

BEFIMMO
Partnership Limited by Shares
Public Fixed Capital Real Estate Investment Company incorporated under
Belgian Law (Sicafi)
Chaussée de Wavre 1945 – 1160 Brussels
Register of Legal Bodies Number: 0455.835.167

Special Report of the Board of Directors of Befimmo SA, Managing Agent of the
Sicafi Befimmo SCA, as of 3 October 2012
Contribution in kind - Capital increase within the framework of the authorised
capital

This document was written in French, in case of inconsistencies between the French and the English version, the French version will prevail.

1. Introduction

On 22 August 2012, the Board of Directors (the “Board of Directors”) of Befimmo SA, in its quality of management entity of Befimmo SCA (the “Company”) took the decision of principle to accept the contribution in kind of Fedimmo shares held by Société Fédérale de Participations et d’Investissement (“SFPI”) in exchange for the issuance of new Befimmo SCA shares.

The Board prepared this special report for the Company’s shareholders regarding a capital increase of the Company within the framework of the authorised capital, by a contribution in kind amounting to 491,008 shares of the limited liability company Fedimmo SA (hereafter “Fedimmo”) to the capital of the Company in exchange for new shares of the Company.

This report, completed in accordance with article 602, paragraph 1 of the Companies Code (applicable to the Sicafi Befimmo SCA pursuant to article 657 of the aforementioned Code), describes the benefit of such share contribution for the Company along with the reasons why the Board may deviate from the conclusions of the Auditor's report.

This report should be read in conjunction with the report provided by the Company’s Auditor (pursuant to article 602, paragraph 1, of the Companies Code) that describes the contribution and valuation modes adopted as well as the effective remuneration in return of such contribution.

2. Background of this operation

This operation is part of the acquisition, by the Company, of Fedimmo shares that it does not yet own.

Indeed, the Company owns 8,838,145 class B registered shares amounting to 90% of the capital of Fedimmo SA, whose head office is located Chaussée de Wavre 1945 in 1160 Brussels (registered in the Register of Legal Bodies under number 0 886 003 389).

Furthermore:

- Société Fédérale de Participations et d'Investissement (hereafter "SFPI"), a limited liability company with head office Avenue Louise 34, b. 4 in 1050 Brussels, owns 721,156 class A registered shares of Fedimmo, which amounts to 7.34% of the capital of Fedimmo, and

- Sopima SA a limited liability company, with head office located Square de Meeûs, 35 in 1000 Brussels, owns 260,860 class A registered shares of Fedimmo, which amounts to 2.66% of the capital of Fedimmo.

The Company intends to purchase, in cash, 230,148 shares of Fedimmo currently owned by SFPI and the 260,860 shares of Fedimmo currently owned by Sopima.

Upon completion of this double acquisition, SFPI will still own 491,008 shares of Fedimmo and, on the same day, SFPI shall contribute such shares to the Company who will issue new shares of the Company as remuneration for the contribution.

3. Valuation and remuneration for the contribution in kind

3.1 Identification and valuation of the contribution in kind

The envisioned contribution in kind amounts to 491,008 class A registered shares of Fedimmo.

For the valuation of the contribution and the determination of the number of shares of the Company to be issued as remuneration for the contribution, the Company and SFPI have agreed to retain the respective net asset values of the Company and of Fedimmo as of 30 June 2012, as determined according to the IFRS standard, less 10% in both cases.

Fedimmo applies the Belgian GAAP accounting standards. However, the interim financial statements as of 30 June 2012 were completed in accordance with IFRS standards (and were subject to a limited review report by Fedimmo's Auditor, srl Deloitte represented by Mrs. K. De Brabander and Mr. R. Neckebroek, auditors).

According to the IFRS standard, the net asset value of Fedimmo as of 30 June 2012 is €680,215,164.90.

