

## ANNUAL RESULTS – 1 OCTOBER 2007 TO 30 SEPTEMBER 2008



Société en Commandite par Actions

CREATING VALUE IN REAL ESTATE

- ↻ **Portfolio value is steady**
- ↻ **Occupancy rate 97.3%**
- ↻ **Net cash flow higher than the forecast 21%**
- ↻ **Net result higher than the forecast 14%**
- ↻ **Dividend of €3.87 net per share (€4.55 gross), higher than last year and forecasts**

The Board of Directors of Befimmo SA, Managing Agent of the Befimmo SCA Sicafi, met on 12 November 2008 to prepare the consolidated annual financial statements of the Befimmo Sicafi at 30 September 2008.

Since the agreements with La Poste and the Belgian Government in December 2005 on Tower 2 of the World Trade Center, 2007/2008 had been presented as a transitional year, with an expected cash flow of €3.79 per share, lower than the forecast dividend (€4.51 gross per share).

In the end the year turned out much better than forecast, with an actual net cash flow per share of €4.58 (+21%) and actual net result per share of €4.45 (+14%). The improved cash flow comes essentially from realising capital gains in relation to fair value, on the disposal of certain assets.

Accordingly, at the General meeting of shareholders on 15 December, the Managing Agent will propose a higher dividend (€3.87 net per share).

## THE 2007/2008 FINANCIAL YEAR FEATURED SOME OUTSTANDING TRANSACTIONS

### Successful significant investments and disposals within the portfolio

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During the period, Befimmo carried out investments and disposals within its portfolio:

- The disposal of its semi-industrial portfolio and two office buildings, Woluwe Garden B & D, to AIG Global Real Estate Investment, Rockspring Property Asset Management and Rockspring PIM Ltd. This transaction generated a substantial capital gain<sup>1</sup> of some €7.5 million, or €0.57 per share.
- The acquisition<sup>2</sup> of Fortis Bank's regional headquarters in Antwerp and Leuven. These buildings are let for an average weighted duration of 17 years mainly to Fortis Bank. This transaction will provide a recurrent improvement in cash flow of €0.07 per share (indexed).
- The transfer of rights on two buildings on short-term let to the Belgian Government (Tabaksvest in Antwerp and Langerei in Bruges). These transactions generated an overall capital gain<sup>1</sup> of some €1.2 million, or €0.09 per share.

The success of these various transactions improves the occupancy rate (97.3% as of 30 September 2008), lengthens the weighted average duration<sup>3</sup> of the leases in the portfolio to 9.4 years and confirms Befimmo's strategy as a "pure player" investor. Befimmo intends to continue actively managing its portfolio by investing in quality offices, preferably located in city centres, and disposing of buildings that are no longer consistent with its strategy.

### Major lets within the portfolio

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During the fiscal year, Befimmo signed leases for a total of 32,500 m<sup>2</sup> of office space (of which 21,305 m<sup>2</sup> of net take-up), and 4,753 m<sup>2</sup> of storage or multi-purpose space (of which 4,136 m<sup>2</sup> of net take-up). Of the leases agreed over the year, new customers account for 55% of rents (18 transactions), the balance being new agreements with existing tenants (19 transactions).

Noteworthy among these transactions were the relettings in Brederode Corner (+/-7,300 m<sup>2</sup>), the View Building (+/-4,300 m<sup>2</sup>) and the Media building (+/-5,800 m<sup>2</sup>).

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<sup>1</sup> The capital gain is the net sale value less the fair value (IFRS) and any associated goodwill booked at the end of the quarter preceding the sale.

<sup>2</sup> For more information, please see the press release published on 27 June 2008 on the Befimmo website [www.befimmo.be](http://www.befimmo.be).

<sup>3</sup> Weighted mean 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.

## Geographical diversification

### Admission of Befimmo shares on the Euronext Paris market

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Befimmo has chosen Paris as the first potential target for its strategy of geographical diversification. Paris, a major world market, is in fact characterised by a high occupancy rate while property values are continuing to be substantially revised downwards. Paris could therefore offer Befimmo a real opportunity for creating value in the future.

