmo team is limited because of its small size, some activities do fall entirely under the responsibility of the Company, therefore it is important to pay special attention to them and define specific aims and targets.



The **setting-up of Comité B+** in 2011, at the initiative of the staff, supported by the Executive Officers, is one step in this direction, as it aims to put in place a series of measures linked to social aspects at team level. The purpose of this Committee is to organise social, sports, cultural and festive activities. It seeks to strike a balance in the choice of activities in these various areas. In addition to the activities mentioned before, the Committee has also undertaken to organise regular charity activities and/or events.

The main projects carried out in 2011 included the participation in two campaigns for the Samu Social and the Red-Cross (the local body of Auderghem).

Samu Social is an organisation classified as an "emergency service", i.e. it works at grass-roots level: distributing warm clothing in the winter months (hats, scarves, blankets), distributing food, etc. The Red-Cross organises more specific actions such as collecting toys for Saint-Nicholas day, helping the homeless, etc. At the end of 2011, the Committee decided to set up a longer-term partnership with a social association. Befimmo is currently considering a number of partnership projects. The aim is to select a project during the first quarter of 2012 to which Befimmo could make a substantial long-term contribution.

For the second year running, the Befimmo team took part in the Shoe-Box<sup>(1)</sup> project to collect food for the homeless and poor and needy in Belgium. The food is placed in shoe boxes and distributed by several aid associations over Christmas and new year.

Since a year now, Befimmo has provided its employees with fair-trade products from Oxfam (juice, sugar, tea, etc.), these are articles produced under fair trade rules.

Comité B+ is firmly committed to continuing in 2012 the social campaigns that it began so enthusiastically in 2011. Several projects will thus be repeated like the blood donation collection of the Befimmo team, taking part in the 20 km Brussels running event for the organisation Infirmiers de rue<sup>(2)</sup>, etc.

### Staff training

*"Appropriate training in response to the challenges of ongoing skills development."*

The effective skill development of each staff member requires a positive climate in which to assess each individual in a constructive way, validate this assessment with the person concerned, build a development plan in tune with the Company context, set clear priorities and implement a motivational process for the staff member whose continual efforts and progress will be supported by Befimmo's management.

The 2010/2011 fiscal period was an intense and rewarding year for training. In addition to language classes and individual courses held, two training programmes were also put in place. One programme open to the entire staff was based on "soft skills" (time and stress management, etc.) and another two-year programme aims at developing leadership skills for managers.

A programme of awareness-raising and training in sustainable development has been implemented:

- each employee receives awareness training in sustainable development and an introduction to the EMS;
- more in-depth training on the EMS is offered to employees who have a specific task defined in the EMS;
- monthly meetings are held in the technical department to assess implementation of the EMS and to share know-how acquired during external training;
- the Executive Officers prepares an annual presentation for all staff, to inform them of progress on sustainable development activities and Befimmo's strategy in this area.

Over the past fiscal period (15 months), Befimmo has imparted an average of 59 hours' training per staff member, more than half of which relates to language courses.

In 2012, in addition to the language courses offered by the Company to all of its staff, Befimmo continues to strive to develop the team's skills.

(1) [www.shoe-box.be/en/particuliers](http://www.shoe-box.be/en/particuliers).

(2) <http://www.infirmiersderue.be/index.php?id=1&L=4>

# MANAGING CORPORATE SOCIAL RESPONSIBILITY

## Individual staff sustainable development goals

To raise awareness among staff, environmental goals are set and discussed each year during staff evaluation interviews, such as implementing responsibilities under the ISO 14001 standard, sustainable building management, optimal use of the electronic document management programme, rational paper use or optimising waste sorting.

## Materiality

Befimmo's priorities for corporate social responsibility and hence also for materiality and reporting were devised by analysing a number of tools and applying them in accordance with the Company's values.

These include amongst other:

- an **exercise to analyse the business' environmental aspects and impacts**, linked to the development of Befimmo's internal ISO 14001 Environmental Management System;
- **applicable environmental legislation**;
- **analysis of sectoral reports** on corporate social responsibility in the real-estate sector;

- **BREEAM specifications**: respecting the BREEAM guidelines is an important element of implementing Befimmo's commitment to improve its environmental performances;
- **application of ISA guidelines** (see hereafter for more details);
- **review of the GRI sectorial supplement for the GRI-CRESS real-estate sector**;
- **RICS specifications<sup>(1)</sup>**;
- **questions from stakeholders**: where necessary, Executive Officers fine-tune the measures to be taken, based on questions and remarks by stakeholders such as institutional investors or Company employees.

TABLE 3: THEMES IDENTIFIED BY BEFIMMO

Use of buildings		Renovations	Internal team	Governance
Common areas	Private areas			
Climate change	Healthy and pleasant environment	ECO-design/ procurement <sup>(2)</sup>	Working conditions	Transparency
Energy management	Climate change	Reducing raw materials use	Benefits	Code of ethics
Water management	Energy management	Use of hazardous and toxic products	Training	Communication with stakeholders
Prevention/ Reduction of pollution / Biodiversity	Water management  Information and Communication to tenants	Waste recycling  Health/safety on construction site	Social commitment  Vehicle fleet	Legal compliance  Internal and external communication
Coordination / Follow-up of managing agent and maintenance companies	Coordination / Follow-up of managing agent and maintenance companies	Energy management  Coordination of contractors	Energy management  Waste recycling	

(1) [www.rics.org](http://www.rics.org).

(2) Anticipate the materials, design, etc.

# MAIN ACHIEVEMENTS

## “Why does Befimmo wish to improve its corporate social responsibility?”

### Summary of main achievements

- ▶ Introduction of the EMS (ISO 14001)
- ▶ Introduction of telemonitoring
- ▶ Energy audits
- ▶ Setting qualitative objectives
- ▶ Introduction of a sustainable procurement policy
- ▶ First BREEAM Design certification
- ▶ Communication as per GRI (grade C)
- ▶ Setting quantitative targets
- ▶ Communication as per GRI and EPRA BPRs
- ▶ Improving dialogue with external and internal stakeholders
- ▶ Study for joining a stock-market index



**In 2011, 2012 and beyond: reducing the carbon footprint and continuous improvement of energy performance of buildings of the Befimmo portfolio**

Befimmo continues to implement measures that it considers necessary to reduce the environmental impact of the activities it controls and influences directly.

Generally speaking, the following points remain **systemic priorities**:

- alignment with legislation;
- awareness / training of employees and external players;
- audits on managers and other players working for Befimmo;
- energy performance: continuing to improve the energy performance of the property portfolio via a gradual approach that includes investment in renewable energy, more energy-efficient technical installations, etc.;
- raising awareness of corporate social responsibility among all Company staff.

(3) PEB: Energy Performance of Buildings.

# MAIN ACHIEVEMENTS

The standards applied and the tools used to on a daily basis to ensure proper implementation of the corporate social responsibility strategy are described the table below:

TABLE 4: TOOLS AND STANDARDS IMPLEMENTED BY BEFIMMO AT VARIOUS LEVELS	
Level	Approach followed / tool used
Corporate	Implementation of an ISO 14001-certified Environmental Management System ("EMS")
Operational	BREEAM Building and BREEAM In-Use certification, EPB certificate (Energy Performance in Buildings)
Communication	Gradual application of GRI standard and the KPIs published by EPRA
Monitoring	Installation of digital meters throughout the Befimmo portfolio (excluding Fedimmo), ISA tools

The priority environmental impacts linked to Befimmo's activities are:

- energy management;
- natural resource management;
- waste management;
- water management.

While the concept of corporate social responsibility discussed in this chapter covers environmental as well as social and economic issues, Befimmo's main impact is on the environmental level. Most of the management activities currently focus on this aspect. For the social and economic aspects, various KPIs are being monitored and reported.

We would point out that the policy implemented by Befimmo at operational level cannot yet be fully applied to the Fedimmo portfolio. The lease agreement with the Buildings Agency stipulates that most of the recurring work is its responsibility, and accordingly Befimmo does not have absolute control over these activities. Nevertheless, through regular dialogue and

consultation with the Buildings Agency and Fedesco, the environmental performance of the buildings is gradually being improved.

GRI  
EN26Environmental  
aspects

Befimmo treats the following key topics for environmental improvements as priorities:

1. energy and climate change;
2. management of natural resources;
3. dialogue with external firms working for or on behalf of Befimmo, and with the tenants.

Progress towards the objectives announced during the past fiscal period is given at the end of the chapter. Implementation of some objectives will be postponed until the 2012 fiscal year.

We give details here of the most significant achievements:

**ISO 14001**

The Environmental Management System has been in place for over 2 years. Both internal and external audits show that, on the whole, the Company has succeeded in managing the EMS well. Numerous measures have been taken and environmental awareness among staff is clearly observable. Sound progress has been made with the management of subcontractors.

Of the five non-compliances identified during the certification audit, two were closed and three have made good progress, but have yet to be finalised. No new non-compliance was identified by the surveillance audits.

The following areas for improvement were identified during the various audits:

- the need to make more specific commitments and to develop quantitative objectives;
  - this issue has been resolved; see “Quantitative targets” on page 150;
- the need to manage the subcontracting cascades;
  - an audit of the main external manager was carried out in 2011, and an external managing agent training programme will be implemented in 2012;
- the need to help stakeholders to make the connection in their everyday lives between action on the ground and the Company’s environmental objectives;
  - one employee has been given responsibility for monitoring implementation and developing other awareness-building exercises for the Befimmo team. In addition, at their annual evaluation employees were given environmental objectives tailored to their posts.

Based on 2 years of experience with the system and following the arrival of the Environmental Manager (“EM”), various ways of improving and clarifying the procedures have been identified. A substantial revision of the EMS will take place in early 2012.





## MAIN ACHIEVEMENTS

### INTERNATIONAL SUSTAINABILITY ALLIANCE (ISA)

Befimmo is a founding member of ISA. Note that, since 2009, ISA, in partnership with BRE Trust, has been developing a worldwide network of organisations operating in the real-estate sector and is dedicated to achieving a more sustainable built environment. ISA is an independent, non-profit organisation.

Befimmo is actively pursuing its close cooperation with ISA to develop a powerful comparison system for its own buildings. This automated tool, which meets GRI requirements, already provides a means of assessing the performance of Befimmo's buildings in terms of specific consumption

in relation to a database that now includes 7,000 references (a figure that is set to increase to 50,000 in the foreseeable future) supplied by around 30 members including Aberdeen, BNP Paribas, Bopro, Cushman & Wakefield, EDF Group, Redevco, etc.

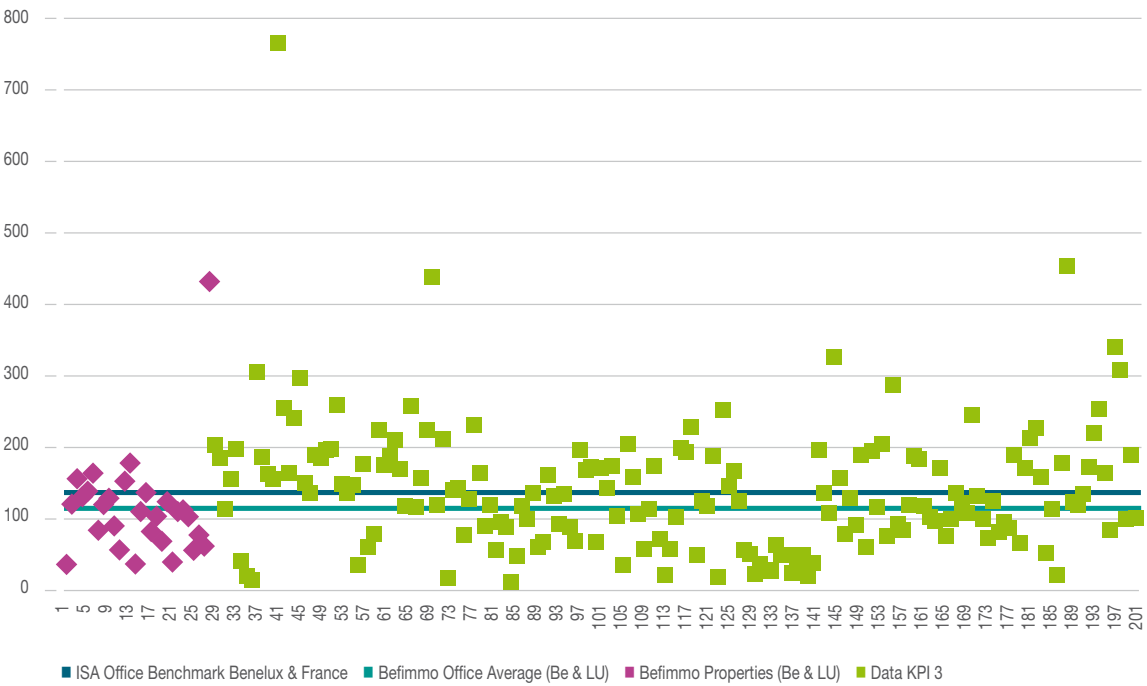
These references include the data for 28 buildings of Befimmo's portfolio, most of whose consumption figures are better than the average results for Benelux and France (see graph hereafter).

The tools developed by ISA are compatible with ISO 14001 and the GRI.



► La Plaine  
Brussels decentralised

EXAMPLE ISA GRAPH: KPI 3 PROPERTY ENERGY INTENSITY<sup>(1)</sup> (kWh/m<sup>2</sup>/yr)



**KPI 3 gives the total energy consumption of Befimmo buildings over a certain period (2010). The total energy consumption of Befimmo buildings can be compared with that of the ISA benchmark (± 200 buildings) (ISA Office Benchmark Benelux and France - Records KPI 3).**

(1) Source: ISA

## MAIN ACHIEVEMENTS

### BREEAM

In order to follow a structured approach and to obtain validation of the objectives achieved, Befimmo applies the guidelines issued by BREEAM. This method provides a means of measuring the level of sustainability and certifying the buildings in a consistent manner.

### REFURBISHMENT AND RENOVATION WORK

The extraction and use of resources to create materials and products during renovation (and construction) work are among the greatest causes of direct environmental impact in the real-estate sector. Ecological impact, such as loss of biodiversity, greenhouse-gas emissions and waste can be effectively reduced thanks to recycling and dismantling.

The BREEAM certification, which Befimmo systematically implements for its major renovation projects, imposes the requirement, among other things, to keep up-to-date data on the use of natural resources and recycled materials.

However, the building's environmental performance is also determined at the design stage. The adoption of an eco-design approach from the initial phase, in consultation with the architects and the engineering offices, also extends the building's potential commercial life.

Over the first half of the fiscal period, at the Ecobuild conference that took place in London in March 2011, Befimmo won the "2011 BREEAM AWARD category Europe Offices", for the scheme to renovate its Froissart building, located in Brussels. This internationally renowned exhibition is the most important in the field of sustainable

design and construction. In practice, this means that the Froissart renovation project, which was completed in October 2010, obtained the highest score in Europe of all the projects to receive a BREEAM certification. Apart from the building's high energy performances, the project also includes features such as the provision of public-transport information for the building's users and facilities for cyclists. This award demonstrates the external recognition of sustainable performances of our projects.

In January 2012, Befimmo was the first real-estate Company in Europe (excluding the UK) to be rated "Excellent" for the BREEAM Post Construction certificate for its Science-Montoyer building.



### IN-USE BUILDINGS

#### BEFIMMO WAS THE FIRST REAL-ESTATE COMPANY IN BELGIUM TO APPLY THE BREEAM IN-USE CERTIFICATION

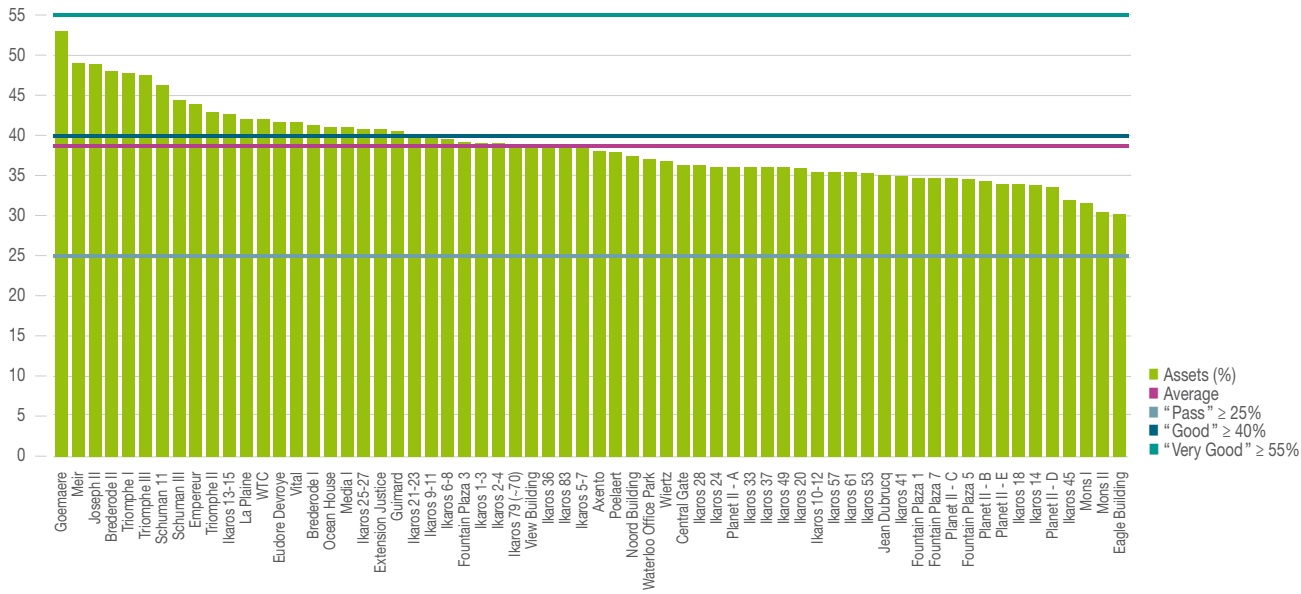
The BREEAM In-Use certification, which is renewed every year, is consistent with the continuous improvement guidelines imposed by the ISO 14001 standard.

This is a valuable tool that validates Befimmo's efforts to improve the sustainability of the existing buildings in its portfolio. The initial performance of the buildings is first measured, for the building itself (Asset) and for its management (Management).

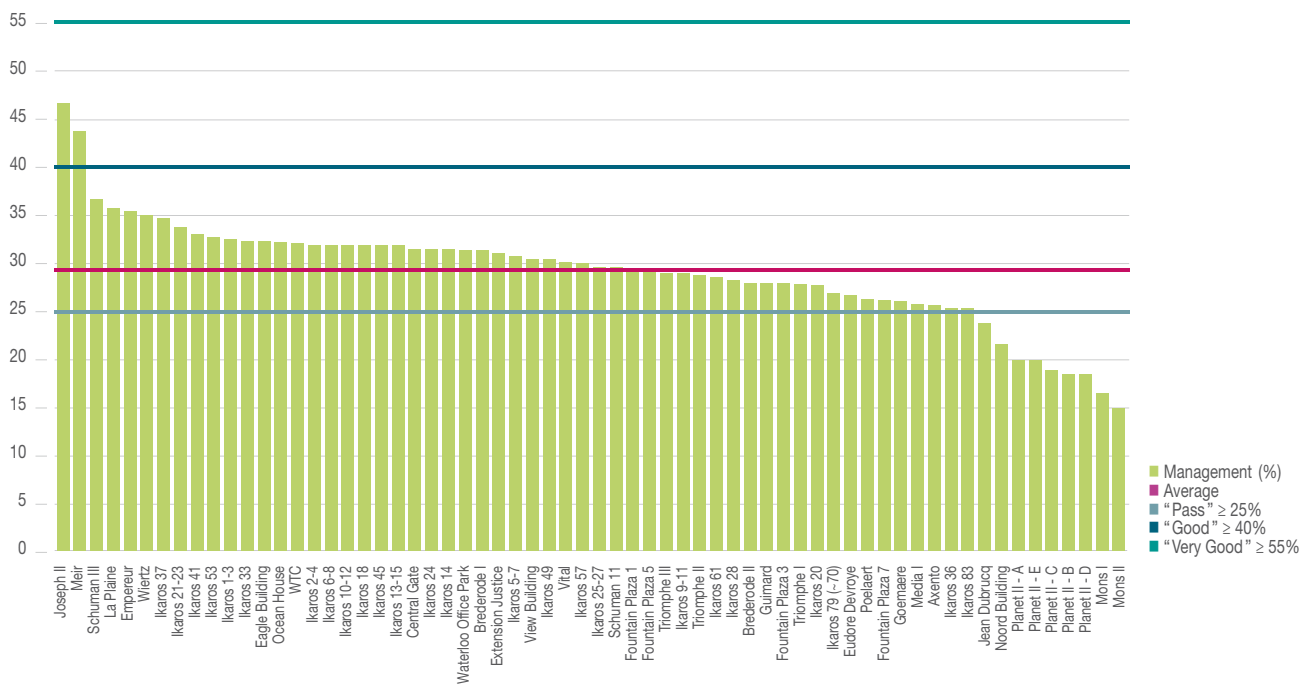
Among other things, this certification requires consumption data to be monitored. The validation of the resulting data is an important step towards achieving acceptable benchmarking figures.

A total of 30% of the Befimmo portfolio was audited during 2010. Of these buildings, work was carried out on 7 to raise the Asset score from "Pass" to "Good" in 2011. The remaining 70% of the buildings of the portfolio were certified in 2011.

BREEAM IN-USE ASSET



BREEAM IN-USE MANAGEMENT



# MAIN ACHIEVEMENTS

## ENERGY PERFORMANCE CERTIFICATES (EPB)

### Befimmo

In 2011, Befimmo completed most of the energy performance certification for the buildings located in the Brussels-Capital Region in accordance with the decree of 17 February 2011<sup>(1)</sup> of the Government of the Brussels-Capital Region on the EPB certificate established by a certifier for tertiary units.

It is important to draw a distinction between tertiary buildings which are not open to the public and those which are. In fact, the latter fall under the decree of 27 May 2010<sup>(1)</sup> of the Government of the Brussels-Capital Region on the energy performance certificate of public buildings.

The energy classes defined in the two decrees are different. Although theoretical, the data of the certificates are also compared with the actual specific consumption figures.

## TERTIARY BUILDINGS IN BEFIMMO'S PORTFOLIO

kWh/m <sup>2</sup> /year	Number of buildings	Share (%)
0 - 61 A		
62 - 93 B+		
94 - 124 B	1	6%
156 - 186 C+	3	17%
187 - 217 C	4	22%
218 - 248 C-	7	39%
249 - 279 D+	2	11%
280 - 310 D		
311 - 341 D-	1	6%
342 - 372 E+		
373 - 434 E and E-		
435 - 527 F		
> 527 G		
<b>TOTAL</b>	<b>18</b>	<b>100%</b>

**The figure of 100% represents 18 buildings, i.e. 81% of tertiary buildings of Befimmo's portfolio (excluding Fedimmo).**

(1) [www.ejustice.just.fgov.be/cgi\\_loi/change\\_lg.pl?language=fr&la=F&cn=2011021704&table\\_name=loi](http://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&cn=2011021704&table_name=loi).



**Brederode 1**  
Brussels centre

#### "PUBLIC" BUILDINGS IN BEFIMMO'S PORTFOLIO

kWh/m <sup>2</sup> /year	Number of buildings	Share (%)
229 - 266 C	1	50%
311 - 341 D-	1	50%
<b>TOTAL</b>	<b>2</b>	<b>100%</b>

**The figure of 100% represents 2 buildings, i.e. 50% of public buildings of Befimmo's portfolio (excluding Fedimmo).**

In 2012, Befimmo will complete the certification of the remainder of the portfolio located in the Brussels-Capital Region, notably the buildings for which certification is not a legal obligation because they are leased long-term to a single occupant. This mainly concerns the certificates relating to the Joseph II, Montesquieu, Pavilion and Poelaert buildings.

Befimmo will also make sure the certificates are updated whenever major works are carried out.

# MAIN ACHIEVEMENTS

## Fedimmo

The Fedimmo buildings were self-certified by the occupier, which provided the information processed by its services:

### BUILDINGS IN FEDIMMO'S PORTFOLIO <sup>(1)</sup>

kWh/m <sup>2</sup> /year	Number of buildings	Share (%)
1 - 38 A		
39 - 76 A-		
77 - 114 B+	1	5%
115 - 152 B	5	23%
153 - 190 B-	8	36%
191 - 228 C+	4	18%
229 - 266 C	3	14%
267 - 304 C-	1	5%
305 - 342 D+		
343 - 380 D		
381 - 418 D-		
419 - 455 E+		
456 - 531 E and E-		
532 - 645 F		
> 645 G		
<b>TOTAL</b>	<b>22</b>	<b>100%</b>

(1) The energy classes used in the table are those used for public buildings in the Brussels-Capital Region. The different categories of energy classes are not defined by explicit standards in the Flemish and Walloon Regions.

**The figure of 100% represents 22 buildings, i.e. 39% of Fedimmo's portfolio.**





► **Joseph II**  
Brussels  
Leopold district

## AUDIT OF AG REAL ESTATE

In June 2011, AG Real Estate (AG RE), the main managing agent of Befimmo's portfolio (representing some 400,000 m<sup>2</sup>, was audited by Befimmo for the first time. The purpose of the audit was to assess the compliance with the guidelines of Befimmo's EMS as regards activities that fall under the responsibility of the external managing agent and to evaluate the compliance of the activities of AG RE with the environmental legislation in force.

The audit was also intended to identify areas for improving general cooperation between Befimmo and AG RE.

In the fiscal years ahead, further improvements will be made in the following areas:

- improving knowledge of EMS procedures;
- raising awareness in maintenance companies. This awareness must be developed through maintenance contracts for which AG RE exercises supervision and responsibility (M and S portfolio - see definition on page 109);

- collecting documents and data (inventory of toxic products, volume of waste, annual loss of gases that deplete the ozone layer, etc.);
- raising awareness among tenants and checking that their activities meet the requirements of the environmental permit, updating the environmental permit during changes of activities and notifying the competent authorities when changes are made to installations that are listed or likely to be listed in future;
- improving communication between AG RE and Befimmo. Two offices have been made available in the technical department for regular consultations with AG RE. In addition, AG RE will be given access to the EDM (Electronic Document Management) system in order to make the documents connected with the follow-up tables directly available for Befimmo.

## MULTIANNUAL INVESTMENT PLAN

Befimmo has drawn up a multiannual investment plan designed to improve the energy performance of the portfolio. The foreseen amounts are well in excess of the commitments announced in the previous Annual Financial Report:

**TABLE 5: BUDGETS ALLOCATED TO IMPROVE THE ENERGY PERFORMANCE OF BEFIMMO BUILDINGS (EXCLUDING FEDIMMO)**

Budgets (€ million)	2009/2010 (12 months)	2010/2011 (15 months)	2012	2013 (12 months)	2014
Announced in the Annual Financial Report 2009/2010	1.2	3.7	2.4	2.0	-
Announced in the Annual Financial Report 2010/2011	-	3.9	3.6	3.4	3.3
Achieved (total)	1.2	3.9	-	-	-

# MAIN ACHIEVEMENTS

The multiannual investment plan was devised for sustainable optimisation work on buildings that will not undergo a major renovation. For these buildings, a specific proportion of the overall renovation budget is allocated for sustainable optimisation.

## ASSESSMENT AT CORPORATE LEVEL

### CO<sub>2</sub> emissions

The CO<sub>2</sub> emissions associated with the Company's own activities, i.e. office activities of its staff, were assessed according to the "*Bilan Carbone*" (carbon footprint), a methodology developed by the French Environment and Energy Management Agency (*Agence de l'Environnement et de la Maîtrise de l'Énergie* – ADEME)<sup>(1)</sup>:

The operational perimeter covers:

- travel by company car;
- business trips by air and rail;
- paper consumption;
- use of the company headquarters.

This exercise was carried out for the first time by CO<sub>2</sub>logic in 2010, and was published in the 2010 Annual Financial Report. Unlike the calculation used for reporting in the 2010 Annual Financial Report, home/work commuting was not included, as there is too much uncertainty concerning these data. The calculated CO<sub>2</sub> emissions do not take account of the indirect emissions generated upstream of the Company's activities.

Emissions at corporate level have increased mainly as a result of the vehicle fleet and business trips. One of the objectives of the year ahead is to develop a car policy and to reduce the team's CO<sub>2</sub> emissions by 5% in relation to 2011.

In 2011, Befimmo installed 410 m<sup>2</sup> of photovoltaic panels on the roof of its headquarters. Over the last quarter of 2011, solar panels generated 6% of the Company's total consumption.

Paper consumption has decreased significantly thanks, among other things, to the introduction of the Electronic Document Management (EDM) system.

(1) [www.site-index.fr/ademe/bilan-carbone.html](http://www.site-index.fr/ademe/bilan-carbone.html).

CO<sub>2</sub> EMISSIONS RELATED TO BEFIMMO'S OWN ACTIVITIES ACCORDING TO THE "CARBON FOOTPRINT" METHODOLOGY

	UNIT	2009	2010	2011	CO <sub>2</sub> emission factors (kg)	Tonnes CO <sub>2</sub> e 2009	Tonnes CO <sub>2</sub> e 2010	Tonnes CO <sub>2</sub> e 2011	% /year 2009	% /year 2010	% /year 2011
<b>Corporate</b>						<b>30.8</b>	<b>39.0</b>	<b>23.7</b>	<b>19.4%</b>	<b>18.8%</b>	<b>11.3%</b>
Electricity	kWh	268 480	230 484 ✓	158 097 ✓	0.000	0.0	0.0	0.0			
Gas	kWh	144 585	190 226 ✓	115 417 ✓	0.205	29.6	39.0	23.7			
Air-conditioning	kg	0.6	0.0	0.0	1 976.4	1.1	0.0	0.0			
<b>Vehicle fleet</b>						<b>123.7</b>	<b>153.1</b>	<b>176.5</b>	<b>77.7%</b>	<b>74.0%</b>	<b>84.2%</b>
Diesel	Litres	43 046	48 248 ✓	56 082 ✓	2.662	114.6	142.0	165.0			
Petrol	Litres	3 744	3 911 ✓	4 060 ✓	2.425	9.1	11.1	11.5			
<b>Business trips</b>						<b>0.3</b>	<b>10.27</b>	<b>6.24</b>	<b>0.2%</b>	<b>5.0%</b>	<b>3.0%</b>
Short-haul flights	km	2 200	16 292	16 480	0.126	0.3	2.1	2.1			
Long-haul flights			70 848	35 424	0.113		8.0	4.0			
High-speed train	km	1 280	14 380	11 030	0.015	0.02	0.22	0.17			
<b>Paper</b>						<b>4.3</b>	<b>4.6</b>	<b>3.3</b>	<b>2.7%</b>	<b>2.2%</b>	<b>1.6%</b>
Paper	kg	3 268	3500	2 500	1.320	4.3	4.6	3.3			
<b>Total CO<sub>2</sub> emissions</b>						<b>159.1</b>	<b>206.9</b>	<b>209.7</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Number of full time equivalents		34	39	39							
CO <sub>2</sub> emissions per employee						4.7	5.3	5.4			

Data with the symbol ✓ have been checked by Deloitte as part of a limited review report.

