

**BEFIMMO**  
Public Limited Liability Company  
Public Real Estate Investment Trust under Belgian law  
Chaussée de Wavre 1945  
1160 Brussels  
RPM – Brussels 455.835.167

**SPECIAL REPORT BY THE BOARD OF DIRECTORS ON THE PROPOSED CAPITAL INCREASE BY CONTRIBUTION IN KIND PREPARED IN ACCORDANCE WITH ARTICLE 602 OF THE COMPANY CODE**

---

We have the honour to submit the report on the capital increase by contribution in kind within the authorized capital of Befimmo SA (« Befimmo » or the « Company »), pursuant to the article 602 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. PROPOSED CAPITAL INCREASE**

The Board of directors intends to increase the capital of the Company during its meeting of July 10, 2013, by the contribution of the full ownership of an asset located at 2000 Anvers, Italielei 4 (the « Building ») by the limited liability company under Belgian law, Axa Belgium, having its registered office at 1170 Watermael-Boitsfort, boulevard du Souverain 25, registered with the Banque Carrefour des Entreprises under the reference 404.483.367 (hereinafter « Axa Belgium »).

This building, which was erected in 1992, includes approximately 58,000 m<sup>2</sup> of office space, 1,500 m<sup>2</sup> of archives, and 500 parking spaces; it is fully let for a fixed residual term of 16.5 years to the Buildings Agency (*Centre des Finances/Financiecentrum*<sup>1</sup>).

The capital increase will be carried out within the authorized capital in accordance with articles 603 and following of the Company Code and article 8 of the articles of association of the Company. The authorization to increase the capital within the authorized capital has been renewed, for the last time, by the decision of the extraordinary general meeting of June 22, 2011 up to 253,194,780.59 EUR for a period of five years as from the publication to the Belgian Gazette of the decision of the general meeting of June 22, 2011 (i.e. July 5, 2011).

As from this date, the authorized capital has been used as follows:

Decision of the extraordinary general meeting of June 22, 2011	253,194,780.59 EUR
Use of the authorized capital on November 24, 2011 (decision to distribute an optional dividend - contribution of a dividend claim) and December 15, 2011 (ascertainment of subscriptions and amendment to the articles of association)	-10,866,812.21 EUR
Use of the authorized capital on October	-8,628,481.29 EUR

<sup>1</sup> Federale Overheidsdienst Financiën.



3, 2012 (contribution of 491,008 Fedimmo shares by SFPI/FPIM)	
Use of the authorized capital on November 23, 2012 (decision to distribute an optional dividend – contribution of a dividend claim) and December 19, 2012 (ascertainment of subscription and amendment to the articles of association)	-5,104,844.44 EUR
Residual authorized capital to date	228,594,642.65 EUR

## **II. VALUATION OF THE CONTRIBUTION IN KIND**

The building's conventional value has been set at 110 million EUR, in line with the fair value determined by an independent real-estate expert.

The Board of directors has chosen the discounted cash-flows ("DCF") method as valuation method which consists in the update of the net future income streams generated by the ongoing lease agreement and the assessed residual value of the building upon termination of the lease agreement.

The Board of directors considers that it is the more appropriate assessment method in this case as it is adapted for the assessment of the value of buildings which benefit from a 100 % space occupation for relatively long residual periods (16.5 years for this building).

## **III. ISSUING PRICE**

### **A. Sicafi regulation**

Pursuant to article 13, §§2 and 3 of the Royal decree of December 7, 2010, the issuing price is based on:

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

The issue price may not be less than the lowest of the values referred to in (i) and (ii) hereinabove.



2

## **B. Method**

The board of directors has chosen the date of the signature of the contribution agreement (i.e. June 18, 2013) as the reference date to determine the minimal issue value. At this date, the reference net asset value consists in the net asset value on March 31, 2013 published on May 16, 2013, i.e. 55.36 EUR per share, and the average of the closing prices amounts to 50,68 per share.

The board of directors has chosen to fix the conventional issue price to 54.00 EUR per share (rounded), which is higher than the mandatory minimum price whose calculation is detailed hereabove.

The net asset value of Befimmo, determined on the basis of the IFRS accounting standards, amounts to 1,023.3 million EUR on March 31, 2013.

## **IV. ISSUE OF NEW SHARES**

The Board of directors has determined the number of shares to be issued in consideration of the contribution of the Building, by dividing the conventional value of the contribution of the building by the price of the conventional issue price referred to in paragraph III.B. .

Consequently, it is proposed to issue 2,037,037 new Befimmo shares, without nominal value, in favour of AXA Belgium, each of which representing 1/21,157,746 of the capital.

The new shares will be entitled to share in the result of the ongoing financial year as the existing shares of Befimmo. Therefore, they will be entitled to the same right to the entire dividend of the ongoing financial year as the existing Befimmo shares.