In this context, Befimmo has been listed on Euronext Paris since 23 September 2008. This listing will also help to enhance Befimmo's reputation with French investors and will enable it to acquire more French shareholders. It will also enable Befimmo to apply for the status of listed real estate investment company (SIIC) in France.

### Enhancing Befimmo's financing

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Befimmo has arranged a number of financing deals to enhance its financial structure, extending the average duration of the bankers' commitments, as of 30 September 2008, to 3.72 years and giving Befimmo a potential of unused lines of €250 million.

The company is pursuing an interest-rate hedging policy which, at 30 September 2008, gives it a hedge ratio of 93%.

## REAL ESTATE PORTFOLIO

The value<sup>4</sup> of the consolidated portfolio at 30 September 2008 was €1,886.5 million. This value compares with €1,812.9 million at the start of the period.

The difference is due mainly to:

- the acquisition of the buildings located in Antwerp and Leuven;
- the acquisition of the buildings in phase V of the Ikaros Business Park (Zaventem);
- the investments made in the buildings over the period;
- the disposal of the semi-industrial portfolio and the Woluwe Garden B & D buildings (Zaventem);
- and a slight change in the fair value of the consolidated portfolio (-0.33%).

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<sup>4</sup> These values are established in accordance with standard IAS 40 which requires investment property to be booked at "fair value". "Fair value" is obtained by deducting from the "investment value" the average costs for transactions recorded over the past three years, corresponding to 2.5% for property worth more than €2.5 million and 10% (Flanders) or 12.5% (Wallonia) for property worth less than €2.5 million.

The Befimmo portfolio comprises both investment property and property held for sale.

The table below illustrates the values of the Befimmo portfolio, firstly excluding Fedimmo and secondly consolidated by geographical area.

Change in values (as of 30.09 – million €)

	<b>2006</b> [Portfolio before Fedimmo]	<b>2007</b> [Consolidated portfolio]	<b>2008</b> [Consolidated portfolio]	<b>Year-on-year change<sup>5</sup></b>
<b>Offices</b>	<b>1 051.1</b>	<b>1 753.7</b>	<b>1 886.5</b>	-
Centre (CBD)	682.1	1 028.8	1 095.0	+0.21%
Decentralised	147.6	154.7	151.4	-2.20%
Suburbs	205.3	209.1	179.6	-2.82%
Flanders	-	268.2	367.4	+1.19%
Wallonia	16.1	93.0	93.1	-3.56%
<b>Other</b>	<b>27.3</b>	<b>59.2</b>	-	-
<b>TOTAL</b>	<b>1 078.4</b>	<b>1 812.9</b>	<b>1 886.5</b>	<b>-0.33%</b>

The drops in value recorded over the last quarter in the decentralised and suburban areas were almost entirely offset by a rise in the value of buildings on long-term lets, mainly as a result of rent indexing.

The rental yield for the consolidated portfolio was 6.26% as of 30 September 2008, compared with 6.40% as the fiscal year opened. Adding the estimated value for vacant premises, it rises to 6.43% as against 6.73%.

The occupancy rate<sup>6</sup> of the consolidated portfolio has reached a very high level, rising from 95.1% at the start of the year to 97.3% at 30 September 2008. Note that a drop in the occupancy rate to 95.7% as of 30 September 2009 is expected due to the Imperatrice and Central Gate buildings being partly or completely vacant while the work is going on.

<sup>5</sup> Year-on-year change: change in fair value between 2007 and 2008 (excluding investments and disinvestments).

<sup>6</sup> Occupancy rate = current rent (including space let but for which the lease has yet to begin) / (current rent + estimated rental value for vacant premises). This occupancy rate applies to all the buildings in Befimmo's consolidated portfolio, including those unlet and being renovated.

