

BEFIMMO
Public Limited Liability Company
Public Real Estate Investment Trust under Belgian law
Chaussée de Wavre 1945 - 1160 Brussels
RPM – Brussels 0455.835.167

We have the honour to submit the report on the merger by absorption by Befimmo SA (hereinafter, "Befimmo") of the company Blue Tower Louise SA (hereinafter, "BTL SA"), pursuant to the article 694 of the Company Code.

The proposed transaction is conducted in accordance with the provisions of the Company Code organising the merger by absorption and of the sicafi regulation applicable to mergers.

I. COMPANIES INVOLVED IN THE MERGER

The companies to be merged are :

A. The acquiring company: Befimmo

Befimmo, a public limited liability company, Public Real Estate Investment Trust under Belgian law (sicafi), having its registered office at 1160 Brussels, Chaussée de Wavre, 1945 (hereinafter "Befimmo").

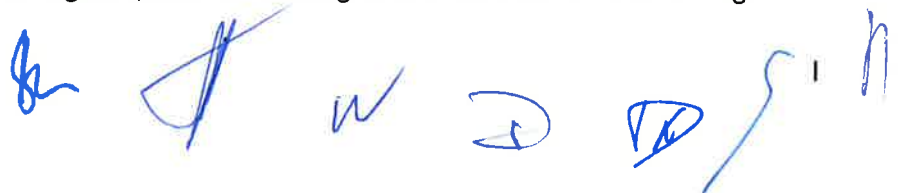
Befimmo has been incorporated in the form of a limited liability company ("société anonyme"/"naamloze vennootschap") under the corporate name "WOLUWE GARDEN D" under the terms of a deed drawn up by notary public Gilberte RAUCQ, residing in Brussels on August 30, 1995, published in the appendixes to the Belgian Official Gazette under reference 950913-24.

The articles of association have been modified for the last time on December 20, 2012 by deed passed in front of public notary Damien Hisette, residing in Brussels, published to the appendixes to the Belgian Gazette of January 18, 2013 under reference 13010864.

Befimmo is registered with the Banque-Carrefour des Entreprises under the number 0455.835.167 and under the VAT number BE 455.835.167.

The capital of the company is set at 277,794,918.53 EUR, represented by 19,120,709 shares without nominal value, fully paid-up.

Befimmo has the status of public real estate investment trust under Belgian law (sicafi) and is governed by the law of August 3, 2012 concerning certain form of collective management



of investments portfolios and by the Royal Decree of 7 December 2010 concerning sicafi, containing certain tax provisions derogating from the general law.

It is referred to hereunder as the "acquiring company" or "Befimmo".

B. The acquired company : BTL SA

Blue Tower Louise, a limited liability company, having its registered office at 1160 Brussels, Chaussée de Wavre 1945 (hereinafter « BTL SA »).

BTL SA has been incorporated by deed passed in front of public notary Louis Philippe Marcelis, residing in Brussels, on July 12, 2012, published in the appendixes to the Belgian Gazette on July 26, 2012, under reference 12131653.

The articles of association have been amended for the last time on August 23, 2012, by deed passed in front of notary public Louis-Philippe Marcelis, residing in Bruxelles, published in the appendixes to the Belgian Gazette of October 1, 2012, under reference 12162181.

BTL SA is registered with the Banque-Carrefour des Entreprises under number 0847.459.702 and under the VAT Number BE 847.459.702.

The capital of BTL SA is set at 37,838,034.55 EUR and is represented by 9,190,000 shares without nominal value, fully paid-up, held as follow:

- Befimmo : 2,297,500 shares
- Fedimmo : 6,892,500 shares

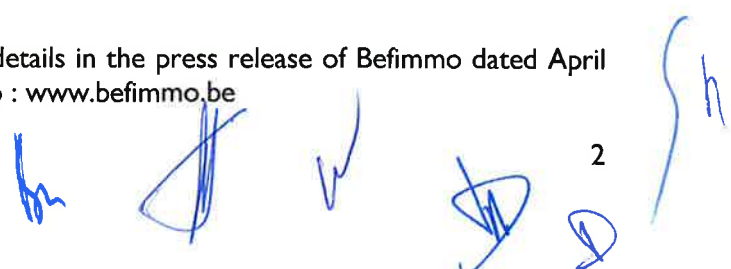
It is referred to hereunder as the « acquired company » or « BTL SA ».