With the contribution of the Building, the capital of Befimmo would be increased by 29,595,059.86 EUR, through the creation of 2,037,037 new Befimmo shares without nominal value and entitled to the same rights and benefits that the existing Befimmo shares. The capital of Befimmo would increase from 277,794,918.53 EUR to 307,389,978.39 EUR and the share premium account would increase from 548,168,208.98 to 628,573,149.12 and the number of shares would increase from 19,120,709 to 21,157,746.

In agreement with the contributor, the new shares will be temporarily exempted from trading and Befimmo will request the admission to trading as from the clipping of the coupons representing the dividend of the financial year 2013.

## **V. JUSITIFICATION OF THE CONTRIBUTION AND THE CAPITAL INCREASE**

As a sicafi, the purpose of Befimmo consists in investing in real properties and in particular in the acquisition of real properties. Furthermore, the investment strategy of Befimmo is clearly focused on investment in office buildings leased on a long term basis to public authorities, such as the one which shall be contributed.

Finally, the proposed capital increase will involve the increase of the equity of the Company, improving its debt ratio, and the reinforcement of the third parties' guarantee and is therefore in the interest of Befimmo.

The transaction will allow the company to restore an important investment capacity.



3

For these reasons, the proposed transaction complies with the corporate purpose of the Company and is in its interest.

## **VI. CONSEQUENCES OF THE CONTRIBUTION IN KIND AND OF THE CAPITAL INCREASE**

1. Befimmo will become the full owner of the Building upon completion of the proposed transaction.
2. 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 in exchange of the contribution.
3. On the basis of the situation on March 31, 2013, taking into account the contribution and the related transaction costs, the consolidated net asset of Befimmo would amount to 1,133,073,534.02 EUR and the net asset value per share would amount to 55.22 EUR, instead of 55.36 EUR before the transaction.
4. The transaction will involve an increase of the number of shares of 2,037,037, the voting rights of the existing shares will be reduced to 90.37 % of the outstanding shares after the capital increase.
5. Each share will be entitled to 1/21,157,746 of the benefit (increased due to the transaction) instead of 1/19,120,709 currently.
6. The authorized capital will be used up to 29,595,059.86. Consequently, the residual authorized capital will amount to 198,999,582.79 EUR.

## **VII. REPORT BY THE COMPANY AUDITOR**

The Company auditor has prepared the report in accordance with article 602, § 1 of the Company Code. The present report complies with the conclusions of the Company auditor.

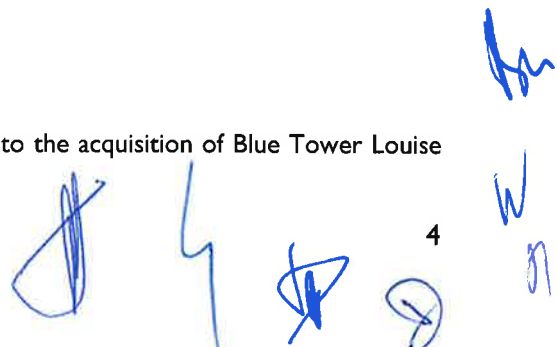
## **VIII. VALUATION OF THE EXPERT**

In accordance with article 30 of the Royal Decree of 7 December 2010, a new valuation of the assets of the sicafi has to be realized for every share issue. However, a new valuation is not required if the issue takes place within the four months following the last valuation or update of the valuation of the real estate assets subject to the confirmation by the expert that the general economic situation and the condition of the real estate assets do not require a new valuation.

The fair value of the consolidated real estate portfolio of Befimmo has been valued for the last time on March 31, 2013<sup>2</sup>.

---

<sup>2</sup>The Blue Tower building has been valued on April 18, 2013, further to the acquisition of Blue Tower Louise SA.

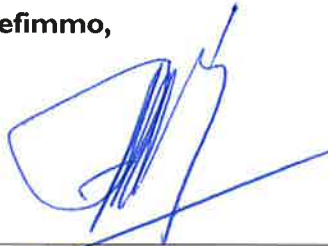


Handwritten signatures and initials in blue ink, including a large signature on the right and several smaller ones below it.

In this regard, the real estate experts have confirmed on June 18, 2013 that the general economic situation and the condition of the real estate assets of Befimmo do not require a new valuation.

Signed in Brussels, on 10 July, 2013

**For Befimmo,**



Name : Arcade Consult BVBA,  
represented by Mr André  
Sougné

Capacity: Director



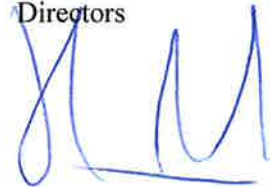
Name: SPRL Alain Devos, represented  
by Mr Alain Devos

Capacity: Chairman of the Board of  
Directors



Name: SPRLU BDB Management,  
represented by Mr Benoît De  
Blic

Capacity: Managing Director



Name: Mrs Sophie Goblet

Capacity: Director



Name: SPRL Etienne Dewulf,  
represented by Mr Etienne  
Dewulf

Capacity: Director



Name: Mr Benoît Godts

Capacity: Director



Nom : MarcVH-Consult BVBA,  
represented by Mr Marcus  
Van Heddeghem

Capacity: Director