## CONSOLIDATED KEY FIGURES

Data per share [Group share – as of 30.09]	2008	2008 Forecasts Annual report 2007	2007
Number of shares	13 058 969	13 058 969	13 058 969
Book value	74.03 €	73.52 €	71.36 €
Return	4.11 €	3.60 €	11.94 €
Net cash flow <sup>7</sup>	4.58 €	3.79 €	4.78 €
Net result	4.45 €	3.92 €	8.23 €
Gross dividend	4.55 €	4.51 €	4.51 €
Return on equity <sup>8</sup>	5.76%	5.04%	17.71%
<b>Market data [as of 30.09]</b>			
Closing price	71.53 €	-	72.93 €
Gross yield <sup>9</sup>	6.36%	-	6.17%

Note that the return of 17.71% recorded during the 2006/2007 fiscal year was exceptionally high on account of a rise in the value of the buildings of 2.18%, or €38.7 million, recorded during the period, and the issue in June 2007 of 3,264,742 new shares worth more (€80) than the book value (€65.04). During the 2007/2008 fiscal year, the value of the portfolio held quite steady, the return of 5.76% reflecting mainly the net cash flow generated.

## VALUE OF NET ASSETS AT 30 SEPTEMBER 2008

The total value – group share – of Befimmo's net assets as of 30 September 2008 was €966.8 million and the book value – group share – was €74.03 per share as compared with €71.36 per share as the fiscal year opened.

Over the calendar year up to 30 September 2008, and taking account of the gross dividend of €1.44 per share distributed in December 2007, the return on shareholders' equity was 5.76%<sup>10</sup>.

<sup>7</sup> The net cash flow is the net earnings before depreciation, write-downs and provisions.

<sup>8</sup> The annual return is the latest gross dividend distributed during the period plus the growth in inventory value over the past 12 months, divided by the inventory value one year earlier.

<sup>9</sup> Gross dividend divided by share price as of 30 September.

<sup>10</sup> This return is calculated as the percentage ratio between the book value at 30 June 2008 (€74.03) plus the balance of the gross dividend of December 2007 (€1.44) – as the 2007 interim dividend was paid out of equity on 30 June 2007 – and the book value at 30 September 2007 (€71.36) minus one.

## TREND OF RESULTS

(million € - group share)	ACTUAL 2007/2008	FORECAST 2007/2008 (ANNUAL REPORT 2007)	ACTUAL 2006/2007
Net result	58.2	51.2	89.1 <sup>11</sup>
Net cash-flow	59.8	49.4	51.7

### Analysis of changes in cash flow (million €)

<b>Net cash-flow 2006/2007 [group share]</b>	<b>51.7</b>
Change in contribution of Befimmo's own portfolio	-1.9
Fedimmo's contribution to the fourth quarter <sup>12</sup>	2.4
Change in financial charges (interest rates, etc.)	-0.3
Impact of disposal of buildings	6.2
Net impact of hedging instruments	1.8
Other (real estate certificates, etc.)	- 0.1
<b>Net cash-flow 2007/2008 [group share]</b>	<b>59.8</b>

In relation to the previous year, total **net cash flow** for the fiscal year was favourably influenced by the disposal of various buildings in the portfolio (net contribution of €6.2 million) and the contribution of Fedimmo (€2.4 million) for the first time as a full year. This trend was partly offset by the reduction of €1.9 million in the contribution of Befimmo's own portfolio, as a result of the implementation of the planned renovation program.

**Rental income** is up 4.4% (or €4.6 million) on last year. This was due to Fedimmo's contribution for the whole year and the indexing of rent, partly offset by the fall in income linked to the renovation of three large buildings (Extension Justice, Tower 2 of the World Trade Center and Brederode Corner).

The **property operating result** is up 5.24% on last year.

The rise in **overheads** is due mainly to the costs linked to the building projects studied during the period.

<sup>11</sup> As explained above, the result for the 2006/2007 financial year was exceptionally high owing to the growth in value of the portfolio.