## MAIN ACHIEVEMENTS

### CASE STUDIES



#### Photovoltaic panels

In 2011, Befimmo completed several photovoltaic panel installation projects. Noteworthy among them were the Science-Montoyer and Goemaere projects, for which 184 m<sup>2</sup> and 410 m<sup>2</sup> of panels were installed respectively. The panels produce a total output of 61.9 kwp, in addition to the 19.95 kWp (141 m<sup>2</sup>) already placed on the roof of the Axento building in Luxembourg.

Total power generation by voltaic panels since 2010 is broken down as follows:

- 2010: 5,210 kWh;
- 2011: 22,500 kWh, of which 2,500 kWh of production for the Goemaere building over the last quarter.



#### Pilot biodiversity study of the Goemaere site

In August 2011, Befimmo's Goemaere site was presented for a labelling audit and was awarded the Eve® label by the Ecocert "Ecological Green Spaces" certification body. Indeed, this site - where Befimmo works continuously to manage and improve its biodiversity - has been found to comply with the requirements of the benchmark. Befimmo is proud to be the first company in Belgium to receive this certification. The Eve® benchmark is intended to promote environmental practices in the management of green spaces.

Similar studies could be conducted in the future for a number of sites, especially those in the Fedimmo portfolio that are located on a large area of land.



## MONITORING

Telemonitoring currently covers 95% of Befimmo's portfolio and 15% of Fedimmo's portfolio. The data collected generally cover all consumption (water, gas and electricity). As regards electricity, Befimmo aims over the coming years to be able to differentiate between data for individual and common consumption. Indeed, Befimmo aims to achieve savings of 5% in common areas by 2014, as it has for gas.

In addition, it should soon be possible to import the information recorded via telemonitoring and to use it as input for the ISA database.

Finally, the installation of alarms on the telemonitoring system will enable Befimmo to identify consumption anomalies and carry out any necessary corrective action in real time.

## Waste

During the 2011 fiscal period, work continued on the collection of data concerning the volume of waste (paper/cardboard, plastic, metal and drinks cartons and household waste) and the processing of waste (recycling, incineration). MCA<sup>(1)</sup>, the Company responsible for collecting and processing waste for most of the portfolio, identifies the tenants who generate the most waste and takes action to encourage them to reduce their volume of waste.

## Social aspects

### THE BEFIMMO TEAM

As at 31 December 2011, there were 40 staff members on the team (60% men and 40% women). With the exception of the CEO, all team members are hired as employees and on a contract of indefinite duration. Within the team, 68% have a university degree and 63% of those graduates also have a post-graduate diploma.

During the past fiscal period, Befimmo had no cases of occupational diseases and only one occupational accident. The absenteeism rate<sup>(2)</sup> over the past fiscal period (15 months) was 2.14% of the total number of hours worked. This figure can be compared with an average rate of 2.42%<sup>(3)</sup> for all Belgian companies across all sectors.

In the 2010/2011 fiscal period (15 months), Befimmo recruited 8 new staff members and 9 people left<sup>(4)</sup> the Company.

Each member of the team has at least one annual evaluation interview with their superior based on a wide-ranging assessment, including the relationship between the Company and its employee. In order to raise awareness among staff, individual environmental objectives are set and discussed individually during this interview.

Befimmo's employees are covered by a non-statutory pension scheme that guarantees a replacement income that is proportional to the salary earned at the time of retirement (defined-benefits system) and their length of service in the Company. More detailed information can be found in the note "Employee benefits" on page 221 of this Annual Financial Report.

(1) [www.mca-recycling.com](http://www.mca-recycling.com).

(2) Absenteeism rate: ratio of the number of hours of short-term sickness (< 30 days) to the total hours worked.

(3) Source: sdWorx publication in April 2011.

(4) Including one fixed-term contract.

# MAIN ACHIEVEMENTS

The average age of the Befimmo SCA team (excluding the Board of Directors) is 40.

The remuneration paid by Befimmo is in line with the market and substantially higher than the relevant minimum scales.

Befimmo is subject to the National Auxiliary Joint Committee for White-Collar Workers, also known as Joint Committee 218, which covers all staff members.

## Economic aspects

Befimmo has a code of ethics that requires ethical values to be observed in its relations with its customers, management team, partners and shareholders. Within the framework of the code of ethics, Befimmo complies with internal rules in order to limit the risks associated with money laundering and the funding of terrorism.

The corporate governance charter of and the attached terms of reference describe the set of rules, procedures and practices defining how the Company is managed and controlled. Befimmo has adopted the 2009 Belgian Code of Corporate Governance as a benchmark.

The governance charter and the code of ethics are available on Befimmo's website: [www.befimmo.be/en/corporate-governance](http://www.befimmo.be/en/corporate-governance).

The various terms of reference and other documents can also be found on the website:

- terms of reference of the Board of Directors;
- terms of reference of the Audit Committee;
- terms of reference of the Appointments and Remunerations Committee;
- terms of reference of the Executive Officers;
- charter of the Supervisory College of the day-to-day management;
- terms of reference regarding the Internal Audit.



# PERFORMANCE INDICATORS

## Reporting methodology

### ENERGY, GAS, WATER AND GREENHOUSE-GAS EMISSIONS

Befimmo now has a database covering 3 years of consumption (water, gas and electricity) for a large part of its portfolio. The buildings belonging to the portfolio are of diverse origin and have had different owners, each of which had its own fundamental vision of the development and management of the property. Befimmo's portfolio is therefore made up of assets which in many cases have widely differing technical characteristics.

Moreover, when one takes into account the diverse nature of the occupants and the specificity of their business needs (such as long working hours), it is clearly very difficult and even risky to focus on one or other standard building without running the risk of creating distortions.

Befimmo has decided to review its reporting methodology. The objective is to refine our analysis and to define rules that help to take better account of the specificities of the Company's activities and to progressively extend the reporting scope to include any and all information that may be useful (consumption of water, gas, electricity, heating oil, etc.). Of course, reporting on all the figures without excluding the results that deviate significantly from the average increases the level of uncertainty of the result obtained, but it does provide a means of identifying the buildings where corrective action is needed on the ground and/or in data collection (telemonitoring, manage-

ment reports, information received from tenants, etc.).

**Absolute figures:** the figures are reported firstly in total, and the reporting scope is defined on the basis of the correlation between the floor area concerned by the obtained data and the total floor area of the portfolio. The latter is defined as follows:

#### FLOOR AREA OF THE CONSOLIDATED PORTFOLIO

(m <sup>2</sup> )	2008	2009	2010	2011
Befimmo <sup>(1)</sup>	507 317	520 770	520 770	521 862
Fedimmo <sup>(2)</sup>	349 010	344 371	344 766	353 273

Note that the total GLA of the Befimmo portfolio was revised and increased by some 17,000 m<sup>2</sup> following new surveys carried out during the last fiscal period.

**Normalised figures:** the figures are also presented in normalised form in relation to the area.

The new methodology is also applied retroactively as regards all the data that have previously been published. Finally, it is applied in the same way to the data collected for the Fedimmo portfolio.

As regards electricity consumption, Befimmo draws a distinction between buildings that have a high-voltage cabin and a main low-voltage switchboard fitted with sub-meters that calculate individual consumption, and buildings that are also fitted with low-voltage meters for direct billing of the occupants. In the first case, Befimmo has a general overview of the consumption associated with the functioning of the building, while in the second case it has only a partial view of consumption. If the informa-

tion received makes no distinction between the total combined electricity consumption for private and common areas, it is agreed that the consumption is divided 50/50 pending a more accurate calculation.

In order to facilitate the proper management of our energy accounting, we believe it is best to maintain a distinction between electricity consumption in common and private areas.

Befimmo's investments to reduce energy consumption focus mainly on common installations, while a campaign of awareness-building and communication will be conducted among occupants regarding their individual electricity consumption.

Befimmo takes account of the following factors when calculating greenhouse-gas emissions:

- 253 gCO<sub>2</sub>/kWh for emissions associated with the consumption of non-renewable electricity;
- 0 gCO<sub>2</sub>/kWh for emissions associated with the consumption of renewable

(1) Source: Global Lettable Area (GLA)

(2) Source: Befimmo Annual Financial Reports (2008-2011)



# PERFORMANCE INDICATORS

electricity (supply contract through the managing agent of AG Real Estate Property Management);

- 205 gCO<sub>2</sub>/kWh for emissions associated with the consumption of gas;
- 2.662 kgCO<sub>2</sub>/litre for emissions associated with the consumption of heating oil.

## WASTE

The data are obtained mostly from external companies (managing agent and tenants); these provide information on quantity (m<sup>3</sup>, kg, litres, etc.) by type of waste.

In most cases, suppliers responsible for removing waste intervene upstream, i.e. directly with the tenants, and provide them with the information and materials required to improve the sorting of waste (selective sorting waste bins).

## NORMALISATION

Where applicable, the normalisation of data is carried out by m<sup>2</sup> according to the BACS measurement code based on the GLA (Gross Lettable Area, which includes common parts).

For the calculation of the normalised consumption figures for gas and oil, the data relating to the buildings on which work has been carried out during the year to switch from one type of fuel to another are systematically ignored, as it is not advisable to extrapolate the results in either case and the results obtained are relatively unreliable.

## Interpretation of the figures

The figures for consumption taken from Befimmo's energy accounting are compared with the market data that come, for example, from organisations such as the ICEDD (*Institut de Conseil et d'Études en Développement Durable*) or from ISA.

Internal benchmarking is also applied to the normalised data on Befimmo's portfolio with a view to defining and introducing a well-considered strategy of energy investments.

The normalised consumption data can now also be compared with the theoretical data from energy performance certificates issued in 2011 for the buildings located within the Brussels-Capital Region.

This approach will probably be extended in the years ahead to cover the buildings located outside the Brussels-Capital Region.

TABLE 6: DETAILED REPORTING OF KPIS

Topic	Reporting scope	Improvements to be made with regards to the reporting
Use of natural resources, rate of recycled materials and waste linked to major renovations	<p>The data will be reported for major renovations that comply with sustainable procurement conditions, i.e. projects costing over €500,000.</p> <p>The management of recycled materials and waste has been closely monitored within the framework of the refurbishment of the Science-Montoyer building. The renovation work for this building was the subject of a call for projects to the IBGE, and it was also closely monitored by a BREEAM assessor, in particular as regards waste management.</p>	
Energy consumption (gas and electricity) and greenhouse-gas emissions	<p>The reporting scope has been systematically extended to the maximum based on the data obtained. Buildings for which no information is available are removed from the scope of normalisation.</p> <p>As regards the electricity consumption of the Befimmo buildings, if the information received concerns the total consumption without distinction, the 50/50 rule (common and private areas) is applied. The situation will be updated and the results refined as telemonitoring is extended and improved.</p> <p>When calculating specific gas/fuel consumption, the data for the buildings on which work was carried out during the year to switch from one type of fuel to another are systematically ignored.</p> <p>Finally, when calculating consumption of gas and heating oil, the degree-day concept 16.5/16.5 is also applied.</p> <p>The following values<sup>(1)</sup> are used:</p> <ul style="list-style-type: none"> <li>• 2008: 2,213 degree-days;</li> <li>• 2009: 2,212 degree-days;</li> <li>• 2010: 2,703 degree-days;</li> <li>• 2011: 1,928 degree-days.</li> </ul> <p>The above methodology is applied to all the processed data, including usable data from previous years.</p> <p>The calculated percentage of renewable energy is a minimum, as Befimmo has no information about the origin of the electricity when it is billed directly to the tenant.</p> <p>For this reason, the calculation of greenhouse-gas emissions is an estimate. An emission factor of 253 gCO<sub>2</sub>/kWh was used for emissions associated with electricity consumption (Source: EIA, 2007), while an emission factor of 205 gCO<sub>2</sub>/kWh was used for emissions associated with natural gas consumption (Source: ADEME, <i>Bilan Carbone</i>) and a factor of 2.662 kgCO<sub>2</sub>/litre for heating oil.</p>	<p>The BREEAM In-Use guidelines are applied systematically. Nevertheless, it is still sometimes difficult to apply these guidelines for minor renovations, as the cost of applying the guidelines is sometimes very high while the added value is low.</p> <p>Befimmo's paramount aim is to continue to distinguish between consumption in private and common areas and to obtain more information on the origin of electricity used in private areas. The installation of any other specific metering system may be envisaged on a case-by-case basis where needed.</p>
Water consumption	This is consumption associated with the use and management of buildings.	As is the case with gas and electricity, the BREEAM In-Use guidelines are applied and information concerning the total consumption by building is already available. The specific metering system is designed according to the nature of the work (major renovations) and the score to be attained by the project.
Waste from building use	Compared with 2009, the scope applied in 2010 and 2011 has been extended by some 20% and is now around 60%. The data received are generally more detailed by type. The figures for the production of other waste are always difficult to obtain, and Befimmo has limited control over this.	<ul style="list-style-type: none"> <li>• Obtain more information on the treatment of unrecycled waste and the method used by refuse collection firms to consolidate their figures.</li> <li>• Obtain data for: <ul style="list-style-type: none"> <li>• small household chemical waste;</li> <li>• glass.</li> </ul> </li> </ul>

(1) Source: [www.gaznaturel.be](http://www.gaznaturel.be).

# PERFORMANCE INDICATORS

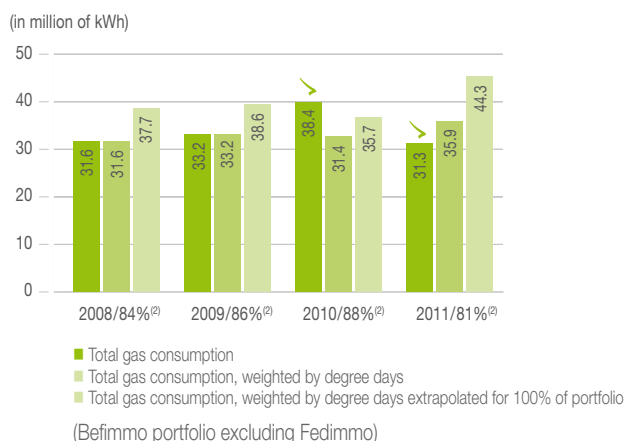
## Environmental indicators

**The information concerning the Fedimmo portfolio is incomplete but it is nonetheless published for information purposes. It will be supplemented in the coming fiscal years so that it can be analysed in the same way as the information available for Befimmo.**

### ENERGY <sup>(1)</sup>

#### Direct energy consumption

##### DIRECT ENERGY CONSUMPTION | TOTAL | GAS



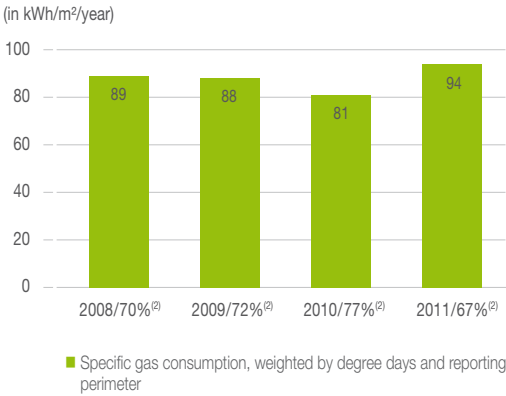
GRI EN3  
EPRA  
Absolute measures

Data with the symbol ✓ have been checked by Deloitte as part of a limited review report.

(1) The Greenhouse Gas (GHG) Protocol defines direct and indirect emissions as follows: direct GHG emissions are emissions from sources that are owned or controlled by the reporting entity (for example, combustion of gas to heat buildings). Indirect GHG emissions are emissions that are a consequence of the activities of the reporting entity, but occur at sources owned or controlled by another entity (for example, consumption of electricity produced in an off-site power station). (See [www.ghgprotocol.org/calculation-tools/faq](http://www.ghgprotocol.org/calculation-tools/faq)). The GHG Protocol is the international accounting tool most used by government leaders and companies to understand, quantify and manage greenhouse gas emissions. It is a partnership that was set up more than 10 years ago between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

(2) Year / reporting perimeter.

# DIRECT ENERGY CONSUMPTION | NORMALISED | GAS

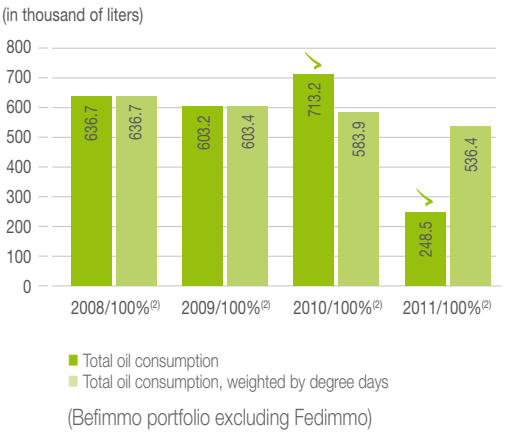


GRI CRESS - CRE1  
EPRA  
Intensity measures

**The increase in total gas consumption in 2011 (which was less cold than the reference year 2008) is due mainly to the switch from heating oil to gas in a few buildings belonging to the portfolio and to anomalies (overconsumption) identified in certain high energy consuming buildings.**

**We observed an increase in the normalised gas consumption in 2011 compared with 2010. The weather in 2011 was not so cold, which should have been reflected in a lower normalised consumption (-30%). This trend was not borne out by the figures, and an analysis shows that for certain buildings, the settings were not adjusted quickly enough after the winter of 2010, which was colder.**

# DIRECT ENERGY CONSUMPTION | TOTAL | OIL

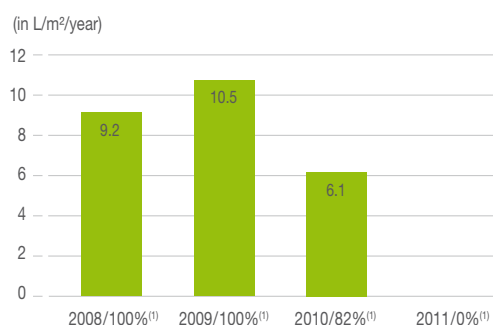


GRI EN3  
EPRA  
Absolute measures

**In 2011, the sharp drop in the consumption of heating oil during the year was due to the fact that 3 buildings switched to gas.**

# PERFORMANCE INDICATORS

## DIRECT ENERGY CONSUMPTION | NORMALISED | OIL



■ Total oil consumption, weighted by degree days and area of reporting scope

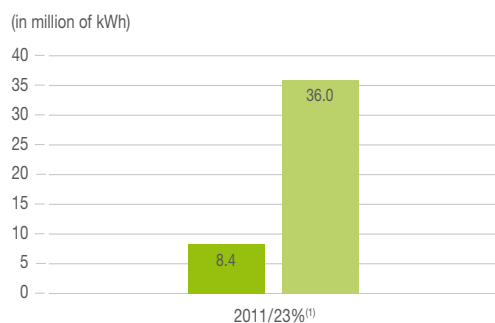
(Befimmo portfolio excluding Fedimmo)

GRI CRESS - CRE1  
EPRA  
Intensity measures

**For 2011, the figures are not normalised because they are not regarded as representative, since work was being carried out on these buildings (switching to gas).**

GRI EN3  
EPRA  
Absolute measures

## DIRECT ENERGY CONSUMPTION | TOTAL | GAS

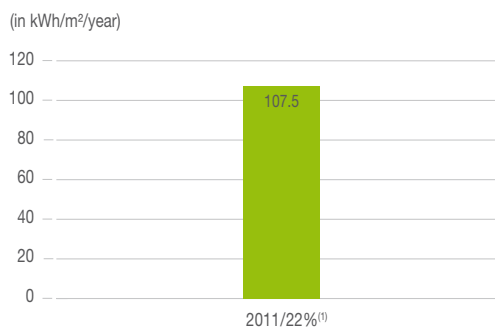


■ Total gas consumption  
■ Total gas consumption, extrapolated for 100% of portfolio

(Fedimmo portfolio)

GRI CRESS - CRE1  
EPRA  
Intensity measures

## DIRECT ENERGY CONSUMPTION | | NORMALISED | GAS



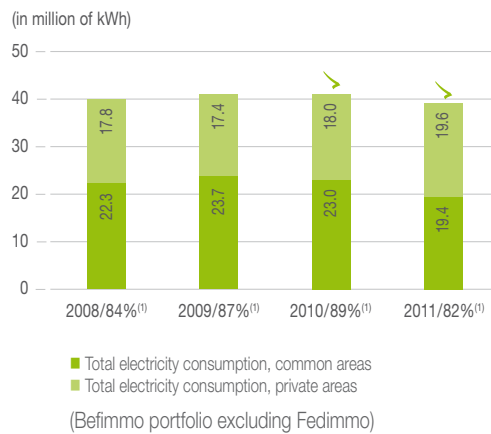
■ Total gas consumption, weighted by reporting perimeter

(Fedimmo portfolio)

(1) Year / reporting perimeter.

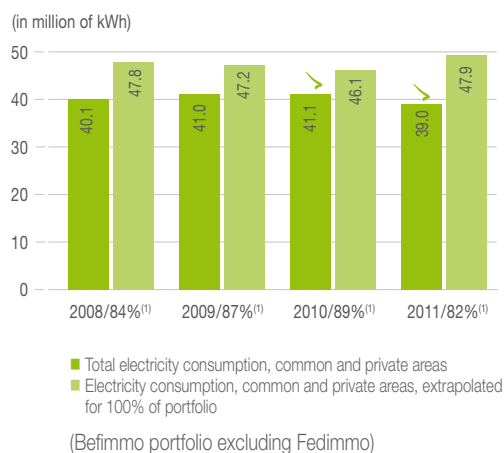
## Indirect energy consumption

### INDIRECT ENERGY CONSUMPTION | TOTAL | ELECTRICITY



GRI EN4  
EPRA  
Absolute measures

### INDIRECT ENERGY CONSUMPTION | TOTAL | ELECTRICITY

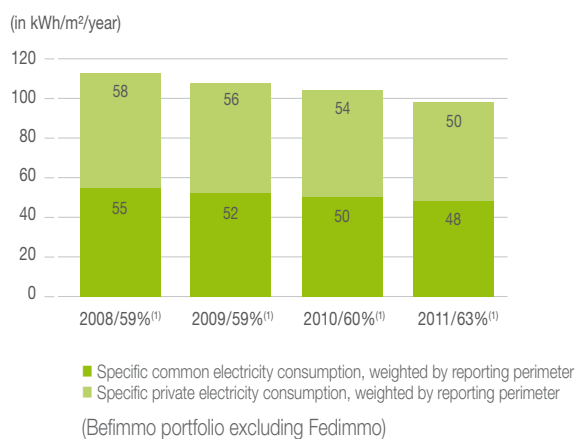


GRI EN4  
EPRA  
Absolute measures

**Total electricity consumption is relatively stable and correlates directly with the reporting perimeter.**

# PERFORMANCE INDICATORS

## INDIRECT ENERGY CONSUMPTION | NORMALISED | ELECTRICITY



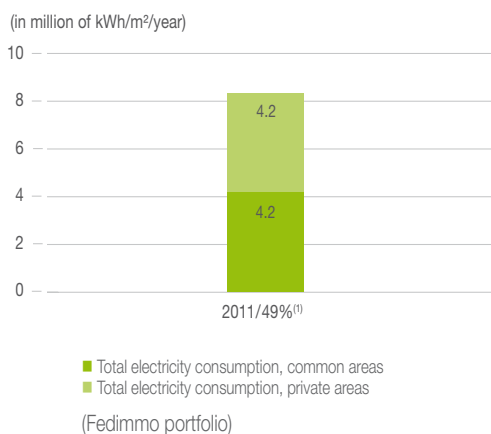
GRI CRESS - CRE1

EPRA

Intensity measures

**Normalised consumption for private and common areas shows a downward trend in relation to a scope which is gradually expanded as new data are received. Note that the 50/50 rule, which is often used where only incomplete data are available, tends to smooth out the data. This only partially reflects the reality. More reliable values will be provided in future as telemonitoring facilitates the separation of consumption.**

## INDIRECT ENERGY CONSUMPTION | NORMALISED | ELECTRICITY



GRI EN4

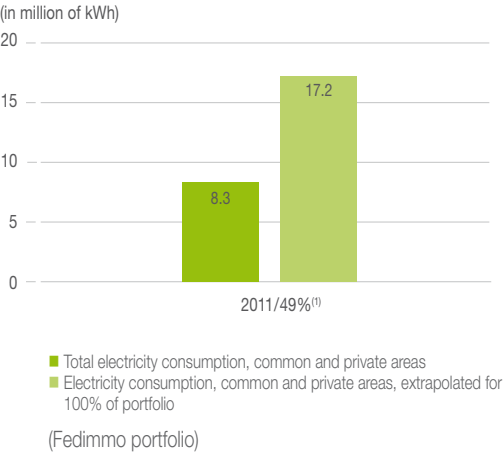
EPRA

Intensity measures

(1) Year / reporting perimeter.

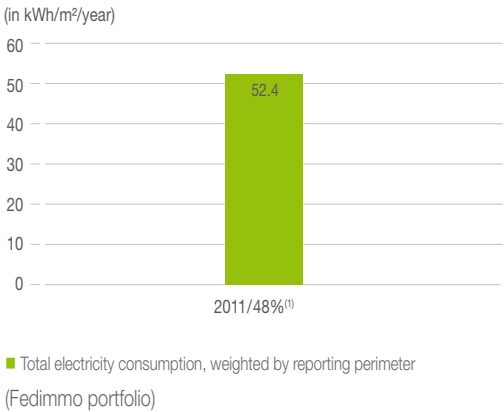


INDIRECT ENERGY CONSUMPTION | TOTAL | ELECTRICITY



GRI EN4  
EPRA  
Absolute measures

INDIRECT ENERGY CONSUMPTION | NORMALISED | ELECTRICITY



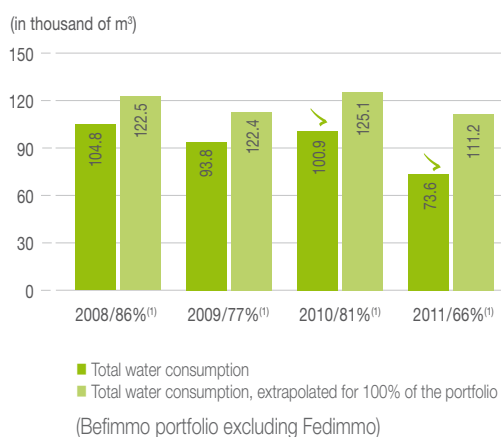
GRI CRESS - CRE1  
EPRA  
Intensity measures

# PERFORMANCE INDICATORS

## WATER CONSUMPTION

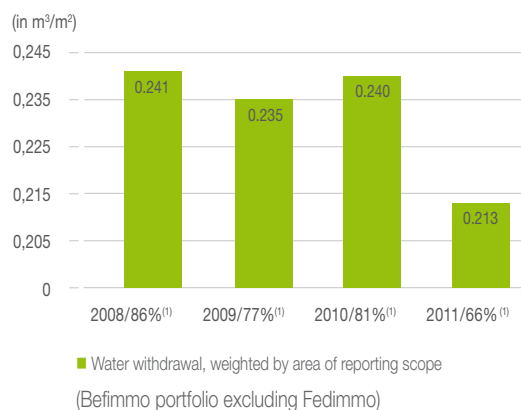
### Water consumption

#### TOTAL WATER CONSUMPTION



GRI EN8  
EPRA  
Absolute measures

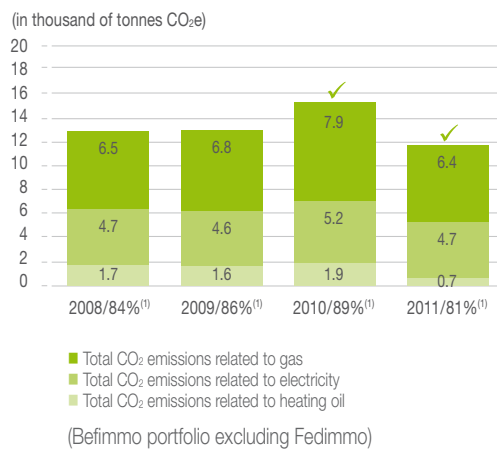
#### WATER CONSUMPTION | NORMALISED



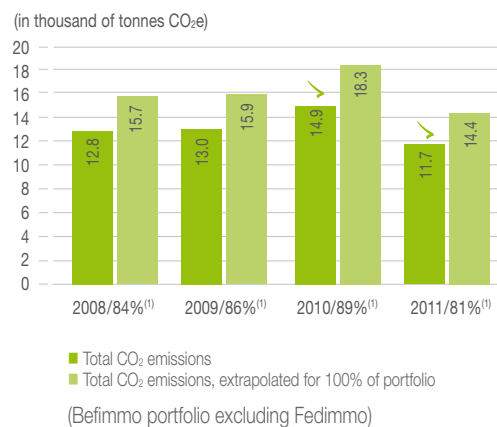
GRI CRESS-CRE2  
EPRA  
Intensity measures

**The water consumption trend is on the decline with a slight peak in 2010.**

(1) Year / reporting perimeter.