After applying the 10% deduction, the valuation amount used to determine the value of the contribution is €612,193,648.41; consequently, the conventional value of the contribution by SFPI of its 491,008 class A Fedimmo shares amounts to €30,609,682.42, or €62.34 per Fedimmo share (considering that Fedimmo's capital is represented by 9,820,161 shares in total).

For information, the Company reports that the same valuation amount for Fedimmo shares was retained to determine the price at which the Company will purchase, this day, 230,148 Fedimmo shares from SFPI and 260,860 Fedimmo shares from Sopima.

3.2 Remuneration for the contribution

The contribution of 491,008 Fedimmo shares to the Company shall be remunerated by means of issuance of new shares of the Company.

As indicated above regarding the contribution valuation, the Company and SFPI have conventionally set the price of the share of the Company to be retained for the exchange ratio as follows: net asset

value (group share) of the Company (according to IFRS) as of 30 June 2012, less 10%, divided by the number of shares of the Company currently in circulation (17,517,150 shares). The result is the conventional value of one Befimmo share for the purpose of the exchange ratio.

The interim financial statements as of 30 June 2012, completed in accordance with IFRS standards (and subject to a limited review report by the Company's Auditor, scrl Deloitte represented by Mrs. K. De Brabander and Mr. R. Neckebroek, auditors), reveal a net asset value (group share) for the Company at €1,003,153,394.22 as of this date. After a 10% deduction, this amount is €902,838,054.80, resulting, when divided by the number of outstanding shares (17,517,150 shares), in a conventional value of € 51.54 per share of the Company.

As a sicafi, the Company is required to comply with provisions in article 13, paragraph 2 of the Royal Decree of 7 December 2010 on sicafi, which regulates the issuance of shares in exchange for contribution in kind.

In particular, regarding the determination of the issue price, article 13, paragraph 2, point 2 of the aforementioned Royal Decree provides that *"the issue price may not be less than the lowest value between (a) a net asset value dating from less than four months prior to the date of the contribution agreement or, at the discretion of the public sicafi, prior to the date of the capital increase, and (b) the average closing price over thirty calendar days prior to such date"*.

Consequently, the Board of Directors must verify that the conventional value used to determine the issue price complies with the provision of article 13, paragraph 2, point 2 or the Royal Decree of 7 December 2010; to this purpose, the Board determined both values mentioned in this article:

- (a) The Company's net asset value taken into consideration is that of 30 June 2012 (less than four months prior to the issuance of new shares). As of this date, the net asset value of the share is €57.27;
- (b) The average closing price of the share over a period of 30 calendar days prior to this day (i.e. from 3 September to 2 October 2012) on the NYSE Euronext Brussels is €46.70.

Therefore, the conventional issue price for new shares (i.e. €51.54/share) is not less than the lowest value between values (a) and (b).

Taking into account the fraction value of €14.53 (rounded), each newly issued share will generate a nominal increase of the capital of €14.53 (rounded) and the issue price balance will be assigned to an unavailable reserve account named "share premium account".

3.3 Exchange ratio

The exchange ratio is as follows: in exchange for a contribution of 491,008 registered shares of Fedimmo, SFPI will receive 593,901 new shares of Befimmo SCA coupon No 23 attached. In addition to shares of the Company attributed to SFPI, the latter will receive a balance of a total amount of €24.88.

3.4 Auditor's Report

This special report should be read in conjunction with the report provided by the Company's Auditor prepared according to article 602 of the Companies Code and annexed to this report.

The Board of Directors did not deviate from the report provided by the Company's Auditor.

4. Capital increase - Authorized capital

4.1 In order to remunerate for the contribution in kind described under point 3 above and issuance of new shares, the Board of Directors will initiate a capital increase of the Company, within the framework of the authorised capital, as provided for by article 9 of its Articles of association.

The authorisation to increase the capital, in one or several stages, including by means of a contribution in kind, up to a maximum of €253,194,780.59, was granted to the Company's Managing Agent (Befimmo SA) through a decision taken by the Extraordinary General Meeting of Shareholders on 22 June 2011, for a term of 5 years starting on 5 July 2011.