<sup>12</sup> In 2007/2008, Fedimmo contributed a full year to the results, while in 2006/2007 it contributed only three quarters.

The **result on the sale of buildings** of €8.8 million corresponds to the capital gain realised on the sale of the semi-industrial portfolio, buildings in the suburbs and two of Fedimmo's short-term let buildings.

The **fair value of the buildings** in the portfolio has held quite steady (down €6.3 million, or -0.33%) over the fiscal year, while fair value grew by an exceptional €38.7 million over the previous fiscal year.

Discounting this change in the fair value of the buildings, the **operating result** grew 12.2%, mainly on account of the capital gains realised on the disposal of buildings and the full year's contribution of Fedimmo. Overall, however, the operating result is down 27% on last year.

The **financial result** was -€31.3 million, €4.3 million up on last year. Excluding the impact of non-cash items, the financial result was -€36.4 million, 4.6% million down on last year. The main changes are explained by the following factors:

- the higher interest charges (€4.3 million) linked to the growth in volume of the financial debt, which rose from €740 million at 30 September 2007 to €815 million (impact of the work program and acquisitions and disposals) and the rise in interest rates;
- the net (non-cash) impact of changes in value linked to the various interest-rate hedging instruments (generating revaluation earnings of €5.1 million in relation to a deficit of €1.5 million last year);
- income received from interest, mainly on the IRS instruments, guaranteeing a rate lower than the Euribor rate over the period (€1.8 million).

The **net result** is down 32%, or €29.8 million, mainly on account of exceptional increases in the value of the buildings during the previous fiscal year.

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

## Consolidated income statement (in thousands of €)

	30.09.2008	30.09.2007
I. (+) Rental income	109 507	104 902
III. (+/-) Charges linked to letting	-346	-282
<b>NET RENTAL INCOME</b>	<b>109 161</b>	<b>104 621</b>
IV. (+) Recovery of property charges	14 072	4 632
V. (+) Recovery income of charges and taxes normally payable by tenants on let properties	21 922	24 431
VI. (-) Costs normally payable by tenants and borne by the landlord on rental damage and refurbishment at the end of lease	-	-9
VII. (-) Charges and taxes normally payable by tenants on let properties	-23 296	-24 186
VIII.(+/-) Other revenue and charges for letting	159	146
<b>PROPERTY RESULT</b>	<b>122 017</b>	<b>109 634</b>
IX. (-) Technical costs	-16 814	-8 360
X. (-) Commercial costs	-1 138	-1 515
XI. (-) Charges and taxes on unlet properties	-1 028	-1 504
XII. (-) Property management costs	-970	-1 253
XIII.(-) Other property charges	-7	-27
<b>(+/-) Property charges</b>	<b>-19 957</b>	<b>-12 659</b>
<b>PROPERTY OPERATING RESULT</b>	<b>102 060</b>	<b>96 975</b>
XIV.(-) Corporate management costs	-11 888	-8 564
XV. (+/-) Other operating income and charges	1 255	-312
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>91 427</b>	<b>88 100</b>
XVI. (+/-) Gains or losses on disposals of investment properties	8 801	1 265
XVIII.(+/-) Changes in fair value of investment properties	-6 316	38 701
<b>OPERATING RESULT</b>	<b>93 913</b>	<b>128 065</b>
XIX.(+) Financial income	19 545	6 650
XX. (-) Interest charges	-40 239	-34 823
XXI.(-) Other financial charges	-10 655	-7 559
<b>(+/-) Financial result</b>	<b>-31 349</b>	<b>-35 732</b>
<b>PRE-TAX RESULT</b>	<b>62 563</b>	<b>92 334</b>
XXIII.(-) Corporation tax	-646	-584
<b>(+/-) Taxes</b>	<b>-646</b>	<b>-584</b>
<b>NET RESULT</b>	<b>61 918</b>	<b>91 750</b>
RESULT, GROUP SHARE	58 170	89 079
MINORITY INTERESTS	3 748	2 671
<b>BASIC RESULT AND DILUTED PER SHARE</b>	<b>4.45</b>	<b>8.23</b>