II. FINANCIAL SITUATION OF THE MERGING COMPANIES

The financial situation of the merging companies to be taken into consideration to assess the characteristics of the transaction are, on the one hand either the net asset value or the average of the closing prices for the last thirty calendar days preceding the date of the filing of the draft terms of merger or of the merger decision of Befimmo and, on the other hand, the intrinsic value of BTL SA on April 18, 2013.

The assets of BTL SA, the acquired company, consist essentially in an office building located at Ixelles (B-1050 Brussels), avenue Louise 326 (the building "Blue Tower")¹.

¹ This building is described in more details in the press release of Befimmo dated April 18, 2013, available on the website of Befimmo : www.befimmo.be



Handwritten signatures and initials in blue ink at the bottom of the page, including a large signature on the left, several smaller initials in the center, and a vertical signature on the right.

The references which are applicable to Befimmo are described in more details in point IV, 4 (a) hereinafter and the intrinsic value of BTL SA is described in point IV, 4, (b) hereinafter.

The annual accounts of Befimmo on December 31, 2012 as well as the interim statement of Befimmo on March 31, 2013 and the annual accounts of BTL SA on September 30, 2012 as well as the interim statement of BTL SA on April 18, 2013 are put at the disposal of the shareholders in accordance with article 697 of the Company Code.

III. JUSTIFICATION AND OPPORTUNITY OF THE PROPOSED TRANSACTION

Befimmo has acquired the shares of BTL SA together with its subsidiary, Fedimmo.

The proposed transaction is aimed at simplifying the Befimmo group structure and optimizing the management costs since all the shares of BTL SA are held by Befimmo and its subsidiary Fedimmo.

Upon completion of the transaction, Fedimmo will become shareholder of Befimmo.

IV. METHODS USED TO DETERMINE THE SHARES EXCHANGE RATE

I. Pursuant to article 694 of the Company Code, the board of directors has examined the methods to determine the share exchange rate in accordance with the provisions of the Royal Decree of 7 December 2010.

1 Sicafi regulation

As a reminder, the provisions of the sicafi regulation (in particular the Royal Decree of 7 December 2010) relating to mergers are the following.

a) Inventory and expert assessment

Pursuant to article 28 of the Royal Decree of 7 December 2010, Befimmo has prepared an inventory of its real properties as well as those of its subsidiary (inventory on March 31, 2013, published on May 16, 2013).

Pursuant to article 30 of the Royal Decree of 7 December 2010, Befimmo has published the fair value of the real properties it holds as well as the fair value of the real properties held by its subsidiaries, on May 16, 2013 in its interim statement dated March 31, 2013.



3

The experts have confirmed on June 18, 2013, pursuant to the article 30 mentioned hereinabove, that the overall economic situation and the condition of the real properties do not require a new assessment.

b) Values used for determining the shares exchange rate

Pursuant to article 13, §§2 and 3 of the Royal Decree of 7 December 2010, the share exchange rate is based on:

- (i) A net asset value which is no older than four months before the filing of the draft terms of merger or, at the public sicafi's choice, before the date of the merger decision and ;
- (ii) The average of the closing prices for the last thirty calendar days preceding this date.