CO<sub>2</sub> EMISSIONSDirect and indirect CO<sub>2</sub> emissionsDIRECT AND INDIRECT CO<sub>2</sub> EMISSIONS

GRI EN16  
EPRA  
Absolute measures

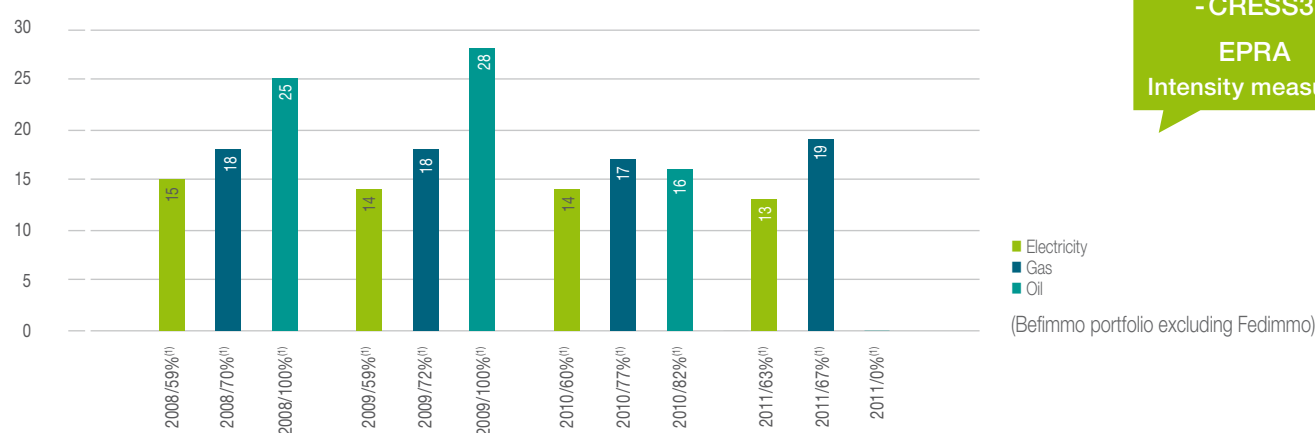
DIRECT AND INDIRECT CO<sub>2</sub> EMISSIONS

GRI EN16  
EPRA  
Absolute measures

# PERFORMANCE INDICATORS

## DIRECT AND INDIRECT CO<sub>2</sub> EMISSIONS NORMALISED PER SURFACE OF THE REPORTING PERIMETER

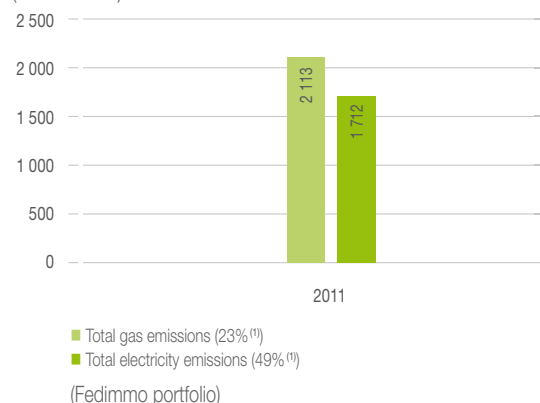
(in kgCO<sub>2</sub>e/m<sup>2</sup>/year)



GRI CRESS  
- CRESS3  
EPRA  
Intensity measures

## DIRECT AND INDIRECT CO<sub>2</sub> EMISSIONS

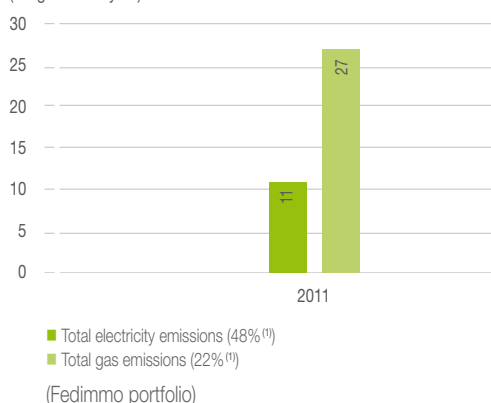
(in tonnes CO<sub>2</sub>e)



GRI EN16  
EPRA  
Absolute measures

## DIRECT AND INDIRECT NORMALISED CO<sub>2</sub> EMISSIONS

(in kgCO<sub>2</sub>e/m<sup>2</sup>/year)



GRI CRESS-CRE3  
EPRA  
Intensity measures

**The increase in total CO<sub>2</sub> emissions in 2010 is directly linked to the increase in the reporting perimeter compared with previous years and to the exceptional increase in the consumption of gas and heating oil for 2010, which was a particularly cold year. In 2011, we observe a drop in direct CO<sub>2</sub> emissions, which is associated, among other things, with the use of heating oil and is explained by the switch to gas in a few remaining buildings.**

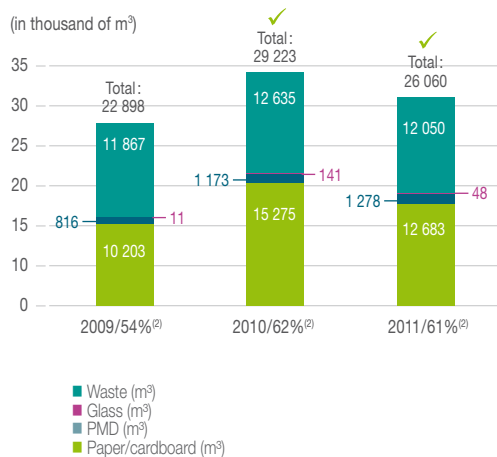
(1) Year / reporting perimeter.

## WASTE

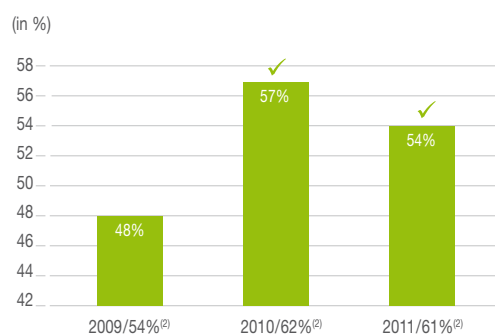
### Use and management of buildings

#### Total mass of waste by type and processing method

TOTAL VOLUME OF WASTE, BY TYPE

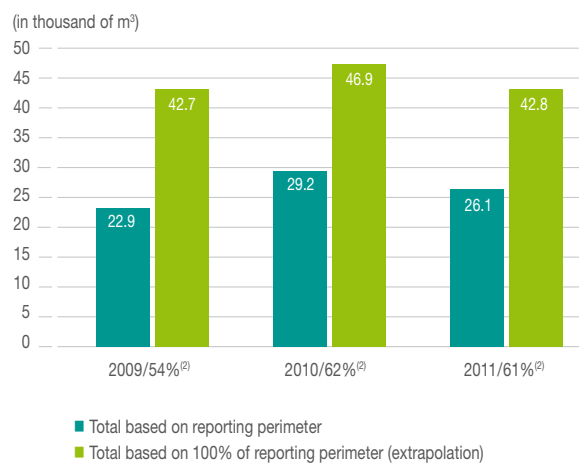


RECYCLED WASTE



GRI EN22  
EPRA  
Absolute measures

#### COMPARISON OF TOTAL VOLUME OF WASTE WITH REPORTING PERIMETER OF PORTFOLIO

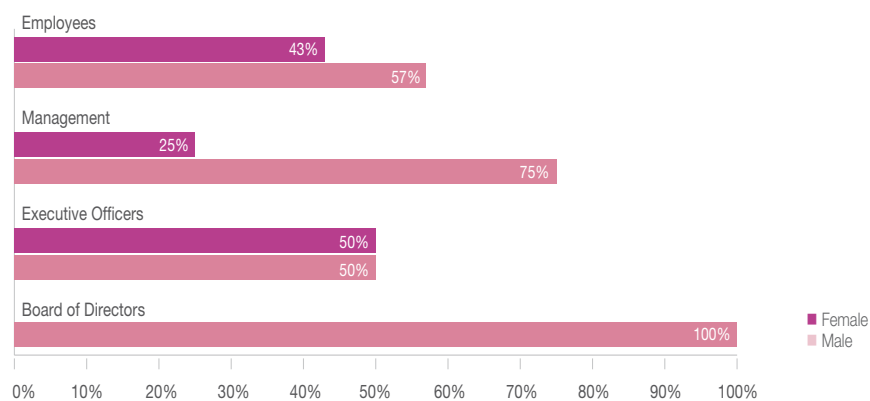


(2) Year / % of portfolio.

# PERFORMANCE INDICATORS

## Social indicators

COMPOSITION OF GOVERNING BODIES AND BREAKDOWN OF EMPLOYEES BY GENDER  
(as at 31 December 2011)



GRI LA13

COMPOSITION OF GOVERNING BODIES AND BREAKDOWN OF EMPLOYEES BY AGE  
(as at 31 December 2011)



GRI LA13

## Economic indicators

GRI EC1

### INDICATOR OF DIRECT ECONOMIC VALUE CREATED AND DISTRIBUTED

(€ million)	30.09.2009 (12 months)	30.09.2010 (12 months)	31.12.2011 (15 months)
I. Direct economic value created	154.4	157.1	212.7
II. Economic value distributed			
Operating costs	32.1	30.3	38.9
Staff costs	4.9	5.9	8.9
Payments to contributors of capital	94.0	89.3	104.5
Payments to the State	12.4	16.9	22.8
	<b>143.4</b>	<b>143.4</b>	<b>175.0</b>
III. Undistributed economic value (I-II)	11.0	13.7	37.7

**The increase in the non-distributed economic value between the 2011 fiscal period and the previous fiscal periods is due mainly to the exceptionally long period for 2011 (15 rather than 12 months) and to the revenue from the disposals of assets generated in the 2011 fiscal period (some €15 million), which was virtually non-existent in 2010 and 2009.**



# QUANTITATIVE OBJECTIVES



## Objectives for the portfolio

### ENERGY CONSUMPTION

Befimmo remains committed to reducing energy consumption in the common areas of its portfolio and now aims to reduce its gas and electricity consumption by 5% by 2014 in relation to the 2011 reference year.

Note that in 2011, the energy investment project in the La Plaine building has reduced consumption of fuel (electricity + gas) by 1,000,000 kWh or 25% of the building's total consumption. In terms of consumption across the whole portfolio for 2011, this is a saving of 1.35%.

Befimmo also pays special attention to water management and plans in the short term to implement measures to reduce its consumption. In 2012, 5 development projects for the recovery of rainwater will be considered.

### RENEWABLE ENERGY GENERATION

Current total coverage with solar panels is around 735 m<sup>2</sup>.

New installations are under study and/or construction and the current area of 735 m<sup>2</sup> should be increased by 300% to a total of 3,135 m<sup>2</sup> in 2012.

Befimmo's goal is to install solar panels at a rate of an additional 15% of area a year.

### ENERGY PERFORMANCE CERTIFICATES

In 2012, Befimmo will complete the certification of the remainder of the Befimmo portfolio. This includes the Joseph II, Montesquieu, Pavilion and Poelaert buildings. These buildings are on long-term leases to a single tenant, and so in theory, need not be certified.

Befimmo will also make sure the certificates are updated whenever major works are carried out. Although theoretical, the data of the certificates are also compared with the actual specific consumption figures.

### BREEAM IN-USE CERTIFICATION

As at 1 January 2012, 75% of the Befimmo certified portfolio scored "Pass" for the "Asset". The remaining 25% scored "Good" in the same test. Befimmo's goal over the next five years is to raise its entire portfolio to a "Good" score, i.e. 15% annually, or 9 buildings a year.

As at 1 January 2012, 85% of the Befimmo portfolio scored "Pass" for Management while the remaining 15% were classed as "Acceptable."

In the very short term Befimmo is aiming for "Pass" certification for the whole portfolio, while it will make every effort in 2012 to develop and improve communication with the principal property manager AG RE. This should bring the entire portfolio up to a "Good" score.

The 2012 environmental programme can be consulted at the end of this chapter or on Befimmo's website:

<http://www.befimmo.be/en/environmental-programme>.



► Goemaere  
Brussels  
decentralised

In addition to completing the targets which were not completely or partially achieved last year, Befimmo is setting new targets for the next fiscal year.

## Corporate-level objectives

The following measures are being implemented to reduce the environmental footprint of the activities of Befimmo's team:

### CO<sub>2</sub> EMISSIONS

As mentioned above, emissions at corporate level have increased mainly on account of the vehicle fleet and business trips. One of the objectives for the 2012 fiscal year is to develop a car policy and to reduce the team's CO<sub>2</sub> emissions by 5% in relation to 2011.

### INTRANET SITE

An intranet site will be developed in 2012 to foster and improve communication between Executive Officers and staff as well as within the team itself. This site will include specific sections devoted to human resources, activities organised by the *Comité B<sup>+</sup>* and also a specific section on Befimmo's corporate social responsibility.

# FURTHER INFORMATION

## Befimmo's website

Befimmo's website: [www.befimmo.be](http://www.befimmo.be) provides additional information that may be a helpful supplement to the "corporate social responsibility" chapter of this Annual Financial Report, namely:

- corporate social responsibility policy (updated and approved in March 2012);
- interaction between Befimmo and its main external stakeholders;
- the corporate social responsibility chapter in the 2008/2009 and 2009/2010 Annual Financial Reports, as well as this one;
- previous Annual Financial Reports;
- ISO 14001 certificate;
- BREEAM and BREEAM In-Use certificates;
- environmental passports;
- status of the 2009/2010 and 2010/2011 environmental programmes;
- new 2012 environment programme;
- external stakeholders' answers to questionnaires;
- questionnaire for external stakeholders;
- code of ethics;
- governance charter;
- various terms of reference;
- index GRI.

## Appendix

The following information is annexed to this chapter of this Report:

- Appendix 1 : environmental programmes
  - o Implementation status of environmental programme 2010/2011
  - o environmental programme 2012
- Appendix 2: interaction between Befimmo and its main external stakeholders
- Appendix 3: GRI table identifying the reporting parameters
- Appendix 4: summary table of EPRA performance indicators
- Appendix 5: corporate social responsibility glossary
- Appendix 6: limited assurance report issued by Deloitte

## Contact

Please contact Emilie Delacroix on any issues relating to Befimmo's corporate social responsibility:

**Emilie Delacroix - Investor Relations & External Communication Manager**

M: [e.delacroix@befimmo.be](mailto:e.delacroix@befimmo.be)  
 T: +32-2 679.38.63  
 F: +32-2 679.38.66

# APPENDIX

## APPENDIX 1 : Environmental programmes

### IMPLEMENTATION STATUS OF ENVIRONMENTAL PROGRAMME 2010/2011







BEFIMMO ENVIRONMENTAL PROGRAMME (2010/2011)							
Topic	Specifics	Perimeter			Action	Status	Objectives / Remarks
		M <sup>(1)</sup>	S <sup>(2)</sup>	B <sup>(3)</sup>			
2009/2010 INCOMPLETED OBJECTIVES							
Compliance with laws and regulations	register of legislation	√	√	√	develop register of legislation and keep up to date	<div><div></div></div>	The register has been completed and also includes environmental law in force in the Grand Duchy of Luxembourg, where has Befimmo a building.
Promote environmentally friendly practices among tenants	tenants' code of conduct	√	√		develop, raise awareness, obtain feedback	<div><div></div></div>	The code has been drafted; the implementation programme has yet to be decided.
	define comfort criteria	√	√		introduce clear environmentally friendly criteria	<div><div></div></div>	Check in the green lease.
Renewable electricity	Fedimmo: renewable energy study			√	study the possibilities for implementing renewable energy	<div><div></div></div>	Screening took place in collaboration with Fedesco, and specific projects have been developed. These include the installation of photovoltaic panels for the Science-Montoyer and Goemaere buildings: 184 m² were installed for the first building with a power of 23.3 kWp while 410 m² were installed for the second building with a capacity of 38.6 kWp. New installations are under construction and/or being designed for 2012 (Ocean House, Vital, Central Gate, Eagle, Ikaros 3, etc.).
Switch to gas	replace oil-fired heating with gas-fired	√	√	√		<div><div></div></div>	Completed.
MANAGEMENT LEVEL (EXECUTIVE OFFICERS)							
Communication	gradual improvement	√	√	√	gradually develop GRI criteria	<div><div></div></div>	Annual Financial Report 2010/2011: B+ quality report (20 performance indicators and a limited review by Deloitte).
Raise tenants' awareness	encourage tenants to use green energy	√	√		develop awareness-raising programme	<div><div></div></div>	It is not clear whether tenants can easily subscribe to the green energy contract that Befimmo has through the external property manager. The situation at the Ikaros and Planet II sites is difficult. Firstly, Befimmo itself requested the installation of low-voltage electricity meters to limit the amount of charges billed via the property manager AG RE and secondly, transferring all meters (gas and electricity) at these two sites to the AG RE contract would mean a substantial workload for the property manager. Finally, the AG RE electricity contract expires in December 2012 while the gas contract runs out in late 2013. Moreover, there is a risk of conflicts of interest regarding the liberalisation of the choice of electricity supplier. A letter setting out competitive tariffs for green electricity will be sent to tenants to raise their awareness of the issue, and the property manager, trained in this subject, may also spread the word.

(1) Denotes buildings with multiple tenants.

(2) Denotes buildings with a single tenant.








(3) Denotes buildings let to the Buildings Agency.

## APPENDIX

Topic	Specifics	Perimeter			Action	Status	Objectives / Remarks
		M	S	B			
Fedimmo	the Buildings Agency is implementing the guidelines laid down in the Federal Sustainable Development Plan			√	bring Buildings Agency and Fedimmo corporate social responsibility activities into line		Consultation meetings have been held with the Agency, at both strategic and operational levels. Nevertheless, some work remains to be done, for example on sharing information and consumption data.
Social and economic aspects	develop them	√	√	√	conduct a feasibility study of possible measures		Befimmo sees its societal impact as being primarily related to environmental aspects. Regarding social aspects, an internal committee ( <i>Comité B<sup>+</sup></i> ), in consultation with staff and Executive Officers, is organizing various activities to support social associations, such as blood donation and collection of toys. The economic aspects are governed by the code of ethics, the corporate governance charter and the terms of reference. Various external stakeholders (VIGEO and B&S) are pressing for socio-economic aspects to be included more explicitly in Befimmo's business management. The communication department will conduct a more detailed analysis of this feedback and any measures to be taken.
Investor relations	join a stock-market index that takes account of energy performance	√	√	√	conduct a feasibility study to determine priorities		Befimmo has responded to the Vigeo questionnaire. An analysis of the situation will allow priorities to be defined so that Befimmo might eventually consider joining the Ethibel index.
Sustainable procurement conditions	formalise policy for using wood specified in sustainable procurement conditions	√	√	√	formalise policy for using wood specified in sustainable procurement conditions		To be finalised when recasting the EMS in early 2012.
Coordination of in-house activities	ensure proper coordination of corporate social responsibility activities	√	√	√	coordinate strategic and operational levels		Hire a Senior Property Manager notably with responsibility for optimum coordination of in-house activities.
Human resources	finalise job descriptions	√	√	√			Job descriptions explicitly include the jobholder's specific duties in terms of corporate social responsibility, and specify the more general responsibilities of all employees in carrying out office tasks.

Topic	Specifics	Perimeter			Action	Status	Objectives / Remarks
		M	S	B			
OPERATIONAL LEVEL							
Determine quantitative targets for the main KPIs	improve the KPI tool and data-collection methodology	√	√	√	implement various tools where there is added value	<div></div>	<p>The quality of consumption figures should have been improved by telemonitoring installed in the Befimmo portfolio (excluding Fedimmo). The equipment has been installed, but is not yet completely reliable, especially for electricity. Data for 2010/2011 therefore still come primarily from billing and/or data received from property managers and/or tenants. Secondary monitoring will be implemented gradually (first step: compliance with EPB legislation).</p> <p>The following objectives have been decided:</p> <p>Portfolio-level objectives:</p> <ul style="list-style-type: none"><li>energy performance certificates: complete the certification of the remainder of the Befimmo portfolio;</li><li>BREEAM In-Use certificates: Befimmo’s goal over the next 5 years is to raise its entire portfolio to a “Good” score (BREEAM In-Use Asset), i.e. 15% annually, or 9 buildings a year. For BREEAM In-Use Management certification: in the very short term (2012) Befimmo is aiming for “Pass” certification for the whole portfolio while it will make every effort to develop and improve communication with the principal property manager, AG RE. This should ensure that the entire portfolio is quickly certified as “Good”;</li><li>energy consumption: Befimmo remains committed to reducing energy consumption in the common areas of its portfolio and now aims to reduce its gas and electricity consumption by 5% by 2014.</li><li>water management: Befimmo also pays special attention to water management and plans in the short term to introduce measures to reduce its consumption. In 2012, 5 development projects for the recovery of rainwater will be considered;</li><li>renewable energy generation: new installations are being designed and/or carried out and 2012 should see the current area of 735 m² rise to 3,135 m², an increase of over 300%. Befimmo’s goal is to continue installing solar panels at a rate of an additional 15% of area a year.</li></ul> <p>Corporate-level objectives:</p> <ul style="list-style-type: none"><li>cut CO<sub>2</sub> emissions: from the Company’s vehicle fleet: reduce by 5% for 2012 in relation to 2011;</li><li>set up an intranet site to foster and improve communication between management and staff as well as within the team itself. This site will have a section on Befimmo’s CSR policy.</li></ul> <p>The baseline will be consolidated using average consumptions between 2008 and 2011.</p> <p>KPIs will be developed in accordance with the recommendations of ISA, EPRA and GRI.</p>

## APPENDIX

Topic	Specifics	Perimeter			Action	Status	Objectives / Remarks
		M	S	B			
Documenta- tion	transfer important documents (certificates, declarations, etc.) held by external management firms	√	√	√	adapt operational procedure		Some documents are routinely retrieved. The annual audit of AG RE identifies any missing documents.
Management of corporate activities	reduce environmental impact at corporate level	√			conduct a feasibility study of measures to be implemented		The following commitments regarding Befimmo's office tasks have been implemented: selection of an environmentally friendly paper label, waste reduction, provision of bicycles for staff. A new position has also created in the human resources department, to be responsible for monitoring the implementation of corporate-level activities and carrying out other exercises to raise awareness among the Befimmo team.
Waste	reduce impact of waste relating to use of the building	√	√		conduct a feasibility study to determine priorities		Devise a programme to reduce waste and improve tenants' waste recycling rate. Progress on this objective is behind schedule. It will be developed over the coming fiscal years, with the active involvement of the external property manager.
Compliance with EMS/ legislation	tighten controls on action for which external firms are responsible => external firms audit programme	√	√		adapt procedure after determining the type and number of audits of external firms to be carried out		The main external property manager, AG RE, is audited annually. Moreover, the recasting of the EMS procedures includes the expansion of the duties of the health and safety coordinator for renovation work. The coordinator will also assess compliance with environmental legislation while projects are in progress.
	other	√	√	√	include the legislation on coordination of mobile and temporary sites		Progress on this objective is behind schedule. It will be developed over the coming years.
Continuous improvement	include the environmental aspects in annual building valuations	√	√	√	adapt the operational procedure		This objective has been realised during the recasting of EMS procedures.
Certification	certify In-Use buildings	√	√		certify entire M and S portfolio		Completed. Following this exercise, a working group will determine how often certification should be renewed.



Topic	Specifics	Perimeter			Action	Status	Objectives / Remarks
		M	S	B			
OTHER ITEMS							
Organisation	designate one person as a back-up with specific responsibilities for the EMS	√	√	√		<div><div></div></div>	Not completed, to be completed due to an internal change in functions.
Biodiversity	manage the biodiversity of the corporate site	√			conduct a feasibility study to determine priorities	<div><div></div></div>	The pilot study is a test case to assess whether this type of study can be carried out for other sites, especially for buildings in the Fedimmo portfolio. The results are interesting, but the added value is limited in relation to the cost of the study. In late 2011 this project was still being considered. A decision will be taken early in 2012, after evaluating the bids received from other suppliers for maintaining certification.

## APPENDIX

## ENVIRONMENTAL PROGRAMME 2012

BEFIMMO ENVIRONMENTAL PROGRAMME (2012)					
Topic	Action	Perimeter			Target
		M	S	B	
GENERAL					
Programme 2010/2011	Finalise the uncompleted points of the Environmental Programme 2010/2011.	√	√	√	
STRATEGIC					
Ethical stock market index	Conduct study/gap analysis on Befimmo joining the Ethibel index.	√	√	√	
OTHER STAKEHOLDERS					
Business & Society, GRESB analyses	The communication department will conduct a more detailed analysis of this feedback and propose any measures to be taken.	√	√	√	
COMPLIANCE WITH LEGISLATION					
Compliance with environmental permit	For Befimmo buildings, an inventory of non-compliances with environmental permits will be made during 2012. KPIs will be developed on the basis of the outcome of the study. For Fedimmo, all available information will be listed by the end of 2012. KPIs will be developed on the basis of the outcome of the study. For Fedimmo, all information will also be identified and surveyed by the end of 2012.	√	√	√	
EPB regulations	EPB-heating regulations applicable in Brussels since 1 January 2011 are not yet complied with. An inventory of installations is in progress. The whole Befimmo portfolio will be brought into compliance in 2012. The situation of the Fedimmo portfolio must also be addressed during 2012. Initially, AG RE will be asked to provide the information necessary for a consultancy bureau to ensure compliance.	√	√	√	
New EMS procedure	Disposal of a risky activity, ground surveys and risk analyses. Several ground surveys were conducted and/or were in progress in 2011 in the context of disposals of risky activities.	√	√	√	
Inventory of secondary retention on emergency generators	Inventory of emergency generators and the presence of secondary retention on emergency generators.	√	√	√	
Recasting of register of legislation	A pilot test by MATRIciel will be the starting point for recasting the register of legislation, will define the current degree of control and propose measures to ensure that our activities abide by the law.	√	√	√	

Topic	Action	Perimeter			Target
		M	S	B	
CARBON FOOTPRINT OF BUILDINGS					
Performance and energy programme	Reduce carbon footprint, continue to improve energy performance via a gradual approach that includes investment in renewable energy, more energy-efficient technical installations, etc.	√	√	√	<ul style="list-style-type: none"><li>• performance certificates for the remainder of the Befimmo portfolio (excluding Fedimmo);</li><li>• BREEAM In-Use certificate: asset rated “Good” for the Befimmo portfolio (excluding Fedimmo);</li><li>• cut 5% of energy consumption in common areas by 2014.</li></ul>
Renewable energy	Increase the percentage of renewable energy.	√	√	√	increase area of photovoltaic panels by 15% a year
Energy monitoring	Improve quality of telemonitoring data.	√	√	√	
Carbon reporting	More detailed definition of the method for calculating energy consumption and greenhouse-gas emissions. Data quality is improved by using digital meters, phasing-in of the Carbon Disclosure Protocol (CDP) standard.	√	√		
SUBCONTRACTORS / SUPPLIERS					
AG RE training programme	A training programme has been devised specifically for the principal external property manager. This will help to put in place many measures related to suppliers, maintenance companies and tenants. In consultation with AG RE, a training and awareness programme will be set up for suppliers and maintenance companies.	√	√		
Awareness among maintenance companies	Awareness must be raised through the maintenance contracts where AG RE has control and responsibility (M and S portfolio). A list of the main maintenance companies will be drawn up (e.g. Dalkia, Cofely, TEM, etc.). They will be asked what internal measures they are taking to manage environmental risks.	√	√		
Awareness among suppliers	Draw up list of main suppliers/services/supplies. They will be asked what internal measures they are taking to manage environmental risks. At the end of each project, the suppliers will be assessed. The aim will be to share experiences (good or bad) within the company, and gradually build quality among the suppliers.	√	√		

## APPENDIX

Topic	Action	Perimeter			Target
		M	S	B	
Collection of documents and data	Inventory of toxic products, volume of waste, annual loss of gases that deplete the ozone layer, etc.  At the beginning of each year, AG RE will provide all the information Befimmo needs to complete its annual reporting in terms of substance and waste management. The information that Befimmo wishes to obtain will be detailed in a document.	√	√		
Health and safety aspects	No major problems in the Befimmo team. Develop an evaluation programme for construction sites. Get statistics from the health and safety coordinator or by assessing the supplier at the end of a project.	√	√	√	
Audit programme	AG RE: once a year Buildings Agency once a year Large sites: health and safety/environment coordinators Site-related EMS procedures: audits to be conducted by Befimmo project managers. The frequency of audits depends on the size of the site.	√	√	√	
TENANTS					
Raise tenants' awareness of environmental permit conditions	Raise awareness and check compliance of tenants' activities with environmental permit. By the external property manager for M and S tenants and by an annual letter to R tenants.	√	√	√	
Tenant survey	Assess the need to devise and implement a satisfaction survey.	√	√	√	
Implement green lease programme	The green lease is finalised; an implementation programme must now be developed.	√	√		
HUMAN RESOURCES					
Staff survey	Continue implementing the recommendations from the well-being and efficiency at work survey.	√			
COMMUNICATION					
External evaluation of corporate social responsibility reporting	Deloitte conducted an initial qualitative assessment of the Annual Financial Report 2010; a second assessment including quantitative aspects has been conducted for this Annual Financial Report 2011. The latter is classed as B <sup>+</sup> quality, according to GRI standards.	√	√	√	
CORPORATE IMPACT					
Designation of person responsible	One employee has been given responsibility for monitoring implementation and developing other awareness exercises for the Befimmo team.	√			

Topic	Action	Perimeter			Target
		M	S	B	
Incorporate corporate social responsibility in departments other than the technical team	This will be done by: <ul style="list-style-type: none"> <li>• setting annual CSR goals in the year-end evaluation;</li> <li>• setting objectives and quantitative targets in the 2012 environmental programme;</li> <li>• development of an intranet site.</li> </ul>	√			
Mobility	Reduce emissions from vehicle fleet, and devise a Car Policy.	√			Cut emissions by 5% by 2014.
Welcome new employees	Develop a Welcome Pack for new employees.	√			
FEDIMMO					
Environmental permits	Create a tracking form for Fedimmo environmental permits. Clarify the procedure under the terms of the lease.			√	
Compliance with legislation	Check and draft an action plan to ensure compliance by the end of 2012.			√	
BIODIVERSITY					
Biodiversity	Study biodiversity management at various sites: for the Goemaere site, measures will be implemented to keep the "ECOCERT certificate"; an assessment of the costs incurred will determine whether other sites will follow suit.	√			

## APPENDIX

## APPENDIX 2: Interaction between Befimmo and its main external stakeholders

LEVEL	EXTERNAL STAKEHOLDER	ACTIVITIES
Public authorities	European Union	<ul style="list-style-type: none"> <li>• monitoring of new legislation;</li> <li>• consultation, through ISA, on improving environmental legislation based on specific consumption data.</li> </ul>
	<b>Brussels:</b> Brussels Institute for Environmental Management (IBGE) <sup>(1)</sup> <b>Wallonia:</b> DGARNE ( <i>Direction générale Opérationnelle de l'Agriculture, des Ressources naturelles et de l'Environnement</i> ) <sup>(2)</sup> . <b>Flanders:</b> LNE ( <i>Leefmilieu, Natuur en Energie</i> ) <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• monitoring of regional legislation;</li> <li>• interaction during the design phase of major renovations;</li> <li>• participation in exemplary buildings competitions.</li> </ul>
Not-for-profit associations	BRE (Building Research Establishment)	<ul style="list-style-type: none"> <li>• BRE has developed the BRE Environmental Assessment Method (BREEAM), a global standard and rating system for buildings, launched in 1990. More than 200,000 buildings are BREEAM certified. This association issues BREEAM certifications; see page 124, in the “Main achievements” section of this chapter.</li> </ul>
	ISA	<ul style="list-style-type: none"> <li>• The Chief Technical Officer is a member of the ISA board of directors.</li> </ul>
	Business & Society asbl	<ul style="list-style-type: none"> <li>• Business &amp; Society is an association bringing together more than 80 businesses and business federations from a variety of sectors, which aspires to become a benchmark for corporate social responsibility (CSR). As a benchmark network in Belgium, Business &amp; Society offers its members the opportunity to exchange knowledge and experience in the field of CSR.</li> </ul>
Analysts Investors Shareholders	Vigeo, GRESB et EIRIS (Experts in Responsible Investment Solutions) <sup>(4)</sup> , etc.	<p>Befimmo answers specific questions on corporate social responsibility from stakeholders such as EIRIS or for sectoral studies.</p> <p>The answers to these questionnaires are made available to other stakeholders via the Company website.</p> <p>Furthermore, Befimmo regularly presents its approach at roadshows and at conferences held on this topic, such as the study day organised by ING Bank for companies working in the real-estate sector.</p>

(1) [www.ibgebim.be/](http://www.ibgebim.be/).(2) <http://environnement.wallonie.be/administration/orgdgarne.htm>.(3) [www.lne.be/](http://www.lne.be/).