## CONSOLIDATED BALANCE SHEET (in thousands of €)

ASSETS	30.09.08	30.09.07
<b>I. Non-current Assets</b>	<b>1 927 934</b>	<b>1 867 469</b>
A. Goodwill	15 977	16 172
C. Investment properties	1 877 636	1 812 899
D. Development projects	-	2 216
E. Other property, plant and equipment	722	692
F. Non-current financial assets	23 827	25 626
G. Finance leases receivables	9 772	9 864
<b>II. Current Assets</b>	<b>43 817</b>	<b>29 301</b>
A. Assets held for sale	8 865	-
B. Current financial assets	1 870	5 343
C. Finance leases receivables	56	53
D. Trade receivables	22 765	15 210
E. Tax receivables and other current assets	3 112	203
F. Cash and cash equivalents	4 556	5 288
G. Deferred charges and accrued income	2 594	3 205
<b>TOTAL ASSETS</b>	<b>1 971 751</b>	<b>1 896 770</b>

SHAREHOLDERS' EQUITY AND LIABILITIES	30.09.08	30.09.07
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1 028 507</b>	<b>996 792</b>
<b>I. Equity attributable to shareholders of the parent company</b>	<b>966 809</b>	<b>931 905</b>
A. Capital	186 919	186 919
B. Share premium account	372 952	372 952
D. Reserves	21 113	21 113
E. Result	385 825	346 399
a. Result brought forward from previous years	327 655	287 394
b. Net result for the fiscal year	58 170	59 005
G. Hedging instruments	-	4 522
<b>II. Minority interests</b>	<b>61 698</b>	<b>64 887</b>
<b>LIABILITIES</b>	<b>943 244</b>	<b>899 978</b>
<b>I. Non-current liabilities</b>	<b>862 434</b>	<b>153 838</b>
B. Non-current financial debts	857 016	148 637
a. Credit institutions	597 651	82 934
b. Finance lease	51 705	64 199
c. Other	207 661	1 504
D. Trade debts and other non current debts	5 418	5 201
<b>II. Current liabilities</b>	<b>80 810</b>	<b>746 140</b>
A. Provision	4 758	-
B. Current financial debts	15 379	662 692
a. Credit institutions	8 970	656 761
b. Finance lease	6 409	5 931
D. Trade debts and other current debts	46 967	71 050
F. Accrued charges and deferred income	13 706	12 398
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1 971 751</b>	<b>1 896 770</b>

The statutory auditor has confirmed that the accounting information included in this press release do not reveal a qualification from his part and correspond with the financial statements as established by the Board of Directors.

## DIVIDEND 2008

So, the Managing Agent of the Befimmo Sicafi will propose that the General meeting of shareholders approve for each of the company's 13,058,969 shares over the period 1 October 2007 to 30 September 2008, a net dividend of €3.87, or a gross dividend of €4.5529, higher than as forecast, payable against the detachment of share coupon No 16.

Coupon No 16 will be payable from 19 December 2008.

The gross dividend represents 99% of the cash flow generated and 102% of the net result for the fiscal year.

## OUTLOOK

Since the close of the fiscal year, the financial crisis that began in July 2007 has worsened all over the world and in Belgium. At this stage, it is impossible to predict when it will stabilise or its long-term consequences for the economic world in general or for the real-estate market in particular.

Though it is not immune to it, Befimmo does seem to be well protected, firstly by two-thirds of its portfolio being let for long periods to public institutions and secondly by the solidity of its financing, stabilised for an average term of 3.7 years.

At this stage, therefore, the Managing Agent of the Sicafi does not intend to change the dividend forecast – at constant floor area – made in 2006. Unless other factors intervene, the gross dividend for the 2009 fiscal year could therefore be €4.60 per share.

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**The annual accounts as at 30 September 2008, the management report and the auditor's report will be available at the company's headquarters and on the website from 28 November 2008.**

### Further information:

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