4.2 Pursuant to the notarial deed dated 15 December 2011, this authorised capital was used for the first time to grant an optional interim dividend up to €10,866,812.21. Following this increase, the Company's capital amounts to €264.061.592,80, represented by 18,175,440 shares without par value.

The balance of available authorised capital amounts to €242,327,968.38 before completion of the operation described in this report.

4.3 The registered capital increase to be completed to issue new shares of the Company intended to remunerate the contribution shall today be subject a decision by the Board of Directors, and executed in the form of a notarial deed.

The capital of Befimmo SCA shall be increased from €264,061,592.80 to €272,690,074.09 and the number of shares shall increase from 18,175,440 to 18,769,341 shares.

Following this operation, the balance of authorised capital will amount to €233,699,487.09.

5. Benefits of the contribution and capital increase for the Company

The Board of Directors believes that the acquisition of the 10% of Fedimmo's capital not yet owned by the Company (in part for cash, and in part in exchange for new shares of the Company as remuneration for the contribution in kind of Fedimmo shares by SFPI to the capital of the Company) is in the interest of the Company because this acquisition will make it possible for the Company to have 100% control over Fedimmo and to become the sole beneficiary of Fedimmo's yield, which will generate a slight positive recurrent impact on the Company's annual EPRA Earnings.

Henceforth, the Company can organise the operation of Fedimmo autonomously and align it on the Company's operation, hereby optimising its administrative, accounting, and fiscal management.

Particularly – and aside from the cash purchase of 5% of Fedimmo's capital – acquiring the remaining 5% through a contribution in kind is beneficial to the Company because it prevents the Company from having to also remunerate such “acquisition” in cash which would significantly increase the Company's debt while generating the same result as if it acquired 10% in cash. Furthermore, the operation will enable the Company to benefit from 100% of the Fedimmo property operating result.

6. Impact of the contribution on the status of existing shareholders

The holder of the new shares of the Company to be issued as remuneration for the contribution will benefit from the same voting right, proportional to its number of shares, as the current shareholders of the Company. Based on the total amount of issued shares, the holder of new shares of the Company will hold interest in the Company up to 3.16% of the Company's capital.

Such new shares of Befimmo SCA will entitle to dividend for the current fiscal year (2012 fiscal year) while Befimmo will benefit from Fedimmo's full yield generated during the current fiscal year (2012 fiscal year).

If no other factors intervene, the Board of Directors considers that the issuance of these 593,901 new shares will not lead them to modify the dividend forecast per share for the fiscal year.

7. Valuation of the Company's properties

According to article 30 of the Royal Decree on sicafi, the fair value of properties held by a public sicafi and its subsidiaries shall be determined by the expert every time the sicafi issues new shares. However, such valuation is not required when the share issuance occurs within four months of the last valuation or update of the valuation of the concerned properties, provided that the expert confirms that the general economic situation and the condition of the properties do not require a new valuation.

The Company's real estate expert have confirmed, through letters dated 25 and 26 September 2012, that the overall economy and the condition of the Company's properties did not require a new valuation.

8. Statement pursuant to article 18 of the Royal Decree on sicafi

Pursuant to article 18 of the Royal Decree on sicafi, the Company is required to inform the FSMA – and publish – the fact that certain persons, listed in article 18, paragraph 1, act as counterpart or obtain any proprietary interest following an operation by the Company.

The Company hereby declares that SFPI, in her quality of shareholder of Fedimmo, a subsidiary of the Company, is the counterpart to the issuance of new shares and that it benefits from a “proprietary interest” consisting of shares of the Company in consideration for its contribution of Fedimmo shares.

However, as specified in point 5 above, the envisioned operation is in the interest of the Company and falls within the scope of its investment policy. In addition, it is completed under normal market conditions and does not generate any particular interest for the shareholder of its subsidiary.

Executed in Brussels, 3 October, 2012

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