The issue value, used for the calculation of the share exchange rate, may not be less than the lowest value referred to in (i) and (ii) hereinabove.

c) Date of the general meetings

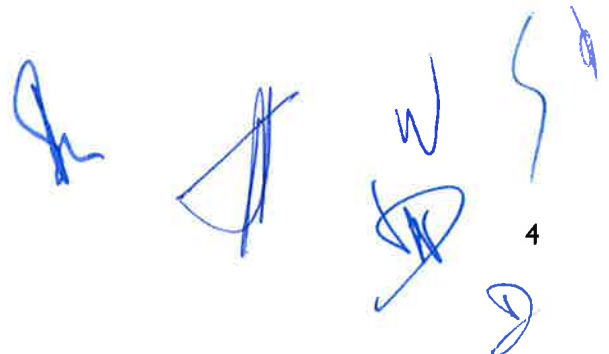
According to article 13, §§ 2 and 3 of the Royal Decree of 7 December 2010, the date of the general meeting which will decide on the merger must be mentioned.

The general meetings of both Befimmo and BTL SA will be held on August 19, 2013. If another convening is necessary due to the absence of the attendance and/or capital representation conditions at the first general meeting, a second extraordinary general meeting will be held on September 6, 2013.

3. Method

Befimmo has chosen to calculate the share exchange rate on the basis of the net asset value which is not older than four months before the date of the filing of the draft terms of merger (i.e. on June 20, 2013) and has been established on March 31, 2013.

The board believes that this value is the most stable reference and therefore, the method consisting in comparing the adjusted intrinsic value of BTL SA seems to be the most adequate method in particular with regard to the particularities of the sector of activities of Befimmo.



4

4. The net asset value and intrinsic value per share of the involved companies on March 31 and April 18, 2013 (in EUR)

a. The net asset value of Befimmo on March 31, 2013

The consolidated net asset value of Befimmo, determined on the basis of IFRS accounting standards, amounts to 1,023.3 millions EUR on March 31, 2013 which corresponds to an intrinsic value of 55.36 EUR per share on the basis of the 18,483,338 shares in circulation on March 31, 2013.

The net asset value of Befimmo on March 31, 2013 has been published on May 16, 2013.

The average of the closing prices for the last thirty calendar days of Befimmo preceding the date of the filing of the draft terms of merger amounts to 50,30 EUR and is less than the net asset value.

b. Adjusted intrinsic value of BTL SA on April 18, 2013

The adjusted net asset value of BTL SA on April 18, 2013 amounts to 39,020,274.01 EUR. This value has been established on the basis of BGAAP accounting net assets of the company, adjusted to reflect the reassessment of the building to its fair value according to the valuation of an independent expert on April 18, 2013.

This adjustment was necessary to ensure the comparability of the values of reference in the framework of the adopted calculation method of the share exchange rate.

On the basis of the 9,190,000 existing shares, the intrinsic value per share of BTL SA amounts to 4.25 EUR per share.

V. SHARE EXCHANGE RATE AND BALANCING CASH ADJUSTMENT

The board of directors of both Befimmo and BTL SA propose the following share exchange rate, based on the unrounded intrinsic values per share: 13.03877 ordinary shares of the acquired company for one share of the acquiring company.

A balancing cash adjustment amounting to 51.17 EUR will be allocated by Befimmo to Fedimmo.

The board of directors of both Befimmo and BTL SA believe that, by fixing the above-mentioned share exchange rate, they meet the rights and the interests of the shareholders of BTL SA and Befimmo in a balanced way.



VI. ISSUE OF NEW SHARES

Pursuant to article 703, § 2 of the Company Code, no new shares will be issued in exchange of the 2,297,500 BTL SA shares held by Befimmo (for a total amount of 9,190,000 BTL SA shares).

The general meeting of Befimmo will be proposed to issue 528,615 new ordinary shares, without nominal value, to the sole profit of the other shareholder of BTL SA, Fedimmo, in exchange of the BTL SA shares held by this company (i.e. 6,892,500 BTL SA shares)

The cross-shareholding rules will apply to Fedimmo as from the merger decision.

VII. OTHER REQUIREMENTS OF THE MERGER

A. The date as from which the new shares grant the right to share in the earnings (article 693, § 2, 4° of the Company Code)

The new shares will share in the entire results of the financial year 2013.