(4) EIRIS is a world leader in environmental, social and governance (ESG) analysis for business and government. The EIRIS analysis is used as a basis for determining whether to include companies in the FTSE4Good stock-market index.

LEVEL	EXTERNAL STAKEHOLDER	ACTIVITIES
Sectoral associations	RICS (Royal Institution of Chartered Surveyors) <sup>(5)</sup>	<p>RICS is an independent not-for-profit body with nearly 100,000 qualified members in some 140 countries. RICS establishes high standards of competence and integrity, organises training and specific studies, and helps its members to fine-tune their sustainable-development strategies.</p> <p>The CEO is a fellow member of RICS. The CTO is a member of the Board of RICS Belux.</p>
	UPSI ( <i>Union Professionnelle du Secteur Immobilier</i> ) <sup>(6)</sup>	<p>UPSI is an umbrella organisation for Belgian property investors and developers and is dedicated exclusively to studying, protecting and developing the professional interests of its members.</p> <p>UPSI studies the Belgian property market and the factors influencing it, and aims to promote and support all legislative and administrative measures favourable to the real-estate sector.</p> <p>The CEO serves on the UPSI board of directors and the CTO is chairman of the Technical Commission.</p>
	EPRA (European Public Real Estate Association) <sup>(7)</sup>	<p>With over 200 active members, EPRA is the voice of European listed real-estate companies and represents €250 billion in real-estate assets.</p> <p>EPRA establishes good practice in accounting, information, corporate governance and sustainable development. It provides quality information for investors.</p> <p>The CEO is a member of the EPRA Board of Director.</p>
Tenants	La Plaine building	Development, in agreement with the tenant, of an investment plan worth more than €2 million for improving the performance and comfort of the building.
	Buildings Agency	A strategy meeting was held with the Buildings Agency, at which Befimmo presented its sustainable-development approach. An opportunity analysis will be carried out.
Property managers	AG Real Estate Property Management, BNP Paribas Fortis, single tenants	Regular meetings to assess opportunities for improvement, at both strategic and operational levels.
Architects/ consultancy firms	various firms involved in the major renovations	Consultation from the design stage to identify the impacts and opportunities of major renovations.
Subcontractors/ suppliers	external property managers/maintenance companies	Regular consultation at strategic and operational levels, with the principal external property manager, identifies priorities to be addressed for reducing environmental impact. The property manager, as the main point of contact with maintenance companies, is then responsible for educating them. The property manager has an important role in raising awareness among tenants. The property manager is audited annually.
	suppliers	Suppliers and contractors must use sustainable procurement procedures to demonstrate the measures they are taking to reduce or manage environmental risks.

(5) [www.rics.org](http://www.rics.org).(6) [www.upsi-bvs.be](http://www.upsi-bvs.be).(7) [www.epra.com](http://www.epra.com).



## APPENDIX

## APPENDIX 3: Index of GRI content

GRI INDEX		
	Reporting status	
<b>STRATEGY AND ANALYSIS</b>		
1.1 CEO's statement	Complete	
1.2 Description of key impacts, risks and opportunities	Complete	
<b>ORGANISATIONAL PROFILE</b>		
2.1 Name of the organisation	Complete	
2.2 Products and/or services	Complete	
2.3 Operational structure	Complete	
2.4 Headquarters	Complete	
2.5 Country of establishment	Complete	
2.6 Nature of ownership and legal form	Complete	
2.7 Markets	Complete	
2.8 Scale of organisation	Complete	
2.9 Material changes of the size, structure or ownership during the reporting period	Complete	
2.10 Awards received	Complete	
<b>REPORTING PARAMETERS</b>		
3.1 Reporting period	Complete	
3.2 Date of most recent previous report	Complete	
3.3 Reporting cycle	Complete	
3.4 Contact point	Complete	
3.5 Process for defining report content	Complete	

Reference / Comment	
	Introduction Benoît De Blieck, CEO 3: Letter to the shareholders 104-105: Message from the CEO
	4-5: Befimmo identity and strategy 37-40: Main risks relating to Befimmo and its business 110-112: Our vision in a given context 118-120: Materiality
	97: Structure and organisation
	4-5: Befimmo identity and strategy 22-23, 26: Portfolio 32-35: Portfolio in detail
	97: Structure and organisation 113: Internal organisation
	234: General information
	5: Befimmo identity and strategy
	234-239: General information
	20-23: Portfolio 28-29: Portfolio
	29: Portfolio 133: The Befimmo team 181: Consolidated statement of financial position
	8-9: Key events of the fiscal period 108-109: Scope of reporting
	115: EPRA Award "Most Improved Annual Report 2010-2011" 124: "2011 BREEAM Award category Europe Offices"
	108: Scope of reporting
	108: Scope of reporting
	108: Scope of reporting The cycle is annual.
	152: Contact
	118: Materiality 107: GRI reporting 108: EPRA reporting 162-163: Interaction between Befimmo and its main external stakeholders The topics discussed in this Report are categorised by the three pillars of sustainable development: environmental, social and economic aspects. For the corporate social responsibility chapter, there is more emphasis on environmental aspects, as that is where the Company's activities have the greatest impact.

## APPENDIX

## APPENDIX 3: Index of GRI content

	Reporting status	
3.6 Scope	Complete	
3.7 Scope of reporting	Complete	
3.8 Basis for reporting on joint ventures, etc.	Complete	
3.9 Data measurement techniques and the bases of calculations	Complete	
3.10 Restatements	Complete	
3.11 Changes in the reporting method	Complete	
3.12 Table identifying the location for the disclosures that are covered in the report	Complete	
3.13 Policy and current practice with regard to seeking external assurance for the report	Complete	
<b>GOVERNANCE, COMMITMENTS AND DIALOGUE</b>		
4.1 Governance structure	Complete	
4.2 Is the Chairman of the Board of Directors also an executive officer?	Complete	
4.3 Independent members of the Board of Directors	Complete	
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Complete	
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organisation's performance (including social and environmental performance)	Complete	
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided	Complete	
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	Complete	
4.8 Statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Complete	
4.9 Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Complete	
4.10 Processes for evaluating the highest governance body's own performance, in particular with respect to the company's economic, environmental, and social performance	Complete	
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Complete	
4.12 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes	Complete	

Reference / Comment	
	108-109: Scope of reporting
	108-109: Scope of reporting There are no specific limitations on the scope of reporting.
	108: Scope of reporting
	135-137: Reporting methodology
	135: Reporting methodology
	135: Reporting methodology
	164: Index of GRI content
	107: GRI reporting 109: External review 176: Limited review report
	78-80: Corporate governance statement 84-86: Corporate governance statement
	80: Board of Directors of the Managing Agent, Befimmo SA 81: Board of Directors 87: Executive Officers
	80: Composition of the Board of Directors
	115-116: Communication with stakeholders Each year, the CEO presents the company's results to all the staff. Topics such as sustainable development and the outlook for the next three years are also discussed.
	85-86: Appointment and Remuneration Committee 89-90: Remuneration and benefits
	93-94: Rules for preventing conflicts of interest
	84: Self-assessment 113: Internal organisation
	Corporate governance charter: <a href="http://www.befimmo.be/en/charter">http://www.befimmo.be/en/charter</a> . Sustainable development policy: <a href="http://www.befimmo.be/en/corporate-social-responsability-policy">http://www.befimmo.be/en/corporate-social-responsability-policy</a> . Code of ethics: <a href="http://www.befimmo.be/en/code-ethics">http://www.befimmo.be/en/code-ethics</a> . The principles described in these documents are applicable throughout the Company.
	A "strategy" Board meeting is generally held to analyse and assess these and other topics. Every year, the sustainable development team, composed of the CFO, CTO, COO and IR & ECM plus the CEO, organises a management review, which assesses the status of implementation of the environmental programme, compliance with legislation, stakeholder expectations and priority issues to be tackled over the next fiscal year.
	84: Self-assessment
	110: Our vision in a given context The precautionary principle is assessed when taking major decisions. No formal process has been introduced at this stage.
	106: Befimmo's social responsibility policy 118: Materiality

## APPENDIX

## APPENDIX 3: Index of GRI content

	Reporting status	
4.13 Memberships of associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: holds positions in governance bodies, participates in projects or committees; provides substantive funding beyond routine membership dues; or views its membership as strategic	Complete	
4.14 List of stakeholders involved in our organisation	Complete	
4.15 Basis of identification and selection of stakeholders	Complete	
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Complete	
4.17 Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key topics and concerns, including through its reporting	Complete	
<b>PERFORMANCE INDICATORS</b>		
Note to the reader: the environmental programme can be found on Befimmo's website: <a href="http://www.befimmo.be">www.befimmo.be</a> .		
<b>ECONOMIC PERFORMANCE INDICATORS</b>		
Disclosure on EC management approach		
EC1 Direct economic value	Complete	
EC3 Coverage of the organisation's defined-benefit plan obligations	Partial	
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>		
Disclosure on EN management approach		
EN1 Total consumption of raw materials	Not reported	
EN2 Recycled materials	Not reported	
✓ EN3 Direct energy consumption	Complete	
✓ EN4 Indirect energy consumption	Partial	
CRE1 Building energy intensity	Complete	
EN6 (additional) <sup>(1)</sup> Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Partial	

Data with the symbol ✓ have been checked by Deloitte as part of a limited review report.

(1) These are the indicators considered by the GRI to be additional rather than core parameters.

## Reference / Comment

162-163: Interaction between Befimmo and its main external stakeholders

162-163: Interaction between Befimmo and its main external stakeholders

114-116: External stakeholders

116-118: Internal stakeholders

To identify and address issues related to sustainable development that are of interest to stakeholders and relevant to Befimmo, we poll opinions from many sources and are committed to a proactive approach within and outside our organisation. Primary stakeholders have a direct influence on corporate social responsibility decisions. We take the concerns of secondary stakeholders into consideration where possible.

162-163: Interaction between Befimmo and its main external stakeholders

We discuss sustainable development issues at least once a year with stakeholders such as external property managers and the main tenants. For other stakeholders, we do so at regular intervals but there is no formally agreed frequency.

116: Analyst/Investor feedback

116: Employee-satisfaction survey

4-5: *Befimmo identity and strategy*

110-112: *Our vision in a given context*

149: Economic indicators

221-224 : Employee benefits

110-112: *Our vision in a given context*

This indicator is material but is not reported at this stage. It is planned to develop it over the next fiscal years, in line with major renovations

This indicator is material but is not reported at this stage. It is planned to develop it over the next fiscal years, in line with major renovations

138-140: Direct energy consumption

For 2011 (in J)

Gas consumption for Befimmo portfolio excluding Fedimmo (information available for 81% of the reporting perimeter): 112,535,636 MJ

Gas consumption for Fedimmo portfolio (information available for 23% of the reporting perimeter): 30,069,140 MJ

Oil consumption for Befimmo portfolio excluding Fedimmo (information available for 100% of the reporting perimeter): 8,944,596 MJ

Oil consumption for Fedimmo portfolio (information available for 100% of the reporting perimeter): 0 J

141-143: Indirect energy consumption

For 2011 (in J)

Electricity consumption for Befimmo portfolio excluding Fedimmo (information available for 82% of the reporting perimeter): 140,471,629 MJ

Electricity consumption for Fedimmo portfolio (information available for 49% of the reporting perimeter): 30,057,880 MJ

Note: consumption of urban heating or cooling does not apply to Befimmo activities.

139, 140, 142, 143: Environmental indicators

119: Summary of main achievements

124-125: Main achievements

129: Multiannual investment plan

132: Case studies

133: Monitoring

The reductions achieved have not been quantified.

## APPENDIX

## APPENDIX 3: Index of GRI content

	Reporting status	
EN7 (additional) <sup>(1)</sup> Initiatives to reduce indirect energy consumption and reductions achieved	Partial	
✓ EN8 Total water consumption	Complete	
CRE2 Building water intensity	Complete	
EN11 Land sited in protected areas	Complete	
EN15 (additional) <sup>(1)</sup> Number of IUCN Red List species	Complete	
✓ EN16 Direct and indirect greenhouse-gas emissions	Complete	
✓ EN17 Other relevant indirect greenhouse-gas emissions by weight	Complete	
CRE3 Greenhouse-gas intensity from buildings	Complete	
CRE4 Greenhouse-gas emissions intensity from new construction and redevelopment activity and major renovations	Not reported	
EN18 (additional) <sup>(1)</sup> Initiatives to reduce greenhouse-gas emissions and reductions achieved	Partial	
EN19 Emissions of ozone-depleting substances	Not reported	
EN21 Total water discharge	Not reported	
✓ EN22 Total weight of waste by type and disposal method	Partial	
EN23 Total significant spills	Complete	
EN25 (additional) <sup>(1)</sup> Biodiversity of water supply sources significantly affected by the organisation's discharges of water	Not reported	
CRE5 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	Not reported	
EN26 Initiatives to mitigate environmental impacts	Complete	
EN28 Monetary value of significant fines	Complete	
EN27 Percentage of products sold and their packaging materials that are reclaimed	Not reported	
EN30 (additional) <sup>(1)</sup> Total environmental monetary value of protection expenditures	Partial	
<b>SOCIAL PERFORMANCE INDICATORS - Labour practices and decent work</b>		
<i>Disclosure on LA management approach</i>		
LA1 Total workforce by employment type, employment contract, and region	Partial	

Data with the symbol ✓ have been checked by Deloitte as part of a limited review report.

(1) These are the indicators considered by the GRI to be additional rather than core parameters.



## Reference / Comment

119: Summary of main achievements  
 124-125: Main achievements  
 129: Multiannual investment plan  
 130-131: Assessments at corporate level  
 132: Case studies  
 133: Monitoring  
 The reductions achieved have not been quantified.

144: Water consumption

144: Water consumption

None. Befimmo's policy is to develop office buildings in city centres.

No threatened species linked to Befimmo's activities have yet been identified.

145-146: CO<sub>2</sub> emissions

130-131: Assessment of CO<sub>2</sub> emissions at corporate level

146: CO<sub>2</sub> emissions

This indicator is material but is not reported at this stage. It is planned to develop it over the next fiscal years.

119: Summary of main achievements  
 124-125: Main achievements  
 129: Multiannual investment plan  
 130-131: Assessments at corporate level  
 132: Case studies  
 133: Monitoring  
 The reductions achieved have not been quantified.

This indicator is material but is not reported at this stage. It is planned to develop it over the next fiscal years.

This indicator is material but is not reported at this stage. It is planned to develop it over the next fiscal years.

147: Waste  
 Hazardous/toxic waste is not reported at this stage. Glass, PMD and paper/cardboard are recycled. Other waste (household waste) is incinerated (information provided by the refuse-collection company).

There were no spills over the reporting period.

Waste water is discharged into public sewers.

Waste water is discharged into public sewers.

117: Staff training  
 118: Individual staff sustainable development goals  
 119-120: Main achievements  
 121-122: Environmental aspects  
 129: Audit of AG Real Estate audit

There were no significant fines during the past fiscal period.

Befimmo does not sell any products.

129: Multiannual investment plan  
 A surplus of 5 to 10% can be released for major renovations in order to improve environmental performance.

133-134: Social aspects

133-134: Social aspects

## APPENDIX

## APPENDIX 3: Index of GRI content

	Reporting status	
LA2 Employee turnover	Partial	
LA3 (additional) <sup>(1)</sup> Benefits provided to full-time employees	Partial	
LA7 Rates of injury, occupational diseases, lost days, and absenteeism	Complete	
CRE6 Percentage of the organisation operating with verified compliance with a health and safety management system	Complete	
LA10 Training by employee category	Complete	
LA11 (additional) <sup>(1)</sup> Programmes for skills management and learning	Complete	
LA1 2(additional) <sup>(1)</sup> Employees receiving regular performance and career-development reviews	Complete	
LA13 Ratio of men to women at management levels	Complete	
<b>SOCIAL PERFORMANCE INDICATORS - Human rights</b>		
<i>Disclosure on HR management approach</i>		
HR4 Incidents of discrimination	Complete	
HR6 Child labour	Not reported	
HR7 Forced and compulsory labour	Not reported	
<b>COMPANY</b>		
<i>Disclosure on SO management approach</i>		
SO4 Actions taken in response to incidents of corruption	Partial	
SO7 (additional) <sup>(1)</sup> Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Complete	
SO8 Monetary value of significant fines	Complete	
CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	Complete	
<b>PRODUCT RESPONSIBILITY</b>		
<i>Disclosure on PR management approach</i>		
PR2 Total number of incidents of non-compliance concerning health and safety impacts of services	Complete	
CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	Complete	
PR7 (additional) <sup>(1)</sup> Number of incidents of non-compliance with regulations concerning marketing communications	Complete	
PR8 (additional) <sup>(1)</sup> Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Complete	

(1) These are the indicators considered by the GRI to be additional rather than core parameters.

## Reference / Comment

133-134: Social aspects

133-134: Social aspects  
221-224 : Employee benefits

135-136: Social aspects

0%. No health and safety management system is implemented within Befimmo.

133-134: Social aspects

133-134: Social aspects

133-134: Social aspects

148: Social indicators

*Befimmo abides by its own code of ethics: <http://www.befimmo.be/en/code-ethics>.*

There were no cases of discrimination over the past fiscal period.

This aspect is not relevant for Befimmo's activities.

This aspect is not relevant for Befimmo's activities.

*Befimmo abides by its own code of ethics: <http://www.befimmo.be/en/code-ethics>.*

There were no incidents of corruption over the past fiscal period.

See also: code of ethics: <http://www.befimmo.be/en/code-ethics>.

There were no legal actions for anti-competitive behaviour, anti-trust or monopoly practices during the past fiscal period.

There were no fines over the past fiscal period.

None. Befimmo's policy is to invest in office buildings in city centres.

*110-112: Our vision in a given context*

There were no incidents of non-compliance concerning health and safety impacts of services during the past fiscal period.

124: BREEAM

126-128: Energy performance certificates (EPB)

There were no incidents of non-compliance with regulations concerning marketing communications over the past fiscal period.

There were no complaints regarding breaches of customer privacy or losses of customer data over the past fiscal period.

## APPENDIX

## APPENDIX 4: Summary table of EPRA performance indicators

EPRA SUSTAINABILITY PERFORMANCE MEASURES			
Topic	Sustainability performance measure	GRI correspondence	Unit
ABSOLUTE MEASURES			
Energy	Total energy consumption   Electricity	GRI EN4	kWh
	Total energy consumption   Urban heating and cooling system (N.B. does not apply to Befimmo)	GRI EN4	kWh
	Total energy consumption   Fuels	GRI EN3	kWh
Greenhouse gases	Total direct greenhouse-gas emissions	GRI EN16	metric tonnes CO <sub>2</sub> e
	Total indirect greenhouse-gas emissions	GRI EN16	metric tonnes CO <sub>2</sub> e
Water	Total water withdrawals by source	GRI EN8	m <sup>3</sup>
Waste	Total weight of waste by type and disposal method	GRI EN22	metric tonnes
	Percentage of waste by type and disposal method	N/A	proportion by weight (%)
INTENSITY MEASURES			
Energy	Energy intensity of building	GRI CRESS - CRE1	kWh/m <sup>2</sup> /year or kWh/person/year
Greenhouse gases	Greenhouse-gas intensity from building energy use	GRI CRESS - CRE3	kgCO <sub>2</sub> e/m <sup>2</sup> /year or kg CO <sub>2</sub> e/person/year
Water	Energy intensity of building	GRI CRESS - CRE2	m <sup>3</sup> /m <sup>2</sup> /year or m <sup>3</sup> /person/year

## APPENDIX

## APPENDIX 5: Corporate social responsibility glossary

- **Stakeholders:** stakeholders are individuals or entities having an interest in the success or failure of a project or entity.
- **EMS (Environmental Management System):** An EMS is a framework for managing environmental performance.
- **ISO 14001:** the international environmental management standard ISO 14001 defines internationally accepted requirements for environmental management systems.
- **BREEAM (BRE Environmental Assessment Method):** BREEAM is an assessment method designed to aid construction professionals in creating environmentally friendly buildings, both new and existing.
- **ISA (International Sustainability Alliance):** ISA is a global network of leading real-estate organisations dedicated to achieving more sustainable real estate by creating international standards for measuring performance.
- **GRI (Global Reporting Initiative):** GRI is the organisation behind the establishment of a globally recognised reporting standard on corporate social responsibility. It is committed to its continuous improvement and application worldwide.
- **KPI (Key Performance Indicator):** in business administration, key performance indicators are figures that are used to measure the progress that an organisation has made in implementing its main objectives.
- **Fedesco:** Fedesco is a public energy service company (ESCO) founded in March 2005 at the initiative of the Federal Government. It facilitates and finances energy-efficiency projects in federal public buildings. Further information can be obtained at: [www.fedesco.be](http://www.fedesco.be).
- **EIRIS:** EIRIS is a world leading provider of research into corporate environmental, social and governance performance.
- **EPB certificate:** the EPB energy certificate is a document that evaluates the energy performance of buildings as an index on a scale from A++ (green) to E (red), based on a series of observations, under standardised use and climate conditions. In particular it takes account of materials used, insulation of the roof, windows and walls, and heating and ventilation systems.
- **CDP (Carbon Disclosure Project):** the CDP is an independent, non-profit organisation that aims to reduce greenhouse-gas emissions by businesses and cities. It achieves this by means of a global database of greenhouse-gas emissions. The organisation acts on behalf of 550 investors representing more than US\$70 trillion in assets.

# APPENDIX

## APPENDIX 6: Limited review report

### **Statutory auditor's report on the limited review performed on selected environmental performance indicators published in the Annual Financial Report of Befimmo SCA as of 31 December 2011**

To the board of directors

As statutory auditor we have been engaged to perform limited review procedures to express a limited assurance on selected environmental performance indicators ("the Data") published in the annual financial report of Befimmo SCA for the year ended the 31 December 2011 ("the Annual Financial Report"). The environmental performance indicators have been defined following the guidelines of the "Global Reporting Initiative" (GRI) G3. The Data have been selected by Befimmo SCA and are identified with the symbol ✓ in the tables as mentioned on pages 164 to 173 of the Annual Financial Report.

The scope of our work has been limited to the Data covering the years 2010 and 2011 and including only the environmental performance indicators of the buildings of Befimmo SCA and not the buildings of the subsidiaries Fedimmo SA and Axento SA. Our conclusion as formulated below covers therefore only these Data and not all indicators presented or any other information included in the chapter "corporate social responsibility" of the Annual Financial Report.

#### **Responsibility of the board of directors**

The board of directors of Befimmo SCA is responsible for the Data and the references made to it presented in the Annual Financial Report as well as for the declaration that its reporting meets the requirements of the "Global Reporting Initiative" (GRI) G3 application level B+, as described in chapter "Corporate Social Responsibility" of the Annual Financial Report.

This responsibility includes the selection and application of appropriate methods for the preparation of the Data, for ensuring the reliability of the underlying information and for the use of assumptions and reasonable estimations. Furthermore, the board of directors is also responsible for the design, implementation and maintenance of systems and procedures relevant for the preparation of the Data.

The choices made by the board of directors, the scope of the chapter "Corporate Social Responsibility" of the Annual Financial Report and the reporting policies, including any inherent limitations that could affect the reliability of the information are set out on page 135 of the Annual Financial Report.

#### **Nature and scope of works**

Our responsibility is to express an independent conclusion on the Data based on our limited review. Our assurance report has been made in accordance with the terms of our engagement letter.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 “Assurance Engagements other than Audits or Reviews of Historical Information”.

We planned and performed the procedures deemed necessary for expressing a limited assurance on the fact that the Data are not materially misstated. A limited assurance engagement provides less assurance than an audit.

The scope of our work included, amongst others the following procedures:

- Assessing and testing the design and operating effectiveness of the systems and procedures used for data-gathering, classification, consolidation and validation, and that for the methods used for calculating and estimating the 2010 and 2011 environmental performance indicators identified with the symbol ✓ in the tables as mentioned on pages 164 to 173 of the Annual Financial Report;
- Conducting interviews with responsible officers;
- Examining, on a sample basis, internal and external supporting evidence and performing consistency checks on the consolidation of these data.

#### **Conclusion**

Based on our limited review, as described in this report, nothing has come to our attention that causes us to believe that the Data identified with the symbol ✓ in the tables as mentioned on pages 164 to 173 of the Annual Financial Report have not been prepared, in all material respects, in accordance with GRI guidelines G3.

Diegem, 2 March 2012

**The Statutory auditor**

**DELOITTE Reviseurs d'Entreprises**

SC s.f.d. SCRL

Represented by

Rik Neckebroeck

Kathleen De Brabander





At the "Ecobuild" exhibition that took place in London in March 2011, Fedimmo won the 2011 BREEAM Award in the Europe: Offices category, for the scheme to renovate the Froissart building. This building, located in the heart of the Leopold district, was rated "Very good" at the BREEAM Post Construction stage of certification.



# Financial report

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180	Consolidated statement of total comprehensive income
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# CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

(€ THOUSAND)

	Notes	31.12.11 (15 months)	31.12.11 (12 months)	31.12.10 (12 months)	30.09.10 (12 months)
			<i>restated periods</i>		
I. (+) Rental income	5	156 037	124 836	124 248	124 012
III. (+/-) Charges linked to letting	6	- 285	- 207	- 557	- 560
<b>NET RENTAL RESULT</b>		<b>155 752</b>	<b>124 629</b>	<b>123 691</b>	<b>123 452</b>
IV. (+) Recovery of property charges	7	8 311	6 439	5 823	5 572
V. (+) Recovery of rental charges and taxes normally paid by tenants on let properties	8	32 619	26 110	26 972	26 936
VII. (-) Rental charges and taxes normally paid by tenants on let properties	8	-32 208	-25 995	-26 164	-26 109
VIII. (+/-) Other revenue and charges for letting		645	544	200	106
<b>PROPERTY RESULT</b>		<b>165 119</b>	<b>131 728</b>	<b>130 522</b>	<b>129 956</b>
IX. (-) Technical costs	7	-11 807	-9 582	-9 164	-9 417
X. (-) Commercial costs	7	-1 161	- 895	-1 076	- 948
XI. (-) Charges and taxes on unlet properties	7	-3 179	-2 458	-2 474	-2 124
XII. (-) Property management costs	7	-1 950	-1 548	-1 504	-1 584
XIII. (-) Other property charges	7	- 256	- 252	- 47	- 185
<b>(+/-) Property charges</b>		<b>-18 355</b>	<b>-14 736</b>	<b>-14 266</b>	<b>-14 258</b>
<b>PROPERTY OPERATING RESULT</b>		<b>146 764</b>	<b>116 992</b>	<b>116 256</b>	<b>115 699</b>
XIV. (-) Corporate overheads	9	-17 695	-14 218	-12 700	-12 512
XV. (+/-) Other operating income and charges	10	- 72	- 191	8 678	8 970
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>		<b>128 997</b>	<b>102 583</b>	<b>112 235</b>	<b>112 157</b>
XVI. (+/-) Gains and losses on disposals of investment properties	11	14 769	14 623	361	215
XVIII. (+/-) Changes in fair value of investment properties	12	-26 403	-18 984	-31 628	-34 557
<b>OPERATING RESULT</b>		<b>117 364</b>	<b>98 223</b>	<b>80 968</b>	<b>77 814</b>
XX. (+) Financial income	13	333	284	335	369
XXI. (-) Net interest charges	13	-30 948	-25 802	-20 428	-20 704
XXII. (-) Other financial charges	13	-3 881	-3 306	-2 415	-2 457
XXIII. (+/-) Changes in fair value of financial assets and liabilities		5 038	-2 523	1 350	-3 774
<b>(+/-) Financial result</b>		<b>-29 458</b>	<b>-31 347</b>	<b>-21 158</b>	<b>-26 566</b>
<b>PRE-TAX RESULT</b>		<b>87 906</b>	<b>66 875</b>	<b>59 810</b>	<b>51 249</b>
XXV. (-) Corporation tax	14	- 818	- 668	- 651	- 651
<b>(+/-) Taxes</b>		<b>- 818</b>	<b>- 668</b>	<b>- 651</b>	<b>- 651</b>
<b>NET RESULT</b>	15	<b>87 088</b>	<b>66 208</b>	<b>59 159</b>	<b>50 598</b>
NET RESULT (group share)		81 856	61 992	55 019	46 659
NON-CONTROLLING INTERESTS		5 232	4 216	4 140	3 938
<b>BASIC NET RESULT AND DILUTED (€/share) (group share)</b>		<b>4.87</b>	<b>3.69</b>	<b>3.28</b>	<b>2.78</b>
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>87 088</b>	<b>66 208</b>	<b>59 159</b>	<b>50 598</b>
TOTAL COMPREHENSIVE INCOME (group share)		81 856	61 992	55 019	46 659
NON-CONTROLLING INTERESTS		5 232	4 216	4 140	3 938

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ THOUSAND)

ASSETS	Notes	31.12.11	30.09.10
<b>I. Non-current assets</b>		<b>1 998 258</b>	<b>1 905 723</b>
A. Goodwill	16	15 774	15 890
C. Investment properties	17	1 971 282	1 884 964
D. Other property, plant and equipment	18	978	658
E. Non-current financial assets	19	8 080	1 888
F. Finance lease receivables	20	2 144	2 323
<b>II. Current assets</b>		<b>29 591</b>	<b>79 352</b>
A. Properties held for sale	17	-	37 647
B. Current financial assets	19	221	411
C. Finance lease receivables	20	120	58
D. Trade receivables	21	15 670	19 475
E. Tax receivables and other current assets	22	6 800	3 973
F. Cash and cash equivalents	23	4 179	3 492
G. Deferred charges and accrued income	24	2 601	14 296
<b>TOTAL ASSETS</b>		<b>2 027 849</b>	<b>1 985 075</b>
SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.11	30.09.10
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1 070 459</b>	<b>1 081 884</b>
<b>I. Equity attributable to shareholders of the parent company</b>		<b>1 002 628</b>	<b>1 017 445</b>
A. Capital	25	254 111	233 985
B. Share premium account	25	516 194	485 340
C. Reserves	25	216 639	251 462
D. Net result for the fiscal year		15 683	46 659
<b>II. Non controlling interests</b>		<b>67 830</b>	<b>64 439</b>
<b>LIABILITIES</b>		<b>957 390</b>	<b>903 191</b>
<b>I. Non-current liabilities</b>		<b>866 242</b>	<b>604 919</b>
B. Non-current financial debts	26	855 831	584 796
a. Credit institution		319 746	425 552
c. Other		536 085	159 245
<i>Bond issues</i>		271 791	-
<i>Commercial papers</i>		262 280	157 420
<i>Guarantees received</i>		2 014	1 825
C. Other non-current financial liabilities	27	10 411	20 122
<b>II. Current liabilities</b>		<b>91 148</b>	<b>298 272</b>
A. Provisions	28	2 383	1 383
B. Current financial debts	26	21 405	205 967
a. Credit institution		21 317	205 967
c. Other		88	-
C. Other current financial liabilities	27	1 239	-
D. Trade debts and other current debts	29	47 318	81 661
E. Other current liabilities	30	4 272	2 508
F. Accrued charges and deferred income	31	14 532	6 752
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2 027 849</b>	<b>1 985 075</b>

# CONSOLIDATED CASH FLOW STATEMENT

(€ THOUSAND)

	31.12.11	30.09.10
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FISCAL YEAR</b>	<b>3 492</b>	<b>6 096</b>
<b>Net result for the fiscal year</b>	<b>87 088</b>	<b>50 598</b>
Operating income	117 364	77 814
Interest paid	-22 383	-15 449
Interest received	284	112
Dividends received	8	162
Taxes paid	- 550	- 625
Changes in fair value of non-current financial assets/liabilities booked to income statement (+/-)	5 038	-3 774
Other income	-12 673	-7 643
<b>Items with no effect on cash flow to be extracted from earnings</b>	<b>30 579</b>	<b>43 161</b>
Loss of (gain in) value on trade receivables (+/-)	- 64	299
Amortisation / Loss of (gain in) value on property, plant and equipment (+/-)	355	216
Fair value adjustment for investment buildings (+/-)	26 403	34 557
Fair value adjustment on non-current financial assets/liabilities booked to earnings (+/-)	-5 038	3 774
Net interest charges accrued	8 051	4 552
Other items	873	- 236
<b>Items with cash flow effects to be extracted from the operating result</b>	<b>-14 163</b>	<b>-</b>
Capital gain realised on disposal of investment property	-14 769	-
Capital loss realised on disposal of hedging instrument	606	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS</b>	<b>103 504</b>	<b>93 759</b>
<b>Change in working capital requirements</b>	<b>-36 462</b>	<b>-6 075</b>
Change in assets items	13 047	1 439
Change in liabilities items	-49 509	-7 514
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>67 042</b>	<b>87 684</b>
<b>Investments (-) / Disposals (+)</b>		
Investment properties		
Investments	-37 454	-23 742
Disposals	63 807	-
Acquisition of shares	-54 756	-
Other property, plant and equipment	- 675	- 244
Hedging instruments and other financial assets	-10 235	-1 996
<b>CASH FLOW OF INVESTMENT ACTIVITIES</b>	<b>-39 314</b>	<b>-25 982</b>
<b>CASH FLOW BEFORE FINANCING ACTIVITIES</b>	<b>27 729</b>	<b>61 702</b>
<b>Financing (+/-)</b>		
Increase (+) / Decrease (-) in financial debts	71 473	43 473
Increase (+) / Decrease (-) in finance lease debts	-	-45 127
Sales of Befimmo shares owned by Vitalfree and Meirfree	2 512	-
Optional interim dividend 2010/2011	-33 606	-
Dividend for previous fiscal year (-)	-67 421	-62 652
<b>CASH FLOW OF FINANCING ACTIVITIES</b>	<b>-27 042</b>	<b>-64 306</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>687</b>	<b>-2 604</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR</b>	<b>4 179</b>	<b>3 492</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ THOUSAND)

	Capital	Share premium account	Reserves	Net result of the fiscal year	Equity: group share	Non- controlling interests	Total shareholders' equity
<b>EQUITY AS AT 30.09.09</b>	<b>233 985</b>	<b>485 340</b>	<b>303 542</b>	<b>-34 499</b>	<b>988 367</b>	<b>61 632</b>	<b>1 049 999</b>
Appropriation of the result	-	-	-34 499	34 499	-	-	-
Dividend distributed	-	-	-17 581	-	-17 581	-1 131	-18 712
Befimmo 2009 final dividend	-	-	-17 581	-	-17 581	-	-17 581
Fedimmo 2009 dividend to non-controlling interests	-	-	-	-	-	-1 131	-1 131
Total comprehensive income	-	-	-	46 659	46 659	3 938	50 598
<b>EQUITY AS AT 30.09.10</b>	<b>233 985</b>	<b>485 340</b>	<b>251 462</b>	<b>46 659</b>	<b>1 017 445</b>	<b>64 439</b>	<b>1 081 884</b>
Appropriation of the result	-	-	46 659	-46 659	-	-	-
Capital increase - merger Ringcenter	9 260	6 642	-15 902	-	-	-	-
Capital increase - optional dividend	10 867	24 213	-	-	35 080	-	35 080
Dividend distributed	-	-	-65 580	-66 173	-131 753	-1 841	-133 593
Befimmo 2010 dividend	-	-	-65 580	-	-65 580	-	-65 580
Befimmo 2011 interim dividend	-	-	-	-66 173	-66 173	-	-66 173
Fedimmo 2010 dividend to non-controlling interests	-	-	-	-	-	-1 841	-1 841
Total comprehensive income	-	-	-	81 856	81 856	5 232	87 088
<b>EQUITY AS AT 31.12.11</b>	<b>254 111</b>	<b>516 194</b>	<b>216 639</b>	<b>15 683</b>	<b>1 002 628</b>	<b>67 830</b>	<b>1 070 459</b>

(1) Details of the reserves are given in note 25.

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## 1. GENERAL BUSINESS INFORMATION

Befimmo ("the Company") is a SICAFI (*Société d'Investissement à Capital Fixe en Immobilier publique de droit belge* – fixed-capital real-estate investment company incorporated under Belgian law). It is organised as a "*Société en Commandite par Actions*" (partnership limited by shares). Its registered office is at Chaussée de Wavre 1945, 1160 Brussels (Belgium).

The Company closes its fiscal year at 31 December. Following the approval of the change in the Befimmo fiscal year by the General Meeting of shareholders held on 22 June 2011, the latest fiscal period opened on 1 October 2010 and closed on 31 December 2011. Thus, exceptionally, it lasted 15 months.

In the 2006/2007 fiscal year, Befimmo acquired a 90% majority holding in the Belgian public company Fedimmo SA, which also closes its accounting periods at 31 December. In June 2008, Befimmo founded Meirfree SA and Vitalfree SA, of which it is the shareholder. These companies also close their fiscal years at 31 December. In 2009, Befimmo acquired all the shares in the Luxembourg company Axento SA, which closes its accounts, still this year, at 30 September.

The Company is presenting consolidated financial statements as at 31 December.

The Board of Directors of the Managing Agent Befimmo SA adopted and authorised the publication of the financial statements for this fiscal period on 10 February 2012.

The Company's activities are dedicated solely to the acquisition and management of a real-estate portfolio. At 31 December 2011, the portfolio consisted principally of office buildings located in Brussels and let mostly to public authorities and to a lesser extent to private businesses. The Befimmo portfolio also comprises office buildings located in Flanders and Wallonia, on long-term lets to government agencies, and one property located in Luxembourg city.

The Company is listed on NYSE Euronext Brussels and is included in the BEL 20 index.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union. Except where otherwise specified, they are denominated in thousands of euros, rounded to the nearest thousand. Accounting policies have been applied consistently to the fiscal years presented.

Moreover, the fiscal period year under review has been extended to 15 months covering the period from 1 October 2010 to 31 December 2011.

In preparing its consolidated financial statements as at 31 December 2011, the Company has applied the following new or amended standards and interpretations which entered force during the extended fiscal period, which opened on 1 October 2010:

> Annual improvements to the IFRS standards which involve a series of minor amendments to the existing standards and interpretations. Noteworthy among these changes is the amendment of IAS 17 – *Leases*, which now states that a lease on land may be classed as a finance lease even if there are no plans to transfer title, notably where land is leased for a very long term. The application of this new provision did not have any impact on the financial statements but may influence the classification of future lease agreements.

> Amendments to IAS 32 – *Financial Instruments: Presentation - Classification of rights issues*, which had no impact on the financial statements and should have none in future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

> Amendments to IFRS 2 – *Share-Based Payment*, which had no impact on the financial statements and should have none in future.

> IFRIC interpretation 15 – *Agreements for the Construction of Real Estate*, which had no impact on the financial statements and should have none in future.

> IFRIC interpretation 17 – *Distribution of Non-Cash Assets to Owners*, which had no impact on the financial statements and should have none in future.

> IFRIC interpretation 18 – *Transfers of Assets from Customers*, which had no impact on the financial statements and should have none in future.

> IFRIC interpretation 19 – *Extinguishing Financial Liabilities with Equity Instruments*, which had no impact on the financial statements and should have none in future.

Furthermore, the Company has chosen not to apply early the following new or amended standards or interpretations issued before the date that the consolidated financial statements were closed, but with a date of entry into force later than the fiscal period closing at 31 December 2011:

> IFRS 9 – *Financial instruments*, which restructures the treatment of financial instruments but which has yet to be adopted at European level while waiting for the IASB to finalise the whole draft. It is expected to enter force for the 2015 fiscal year.

> Three new standards and amendments to two existing standards regarding consolidated shareholdings and associated disclosures:

- IFRS 10 – *Consolidated Financial Statements*, which defines the principle of control and integrates it into a single model. Applying this new standard should not have any impact on the perimeter of the consolidation.
- IFRS 11 – *Joint Arrangements* which replaces IAS 31 – *Interests in Joint Ventures*, and in particular requires jointly controlled entities to apply the equity method. This new standard should not have any impact on the consolidated financial statements.
- IFRS 12 – *Disclosure of Interests in Other Entities*, which requires the disclosure of additional information in the notes concerning consolidated interests and equity. Applying this new standard should have an impact on the notes to the consolidated financial statements.
- Amendments to IAS 27 – *Separate Financial Statements*. The amended standard will now cover only separate financial statements and will therefore no longer apply to consolidated financial statements.
- Amendments to IAS 28 – *Investments in Associates and Joint Ventures*, which should not have any impact on the consolidated financial statements.

These new and amended standards are due to enter force in the 2013 fiscal year.

> IFRS 13 – *Fair Value Measurement*, which establishes the basis for measuring fair value and requires additional information to be presented in the notes. The possible impact of this new standard on determining fair value, particularly on investment property, is under investigation. In addition, the application of the new standard should have an impact on the information provided in the notes on fair value. It is due to enter force in the 2013 fiscal year.

> Amendments to IAS 1 – *Presentation of Financial Statements - Presentation of other comprehensive income*, that require separate reporting of other comprehensive income that are the subject of a transfer (“recycling”) in the result. These amendments will have an impact on the presentation of the statement of comprehensive income. They are due to enter force in the 2013 fiscal year.



> Amendments to IAS 12 – *Income Taxes - Deferred Tax: Recovery of the carrying amount of an asset*, which should not have any impact on the financial statements. They are due to enter force in the 2013 fiscal year.

> Amendments to IAS 19 – *Employee Benefits*, which relate in particular to (i) the elimination of the corridor approach by requiring all actuarial gains and losses to be recognised directly to the equity (other comprehensive income), (ii) the use of a single rate for measuring net interest on the net liability (asset) associated with defined benefit plans, and (iii) the disclosures to be made in the notes. These amendments will have a limited impact on the financial statements, notably as regards the recognition of actuarial gains and losses. They are due to enter force in the 2013 fiscal year.

> Amendments to standard IAS 24 – *Related-Party Information*, which in particular change the definition of a related party and introduce exceptions for entities linked to the State. These amendments could have a limited impact on the information provided in the notes concerning related parties. They are due to enter force in the 2012 fiscal year.

> Amendments to IAS 32 – *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*, which should not have an impact on the financial statements. They are due to enter force in the 2014 fiscal year.

> Amendments to IFRS 7 – *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*, which should not have an impact on the financial statements. They are due to enter force in the 2013 fiscal year.

> Amendments to IFRS 7 – *Financial Instruments: Disclosures – Derecognition*, which require additional information to be provided in the notes. These amendments could have a limited impact on the notes. They are due to enter force in the 2012 fiscal year.

> Annual improvements to the IFRS standards, which involve a series of minor amendments to six existing standards and one existing interpretation. These improvements should not have an impact on the financial statements. They are due to enter force in the 2012 fiscal year.

In most cases, the value of the assets and liabilities recognised in Befimmo's IFRS balance sheet is equal to fair value, since the main asset items (investment property, real-estate certificates, etc.) are carried at market value or closing market price, and financial debts are mainly at floating rates, while trade payables are short term; the carrying amounts of these liabilities are therefore almost equivalent to their fair value. The two bond issues and debts related to assignments of future rents and usufruct fees are an exception, however. These debts are actually issued at fixed rates and valued in the accounts at amortised cost. These account for 44% of financial borrowings as at 31 December 2011. Their estimated fair value is however indicated in note No 26 to the consolidated financial statements, with a relatively small deviation from their carrying value.

## 2.2. General principles of consolidation

For reading the financial statements, the following terms are defined as follows:

### Subsidiary

A subsidiary is an entity controlled by the Company, i.e. in which the Company holds, directly or indirectly through its subsidiaries, more than 50% of the voting rights or where it has the power to govern the financial and operating policy so as to obtain benefits from the activities of the subsidiary.

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

### Jointly controlled entity

A jointly controlled entity is an entity of which the Company and one or more other shareholders have joint control under a contractual arrangement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A jointly controlled entity is accounted using the equity method from the date the Company has joint control, and until such time as it ceases.

## Business combinations

A business combination is an undertaking over which the Company has significant influence but no controlling interest.

It is 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 impairment.

## **2.3. 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 fair value of the consideration transferred to the vendor and the share of the fair value of the net asset acquired, is booked under goodwill on the assets side of the balance sheet.

If that difference is negative (often termed “negative goodwill” or “badwill”), after confirmation of the values, it is booked straight to the income statement.

Costs related with acquisition, such as fees paid to consultants, are expensed directly.

Goodwill is subject to an impairment test carried out at least once a year in accordance with IAS 36 – *Depreciation of Assets*.

## **2.4. 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 when the financial statements are prepared. Any losses or profits from remeasurement are recognised in the income statement.

Profits or losses arising from foreign currency transactions are recorded in the income statement under “Financial loss or gain”.

### Foreign operations

In the context of the consolidation, assets and liabilities of the Company's foreign operations are converted into euros at the closing rate when the financial statements are prepared. Income statement items are converted into euros at the average exchange rate for the period.

The resulting translation differences are booked to the equity item “Currency translation differences”.

## 2.5. Intangible assets

Intangible assets are recognised 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 initially measured at cost, then evaluated by subtracting accumulated depreciation and impairment losses from that cost.

Intangible assets are amortised using the straight-line method to allocate the cost over the best possible estimate of the useful life of the asset. The useful life and amortisation method of intangible assets are reviewed at least at each fiscal year end.

## 2.6. Investment properties

### 2.6.1. General principles

Properties available for lease and/or for capital appreciation are classed as investment properties.

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

Properties that are being constructed or developed for own account in order to be leased are still valued at fair value. Properties that are being constructed or developed for own account in order to be leased are also booked at fair value.

An independent expert determines the investment value of the property portfolio (also known as “deed-in-hands value”). 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 expert’s report. The fair value of the investment properties is obtained by subtracting from this investment value the amount of expenses and taxes (registration duties and/or value added tax, notary’s expenses, etc.) 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%<sup>(1)</sup> for properties valued at more than €2.5 million and 10% or 12.5% for properties below that value, depending on their location.

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 accounting year, the expert 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.

### 2.6.2. Commissions paid to real-estate agents and other transaction costs

The carrying value of assets includes the fees for the acquisition of investment properties. The same applies where the property is acquired by buying shares in a property company, a contribution in kind of a property in consideration for new shares, or a contribution of assets through a merger with or takeover of a property company. In these various cases, however, notary and audit costs are recorded as costs in the income statement.

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

(1) Average transactions costs paid, as recorded by experts on the Belgian market. This accounting method is described at length in the BeAMA press release of 8 February 2006.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2.6.3. Works carried out on investment properties

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

### Improvement works

This is occasional work to improve the functionality of a building or significantly improve comfort, in order to increase the rent and hence the estimated rental value.

The costs of this work is capitalised within the asset's carrying amount provided and to the extent that the independent expert recognises an appreciation in the value of the property as a result of the work done.

E.g.: installation of an air-conditioning system where one did not previously exist.

### Major renovation works

This is work done every 25 to 35 years to carry out a thorough renovation of the building using modern techniques, generally retaining the existing structure.

These costs are capitalised within the asset's carrying amount.

In accordance with IAS 23 - *Borrowing Costs*, borrowing costs are capitalised and charged to the balance sheet under the heading "Investment properties", provided that the building in question does not generate income during this period.

Since investment properties are valued at fair value, this accounting policy has no impact on the net result, only on the presentation of the components of the result.

### Maintenance and repair

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.

## 2.6.4. Investment properties 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.

If the Company occupies only a minimal part of the property it owns, the whole property is recognised as an investment property at fair value.

## 2.7. Other property, plant and equipment

Other tangible assets are recorded at cost, less accumulated depreciation and impairment losses. 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 depreciation method are reviewed at least at each fiscal year end. Useful life is defined as follows per main type of asset:

- > Vehicles: 4 years;
- > Computer equipment: 3 years;
- > Furniture and office equipment: 5 years;
- > Finance-leased equipment: duration of contract.

## 2.8. Financial assets

Financial assets 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.

There are 4 types of financial asset: (i) assets held to maturity, (ii) assets at fair value through profit or loss, (iii) assets available for sale and finally (iv) loans and receivables.

### (i) Assets held to maturity

These 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 recognised based on the fair value option in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*.

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

### (iii) Assets available for sale

These are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Available-for-sale assets 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 impairment, the accumulated fair-value adjustments already recorded in equity are transferred to the income statement.

### (iv) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not listed on 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 carrying amount 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 and exchange risks arising from the financing of its activities. The Company does not hold or issue derivative financial instruments for proprietary trading purposes, but derivatives that do not qualify (under IFRS standards) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At inception of the hedge, the derivative is designated either as (i) a hedge of the fair value of recognised assets or liabilities or of a firm commitment, or (ii) as a hedge of future cash flow. Based on these criteria, changes in fair value of derivatives are recorded as follows:

(i) Fair-value hedge

Changes in the fair value of these derivatives 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 these derivatives is recognised in equity.

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

Gains or losses that are related to the ineffective portion are booked directly to 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 – *Financial Instruments: Recognition and Measurement*. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

## 2.9. Properties held for sale

A property is classified as held for sale if it meets the criteria in IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*. Investment property held for sale is valued on the same basis as other investment property.

## 2.10. Trade receivables

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

## 2.11. 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 at acquisition 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 carrying amount or at cost.

## 2.12. Impairment of assets

The Company reviews the carrying amount of intangible and tangible assets other than investment properties at each balance sheet date to determine whether there is any indication of impairment, in which case an impairment 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 the goodwill has been allocated in the context of a business combination.

An impairment test consists of comparing the carrying amount of an asset or CGU (group of CGUs) with its recoverable amount being the higher of its fair value less costs to sell or 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 an impairment loss recorded directly in costs and charged as a priority as a reduction in the goodwill for the CGU (group of CGUs).

An impairment loss is reversed if the recoverable amount of the asset or CGU (group of CGUs) exceeds the carrying amount, with the exception of impairment of goodwill, which is never reversed.

### 2.13. Capital

Ordinary shares are classified as equity.

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 General Meeting of shareholders.

Own shares held are recorded at their historical value as a debit in the "Own shares (-)" liability account.

### 2.14. Interest-bearing borrowings

In general, 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 net proceeds and the redemption value is recognised in the income statement using the effective interest method.

In addition, interest-bearing borrowings subject to a designated fair-value hedge are measured at fair value.

### 2.15. Trade and other payables

Trade and other payables are stated at their carrying amount.

### 2.16. Employee benefits

The Company has (i) defined-benefit and (ii) defined-contribution plans.

#### (i) Defined-benefit plan

This is a pension plan that defines the amount the employee will receive upon retirement, usually based on one or more factors such as age, seniority and pay.

The amount presented in the balance sheet is based on actuarial calculations (using the projected unit credit method). It 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 the amount is negative, in principle an asset is recognised in the balance provided that the Company can benefit in future by over-funding the plan in this way.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 10% of the present value of the defined benefit obligation at that date and 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 of the Company's defined-benefit plans.

(ii) Defined-contribution plan

This 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 employee service in the current and prior periods.

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

## 2.17. Provisions

A provision is recognised in the balance sheet when the following three conditions are met:

- 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 of 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.

## 2.18. Revenue

Rental income from operating leases is recognised in income on an accrual 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. This spreading is cancelled out under the heading "Other operating income and expenses" of the income statement.

## 2.19. Gain or loss on sales of investment properties

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.

## 2.20. Income taxes

Income taxes for the fiscal year include both current tax 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 temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. This tax is 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 temporary differences can be utilised.

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND MAIN SOURCES OF UNCERTAINTY REGARDING ESTIMATES

#### 3.1. Significant judgments regarding the Company's accounting policies

For buildings on a long-term let, the Company considered, excluding limited exceptions, 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 – *Leases*.

#### 3.2. Main sources of uncertainty regarding estimates

##### Estimate of the fair value and of the value in use of investment properties

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

##### Disputes and uncertainties

The Company is a party to legal proceedings and may be involved in others in future. Befimmo is currently involved, as defendant or plaintiff, in a number of legal proceedings which, on the whole, are unlikely to have a major impact on Befimmo, as the potential gains or losses are highly unlikely to materialise and/or are of insignificant amounts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. SEGMENT INFORMATION

Befimmo owns a property portfolio consisting entirely of offices <sup>(1)</sup>.

Following the acquisition of Fedimmo in December 2006, the Flanders and Wallonia segments were formed. In addition, after the acquisition of the Axento building was completed, in July 2009, the Luxembourg city segment was formed.

In terms of geographical distribution, most of Befimmo's real-estate portfolio is located in Brussels (72.8%), the remaining 27.1% being in Flanders (18.5%), Wallonia (4.6%) and the Luxembourg city (4.1%).

In the Brussels market (see map in the "Brussels property market" chapter of the management report), a distinction can be made between a number of sub-markets that have experienced different trends in recent years: CBD (Central Business District), Brussels decentralised, Brussels periphery.

The consolidated Befimmo portfolio is described in more detail in the "Portfolio" chapter of the management report.

	Brussels centre (CBD)		Brussels decentralised		Brussels periphery	
(€ thousand)	31.12.11 (15 months)	30.09.10 (12 months)	31.12.11 (15 months)	30.09.10 (12 months)	31.12.11 (15 months)	30.09.10 (12 months)
<b>INCOME STATEMENT</b>						
A. Rental income	85 872	65 751	11 081	9 405	13 269	11 049
B. Property operating result	82 693	62 520	9 555	8 219	11 388	9 189
C. Change in fair value of investment properties	- 13 532	- 15 112	- 5 302	- 9 285	- 8 707	- 7 945
D. Gains and losses on disposal of buildings	12 092	-	402	215	-	-
<b>E. SEGMENT RESULT (= B+C+D)</b>	<b>81 253</b>	<b>47 408</b>	<b>4 655</b>	<b>- 851</b>	<b>2 681</b>	<b>1 243</b>
Percentage by segment	60.1%	58.3%	3.4%	-1.0%	2.0%	1.5%
F. Corporate overheads						
G. Other operating income and charges						
H. Financial result						
I. Income tax						
<b>NET RESULT (= E+F+G+H+I)</b>						
Group share						
Non-controlling interests						
<b>BALANCE SHEET</b>						
<b>Assets</b>						
Goodwill	7 391	7 391	-	-	-	-
Investment properties	1 150 853	1 095 405	127 275	130 228	156 323	159 632
<i>of which investment during the year</i>	<i>105 813</i>	<i>27 773</i>	<i>3 306</i>	<i>674</i>	<i>5 398</i>	<i>842</i>
Other assets	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>1 158 244</b>	<b>1 102 796</b>	<b>127 275</b>	<b>130 228</b>	<b>156 323</b>	<b>159 632</b>
Percentage by segment	57.1%	55.6%	6.3%	6.6%	7.7%	8.0%
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total shareholders' equity						
Group share						
Non-controlling interests						
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(1) Some commercial businesses are nevertheless operating on the ground floor of some buildings but to a very marginal extent.

Wallonia		Flanders		Luxembourg city		Unallocated amounts		Total	
31.12.11 (15 months)	30.09.10 (12 months)	31.12.11 (15 months)	30.09.10 (12 months)	31.12.11 (15 months)	30.09.10 (12 months)	31.12.11 (15 months)	30.09.10 (12 months)	31.12.11 (15 months)	30.09.10 (12 months)
14 112	11 042	26 515	21 388	5 189	5 376	-	-	156 037	124 012
13 307	10 115	24 687	20 394	5 134	5 262	-	-	146 764	115 699
- 3 071	- 3 367	4 881	443	- 671	709	-	-	- 26 403	- 34 557
-	-	2 275	-	-	-	-	-	14 769	215
<b>10 236</b>	<b>6 747</b>	<b>31 843</b>	<b>20 837</b>	<b>4 463</b>	<b>5 971</b>	-	-	<b>135 131</b>	<b>81 356</b>
7.6%	8.3%	23.6%	25.6%	3.3%	7.3%	0%	-	100%	100%
						- 17 695	- 12 512	- 17 695	- 12 512
						- 72	8 970	- 72	8 970
						- 29 458	- 26 566	- 29 458	- 26 566
						- 818	- 651	- 818	- 651
								87 088	50 598
								81 856	46 659
								5 232	3 938
2 673	2 673	5 710	5 826	-	-	-	-	15 774	15 890
90 826	91 466	364 590	363 636	81 415	82 244	-	-	1 971 282	1 922 611
2 431	2 685	1 224	2 819	- 158	3	-	-	118 014	34 795
2 264	2 381	-	-	-	-	38 529	44 193	40 793	46 574
<b>95 763</b>	<b>96 521</b>	<b>370 300</b>	<b>369 462</b>	<b>81 415</b>	<b>82 244</b>	<b>38 529</b>	<b>44 193</b>	<b>2 027 849</b>	<b>1 985 075</b>
4.7%	4.9%	18.3%	18.6%	4.0%	4.1%	1.9%	2.2%	100%	100%
-	-	-	-	-	-	957 390	903 191	957 390	903 191
						1 070 459	1 081 884	1 070 459	1 081 884
						1 002 628	1 017 445	1 002 628	1 017 445
						67 830	64 439	67 830	64 439
-	-	-	-	-	-	<b>2 027 849</b>	<b>1 985 075</b>	<b>2 027 849</b>	<b>1 985 075</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. RENTAL INCOME

I. Rental income (€ thousand)	31.12.11 (15 months)	31.12.11 (12 months)	31.12.11 (12 months)	30.09.10 (12 months)
		<i>restated periods</i>		
<b>Rents</b>	<b>156 235</b>	<b>126 072</b>	<b>120 030</b>	<b>119 900</b>
Guaranteed income	716	-	4 352	4 901
Cost of rent free periods	-1 666	-1 365	-1 212	-1 229
Concessions granted to tenants (incentives)	- 428	- 387	- 92	- 68
Indemnities for early termination of rental contracts	1 180	516	1 171	507
<b>Rental income</b>	<b>156 037</b>	<b>124 836</b>	<b>124 248</b>	<b>124 012</b>

This table sets out the various components of rental income. Besides rent, rental income also includes:

- various items relating to the spread of rental gratuities granted, booked in accordance with IFRS standards, the effect of which is neutralised in heading XV of the income statement;
- and compensation related to early termination of leases.

(€ thousand)	31.12.11	30.09.10
Less than one year	130 187	120 244
One to five years	416 562	387 080
More than five years	639 404	627 308
<b>Rental income</b>	<b>1 186 153</b>	<b>1 134 632</b>

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 intermediate termination option provided for in the lease agreements.

The amounts Befimmo received for the annual indexing of rents were €3.2 million and €0.0 million for the 2010/2011 and 2009/2010 fiscal periods respectively. These amounts depend on the actual level of indexing.

### The Befimmo standard lease

The great majority of Befimmo SCA's properties (not including Fedimmo's buildings, those let to the Buildings Agency and certain other leases) are let under a standard lease, generally lasting nine years or more and allowing, as the case may be, possible breaks at the three-yearly maturities, subject to six months' notice before maturity.

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

Rent is generally payable quarterly or six-monthly in advance. Rents are indexed annually at the anniversary of the lease agreement, usually with a minimum of the last rent (or, for Buildings Agency leases, the base rent).

In most cases, common and individual charges and insurance premiums are payable by tenants who, in order to cover the amount concerned, pay a quarterly (or half-yearly) provision at the same time as the rent. An 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 and certain representations) provide an irrevocable rental guarantee that can be called in on demand.

When tenants enter the premises, a detailed inventory is drawn up by an expert. 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 expert 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 SA's buildings are let to the Belgian Government under a standard lease.