B. Date on which the merger takes effect from an accounting point of view

The transactions of the acquired company will be treated for accounting purpose as being those of the acquiring company as from the day following the completion date of the merger at 0h00.

C. Special benefits conferred to directors and the auditor

1. No special benefits are conferred to the directors of both the acquiring company and the acquired company.
2. Deloitte, auditor, SC s.f.d. SCRL represented by M. Rik Neckerbroeck and Mme Kathleen De Brabander, auditors, acting jointly, has been assigned to draft the report mentioned in article 695 of the Company Code for both the acquiring and acquired company.

The particular remuneration given for this assignment amounts to 10,140 EUR for Befimmo and 10,140 EUR for BTL SA (i.e., a total amount of 20,280EUR).



Handwritten signatures in blue ink, including a large signature on the left, a signature in the center, and several smaller signatures on the right, including one that appears to be 'W'.

VIII. APPLICATION OF THE ARTICLE 19 OF THE ROYAL DECREE OF THE 7 DECEMBER 2010

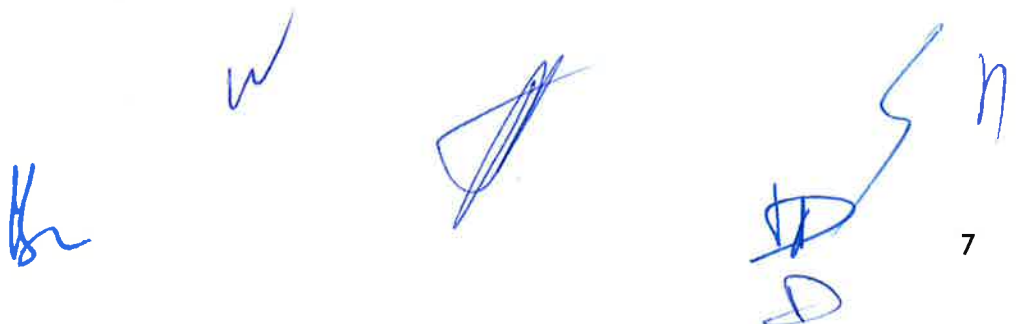
Pursuant to article 19 of the Royal Decree of 7 December 2010 concerning sicafi, the present transaction is not subject to article 18 of the aforesaid Royal Decree, providing specific rules for avoiding of conflicts of interest when a sicafi or one of its subsidiaries contemplate a transaction with a related company. Indeed, the subscription of Befimmo shares by its subsidiary, Fedimmo SA, within the framework of the proposed transaction is realized in accordance with the merger procedure and is subject to the approval of the general meeting of the shareholders of the sicafi.

IX. CONSEQUENCES OF THE MERGER

1. Befimmo will acquire BTL SA upon completion of the proposed merger.

Pursuant to article 682 of the Company Code, the merger will involve *ipso jure* and simultaneously the following consequences:

- (i) All the assets and liabilities of the acquired company will be transferred to the acquiring company ;
 - (ii) The shareholders of the acquired company other than Befimmo (i.e. Fedimmo) will become *ipso jure* shareholders of the acquiring company ;
 - (iii) The acquired company will cease to exist following a dissolution without winding-up.
2. All the assets and liabilities of BTL SA will be transferred to Befimmo.
 3. The capital of Befimmo will be increased by 7,679,974.67 EUR to reach 285,474,893.20 EUR and 528,615 new shares will be issued in exchange of the 6,892,500 BTL SA shares held by Fedimmo.
 4. The transaction will involve an increase of the outstanding shares by 528,615, the voting rights of the shares existing as at the date hereof, taking into account the placement of all the treasury shares, will be reduced to 97.31 % of the outstanding shares as from the merger.

Handwritten signatures in blue ink, including a large stylized signature on the left, a signature in the middle, and a signature on the right with a small 'n' next to it.

5. The consolidated net assets of Befimmo, after the placement of the newly issued shares, would reach 1,052,538,739.53 EUR and the net asset value would be 55.36 EUR, instead of respectively 1,023,273,534.02 EUR and 55.36 EUR before the transaction.
6. Each share will be entitled to 1/19,649,324 of the benefit instead of 1/19,120,709 on March 31, 2013.

X. MATERIAL CHANGE IN THE ASSETS AND LIABILITIES OF BEFIMMO AFTER THE DATE OF THE DRAFT TERMS OF MERGER

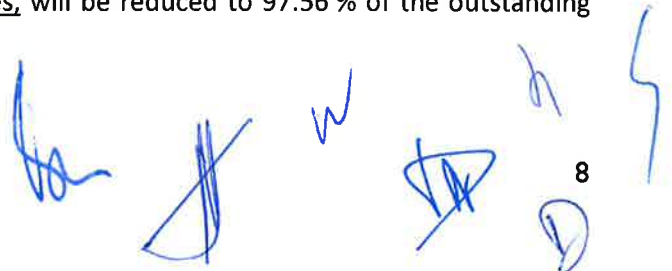
The board of directors of Befimmo considers increasing the capital by a contribution in kind within the authorised capital on or around July 10, 2013.

If this transaction is achieved before the merger, it will involve the following consequences on the assets of Befimmo:

1. The capital of Befimmo will be increased by 29,595,059.86 EUR, to reach 307,389,978.39 EUR and 2,037,037 new shares will be issued.
2. Each shares will be entitled to 1/21,157,746 of the benefit (increased as a result of the transaction) instead of 1/19,120,709 before the transaction.
3. Each share will be entitled to 1/21,157,746 of the voting rights (instead of 1/19,120,709 before the transaction).
4. On the basis of the situation on March 31, 2013, the consolidated net assets of Befimmo would reach 1,133,073,534.02 EUR and the net asset value per share further to the contribution would be 55.22 EUR, instead of respectively 1,023,273,534.02 EUR and 55.36 EUR before the transaction.

As a result, on the basis of the data on March 31, 2013 and the capital increase by contribution in kind described hereinabove, the merger will have the following effects:

1. The capital of Befimmo will be increased by 7,679,974.67 EUR to reach 315,069,953.06 EUR and 528,615 new shares will be issued in exchange of the 6,892,500 BTL SA shares held by Fedimmo.
2. Each share will be entitled to 1/21,686,361 of the benefit instead of 1/21,157,746 currently.
3. The transaction will involve an increase of the outstanding shares by 528,615, the voting rights of the shares existing as at the date hereof, taking into account the placement of all the treasury shares, will be reduced to 97.56 % of the outstanding shares as from the merger.



8

4. The consolidated net assets of Befimmo would reach, after the placement of the new issued shares, 1,162,338,739.53 EUR and the net asset value would be 55.22 EUR, instead of respectively 1,133,073,534.02 EUR and 55.22 EUR before the transaction.

This capital increase by contribution in kind of Befimmo shall not modify the share exchange rate.

Signed in Brussels on 10 July, 2013.

For Befimmo,



SPRLU BDB Management, represented by
Mr. Benoît De Blicq, Managing director



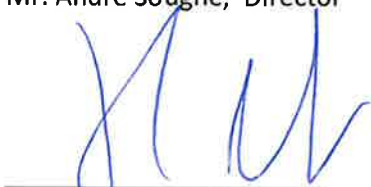
SPRL Alain Devos represented
by Mr. A. Devos, Chairman of
the Board of Directors



Arcade Consult BVBA, represented by
Mr. André Sougné, Director



Etienne Dewulf SPRL, represented
by Mr. Etienne Dewulf,, Director



Mrs. Sophie Goblet, Director



MarcVH-Consult BVBA, represented
by Mr. Marcus Van Heddeghem Director



Mr. Benoît Godts, Director