Leases may not be terminated before expiry 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 rent is payable six-monthly during the half-year and is subject to annual indexing, with a minimum of the initial rent.

Rental charges are charged to the tenant under the special conditions and all taxes are payable solely 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 sub-tenant or transferee remain jointly and severally bound by all the obligations under the lease agreement.

The leases are registered.

## 6. CHARGES LINKED TO LETTING

III. Charges linked to letting (€ thousand)	31.12.11 (15 months)	31.12.11 (12 months)	31.12.10 (12 months)	30.09.10 (12 months)
		<i>restated periods</i>		
Rents payable on rented premises	- 349	- 284	- 262	- 261
Write-downs on trade receivables	- 362	- 335	- 366	- 519
Write-back of write-downs on trade receivables	426	412	71	221
<b>Charges linked to letting</b>	<b>- 285</b>	<b>- 207</b>	<b>- 557</b>	<b>- 560</b>

This tables includes the following amounts:

- rent paid for leased premises which were subsequently re-let to customers of the Company;
- write-downs and write-backs on write-downs on trade receivables, realised and unrealised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(€ thousand)	31.12.11	30.09.10
At less than one year	302	435
One to five years	1 179	1 377
At more than five years	11 953	11 654
<b>Rent paid</b>	<b>13 434</b>	<b>13 466</b>

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).

The rents shown are assured. The above table takes no account of the annual indexing of the rents. By way of indication, the amounts Befimmo received for indexing over the past two fiscal years are estimated at less than €10,000.

## 7. REAL-ESTATE CHARGES AND RECOVERY OF REAL-ESTATE CHARGES

31.12.11 (15 months) (€ thousand)

AT CHARGE	NET	RECOVERY
<b>IX. Technical costs</b>	<b>-11 807</b>	<b>8 311 IV. Recovery of property charges</b>
<u>Recurrent</u>	-7 415	3 323 <u>Recurrent</u>
Repairs	-5 061	2 405 Repairs
Total-guarantee charge	-1 439	555 Total-guarantee charge
Insurance premiums	- 915	363 Insurance premiums
<u>Non recurrent</u>	-4 392	3 453 <u>Non recurrent</u>
Major repairs (building companies, architects, engineering offices, etc.)	-4 274	2 497 Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 118	2 Recovery of damage expenses
		953 Compensation of damage by insureers
<b>XII. Property management costs</b>	<b>-1 950</b>	<b>1 535 Property management costs</b>
Fees paid to (external) managers	-1 950	1 535 Management fees received
<b>X. Commercial costs</b>	<b>-1 161</b>	
Letting fees paid to real estate brokers	- 928	
Advertising	- 3	
Fees paid to lawyers and other experts	- 230	
<b>XI. Charges and taxes on unlet properties</b>	<b>-3 179</b>	
<b>XIII. Other property charges</b>	<b>- 256</b>	
<b>Property charges</b>	<b>-18 355</b>	<b>8 311 IV. Recovery of property charges</b>

31.12.11 (12 months - restated period) (€ thousand)

AT CHARGE	NET	RECOVERY
<b>IX. Technical costs</b>	<b>-9 582</b>	<b>6 439 IV. Recovery of property charges</b>
<u>Recurrent</u>	-6 151	2 562 <u>Recurrent</u>
Repairs	-4 218	1 757 Repairs
Total-guarantee charge	-1 161	456 Total-guarantee charge
Insurance premiums	- 772	349 Insurance premiums
<u>Non recurrent</u>	-3 431	2 669 <u>Non recurrent</u>
Major repairs (building companies, architects, engineering offices, etc.)	-3 321	1 730 Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 110	- Recovery of damage expenses
		939 Compensation of damage by insureers
<b>XII. Property management costs</b>	<b>-1 548</b>	<b>1 208 Property management costs</b>
Fees paid to (external) managers	-1 548	1 208 Management fees received
<b>X. Commercial costs</b>	<b>- 895</b>	
Letting fees paid to real estate brokers	- 713	
Advertising	- 3	
Fees paid to lawyers and other experts	- 179	
<b>XI. Charges and taxes on unlet properties</b>	<b>-2 458</b>	
<b>XIII. Other property charges</b>	<b>- 252</b>	
<b>Property charges</b>	<b>-14 736</b>	<b>6 439 IV. Recovery of property charges</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31.12.10 (12 months - restated period) (€ thousand)

AT CHARGE	NET	RECOVERY
<b>IX. Technical costs</b>	<b>-9 164</b>	<b>5 823 IV. Recovery of property charges</b>
<u>Recurrent</u>	-6 853	3 219 <u>Recurrent</u>
Repairs	-4 811	2 532 Repairs
Total-guarantee charge	-1 256	414 Total-guarantee charge
Insurance premiums	- 786	273 Insurance premiums
<u>Non recurrent</u>	-2 311	1 437 <u>Non recurrent</u>
Major repairs (building companies, architects, engineering offices, etc.)	-2 165	1 299 Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 147	95 Recovery of damage expenses
		43 Compensation of damage by insureers
<b>XII. Property management costs</b>	<b>-1 504</b>	<b>1 167 Property management costs</b>
Fees paid to (external) managers	-1 504	1 167 Management fees received
<b>X. Commercial costs</b>	<b>-1 076</b>	
Letting fees paid to real estate brokers	- 914	
Advertising	- 15	
Fees paid to lawyers and other experts	- 147	
<b>XI. Charges and taxes on unlet properties</b>	<b>-2 474</b>	
<b>XIII. Other property charges</b>	<b>- 47</b>	
<b>Property charges</b>	<b>-14 266</b>	<b>5 823 IV. Recovery of property charges</b>

## 30.09.10 (12 months) (€ thousand)

AT CHARGE	NET	RECOVERY
<b>IX. Technical costs</b>	<b>-9 417</b>	<b>5 572 IV. Recovery of property charges</b>
<u>Recurrent</u>	-7 179	3 255 <u>Recurrent</u>
Repairs	-5 017	2 564 Repairs
Total-guarantee charge	-1 281	375 Total-guarantee charge
Insurance premiums	- 881	316 Insurance premiums
<u>Non recurrent</u>	-2 238	1 073 <u>Non recurrent</u>
Major repairs (building companies, architects, engineering offices, etc.)	-2 056	893 Recovery of major repair costs and compensation for damage by tenants
Damage expenses	- 182	94 Recovery of damage expenses
		86 Compensation of damage by insureers
<b>XII. Property management costs</b>	<b>-1 584</b>	<b>1 244 Property management costs</b>
Fees paid to (external) managers	-1 584	1 244 Management fees received
<b>X. Commercial costs</b>	<b>- 948</b>	
Letting fees paid to real estate brokers	- 712	
Advertising	- 15	
Fees paid to lawyers and other experts	- 222	
<b>XI. Charges and taxes on unlet properties</b>	<b>-2 124</b>	
<b>XIII. Other property charges</b>	<b>- 185</b>	
<b>Property charges</b>	<b>-14 258</b>	<b>5 572 IV. Recovery of property charges</b>

These tables set out, for the 2010/2011 and 2009/2010 fiscal periods, the origins of the net real-estate charges borne by the Company.



## 8. RENTAL CHARGES AND TAXES NORMALLY PAID BY TENANTS ON LET PROPERTIES

(€ thousand)	31.12.11 (15 months)	31.12.11 (12 months)	31.12.10 (12 months)	30.09.10 (12 months)
		<i>restated periods</i>		
<b>V. Recovery of rental charges and taxes normally paid by tenants on let properties</b>	<b>32 619</b>	<b>26 110</b>	<b>26 972</b>	<b>26 936</b>
Rebiling of rental charges invoiced to the landlord	13 898	10 912	11 458	11 391
Rebiling of withholding taxes and other taxes on let properties	18 721	15 198	15 514	15 545
<b>VII. Rental charges and taxes normally paid by tenants on let properties</b>	<b>-32 208</b>	<b>-25 995</b>	<b>-26 164</b>	<b>-26 109</b>
Rental charges invoiced to the landlord	-12 345	-9 821	-9 935	-9 893
Withholding taxes and other taxes on let properties	-19 864	-16 173	-16 230	-16 216
<b>Total</b>	<b>411</b>	<b>115</b>	<b>808</b>	<b>827</b>

Most lease agreements provide for rental charges and taxes to be borne by the tenant. Under some leases, however, the terms provide for flat-rate billing of charges, which the owner pays at its own risk, or make the owner liable for certain taxes.

## 9. CORPORATE OVERHEADS

XIV. Corporate overheads (€ thousand)	31.12.11 (15 months)	31.12.11 (12 months)	31.12.10 (12 months)	30.09.10 (12 months)
		<i>restated periods</i>		
Staff costs	-7 348	-5 806	-5 192	-4 906
Operating costs	-2 474	-2 052	-1 798	-1 839
Fees	-2 131	-1 908	-1 650	-1 799
Costs linked to SICAFI status	-2 184	-1 636	-1 649	-1 630
Amounts paid to the Managing Agent Befimmo SA	-3 558	-2 816	-2 410	-2 338
- Refund of costs directly linked to its mission (including remuneration of Directors)	-1 521	-1 254	-1 004	- 982
- Remuneration directly proportional to Befimmo SCA's result	-2 038	-1 563	-1 406	-1 356
<b>Corporate overheads</b>	<b>-17 695</b>	<b>-14 218</b>	<b>-12 700</b>	<b>-12 512</b>

The corporate overheads comprise all costs not directly chargeable to the management, upkeep and maintenance of the properties. They include the costs of all Company staff (salaries, social contributions, etc.), operating costs (office rents, office supplies, etc.), and fees paid to various external consultants (legal, technical, financial, fiscal, etc.), notably in the context of specific projects.

Costs related to the status of Befimmo cover all charges inherent in its listing on a public market (Euronext Brussels, plus costs of the Financial Services and Markets Authority (FSMA), etc.) and its Sicafi status (quarterly assessment of the portfolio, depositary bank charges, etc.).

Amounts paid to the Managing Agent, Befimmo SA, comprise the costs directly linked to its duties, including the remuneration of the Directors, and the remuneration of Befimmo SA, the Managing Agent, as defined in the articles of association of Befimmo SCA.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Company staff <sup>(1)</sup>	31.12.11	30.09.10
Number of persons under a contract of employment	39	39
Full-time equivalent	37.39	38.90

## 10. OTHER OPERATING INCOME AND CHARGES

XV. Other operating income and charges (€ thousand)	31.12.11 (15 months)	31.12.11 (12 months)	31.12.10 (12 months)	30.09.10 (12 months)
		<i>restated periods</i>		
Spread of rent free periods	- 902	- 996	791	945
Others	830	806	671	809
Non recurrent result as a result of the termination of the leasehold granted on Block 2 of WTC	-	-	7 216	7 216
<b>Other operating income and charges</b>	<b>- 72</b>	<b>- 191</b>	<b>8 678</b>	<b>8 970</b>

This heading includes recurring compensation for the effect of spreading of rental gratuities granted. Spreading of rental gratuities, recorded in accordance with IFRS standards under rental income, is neutralised here, so that the effect is zero on the Company's net result.

Other items under this heading are non-recurring and, for this fiscal period, consisting mainly of fees received for the coordination of certain work on behalf of the Government.

## 11. GAINS OR LOSSES ON DISPOSALS OF INVESTMENT PROPERTIES

XVI. Gains and losses on disposals of investment properties (€ thousand)	31.12.11	30.09.10
Net sale of properties (selling price - transaction costs)	59 620	735
Book value of properties sold	-44 850	- 520
<b>Gains and losses on disposals of investment properties</b>	<b>14 769</b>	<b>215</b>

The result on the disposal of investment properties consists mainly of the sale of the Empress Court building in Brussels and the Kattendijkdok building in Antwerp.

The Company also sold two floors of offices in a jointly owned building at Chaussée de la Hulpe, 177 in Brussels.

(1) Company staff excluding the CEO.

## 12. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

XVIII. Changes in fair value of investment properties (€ thousand)	31.12.11 (15 months)	31.12.11 (12 months)	31.12.10 (12 months)	30.09.10 (12 months)
		<i>restated periods</i>		
Positive changes in fair value of investment properties	34 522	31 038	15 063	17 824
Negative changes in fair value of investment properties	-60 925	-50 022	-46 690	-52 381
<b>Changes in fair value of investment properties</b>	<b>-26 403</b>	<b>-18 984</b>	<b>-31 628</b>	<b>-34 557</b>

The changes in fair value of investment properties do not include investments. The "Portfolio" chapter of the management report contains more information on changes in value.

## 13. FINANCIAL RESULT

(€ thousand)	31.12.11 (15 months)	31.12.11 (12 months)	31.12.10 (12 months)	30.09.10 (12 months)
		<i>restated periods</i>		
<b>(+) XX. Financial income</b>	<b>333</b>	<b>284</b>	<b>335</b>	<b>369</b>
(+) Interests and dividends received	108	71	207	172
(+) Fees for finance leases and similar	78	65	128	197
(+) Net gains realised on sale of financial assets	148	148	-	-
<b>(+/-) XXI. Net interest charges</b>	<b>-30 948</b>	<b>-25 802</b>	<b>-20 428</b>	<b>-20 704</b>
(-) Nominal interest on loans	-20 945	-18 220	-9 650	-9 253
(-) Reconstitution of the face value of financial debts	- 672	- 519	- 608	- 608
(-) Other interest charges	- 71	- 58	- 725	-1 245
(+) Proceeds of authorised hedging instruments	2 123	2 123	-	-
Authorised hedging instruments not qualifying for hedge accounting under IFRS	2 123	2 123	-	-
(-) Charges of authorised hedging instruments	-11 383	-9 128	-9 445	-9 597
Authorised hedging instruments not qualifying for hedge accounting under IFRS	-11 383	-9 128	-9 445	-9 597
<b>(-) XXII. Other financial charges</b>	<b>-3 881</b>	<b>-3 306</b>	<b>-2 415</b>	<b>-2 457</b>
(-) Bank charges and other commissions	-3 275	-2 700	-2 415	-2 457
(-) Net losses realised on sale of financial assets	- 606	- 606	-	-
<b>(+/-) XXIII. Changes in fair value of financial assets and liabilities</b>	<b>5 038</b>	<b>-2 523</b>	<b>1 350</b>	<b>-3 774</b>
(+/-) Authorised hedging instruments	5 035	-2 525	1 336	-3 789
Authorised hedging instruments not qualifying for hedge accounting under IFRS	5 035	-2 525	1 336	-3 789
(+/-) Others	3	2	14	15
<b>(+/-) Financial result</b>	<b>-29 458</b>	<b>-31 347</b>	<b>-21 158</b>	<b>-26 566</b>

The financial result (excluding changes in the fair value of financial instruments) was -€34.5 million for the 15 months to 31 December 2011, compared with -€22.8 million for the 12 months to 30 September 2010. Based on the restated periods (12 months), the financial result was down 28.1% from -€22.5 million at 31 December 2010 to -€28.8 million at 31 December 2011. This change is explained mainly by:

- the rise in short-term rates (the average of the Euribor 1-month and 3-month rates rose from 0.69% to 1.29%);

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- higher margins on new financing arranged during 2011, and
- the increase in average borrowings (some €37 million over the last 12 months).

The average cost of financing (including hedging margin and costs) was 3.55% over the last 12 months of the fiscal period, compared with 2.97% for the 2009/2010 fiscal year.

As required by IFRS 7 – *Financial Instruments: Disclosures*, the following tables allow a distinction to be made between the types of financial assets and liabilities behind the financial charge or revenue reflected in the financial result of the fiscal period just closed:

(€ thousand)			Financial assets or liabilities at fair value through profit or loss		Loans and receivables		Financial liabilities valued at amortised cost	
TOTAL								
	31.12.11 (15 months)	30.09.10 (12 months)	31.12.11 (15 months)	30.09.10 (12 months)	31.12.11 (15 months)	30.09.10 (12 months)	31.12.11 (15 months)	30.09.10 (12 months)
Financial income	333	369	156	162	178	207	-	-
Net interest charges	-30 948	-20 704	-9 260	-9 597	389	390	-22 078	-11 497
Other financial charges	-3 881	-2 457	- 606	-	-	-	-3 275	-2 457
Changes in fair value of financial assets and liabilities	5 038	-3 774	5 038	-3 785	-	-	-	11
<b>Total result on financial assets / liabilities</b>	<b>-29 458</b>	<b>-26 566</b>	<b>-4 672</b>	<b>-13 221</b>	<b>567</b>	<b>597</b>	<b>-25 352</b>	<b>-13 942</b>

(€ thousand)			Financial assets or liabilities at fair value through profit or loss		Loans and receivables		Financial liabilities valued at amortised cost	
TOTAL								
	31.12.11 (12 months)	31.12.10 (12 months)	31.12.11 (12 months)	31.12.10 (12 months)	31.12.11 (12 months)	31.12.10 (12 months)	31.12.11 (12 months)	31.12.10 (12 months)
	<i>restated periods</i>		<i>restated periods</i>		<i>restated periods</i>		<i>restated periods</i>	
Financial income	284	335	148	170	136	165	-	-
Net interest charges	-25 802	-20 428	-7 005	-9 445	227	557	-19 024	-11 540
Other financial charges	-3 306	-2 415	- 606	-	-	-	-2 700	-2 415
Changes in fair value of financial assets and liabilities	-2 523	1 350	-2 523	1 339	-	-	-	11
<b>Total result on financial assets / liabilities</b>	<b>-31 347</b>	<b>-21 158</b>	<b>-9 987</b>	<b>-7 936</b>	<b>364</b>	<b>722</b>	<b>-21 724</b>	<b>-13 944</b>

## 14. INCOME TAXES

The income tax burden is broken down as follows:

XXV. Corporation tax (€ thousand)	31.12.11 (15 months)	31.12.11 (12 months)	31.12.10 (12 months)	30.09.10 (12 months)
		<i>restated periods</i>		
Current taxes for fiscal year	- 823	- 673	- 652	- 652
Adjustment of current taxes from previous periods	5	5	1	1
<b>Corporation tax</b>	<b>- 818</b>	<b>- 668</b>	<b>- 651</b>	<b>- 651</b>

Befimmo is a partnership limited by shares ("*Société en Commandite par Actions*") with the status of Sicafi. This status exempts the Company from corporation tax on its earnings.

The Company is nevertheless liable for corporation tax at the rate of 33.99% on its non-deductible expenses. The estimated amount of tax payable on such expenses at 31 December 2011, of €0.82 million, was fully provided for at that date.

Fedimmo is a public company ("*Société Anonyme*") and as such is liable to corporation tax. Yet, after deducting cumulative notional interest on Fedimmo's shareholders' equity, its tax base for the 2010/2011 fiscal period is zero. Taking account of the reserves of notional interest constituted previously, the total reserve to be carried forward to future years at 31 December 2011 amounts to €2.1 million. Fiscal measures have been announced that might limit how much notional interest is deductible in future. No texts have been published to date.

Even though no income tax is recorded for Fedimmo, it will therefore be necessary to book a deferred tax asset, equivalent to 33.99% of the notional interest carried forward, 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 fiscal value of the properties (established according to Belgian standards) and their investment value determined by the experts. Since the realisation value of the assets (investment value minus the applicable registration fees) is less than their fiscal value, no fiscal latency need be recorded.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15. RESULT PER SHARE

Result for the fiscal period (€ thousand)	31.12.11 (15 months)	30.09.10 (12 months)
<b>NUMERATOR</b>		
Net result for the fiscal period	87 088	50 598
Non-controlling interests	5 232	3 938
Group share	81 856	46 659
<b>DENOMINATOR</b>		
Shares in circulation at the end of the period (in units)	17 538 069	16 790 103
Weighted average of shares in circulation during the period (in units)	16 815 751	16 790 103
<b>Net result per share (basic and diluted) (in €)</b>	<b>4.87</b>	<b>2.78</b>
<b>Dividend for the fiscal year</b>		
Interim dividend (gross)	68 685	-
Final dividend (gross)	17 945	-
Gross dividend	-	65 580
<b>Total gross dividend for the fiscal year</b>	<b>86 630</b>	<b>65 580</b>
Gross dividend per share (in €)	4,9285	3,9059

The result per share is calculated by dividing the net result by the weighted average of the number of shares outstanding (excluding own shares held by Meirfree SA and Vitalfree SA, 100% subsidiaries of Befimmo) during the relevant fiscal period.

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

## 16. 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 asset 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 diversified portfolio.

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

(€ thousand)	31.12.11	30.09.10
<b>COST</b>		
<b>Opening balance</b>	<b>15 890</b>	<b>15 890</b>
Additional amounts linked to business combinations carried out during the period	-	-
Reductions linked to assets sold during the period	- 116	-
<b>Closing balance</b>	<b>15 774</b>	<b>15 890</b>
<b>DECREASE IN VALUE</b>		
<b>Opening balance</b>	-	-
Decreases in value posted during the period	-	-
<b>Closing balance</b>	-	-
<b>CARRYING AMOUNT</b>		
<b>Opening balance</b>	<b>15 890</b>	<b>15 890</b>
<b>Closing balance</b>	<b>15 774</b>	<b>15 890</b>

The goodwill has been allocated to the groups of cash-flow generating units (CGUs) that will benefit from the synergies of the acquisition. In the case of the Fedimmo portfolio, this corresponds to the groups of properties broken down according to their geographical location. This breakdown of goodwill by geographical segment is illustrated in the table below.

Regarding movements in the year, a reduction in goodwill was recorded on the disposal of the building in Kattendijkdok in Antwerp in January 2011. As this building left the Company's portfolio, the goodwill associated with it was reversed and incorporated into the calculation of the result of the sale.

Segment (€ thousand)	Goodwill	Carrying amount (including 100% goodwill)	Value in use	Depreciation
Brussels centre	597	30 293	30 375	-
Brussels Leopold district	2 108	119 034	119 624	-
Brussels North area	4 685	228 137	228 541	-
Wallonia	2 673	81 516	81 559	-
Flanders	5 710	278 615	279 253	-
<b>Total portfolio</b>	<b>15 774</b>	<b>737 595</b>	<b>739 351</b>	-

## Impairment test

Each time the accounts are closed, 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 expert on the basis of a calculation for updating the cash flows generated by these buildings, based on assumptions in accordance with standard IAS 36 – *Impairment of Assets*. This value in use is equivalent to the investment value of the properties.

The result of this test carried out at 31 December 2011 (illustrated in the table above) shows that no impairment need be recorded as the value in use by segment is higher than the carrying amount.

## Sensitivity test

The method for calculating the fair value of investment properties by independent experts relies on making several specific assumptions, mainly the rate of updating 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 changes in the rate of updating 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 3.59% before the value of the goodwill recorded begins to be impaired. A further 1% increase in the rate above that level would lead to an impairment of the value of the goodwill of €2,587.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17. INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE

As required by standard IAS 40, properties that are being constructed or developed for own account in order to be leased are included under investment properties. This category covers properties undergoing a major renovation and earning no income over that period, or those which by their nature do not generate income (land).

C. Investment properties (€ thousand)	31.12.11	30.09.10
Properties available for lease	1 939 732	1 835 334
Properties that are being constructed or developed for own account in order to be leased	31 550	49 631
<b>Investment properties</b>	<b>1 971 282</b>	<b>1 884 964</b>

A. Assets held for sale (€ thousand)	31.12.11	30.09.10
Investment properties	-	37 647
<b>Assets held for sale</b>	<b>-</b>	<b>37 647</b>

This heading covers properties held for sale. No property was classed under this heading at the close. The properties that were under the heading last year have since left the portfolio, namely the Empress Court and Kattendijkdok buildings and a floor of offices in a jointly owned building at Chaussée de la Hulpe, 177 in Brussels.

(€ thousand)	
<b>Carrying value as at 30.09.2009</b>	<b>1 922 893</b>
of which: - Investment properties	1 918 317
- Assets held for sale	4 576
Acquisitions	-
Other investments	34 795
Disposals	- 520
Changes in fair value	- 34 557
<b>Carrying value as at 30.09.2010</b>	<b>1 922 611</b>
of which: - Investment properties	1 884 964
- Assets held for sale	37 647
Acquisitions	77 951
Other investments	40 063
Disposals	- 42 940
Changes in fair value	- 26 403
<b>Carrying value as at 31.12.2011</b>	<b>1 971 282</b>
of which: - Investment properties	1 971 282
- Assets held for sale	-

In the 2010/2011 fiscal period, Befimmo acquired the shares of Ringcenter SA, owner of the Pavilion complex, for €55.3 million. The Pavilion complex has an investment value of €78 million. At 31 December 2011, the impact of this acquisition was an increase under investment property of €76 million (valued at fair value). Since it was acquired, the property generated an increase of €3.5 million in property operating income over the fiscal period.

Over the fiscal period, Befimmo also sold the Empress Court and Kattendijkdok buildings and two floors of offices in a jointly owned building at Chaussée de la Hulpe, 177 in Brussels.



## 18. OTHER PROPERTY, PLANT AND EQUIPMENT

D. Other property, plant and equipment (€ thousand)	31.12.11	30.09.10
Property, plant and equipment for own use	978	658
<b>Other property, plant and equipment</b>	<b>978</b>	<b>658</b>

## 19. NON-CURRENT AND CURRENT FINANCIAL ASSETS

E. Non-current financial assets (€ thousand)	31.12.11	30.09.10
Assets at fair value through profit and loss	8 043	1 854
Authorised hedging instruments - level 2	8 043	1 854
Option - CAP et Twin CAP	413	1 854
Forward - IRS	7 631	-
Others	37	34
<b>Non-current financial assets</b>	<b>8 080</b>	<b>1 888</b>
B. Current financial assets (€ thousand)	31.12.11	30.09.10
Loans and receivables	221	402
Others	-	9
<b>Current financial assets</b>	<b>221</b>	<b>411</b>

The heading "Assets at fair value through profit or loss" mainly covers derivatives that are not recognised as hedging instruments, as defined in standard IAS 39, i.e. the IRS and CAP options held by the Company, as long as the market value is positive. Otherwise, their value is entered in the equivalent heading under liabilities.

The heading "Loans and receivables" includes various amounts to be recovered from counterparties of the Company.

## 20. FINANCE LEASE RECEIVABLES

This heading relates to finance lease agreements (as per standard IAS 17) and at 31 December 2011 includes only the asset embodied in the building in Wandre.

## 21. TRADE RECEIVABLES

Trade receivables arise through rent or billing of taxes or rental charges. The quantitative description of the principal risks (below) includes a section on the credit risk, which analyses the Company's exposure to such debts on account of the counterparty or of the maturity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22. TAX RECEIVABLES AND OTHER CURRENT ASSETS

<b>E. Tax receivables and other current assets</b> (€ thousand)	<b>31.12.11</b>	<b>30.09.10</b>
Taxes	3 037	451
Others	3 763	3 523
<b>Tax receivables and other current assets</b>	<b>6 800</b>	<b>3 973</b>

## 23. CASH AND CASH EQUIVALENTS

<b>F. Cash and cash equivalents</b> (€ thousand)	<b>31.12.11</b>	<b>30.09.10</b>
Available values	4 179	3 492

As the Company is structurally indebted, available funds are limited, consisting almost entirely of positive balances in the Company's various bank accounts.

## 24. DEFERRED CHARGES AND ACCRUED INCOME

<b>G. Deferred charges and accrued income</b> (€ thousand)	<b>31.12.11</b>	<b>30.09.10</b>
Accrued rental income	-	10 311
Prepaid property charges	40	3 258
Prepaid interest and other financial charges	393	184
Others	2 168	544
<b>Deferred charges and accrued income</b>	<b>2 601</b>	<b>14 296</b>

This heading principally includes income from properties accrued but not yet due, in accordance with the terms of the leases, and real-estate charges paid in advance.

## 25. CAPITAL AND RESERVES

(€ thousand)	31.12.11	30.09.10
<b>A. Capital</b>	<b>254 111</b>	<b>233 985</b>
(+) Subscribed capital	264 062	243 935
(-) Costs of capital increase	-9 950	-9 950
<b>B. Share premium account</b>	<b>516 194</b>	<b>485 340</b>
<b>C. Reserves</b>	<b>216 639</b>	<b>251 462</b>
(+) (a) Legal reserve	1 295	1 295
(+/-) (b) Reserve for the balance of changes in fair value of investment properties	140 593	174 780
(-) (c) Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-30 198	-30 766
(+/-) (d) Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS	-26 722	-22 933
(-) (h) Reserve for own shares	-36 888	-
(+/-) (m) Other reserves	19 818	19 818
(+/-) (n) Result brought forward from previous years	148 741	109 268

The capital and share premiums have been increased twice this year; on 22 June 2011 through the merger by absorption with Ringcenter (€15.90 million) and on 15 December 2011 through the optional interim dividend in share declared by the Managing Agent of Befimmo on 24 November 2011 (€35.08 million).

Reserves are presented before the appropriation of the result for the fiscal period. In addition to the appropriation of the previous fiscal year's result, reserves were also impacted for the 2010/2011 fiscal period by the incorporation of the result brought forward of Ringcenter, following the merger by absorption, totalling €20.99 million.

Befimmo owns 637,371 own shares through subsidiaries, represented by an amount of -€36.89 million in the reserves.

## 26. CURRENT AND NON-CURRENT FINANCIAL DEBTS

<b>B. Non-current financial debts</b> (€ thousand)	<b>31.12.11</b>	<b>30.09.10</b>
Credit institutions	319 746	425 552
Other	536 085	159 245
Bond issues	271 791	-
Commercial papers	262 280	157 420
Guarantees received	2 014	1 825
<b>Non-current financial debts</b>	<b>855 831</b>	<b>584 796</b>
<b>B. Current financial debts</b> (€ thousand)	<b>31.12.11</b>	<b>30.09.10</b>
Credit institutions	21 317	205 967
Other	88	-
Other	88	-
<b>Current financial debts</b>	<b>21 405</b>	<b>205 967</b>

The headings "Credit institutions" (non-current and current) cover all the bank financing held by the Company. These headings also include the three financing deals involving the assignment of future rents or usufruct fees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The heading “Other – bond issues” includes the notional amount of the two bond issues in April and December 2011 for €162 million and €110 million respectively. In accordance with IFRS, the costs of issuing these bonds are spread over the financing term. Similarly, the differences between the issue price and accountable par are spread over the life of the loan and booked to the financial result.

The heading “Other – commercial paper” covers the outstanding commercial paper issued by the Company at the balance sheet date. Although these were short-term issues, the whole programme has a back-up facility for a residual term of more than 12 months (via the unused portion of the bilateral lines and syndicated loans arranged), which gives the Company the capacity to refinance the issues for the medium and long term. Accordingly, the Company has opted to record these debts under non-current financial debts.

The heading “Other – rental guarantees received” 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.

As mentioned under Significant Accounting Policies, the value of assets and liabilities approximates to their fair value, except for:

- the financing relating to the assignments of receivables from future rents/future usufruct fees, structured at fixed rates, of a residual total at 31 December 2011 of €115 million;
- the two bond issues.

The fixed rates and margins set for these long-term borrowings may no longer correspond to the current market rates and margins, giving rise to a difference between the carrying amount of the liabilities on the face of the balance sheet and their fair values. The table below compares the carrying amount of the fixed-rate borrowings with their fair value at the end of the 2010/2011 and 2009/2010 fiscal periods. The fair value of fixed-rate borrowings is estimated by updating their future cash flows using a rate that takes account of the Company's borrowing risk. This fair value is given in the table below as an indication.

(€ thousand)	31.12.11		30.09.10	
	Book value	Fair value	Book value	Fair value
<b>Fixed rate financial debts</b>	<b>386 783</b>	<b>389 537</b>	<b>78 815</b>	<b>84 771</b>

## 27. OTHER NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

<b>C. Other non-current financial liabilities</b> (€ thousand)	<b>31.12.11</b>	<b>30.09.10</b>
Authorised hedging instruments	10 411	20 122
Financial hedging instruments at fair value through profit and loss - level 2	10 411	20 122
Forward - IRS	10 411	20 122
<b>Other non-current financial liabilities</b>	<b>10 411</b>	<b>20 122</b>
<b>C. Other current financial liabilities</b> (€ thousand)	<b>31.12.11</b>	<b>30.09.10</b>
Authorised hedging instruments	1 239	-
Financial hedging instruments at fair value through profit and loss - level 2	1 239	-
Forward - IRS	1 239	-
<b>Other current financial liabilities</b>	<b>1 239</b>	<b>-</b>

The heading “Other non-current financial liabilities” reflects the fair value of the financial instruments, as per IAS 39 – *Financial Instruments: Recognition and Measurement*, which have a negative value. The difference in value recorded over the fiscal period is recognised in the income statement under section XXIII of the financial result – “Changes in fair value of financial assets and liabilities”.

The fair value of the financial instruments is determined purely using (directly or indirectly) observable data, but which are not prices noted on an active market. The IRS contracts therefore belong to level 2 of the fair-value hierarchy, as defined in standard IFRS 7 – *Financial Instruments: Disclosures*.

The fair value of these contracts is determined at the balance sheet date. We obtain this information from various financial institutions and we check and validate it.

## 28. PROVISIONS

A. Current provisions (€ thousand)	31.12.11	30.09.10
Others	2 383	1 383
<b>Current provisions</b>	<b>2 383</b>	<b>1 383</b>

The amounts of provisions mainly cover the undertakings the Company gave when selling certain properties (rental guarantees, undertakings to carry out works, etc.).

## 29. TRADE DEBTS AND OTHER CURRENT DEBTS

D. Trade debts and other current debts (€ thousand)	31.12.11	30.09.10
Exit tax	4 491	-
Other	42 827	81 661
Suppliers	15 917	20 893
Tenants	20 058	47 209
Tax, salaries and social charges	6 852	13 559
<b>Trade debts and other current debts</b>	<b>47 318</b>	<b>81 661</b>

The heading “Exit tax” covers the amount of tax payable as a result of the merger of Ringcenter SA with Befimmo SCA.

The heading “Other” consists of three sub-headings:

- Suppliers: this covers the amounts owed to various suppliers of goods and service providers;
- Tenants: relates to amounts received as deposits for provisions for common charges prepaid by tenants, and rent prepaid for later periods;
- Taxes, remuneration and social charges: mainly includes the amounts of debts related to taxes and withholding charges owed by the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30. OTHER CURRENT LIABILITIES

This item consists mainly of residual debts of coupons to be paid, and the provision for the remuneration of the Managing Agent after the close of the fiscal year.

## 31. ACCRUED CHARGES AND DEFERRED INCOME

F. Accrued charges and deferred income (€ thousand)	31.12.11	30.09.10
Property income received in advance	7 811	5 378
Interest and other financial charges accrued and not yet due	6 670	1 367
Others	51	8
<b>Accrued charges and deferred income</b>	<b>14 532</b>	<b>6 752</b>

This heading principally includes income from properties collected in advance, in accordance with the terms of the leases, and financial interest and charges accrued but not yet due.

## 32. QUANTITATIVE DESCRIPTION OF MAIN RISKS

The quantitative description of the main risks below complements the section on “Main financial risks” on page 40 of the management report.

### A. Credit risk

Please see page 23 of the management report for a breakdown of Befimmo’s portfolio of tenants.

The following tables show the maximum amounts of the Company’s exposure to credit risk, at the balance sheet date, by category of counterparty.

31.12.11 (€ thousand)	TOTAL	Bank	Corporate	State	Other
<b>Non-current financial assets</b>					
F. Non-current financial assets	8 080	8 043	3	-	33
G. Finance lease receivables	2 144	-	-	2 144	-
<b>Current financial assets</b>					
B. Current financial assets	221	109	113	-	-
C. Finance lease receivables	120	-	-	120	-
D. Trade receivables	15 670	1 969	7 744	5 957	-
E. Other current assets	3 763	1	2 321	1 441	-
F. Cash and cash equivalents	4 179	4 240	-	-	- 61
<b>Total financial assets</b>	<b>34 178</b>	<b>14 362</b>	<b>10 181</b>	<b>9 662</b>	<b>- 28</b>
<b>30.09.10 (€ thousand)</b>	<b>TOTAL</b>	<b>Bank</b>	<b>Corporate</b>	<b>State</b>	<b>Other</b>
<b>Non-current financial assets</b>					
F. Non-current financial assets	1 888	1 854	4	-	30
G. Finance lease receivables	2 323	-	-	2 323	-
<b>Current financial assets</b>					
B. Current financial assets	411	362	40	-	9
C. Finance lease receivables	58	-	-	58	-
D. Trade receivables	19 475	1 032	9 966	8 476	-
E. Other current assets	3 523	-	2 083	1 440	-
F. Cash and cash equivalents	3 492	3 415	-	-	77
<b>Total financial assets</b>	<b>31 170</b>	<b>6 663</b>	<b>12 093</b>	<b>12 298</b>	<b>116</b>

All the financial assets in the above table are in the “Loans and receivables” category, as per standard IAS 39, except for the heading regarding the financial hedging instruments which accounts for most of the “Non-current financial assets” and which are recognised at fair value through the income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

To limit the counterparty risk, in the context of its property rental business and also for investment or disinvestment transactions or works, Befimmo has received the following guarantees:

(€ thousand)		31.12.11	30.09.10
Rental guarantees for leases	Blocked accounts	10 932	12 191
Rental guarantees for leases	Guarantees received in cash	2 014	1 825
Guarantees for investment work	Blocked accounts	21 547	17 259
Guarantee on disinvestment	Blocked accounts	-	7 096
Guarantees on acquisition	Bank guarantee	-	2 806
<b>Guarantees received at the close of the fiscal year</b>		<b>34 493</b>	<b>41 176</b>

Befimmo regularly monitors the recovery of its debts. The details of due dates for trade debts at the balance sheet date are as follows:

Aging balance of trade receivables (€ thousand)	> 3 months	1 to 3 months	< 1 month	Unexpired	Total
As at 31.12.11	625 <sup>(1)</sup>	199	2 882	11 964	15 670
As at 30.09.10	909	27	3 772	14 767	19 475

Befimmo bears the final risk of trade debts.

For certain tenants in arrears, a debt repayment plan has been arranged; the amount of debt repayable under such a plan was €102,213 at 31 December 2011 and €328,215 at 30 September 2010.

Furthermore, write-downs of €362,392 were recorded during the 2010/2011 fiscal period (as against €519,504 in 2009/2010); while €426,474 of write-downs were written back in 2010/2011 (as against €220,757 in 2009/2010).

## B. Financing risk

Most of the Company's current borrowings are based on loans at floating rates (based on Euribor rates). However, the interest rate risks of this type of financing are mitigated by implementing a policy of hedging interest rate risks, by buying options type financial hedging instruments such as CAPS, or concluding agreements to swap variable rates for fixed ones (Interest Rate SWAP – IRS). The rates are therefore fixed for a significant part of its borrowings (83.5% as at 31 December 2010).

Borrowings consist principally of the following:

- a syndicated loan arranged in March 2006 totalling €350 million for a term of 6 years (2006-2012), extended for a further year at €220 million;
- a syndicated loan arranged in June 2008 totalling €300 million for a term of 5 years (2008-2013);
- a number of credit lines totalling €250 million reaching maturity in March 2017 (€100 million) and December 2017 (€150 million);
- a bond issue in April 2011 for €162 million and a term of 6 years;
- a bond issue in December 2011 for €110 million and a term of 4 years;
- various fixed-rate loans, with a residual total of some €115 million, corresponding to the assignment of future rents or usufruct fees (unindexed) on 4 buildings in the Fedimmo portfolio and 2 in the Befimmo SCA portfolio.

(1) Most of this amount is owed by Public Institutions.



In order to reduce its financing costs, Befimmo has set up a commercial paper programme for up to €400 million. At 31 December 2011, €262.3 million were in use under this programme. This programme has backup facilities consisting of the various credit lines arranged.

(€ thousand)	31.12.11	30.09.10
Variable-rate borrowings	471 161	506 114
<i>Bilateral credit lines and syndicated loans</i>	208 881	348 694
<i>Commercial papers</i>	262 280	157 420
Fixed-rate borrowings	382 656	76 857
<i>Bond issue</i>	271 791	-
<i>Assignment of future receivables</i>	110 865	76 857
<b>Non-current borrowings</b>	<b>853 817</b>	<b>582 972</b>
Variable-rate borrowings	17 190	204 009
Fixed-rate borrowings	4 127	1 958
<i>Assignment of future receivables</i>	4 127	1 958
<b>Current borrowings</b>	<b>21 317</b>	<b>205 967</b>
<b>Total borrowings</b>	<b>875 134</b>	<b>788 939</b>

The above table highlights the importance of the change in financing structure made during the 2010/2011 fiscal period. Befimmo effectively refinanced itself through instruments at fixed interest rates, namely the two bond issues and the assignment of usufruct fees for a Befimmo building. To limit the impact of this fixed-rate financing in the broader context of hedging policy, thereby maintaining a balance of debts at fixed or fixed/variable rates, the Company has carried out issue SWAP (receiver's IRS) or restructuring of existing IRS.

The financial debt linked to the Company's issue of commercial paper is classified as long term, in order better to reflect the economic reality of this type of finance, while abiding by IFRS presentation rules. These lines are backed up by non-current bilateral or syndicated financing lines.

The average financing cost (including current margin and hedging cost) is 3.45% over the 15 months of the period. The weighted average duration of borrowings as at 31 December 2011 is 4.51 years.

The interest rate hedging policy is designed to hedge a degressive portion of borrowings, over a period of 5 to 10 years. The objectives and implementation of this policy are regularly reviewed. The choice and level of instruments is based on an analysis of rate forecasts by a number of consulted banks, and arbitrage between the cost of the instrument, the level and the type of protection offered. The Company's hedging policy also aims to limit changes in financial charges under existing covenants and to protect EPRA earnings as required to pay the forecast dividend.

Befimmo pursues an interest-rate hedging policy to limit the impact of a major rise in short-term interest rates (Euribor), while allowing the Company to benefit, at least in part, from falling rates. This policy involves a combination of buying options instruments (CAPS) and arranging interest rate swaps (IRS).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In applying this policy, the Company has arranged the following financial instruments with financial institutions:

(€ million)	Level in IFRS	Class in IFRS	Notional amount	Interest rate	Period of hedge		Reference interest rate
CAP	2	Option	100	3.50%	Jan. 2012	[Jan. 2014 / Jan. 2016]	Euribor 1 month
CAP	2	Option	100	4.00%	Jan. 2012	Jan. 2015	Euribor 1 month
CAP	2	Option	100	4.50%	Jan. 2012	Jan. 2015	Euribor 3 month
CAP	2	Option	20	3.50%	Jan. 2012	Jan. 2017	Euribor 3 month
Floor	2	Option	20	1.51%	Jan. 2012	Jan. 2017	Euribor 3 month
Payer's IRS	2	Forward	200	3.73%	March 2007	March 2012	Euribor 1 et 3 month
Payer's IRS	2	Forward	100	3.90%	Jan. 2016	Jan. 2018	Euribor 3 month
Payer's IRS	2	Forward	25	1.02%	Sept. 2011	Dec. 2012	Euribor 1 month
Payer's IRS	2	Forward	25	1.14%	Sept. 2011	Dec. 2013	Euribor 1 month
Payer's IRS	2	Forward	35	2.05%	Oct. 2011	Oct. 2014	Euribor 1 month
Payer's IRS	2	Forward	35	2.04%	Sept. 2011	March 2015	Euribor 1 month
Payer's IRS	2	Forward	35	2.12%	Sept. 2011	Sept. 2016	Euribor 1 month
Payer's IRS	2	Forward	35	2.08%	Sept. 2011	Sept. 2016	Euribor 1 month
Payer's IRS	2	Forward	20	2.24%	Oct. 2011	Dec. 2015	Euribor 1 month
Payer's IRS	2	Forward	30	2.24%	Dec. 2015	Oct. 2016	Euribor 1 month
Payer's IRS	2	Forward	35	2.29%	Oct. 2011	Oct. 2017	Euribor 1 month
Receiver's IRS	2	Forward	100	3.12%	April 2011	April 2017	Euribor 1 month

Befimmo does not practice hedge accounting for the financial hedging instruments it holds. These instruments are therefore regarded as trading instruments under IFRS, and changes in their market value are booked entirely to the income statement. 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.

At 31 December 2011, the hedging ratio was 83.52%.

The market value of the financial hedging instruments in the 'Option' class is €0.08 million, and in the 'Forward' class -€3.68 million.

In accordance with the Significant Accounting Policies, 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:

(€ thousand)	Initial fair value	Acquisitions and disposals during the period	Changes in fair value in profit and loss account	Final fair value
31.12.11 fiscal period (15 months)	-18 269	9 627	5 035	-3 606
30.09.10 fiscal year (12 months)	-16 497	2 016	-3 789	-18 269

### C. Liquidity risk

Please see page 41 of the management report for a description of the liquidity risk.

The residual (weighted) mean duration of Befimmo's financing structure is 4.51 years. The tables below illustrate the maturities of the financial liabilities held by the Company.

LIABILITIES (31.12.11)	Total	< 1 year	1 to 5 years	> 5 years
<b>Non-current financial liabilities</b>				
B. Non-current financial debts	855 831	-	621 827	234 004
D. Trade debts and other non-current debts	-	-	-	-
<b>Current financial liabilities</b>				
B. Current financial debts	21 405	21 405	-	-
D. Trade debts and other current debts	36 409	36 409	-	-
E. Other current liabilities	4 272	4 272	-	-
<b>Total financial liabilities</b>	<b>917 918</b>	<b>62 086</b>	<b>621 827</b>	<b>234 004</b>

LIABILITIES (30.09.10)	Total	< 1 year	1 to 5 years	> 5 years
<b>Non-current financial liabilities</b>				
B. Non-current financial debts	584 796	-	525 273	59 523
D. Trade debts and other non-current debts	-	-	-	-
<b>Current financial liabilities</b>				
B. Current financial debts	205 967	205 967	-	-
D. Trade debts and other current debts	68 546	68 546	-	-
E. Other current liabilities	2 508	2 508	-	-
<b>Total financial liabilities</b>	<b>861 818</b>	<b>277 022</b>	<b>525 273</b>	<b>59 523</b>

## 33. 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 final 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 AG 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.

Interpretation IFRIC 14 – IAS 19, the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, is applied from the 2008/2009 fiscal year onwards. Based on the funding plan adopted by Befimmo, the application of this interpretation has had no impact on the amounts recognised in the balance sheet for pension obligations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The current value of the obligation has evolved as follows:

Reconciliation of current value of the obligations (€ thousand)	31.12.11	30.09.10
<b>Opening balance</b>	<b>3 265.3</b>	<b>2 449.9</b>
Current service cost during the fiscal year	425.3	284.0
Financial cost	211.8	138.9
Plan members' contributions	62.9	44.9
Past service cost	-	-
Business combinations	-	-
Reductions or settlements	- 23.4	-
Actuarial gains or losses	70.9	347.6
Benefits paid	-	-
<b>Closing balance</b>	<b>4 012.8</b>	<b>3 265.3</b>
Current value of obligations – funded plans	4 012.8	3 265.3
Current value of obligations – non-funded plans	-	-

The fair value of the assets has evolved as follows:

Reconciliation of fair value of plan assets (€ thousand)	31.12.11	30.09.10
<b>Opening balance</b>	<b>3 549.4</b>	<b>2 812.4</b>
Expected return	264.9	172.1
Actuarial gains or losses	- 399.9	- 78.6
Employer's contributions	667.8	598.5
Plan members' contributions	62.9	44.9
Business combinations	-	-
Reductions or settlements	- 23.4	-
Benefits paid	-	-
<b>Closing balance</b>	<b>4 121.7</b>	<b>3 549.4</b>

The assets or liabilities are recognised in the balance sheet as follows:

Reconciliation of amounts recognised in the balance sheet (€ thousand)	31.12.11	30.09.10
<b>Current value of the obligation</b>	<b>4 012.8</b>	<b>3 265.3</b>
Fair value of assets	-4 121.7	-3 549.4
(Surplus) / deficit	- 108.9	- 284.1
Actuarial gains or losses not booked to the balance sheet	-	-
Past service costs not yet booked to the balance sheet	-	-
Amount not booked to plan assets owing to limit on plan assets	108.9	284.1
<b>Assets / liabilities recognised in the balance sheet</b>	<b>-</b>	<b>-</b>
<i>Liabilities booked to the balance sheet</i>	<i>-</i>	<i>-</i>
<i>Assets booked to the balance sheet</i>	<i>-</i>	<i>-</i>

The total charge booked to the income statement amounts to:

Total charge booked to the income statement (€ thousand)	31.12.11	30.09.10
<b>Current service cost during the fiscal year</b>	<b>425.3</b>	<b>284.0</b>
Financial cost	211.8	138.9
Expected return	- 264.9	- 172.1
Actuarial gains or losses	470.8	426.2
Effect of the limit on plan assets booked to the balance sheet	- 175.2	- 78.5
Past service cost	-	-
Reductions or settlements	-	-
<b>Total charge</b>	<b>667.8</b>	<b>598.5</b>

The charge is included under the heading regarding the overheads in the Company's IFRS income statement.

The fair value of plan assets breaks down as follows:

Fair value of assets (€ thousand)	31.12.11		30.09.10	
Equity instruments	589.1	21.0%	644.3	26.0%
Borrowing instruments	1 851.6	66.0%	1 685.1	68.0%
Real-estate	-	-	-	-
Others	364.7	13.0%	148.7	6.0%
Subtotal (pension fund)	2 805.5	100.0%	2 478.1	100.0%
Group insurance	1 316.2		1 071.3	
<b>Total</b>	<b>4 121.7</b>		<b>3 549.4</b>	

The expected rate of return is 5.5%, calculated by weighting the expected rates of return on the pension fund and the group insurance.

These expected rates of return are based on a risk premium of 3% on the share part of the pension fund and a yield of 4.5% a year for the group insurance. The actual yield of the assets during the fiscal period was negative at €135 thousand. For the 2009/2010 fiscal period, it was positive at €93.5 thousand.

The main actuarial assumptions are summarised below:

	31.12.11	30.09.10
Discount rate	4.75%	4.50%
Expected rate of salary increase	4.00%	4.00%
Expected yield rate of plan assets	5.50%	5.50%
Expected rate of pension increase	2.00%	2.00%
Mortality table	MR-5/FR-5	MR-5/FR-5

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The history of the scheme'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:

(€ thousand)	31.12.11	30.09.10	30.09.09	30.09.08	30.09.07
Current value of the obligation	4 012.8	3 265.3	2 449.9	1 471.5	1 224.3
Fair value of assets	-4 121.7	-3 549.4	-2 812.4	-2 093.2	-1 946.7
(Surplus) / deficit	- 108.9	- 284.1	- 362.5	- 621.7	- 722.4
Adjustments based on experience					
a) current value of the obligation	178.7	- 36.0	78.6	113.9	78.4
b) fair value of assets	- 399.9	- 78.6	116.4	- 350.9	54.1

Befimmo expects to contribute an estimated €662.4 thousand for the 2012 fiscal period.

## 34. COMMITMENTS

### 34.1. Commitments to third parties

#### 34.1.1. Commitments to tenants

Fedimmo has a commitment to the Belgian Government to carry out renovation work in Tower 3 of the World Trade Center. The first two phases of work have already been completed, while the final phase should be completed in late 2012. The total budget for the work is €22.2 million.

As part of a public promotion contract, Fedimmo also has a commitment to the Buildings Agency to build the and provide a new Finance centre for the Federal Finance Service in Liège, Tower Paradis.

Under that contract, Fedimmo applied for a "single permit" based on the building permit it obtained mid-2008. The permit was issued by the technical official and the delegate for the Walloon Region on 30 September 2011. An appeal lodged against a decision of the Walloon Ministry of Public Works on the opening and modification of roads as set out in the amended plans of the single permit application, is under investigation by the Council of State. In early November 2011, appeals against the single permit were lodged with the Walloon Minister for Town and Country Planning. The Minister ruled against these appeals and, by the Ministerial Order of 10 February 2012, issued the requested permit.

Fedimmo has begun erecting the building in early March 2012, with handover expected in June 2014. The total cost for the project is around €95 million. The building is leased for a fixed term of 25 years, expiring in June 2038.

Befimmo has a commitment under the long-term lease it entered into with the law firm Linklaters, subject to a suspensory condition, to carry out renovation work on the Brederode 1 building. The new 15-year lease will commence as soon as the work is completed, expected around mid-2014. The total budget for the works is around €25.2 million.

Befimmo also has a commitment to Federal Express, under the long-term lease it has agreed with the company for nearly 4,000 m<sup>2</sup> of space in the Central Gate building, to carry out installation and renovation work by mid 2012 at a total cost of some €3.8 million.

#### 34.1.2. Commitments to purchasers of properties to be sold

None.

### 34.1.3. Commitments to approved building contractors

#### Commitments contracted by Befimmo with approved building contractors:

Befimmo's main contractual commitments with approved building contractors are worth some €18.1 million including VAT. These commitments relate mainly to the Central Gate, Fountain Plaza and Triomphe I & II buildings, phase 2 of Ikaros Business Park and the Ocean House building.

#### Commitments contracted by Fedimmo with approved building contractors:

Fedimmo's main contractual commitments with approved building contractors are worth some €74.9 million including VAT. These commitments relate mainly to Tower 3 of the WTC building and Liège Paradis (the new Finance centre).

### 34.1.4. Other commitments

Befimmo is also committed for periods of one to three years under specific contracts with real-estate experts (for the quarterly valuation of the property portfolio), property management services for its buildings, and insurance policies. The amounts of these commitments are nevertheless very limited.

## 34.2. Restrictions on assignment

None of the buildings in Befimmo's portfolio is mortgaged or subject to any other restriction on realisation or assignment, save only the standard provisions contained in several loan agreements (property intended for letting may not be sold to or bought by a company in the group). These restrictions have no impact on the value of the properties concerned.

Similarly, none of Befimmo's property assets is subject to any restriction on the recovery of revenue. However, in the context of two financial operations that were arranged on favourable terms, five buildings were financed by the assignment of future rents to a financial institution, and one building was financed by the assignment of future usufruct fees to a financial institution. Ownership may not therefore be transferred without the prior agreement of the assignee of the rent or early repayment of the financial liability. These arrangements concern the Poelaert building and Pavilion complex in the Befimmo portfolio and four buildings in the Fedimmo portfolio: Avenue des Arts, Rue du Gouvernement Provisoire and Rue Lambermont in Brussels and Majoor Vandammestraat in Knokke.

## 34.3. Guarantees given

(€ thousand)		31.12.11	30.09.10
Guarantees for investment work	Bank guarantee	11 986	6 853
<b>Guarantees issued at the close of the fiscal year</b>		<b>11 986</b>	<b>6 853</b>

Fedimmo issued two important guarantees in the context of the project to build the new Finance centre, Rue Paradis, Liège. The first, amounting to €5.4 million in favour of the Buildings Agency, to guarantee the performance of the promotion contract concluded on 31 March 2009 for the provision of a building to house the Federal Public Finance Service in Liège. The second, amounting to €5.1 million in favour of the city of Liège, to guarantee the performance of all the work and planning charges imposed for the single permit issued to construct the new building for the Federal Public Finance Service in Liège.

In the context of the sale of the semi-industrial portfolio of to the Julie LH company, Befimmo issued a guarantee in favour of the IBGE, for €1.4 million to guarantee the proper performance of the soil remediation on the Anderlecht site.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. RELATED-PARTY TRANSACTIONS

Remuneration of the Directors of Befimmo SA and the Executive Officers of Befimmo SCA, borne by Befimmo SCA.

FISCAL PERIOD 31.12.11 (15 months)		
Name	Short-term benefits (salaries, bonuses) <sup>(1)</sup>	Post-employment benefits (pension, ...)
Arcade Consult BVBA - André Sougné	64 750	
Marc Blanpain ( <i>directorship expired on 16 March 2011</i> )	26 000	
Gustaaf Buelens ( <i>directorship expired on 16 March 2011</i> )	21 250	
Hugues Delpire ( <i>nominated on 16 March 2011</i> )	59 000	
Alain Devos	67 000	
Benoît Godts	97 250	
Roude BVBA - Jacques Rousseaux	95 000	
Marcus Van Heddeghem	57 000	
Luc Vandewalle ( <i>directorship expired on 16 March 2011</i> )	18 000	
SPRL Etienne Dewulf - Etienne Dewulf ( <i>nominated on 16 March 2011</i> )	43 250	
CEO	619 242	107 383
<i>variable portion</i>	150 000	
Other Executive Officers <sup>(2)</sup>	1 022 540	185 781
<i>variable portion</i>	156 210	
<b>Total</b>	<b>2 190 282</b>	<b>293 163</b>

FISCAL YEAR 30.09.10 (12 months)		
Name	Short-term benefits (salaries, bonuses) <sup>(1)</sup>	Post-employment benefits (pension, ...)
Benoît Godts	71 750	
Alain Devos	48 000	
Gustaaf Buelens	43 000	
Luc Vandewalle	38 000	
Marc Blanpain	57 250	
Marcus Van Heddeghem	34 750	
Roude BVBA - Jacques Rousseaux	68 750	
Arcade Consult BVBA - André Sougné	45 000	
CEO	477 884	90 473
<i>variable portion</i>	150 000	
Other Executive Officers <sup>(2)</sup>	687 556	139 537
<i>variable portion</i>	91 100	
<b>Total</b>	<b>1 571 940</b>	<b>230 010</b>

Post-employment benefits are described in the note on employee benefits.

Relationships with entities of AG Insurance are described in the chapter on corporate governance.

The Company did not grant any other long-term benefits during the 2009/2010 or 2010/2011 fiscal periods.

(1) Short-term benefits are fixed and variable remuneration, and any other miscellaneous components and benefits (including social charges).

(2) This amount may be influenced by fluctuations in staff numbers.



# STATUTORY AUDITOR'S REPORT

Statutory auditor's report  
on the consolidated financial statements for the year ended 31 December 2011  
to the shareholders' meeting

Deloitte  
Bedrijfsrevisoren / Réviseurs d'Entreprises  
Berkenlaan 8b  
1831 Diegem  
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") for the accounting period of fifteen months ended 31 December 2011, 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 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the accounting period of fifteen months then ended, the summary of significant accounting policies and other explanatory notes, as well as the consolidated income statement for the restated periods from 1 January 2010 to 31 December 2010 and from 1 January 2011 to 31 December 2011. The consolidated balance sheet as of 31 December 2011 shows total assets of 2.027.849 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the accounting period of fifteen months then ended of 81.856 (000) EUR.

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 van de 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.

# STATUTORY AUDITOR'S REPORT

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2011, of its results and its cash flows for the accounting period of fifteen months then ended, and of its results for the restated periods from 1 January 2010 to 31 December 2010 and from 1 January 2011 to 31 December 2011, 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.

Diegem, 2 March 2012

**The statutory auditor**

**DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises**

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by

Rik Neckebroeck

Kathleen De Brabander

Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises

Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /

Société civile sous forme d'une société coopérative à responsabilité limitée

Registered Office: Berkenlaan 8b, B-1831 Diegem

VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

# STATUTORY STATEMENT OF TOTAL COMPREHENSIVE INCOME

(€ THOUSAND)

	31.12.11 (15 months)	30.09.10 (12 months)
I. (+) Rental income	97 578	77 463
III. (+/-) Charges linked to letting	- 340	- 514
<b>NET RENTAL INCOME</b>	<b>97 239</b>	<b>76 949</b>
IV. (+) Recovery of property charges	6 156	4 909
V. (+) Recovery of rental charges and taxes normally payable by tenants on let properties	25 363	19 111
VII. (-) Charges and taxes normally paid by tenants on let properties	-24 951	-18 302
VIII. (+/-) Other revenue and charges for letting	377	106
<b>PROPERTY RESULT</b>	<b>104 184</b>	<b>82 773</b>
IX. (-) Technical costs	-7 409	-6 495
X. (-) Commercial costs	- 949	- 856
XI. (-) Charges and taxes on unlet properties	-2 731	-2 062
XII. (-) Property management costs	-1 942	-1 558
XIII. (-) Other property charges	- 239	- 165
<b>(+/-) Property charges</b>	<b>-13 270</b>	<b>-11 136</b>
<b>PROPERTY OPERATING RESULT</b>	<b>90 914</b>	<b>71 637</b>
XIV. (-) Corporate management costs	-12 788	-8 644
XV. (+/-) Other operating income and charges	- 308	1 015
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>77 818</b>	<b>64 008</b>
XVI. (+/-) Gains or losses on disposals of investment properties	12 494	215
XVIII. (+/-) Changes in fair value of investment properties	-29 998	-35 004
<b>OPERATING RESULT</b>	<b>60 315</b>	<b>29 219</b>
XX. (+) Financial income	24 000	14 781
XXI. (-) Interest charges	-28 232	-17 309
XXII. (-) Other financial charges	-3 833	-2 428
XXIII. (+/-) Changes in fair value of financial assets and liabilities	28 123	23 049
<b>(+/-) Financial result</b>	<b>20 057</b>	<b>18 093</b>
<b>PRE-TAX RESULT</b>	<b>80 372</b>	<b>47 312</b>
XXIV. (-) Corporation tax	- 845	- 651
<b>(+/-) Taxes</b>	<b>- 845</b>	<b>- 651</b>
<b>NET RESULT</b>	<b>79 527</b>	<b>46 661</b>
<b>TOTAL BASIC NET RESULT AND DILUTED PER SHARE</b>	<b>4.73</b>	<b>2.78</b>
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>79 527</b>	<b>46 661</b>

The Auditor's report gives unqualified approval to the statutory accounts of Befimmo SCA.

# STATUTORY STATEMENT OF FINANCIAL POSITION

(€ THOUSAND)

ASSETS	31.12.11	30.09.10
<b>I. Non-current assets</b>	<b>1 916 190</b>	<b>1 782 031</b>
C. Investment properties	1 169 214	1 103 804
D. Other property, plant and equipment	533	329
E. Non-current financial assets	746 443	677 898
<b>II. Current assets</b>	<b>27 726</b>	<b>57 813</b>
A. Assets held for sale	-	32 377
B. Current financial assets	4 703	418
D. Trade receivables	12 306	12 640
E. Tax receivables and other current assets	4 280	3 705
F. Cash and cash equivalents	3 873	3 014
G. Deferred charges and accrued income	2 563	5 659
<b>TOTAL ASSETS</b>	<b>1 943 916</b>	<b>1 839 844</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>31.12.11</b>	<b>30.09.10</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>1 034 676</b>	<b>1 017 446</b>
A. Capital	254 111	233 985
B. Share premium account	516 194	485 340
C. Reserves	253 528	251 462
D. Net result for the fiscal year	10 842	46 661
<b>LIABILITIES</b>	<b>909 240</b>	<b>822 398</b>
<b>I. Non-current liabilities</b>	<b>815 783</b>	<b>551 140</b>
B. Non-current financial debts	805 372	531 017
a. Credit institution	269 335	371 772
c. Other	536 037	159 245
<i>Bond issues</i>	271 791	-
<i>Commercial papers</i>	262 280	157 420
<i>Guarantees received</i>	1 966	1 825
C. Other non-current financial liabilities	10 411	20 122
<b>II. Current liabilities</b>	<b>93 457</b>	<b>271 258</b>
A. Provisions	2 348	1 348
B. Current financial debts	29 999	217 003
a. Credit institution	19 046	204 889
c. Other	10 953	12 114
C. Other current financial liabilities	1 239	-
D. Trade debts and other current debts	41 642	46 263
a. Exit tax	4 491	-
b. Other	37 151	46 263
E. Other current liabilities	4 253	2 326
F. Accrued charges and deferred income	13 976	4 318
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 943 916</b>	<b>1 839 844</b>

The Auditor's report gives unqualified approval to the statutory accounts of Befimmo SCA.

# NOTE ON STATUTORY SHAREHOLDER'S EQUITY

(€ THOUSAND)

Please see page 62 of the management report for the chapter "Appropriation of the result".

The table below is presented after appropriation of the result to the reserves:

Shareholders' equity (€ thousand)	31.12.11	30.09.10
<b>A. Capital</b>	<b>254 111</b>	<b>233 985</b>
(+) Subscribed capital	264 062	243 935
(-) Costs of capital increase	-9 950	-9 950
<b>B. Share premium account</b>	<b>516 194</b>	<b>485 340</b>
<b>C. Reserves</b>	<b>253 528</b>	<b>251 462</b>
(+) (a) Legal reserve	1 295	1 295
(+/-) (b) Reserve for the balance of changes in fair value of investment properties	158 645	194 923
(-) (c) Reserve for estimated transaction costs resulting from hypothetical disposal of investment properties	-28 500	-29 114
(+/-) (d) Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting under IFRS	-26 722	-22 933
(+/-) (m) Other reserves	19 818	19 818
(+/-) (n) Result brought forward from previous years	128 992	87 473
<b>D. Net result for the fiscal year</b>	<b>10 842</b>	<b>46 661</b>

The shareholders' equity before allocation of the result is presented as follows:

Shareholders' equity that can not be distributed according to Article 617 of the Company Code (€ thousand)	31.12.11
<b>Net assets</b>	<b>1 034 676</b>
(+) Paid-up capital or, if greater, subscribed capital	264 062
(+) Share premium account unavailable for distribution according to the articles of association	457 437
(+) Reserve of the positive balance of the changes in fair value of the investment properties	145 105
(-) Reserves for estimated transaction costs resulting from hypothetical disposal of investment properties	-29 230
(+/-) Reserve for the balance of changes in fair value of authorised hedging instruments not qualifying for hedge accounting	-7 492
(+) Other reserves declared non-distributable by the General Meeting of Shareholders	3 633
(+) Legal reserve	1 295
<b>TOTAL NON-DISTRIBUTABLE SHAREHOLDERS' EQUITY</b>	<b>824 859</b>
<b>SOLDE</b>	<b>199 866</b>



*Following the signing of a new 20.5-year lease with the Belgian Government to rent the Montesquieu building, in 2009 Befimmo completed a major renovation of the property.*



# General information

234	Identification
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237	“Société en Commandite par Actions”
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239	Real-estate Sicaf (Belgium)

# GENERAL INFORMATION

## Identification

### Name

Befimmo SCA, a Sicaſ incorporated under Belgian law.

### Registered office

Chaussée de Wavre 1945, 1160 Auderghem.

This can be transferred by simple decision of the Managing Agent to anywhere in Belgium.

### Legal form

*Société en Commandite par Actions* under Belgian law.

### Founding

Befimmo SCA was founded on 30 August 1995 as a joint-stock company under the name “Woluwe Garden B&D” by a deed executed before Gilberte RAUCQ, notary public in Brussels. The company was later converted into a *Société en Commandite par Actions*, with the name “Befimmo”, on 24 November 1995, again by a deed executed before notary Gilberte RAUCQ. 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](http://www.befimmo.be).

### Duration

Befimmo SCA has been established for an indefinite period.

### Register of Corporate Bodies

Befimmo SCA is registered in the Register of Corporate Bodies under number 0 455 835 167.

### 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 the “real-estate assets” category, as defined in article 7(1)(5) of the law of 20 July 2004.

Real-estate assets are understood to mean:

- immovable goods as defined by articles 517 and following of the Civil Code as well as real rights on immovable goods;
- shares issued by real-estate companies exclusively or jointly controlled by the Sicaſi;
- option rights on immovable goods;
- shares of public or institutional Sicaſi's subject to, in the latter case, joint or exclusive control performed on such Sicaſi's;
- shares of foreign collective real-estate investment trusts registered on the list referred to in article 129 of the aforementioned law of 20 July 2004;
- shares of collective real-estate investment trusts established in another country of the European Economic Area and not registered on the list referred to in article 129 of the law of 20 July 2004, insofar as they are subject to control similar to that applicable to public Sicaſi's;
- real-estate certificates specified in article 5, paragraph 4 of the law of 16 June 2006 on public offers of investment vehicles and listing of investment vehicles on regulated markets;
- rights stemming from leasing agreements for one or more assets under real-estate leasing contracts of the Sicaſi or granting other similar rights;
- as well as all other goods, shares or rights defined as immovable goods by the royal decrees, issued pursuant to the law of 20 July 2004 and applicable to the collective investment undertakings that opted to invest in immovable goods.



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. These investments and the holding of liquid assets must be the subject of a special decision of the manager who will justify the investment's ancillary or temporary character. The holding of movable goods must be compatible with the pursuit, in the short or medium term, of the investment policy described above. In addition, such securities shall be tradable on a regulated market operating regularly, recognised, and 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 business.

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 corporate aims, 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, article 559 of the Companies Code does not apply.

### 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](http://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 Gazette.
- 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](http://www.befimmo.be).

Other documents accessible to the public and referred to in the Annual Financial Report can be consulted at the registered office of Befimmo SCA.

# GENERAL INFORMATION

## Registered capital

### Issued capital

As at 31 December 2011, the company capital totalled €264,061,592.80.

It was represented by 18,175,440 fully paid no-par-value shares.

### Authorised capital

The Managing Agent is authorised to increase the capital in one or more stages by up to €253,194,780.59.

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 5 July 2011. It may be renewed.

Capital increases may be performed as a cash contribution, a contribution in kind or by the incorporation of reserves.

### Changes to the capital since 30.09.2010

	AMOUNT (in €)	NUMBER OF SHARES
As at 30.09.2010	243 934 746.54	16 790 103
As at 22.06.2011	253 194 780.59	17 427 474
As at 31.12.2011	264 061 592.80	18 175 440

### Structure of the shareholder base as at 31.12.2011

Declarants	Number of voting rights declared on the date of declaration	(in %)
AG Insurance and affiliated companies	3 156 080	17.4 <sup>(1)</sup>
Befimmo subsidiaries		
Meirfree SA	424 914	2.3
Vitalfree SA	212 457	1.2
Free float	14 381 989	79.1
Total	18 175 440	100

The Company applies a statutory threshold of 3%.

Befimmo SCA is not aware of the existence of shareholder agreements.

(1) Based on the latest transparency declarations received on 15 October 2008 and the prior undertaking to subscribe to the capital increase of June 2009 for all the rights the held.

## The founder of Befimmo SCA

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

## “Société en Commandite par Actions”

Befimmo SCA's legal form is a *Société en Commandite par Actions* (SCA).

A SCA is made up of two categories of partners:

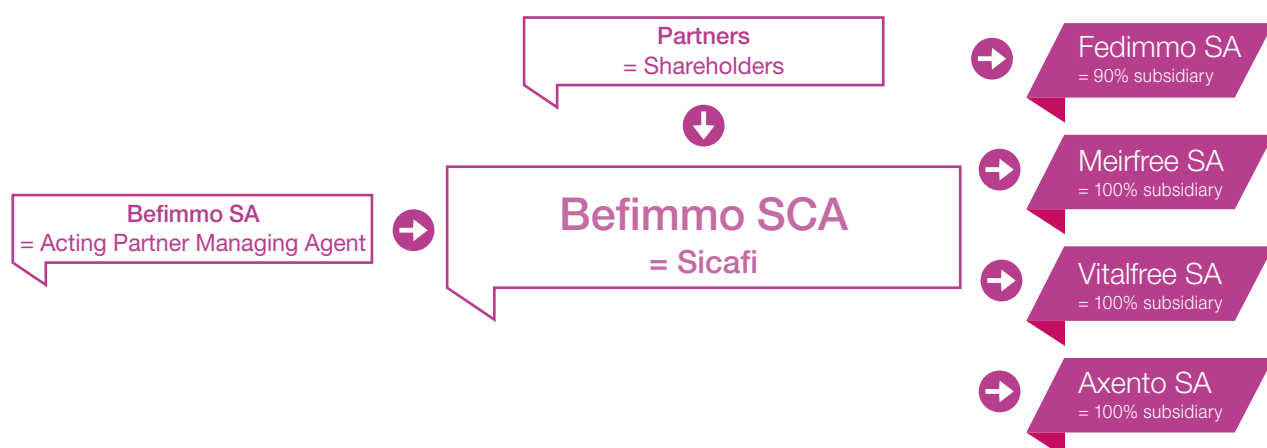
- the acting partner whose designation appears in the business name and who has unlimited liability for the company's commitments;
- the partners or shareholders who are liable only for the amount of their contribution and are not jointly and severally liable.

Moreover, a SCA is managed by one or more managing agents.

In the case of Befimmo SCA, the acting partner is Befimmo SA which also acts as sole Managing Agent.

Befimmo SA is controlled by AG Real Estate Asset Management.

Befimmo SCA has a 90% shareholding in Fedimmo SA, a 100% holding in Meirfree SA, a 100% holding in Vitalfree SA and a 100% holding in Axento SA.



## GENERAL INFORMATION

### Name and qualifications of the real-estate experts

For the 2010/2011 fiscal period (15 months), Befimmo had recourse to two real-estate experts to carry out the periodic valuation of its property assets, namely Jones Lang LaSalle and Winssinger & Associés.

Since the mandates of these two real-estate experts expired on 31 December 2011 and had to be renewed, from fiscal year 2012 Befimmo has appointed Jones Lang LaSalle, Winssinger & Associates and Price Waterhouse Coopers to carry out the valuations of its consolidated portfolio. These new mandates were granted in accordance with the requirements of the new Royal Decree of 7 December 2010, with a view in particular to introducing a system of rotation between the real-estate experts valuing the portfolio. This new assignment will cover the next three years, from 1 January 2012 to 31 December 2014. Jones Lang LaSalle will have the task of coordinating the valuations.

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

### Statement by persons responsible

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 businesses 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 businesses included in the consolidation, and a description of the main risks and uncertainties they face.

### Articles of association of Befimmo SCA

The complete coordinated articles of association of Befimmo SCA can be consulted at the Clerk's Office of the Brussels Commercial Court, at Befimmo's registered office and on the website: [www.befimmo.be](http://www.befimmo.be).

## Real-estate Sicaf (Belgium)

The Sicafi regime was created in 1995 to promote collective investment in real estate. The concept of public fixed-capital investment trust is similar to Real Estate Investment Trusts (USA) and Beleggingsinstellingen (Netherlands).

The legislator intended the Sicafi to ensure a high degree of transparency for real-estate investments and distribute as much cash flow as possible while enjoying many advantages.

Sicafis are controlled by the Financial Services and Markets Authority (FSMA) and subject to specific regulations. The main rules are as follows:

- It must have the status of a public company or a *Société en Commandite par Actions*.
- It must be listed on the stock exchange.
- Borrowings may not exceed 65% of assets at market value.
- Strict rules relating to conflicts of interest.
- The portfolio must be recorded at market value without using any depreciation.
- The real-estate assets must be valued every quarter by independent experts.
- The risk must be diversified: no more than 20% of the assets may be invested in any one property.
- Exemption from corporation tax provided that 80% of profits are distributed.
- A withholding tax of 21%<sup>(1)</sup> is deducted when paying out dividends.

This set of rules is designed to minimise the risk incurred.

Companies merging with a Sicafi are subject to tax of 16.995% on unrealised capital gains and untaxed reserves (16.5% plus 3% additional crisis levy).

(1) Following the adoption of the law of 28 December 2011 (published in the Belgian Official Gazette of 30 December 2011), the rate of withholding tax for a Sicafi is 21% rather than 15% for dividends allocated or paid out from 1 January 2012. Natural persons earning over €20,020 a year in capital income are also subject to a surcharge of 4% on the portion of capital income that exceeds €20,020. Befimmo will not bear this additional contribution in any circumstances.



Pavilion  
Brussels Leopold district

# Appendix

242 Befimmo consolidated portfolio

# BEFIMMO CONSOLIDATED PORTFOLIO

## OFFICES (as at 31.12.2011)

	Year of construction or year of renovation	Floor area for rent (in m <sup>2</sup> )	Initial term of lease <sup>(1)</sup> (in years)	Rent billed during the fiscal period (€ thousand) last 12 months	Share of portfolio <sup>(2)</sup> (in %)	Current rent <sup>(3)</sup> (€ thousand)	Occupancy rate (in %)
<b>Brussels centre</b>							
Brederode 1							
Rues de Brederode 13 and Thérésienne, 1000 Brussels	2001	13 388	15	1 603	1.9%	2 473	100.0%
Brederode 2							
Rues de Brederode 9 and rue de Namur 48, 1000 Brussels	2001/1996	8 512	14	1 911	1.5%	1 966	100.0%
Brederode Corner							
Rues de Brederode, de Namur, 1000 Brussels	2008	8 036	9	1 945	1.5%	1 984	100.0%
Central Gate	under renovation						
Rue Ravenstein 50-70/Cantersteen 39-55, 1000 Brussels		32 287	3/6/9	2 112	3.0%	3 946	85.2%
Empereur							
Boulevard de l'Empereur 11, 1000 Brussels	2004	5 953	9	1 013	0.8%	1 036	100.0%
Montesquieu							
Rue des Quatre Bras 13, 1000 Brussels	2009	19 004	20.5	4 375	3.3%	4 395	100.0%
Gouvernement Provisoire							
Rue du Gouvernement Provisoire 15, 1000 Brussels	2005	2 836	21	585	0.5%	604	100.0%
Lambermont							
Rue Lambermont 2, 1000 Brussels	2000	1 788	21	339	0.3%	350	100.0%
Pacheco							
Boulevard Pacheco 32, 1000 Brussels	1976	5 481	15	690	0.5%	713	100.0%
Poelaert							
Place Poelaert 2-4, 1000 Brussels	2001	14 146	18	3 291	2.6%	3 396	100.0%
		<b>111 431</b>		<b>17 864</b>	<b>15.9%</b>	<b>20 863</b>	<b>96.8%</b>
<b>Brussels Leopold district</b>							
Arts							
Avenue des Arts 28/30 and Rue du Commerce 96/112, 1000 Brussels	2005	16 793	21	3 895	3.1%	4 024	100.0%
Froissart							
Rue Froissart 95, 1000 Brussels	2010	3 185	3/6/9	70	0.2%	270	34.9%
Guimard							
Rues Guimard 9. du Commerce 87-91, 1040 Brussels	1997	5 435	3/6/9	850	0.6%	817	69.9%
Joseph II							
Rue Joseph II 27, 1000 Brussels	1994	12 831	27	4 023	3.1%	4 023	100.0%
Pavilion							
Rue de la Loi 70-72-74, 1000 Brussels	2005	19 641	19	2 100	3.1%	4 076	100.0%
Schuman 3							
Rond-point Schuman 2-4a. Rue Froissart 141a-143, 1040 Brussels	2001	5 487	9	1 392	1.0%	1 376	100.0%
Schuman 11							
Rond-point Schuman 11, 1040 Brussels	2004	5 285	3/6/9	1 424	1.2%	1 515	99.5%
Science - Montoyer							
Rue Montoyer 30, 1000 Brussels	2011	5 379	-	-	-	-	0.0%
View Building							
Rue de l'Industrie 26-38, 1040 Brussels	2001	11 156	3/6/9	1 893	1.6%	2 073	100.0%
Wiertz							
Rue Wiertz 30-50, 1050 Brussels	1996	10 865	15	3 175	2.4%	3 176	100.0%
		<b>96 057</b>		<b>18 822</b>	<b>16.2%</b>	<b>21 351</b>	<b>90.8%</b>

(1) The initial term of the lease corresponds to the term mentioned in the lease contract.

(2) The share of the portfolio is calculated on the basis of the current rent as at 31 December 2011.

(3) The current rent at the date of the closing plus rent on future leases signed as at 31 December 2011 as reviewed real estate experts.



## OFFICES (as at 31.12.2011)

	Year of construction or year of renovation	Floor area for rent (in m <sup>2</sup> )	Initial term of lease <sup>(1)</sup> (in years)	Rent billed during the fiscal period (€ thousand) last 12 months	Share of portfolio <sup>(2)</sup> (in %)	Current rent <sup>(3)</sup> (€ thousand)	Occupancy rate (in %)
<b>Brussels North area</b>							
Noord Building Boulevard du Roi Albert II 156/1, 1000 Brussels	1989	42 726	25/27	8 463	6.0%	7 847	100.0%
World Trade Center - Tower 2 Boulevard du Roi Albert II 30, 1000 Brussels	2009	68 980	9	11 379	9.6%	12 633	96.3%
World Trade Center - Tower 3 Boulevard du Roi Albert II 30, 1000 Brussels	under renovation	75 800	21	11 129	8.7%	11 498	100.0%
		<b>187 506</b>		<b>30 971</b>	<b>24.3%</b>	<b>31 978</b>	<b>98.5%</b>
<b>Brussels decentralised</b>							
Eudore Devroye Rue Père Eudore Devroye 245, 1150 Brussels	1996	1 672	6/9	317	0.2%	318	100.0%
Goemaere Chaussée de Wavre 1945, 1160 Brussels	1998	7 029	3/6/9	965	0.8%	1 048	100.0%
Jean Dubrucq Avenue Jean Dubrucq 175b 1, 1080 Brussels	2011	8 024	9	301	0.2%	301	49.9%
La Plaine Boulevard Général Jacques 263G, 1050 Brussels	1995	15 933	9	2 758	2.1%	2 758	100.0%
Triomphe I Avenue Arnaud Fraiteur 15-23, 1050 Brussels	1998	11 498	9	2 583	2.0%	2 607	100.0%
Triomphe II Avenue Arnaud Fraiteur 15-23, 1050 Brussels	1998	9 032	6/9	925	0.8%	1 085	85.2%
Triomphe III Avenue Arnaud Fraiteur 15-27, 1050 Brussels	1993	7 178	3/6/9	168	0.0%	20	2.2%
		<b>60 366</b>		<b>8 017</b>	<b>6.2%</b>	<b>8 138</b>	<b>85.2%</b>
<b>Brussels periphery</b>							
Eagle Building Kouterveldstraat 20, 1831 Diegem	2000	8 646	3/6/9	1 031	0.7%	899	86.2%
Fountain Plaza Belgicastraat 1/3/5/7, 1930 Zaventem	1991	16 690	3/6/9	1 654	1.4%	1 817	76.4%
Ikaros Business Park (phases 1 to 5) Ikaroslaan, 1930 Zaventem	1990 to 2008	46 053	3/6/9	4 290	3.7%	4 863	80.2%
Media Medialaan 50, 1800 Vilvoorde	1999	18 104	3/6/9	2 509	2.0%	2 598	99.3%
Ocean House Belgicastraat 17, 1930 Zaventem	1997	4 693	6/9	514	0.2%	210	38.6%
Planet II Leuvensesteenweg 542, 1930 Zaventem	1988	10 279	3/6/9	553	0.5%	668	70.1%
Waterloo Office Park Drève Richelle 161, 1410 Waterloo	1992	2 005	3/6/9	319	0.2%	309	98.3%
		<b>106 470</b>		<b>10 870</b>	<b>8.6%</b>	<b>11 365</b>	<b>81.7%</b>

# BEFIMMO CONSOLIDATED PORTFOLIO

## OFFICES (as at 31.12.2011)

	Year of construction or year of renovation	Floor area for rent (in m <sup>2</sup> )	Initial term of lease <sup>(1)</sup> (in years)	Rent billed during the fiscal period last 12 months (€ thousand)	Share of portfolio <sup>(2)</sup> (in %)	Current rent <sup>(3)</sup> (€ thousand)	Occupancy rate (in %)
<b>Wallonia</b>							
Ath - Place des Capucins 1	1995	4 055	18	535	0.4%	553	100.0%
Binche - Rue de la Régence 31	1960	2 480	9	218	0.2%	226	100.0%
Braine-l'Alleud - Rue Pierre Flamand 64	1977	2 175	21	243	0.2%	251	100.0%
Chenée - Rue Large 59	1983	1 276	6	86	0.1%	89	100.0%
Eupen - Vervierserstrasse 8	1989	2 240	15	273	0.2%	282	100.0%
La Louvière - Rue Ernest Boucqueau 15	1997	6 116	18	815	0.6%	842	100.0%
Liège - Avenue Emile Digneffe 24	1953	2 358	6	209	0.2%	216	100.0%
Liège - Rue Paradis 1	1987	38 945	6	4 217	3.3%	4 354	100.0%
Liège - Rue Rennequin-Sualement 28	1968	2 991	6	226	0.2%	233	100.0%
Malmedy - Rue Joseph Werson 2	2000	2 757	21	314	0.2%	325	100.0%
Marche-en-Famenne - Avenue du Monument 25	1988	4 070	18	492	0.4%	508	100.0%
Mons 1 - Rue Joncquois 118	2002	7 851	18	1 255	1.0%	1 287	100.0%
Mons 2 - Digue des Peupliers 71	1976	7 268	8	1 259	1.0%	1 291	100.0%
Namur - Avenue de Stassart 9	1900	1 939	9	218	0.2%	225	100.0%
Namur - Rue Henri Lemaître 3	1925	990	9	87	0.1%	90	100.0%
Namur - Rue Pépin 5	1965	1 130	9	157	0.1%	162	100.0%
Namur - Rue Pépin 31	1900	1 018	9	94	0.1%	97	100.0%
Namur - Rue Pépin 22	1900	877	9	79	0.1%	82	100.0%
Saint-Vith - Klosterstrasse 32	1988	2 956	18	344	0.3%	356	100.0%
Seraing - Rue Haute 67	1971	2 109	15	219	0.2%	226	100.0%
		<b>95 601</b>		<b>11 340</b>	<b>8.9%</b>	<b>11 695</b>	<b>100.0%</b>
<b>Flanders</b>							
Antwerp - Meir 48	1985 <sup>(4)</sup>	20 612	18/27	3 202	2.5%	3 246	100.0%
Bilzen - Brugstraat 2	1995	1 318	18	182	0.1%	189	100.0%
Brugge - Boninvest 1	1996	2 690	21	190	0.1%	196	100.0%
Deinze - Brielstraat 25	1988	3 167	15	364	0.3%	376	100.0%
Dendermonde - Sint-Rochusstraat 63	1987	6 453	21	838	0.7%	866	100.0%
Diest - Koning Albertstraat 12	1995	2 869	21	379	0.3%	391	100.0%
Diksmuide - Woumenweg 49	1979	2 207	21	272	0.2%	281	100.0%
Eeklo - Raamstraat 18	1993	3 155	15	375	0.3%	387	100.0%
Haacht - Remi van de Sandelaan 1	1985	2 170	18	267	0.2%	276	100.0%
Halle - Zuster Bernardastraat 32	1985	7 440	18	1 011	0.8%	1 044	100.0%
Harelbeke - Kortrijksestraat 2	2006	1 973	9	228	0.2%	236	100.0%
Herentals - Belgiëlaan 29	1987	3 296	18	417	0.3%	431	100.0%
Ieper - Arsenaalstraat 4	1994	4 623	18	589	0.5%	609	100.0%
Izegem - Kasteelstraat 15	1981	2 910	9	306	0.2%	316	100.0%
Knokke-Heist - Majoor Vandammestraat 4	1979	2 696	21	404	0.3%	417	100.0%
Kortrijk - Bloemistenstraat 23	2005	11 505	18	1 472	1.2%	1 521	100.0%
Kortrijk - Ijzerkaai 26	1992	1 813	9	208	0.2%	215	100.0%

(1) The initial term of the lease corresponds to the term mentioned in the lease contract.

(2) The share of the portfolio is calculated on the basis of the current rent as at 31 December 2011.

(3) Current rents at the date of the closing together with the rents on future contracts signed on 31.12.2011 and checked by the real estate experts.

(4) This is the construction year of a new building and the renovation of the old part of the building.

## OFFICES (as at 31.12.2011)

	Year of construction or year of renovation	Floor area for rent (in m <sup>2</sup> )	Initial term of lease <sup>(1)</sup> (in years)	Rent billed during the fiscal period last 12 months (€ thousand)	Share of portfolio <sup>(2)</sup> (in %)	Current rent <sup>(3)</sup> (€ thousand)	Occupancy rate (in %)
Leuven - Vital Decosterstraat 42/44	1993	19 033	12/15	1 935	1.5%	1 946	100.0%
Lokeren - Grote Kaai 20	2005	1 938	21	254	0.2%	263	100.0%
Menen - Grote Markt 10	1988	3 273	9	394	0.3%	407	100.0%
Nieuwpoort - Juul Filliaertweg 41	1982	2 868	15	358	0.3%	370	100.0%
Ninove - Bevrijdingslaan 7	1981	2 683	9	323	0.3%	333	100.0%
Oudenaarde - Marlboroughlaan 4	1963	4 701	21	465	0.4%	480	100.0%
Roeselare - Rondekomstraat 30	2003	6 795	21	737	0.6%	762	100.0%
Sint-Niklaas - Driekoningenstraat 4	1992	6 987	18	844	0.7%	872	100.0%
Sint-Truiden - Abdijstraat 6	1984	3 932	15	413	0.3%	427	100.0%
Tervuren - Leuvensesteenweg 17	1980	20 408	15	1 212	1.0%	1 252	100.0%
Tielt - Tramstraat 48	1982	4 180	15	471	0.4%	486	100.0%
Tienen - Goossensvest 3	1985	6 390	15	793	0.6%	820	100.0%
Tongeren - Verbindingsstraat 26	2002	7 482	21	1 079	0.8%	1 115	100.0%
Torhout - Burg 28	1973	1 720	18	188	0.1%	194	100.0%
Torhout - Elisabethlaan 27	1985	1 284	9	147	0.1%	152	100.0%
Vilvoorde - Groenstraat 51	1995	5 992	21	829	0.7%	856	100.0%
		<b>180 563</b>		<b>21 146</b>	<b>16.5%</b>	<b>21 732</b>	<b>100.0%</b>
<b>Luxembourg city</b>							
Axento - Luxembourg, Avenue JF Kennedy 44	2009	13 447	5/6/9	3 582	3.4%	4 444	87.2%
<i>Properties available for lease</i>		<i>851 441</i>		<i>122 612</i>	<i>100.0%</i>	<i>131 565</i>	<i>94.3%</i>
New Finance centre (Tower Paradis) Rue Paradis 1, 4000 Liège	construction project	-	-	-	-	-	-
WTC 4 Boulevard du Roi Albert II 30, 1000 Brussels	land	-	-	-	-	-	-
<i>Properties that are being constructed or developed for own account in order to be leased</i>		<i>-</i>	<i>-</i>		<i>-</i>	<i>-</i>	<i>-</i>
<b>TOTAL - INVESTMENT PROPERTIES</b>		<b>851 441</b>		<b>6 308</b>	<b>100.0%</b>	<b>131 565</b>	<b>94.3%</b>

This English version of the Annual Financial Report is a translation of the French version of the Annual Financial Report.

In case of inconsistencies between the French and the English versions, the French version will prevail.

Ce Rapport Financier Annuel est également disponible en français.  
Dit Jaarlijks Financieel Verslag is ook verkrijgbaar in het Nederlands.

Cover :

Brederode 1, Brussels centre

Central Gate, Brussels centre

Froissart, Brussels Leopold district

Montesquieu, Brussels centre

Pavilion, Brussels Leopold district

Poelaert, Brussels centre

Science-Montoyer, Brussels Leopold district

WTC Tower 3, Brussels North area

Concept, design & production : The Crew Communication

Photos : Jean-Michel Byl, Nicolas Schul





**Befimmo SCA**  
**Société en Commandite par Actions**

Registered Office  
Chaussée de Wavre 1945, 1160 Brussels  
Register of Companies (RPM - RPR): 0 455 835 167  
Tel.: +32 2 679 38 60 - Fax: +32 2 679 38 66  
e-mail: [contact@befimmo.be](mailto:contact@befimmo.be) - [www.befimmo.be](http://www.befimmo.be)