



Befimmo

A partnership limited by shares

Creating value in real estate

**Book value of 64.08 EUR per share
Dividend forecast on target**



Buoyant portfolio value

Limited impact of the decline of the suburbs and non-city centre

Befimmo SA, managing agent of SICAFI Befimmo SCA, closed SICAFI Befimmo's interim accounts on 31 March 2003.

The half-yearly results generally remained in alignment with forecasts despite a more difficult economy.

The net result as at 31 March 2003 was €25.29 million, or €2.58 per share (compared to €25.40 million and €2.59 per share respectively for the same period in the previous financial year ending 31 March 2002).

With no extraordinary items, this net result is equivalent to the net current income. Due to the drop in value of buildings located in the non-city centre and suburban areas of the Brussels Region, this result was appropriated, in accordance with the provisions of the royal decree on SICAFIs¹, by means of non-realised write-downs totalling €1.81 million. Once adjusted accordingly, the net result would be €2.77 per share, an increase of 2.5% in relation to the current income of €2.70 per share for the same period in the previous financial year.

The book value as at 31 March 2003 was €64.08 per share for earnings for the period. This makes for a return of €2.25 per share.

Over a period of one year, the return per share was 7%, taking into account the gross dividend of €4.28 distributed on 17 December 2002.

Real estate portfolio

The value² of the Befimmo real estate portfolio has remained almost stable (down 0.47%) in comparison with 30 September 2002. Its value was €1,069,612,000 on 31 March 2003. The average occupancy for the portfolio was also stable at 94.7%.

(in € millions)	31/03/02	30/09/02	31/03/03
Buildings	1,049.6	1,064.8	1,059.0
Offices	1,015.9	1,031.2	1,025.8
- Brussels CBD	628.6	634.0	635.3
- Brussels non-city centre	162.2	162.0	159.9
- Brussels suburbs	208.9	219.0	214.5
- Other	16.2	16.2	16.1
Semi-industrial	28.1	28.1	27.9
Commercial	5.6	5.5	5.4
Real estate certificates	9.9	9.4	10.6
Total real estate portfolio	1,059.5	1,074.2	1,069.6

The scope of the real estate portfolio has remained unchanged since 30 September 2002.

It comprises around 40 buildings with a total rental area of 528,000 m², largely composed of offices (96%), with the remaining area used for semi-industrial (3%) or commercial (1%) purposes.

The real estate is mainly located in the Brussels Capital Region (96.8%) and its economic hinterland.

Befimmo has a strong presence in the Central Business District (CBD: City Centre, North district and Léopold district), which accounts for more than 60% of its portfolio. As indicated by some recent transactions and despite the more difficult economic situation, this area should continue to benefit from growth potential supported both by non-cyclical demand generated by the European institutions and also by the rarity of new real estate projects. Rents and values remain stable in these areas.

This is not the case in the non-city centre and suburbs. There have been significant drops in value in these areas as a result of an abundant supply of new buildings coupled with a considerable drop in demand from multinational companies.

Consequently, Befimmo is reaping the rewards of diversifying its portfolio which, from being largely concentrated on the suburbs and non-city centre (78% of the value in 1998), has gradually been refocused on the Central Business District (62% of the value in 2003), thus limiting the impact of the decline in the non-city centre and suburbs.

Interim results

These results are presented in accordance with the royal decree of 10 April 1995 on SICAFIs. They have been subject to limited review by the statutory auditors in accordance with the recommendation issued by the Institute of Corporate Auditors³:

BALANCE SHEET (in thousands of EUR)	30/09/02	31/03/03
Assets		
Establishment costs	0	0
Value of the real estate portfolio	1,064,818	1,059,011
Value of the real estate certificates	9,384	10,601
Other assets	10,198	16,462
TOTAL ASSETS	1,084,400	1,086,074
Liabilities		
Equity capital	605,597	627,643
Provisions	2,351	2,351
Long-term debts	161,203	161,258
Short-term debts	315,249	294,822
Financial debts	224,606	259,103
Commercial debt	39,675	27,504
Other debts & deferred income and accrued charges	50,968	8,215
TOTAL LIABILITIES	1,084,400	1,086,074
Key figures		
Debt ratio	43.3%	41.5%
Return on equity (annual basis)	9.4%	7.0%
Book value per share (EUR)	61.83	64.08
Share price (EUR)	62.45	66.00
Number of shares	9,794,227	9,794,227

PROFIT AND LOSS ACCOUNT (in thousands of EUR)	30/09/02	31/03/02	31/03/03
Turnover	76,312	37,692	38,659
+ Other operating results	-10,285	-3,910	-5,788
= Operating result	66,027	33,782	32,871
+ Financial result	-15,781	-7,173	-7,620
= Current result	50,246	26,609	25,251
+ Extraordinary items	-2,041	-1,143	-
= Pre-tax profit	48,205	25,466	25,251
Result after taxes	48,270	25,404	25,291

Key figures (EUR)

Earnings per share	4.93	2.59	2.58
Return per share	5.68	3.42	2.25

The following table has been created to facilitate comparison of the results with those of other SICAFIS which present their accounts in another form in accordance with a dispensation from the system set out in the royal decree of 10 April 1995.

(in thousands of EUR)	31/03/02	31/03/03
Operational result		
+ Net rents	37,692	38,658
+ Incomes from certificates	508	610
- Net real estate costs	-721	-466
- Operating costs	-3,189	-3,286
= Operating profit	34,290	35,516
- Net financial result	-7,743	-8,374
- Taxes	-	7
= Earning before extraordinary items	26,547	27,149
Portfolio result		
+ Capital gain on realisation of portfolio components	22	-
+ Write-downs of trade receivable	-	-46
+ Variation in the market value	1,986	-5,057
= Portfolio result	2,008	-5,103
Extraordinary result	-1,165	-
Economic result	27,390	22,046
Transfer of reevaluation gain	-1,986	3,245
Accounting result	25,404	25,291

Prospects

The return for the current financial year 2003 ending on 30 September 2003 will be around 6.75% taking into account the current rate of development in real estate values which are dropping considerably in non-city centre areas and in the suburbs.

The net current income per share for the financial year, adjusted for non-realised write-downs¹ will be around €5.00, slightly less than the figure forecast in the 2002 annual report (€5.18).

However, with a borrowing capacity of more than €160 million, Befimmo does have the resources to allow it to make acquisitions and thereby improve its per-share result in the short term.

However, the managing agent of the SICAFI believes that the prices paid for the recent real estate transactions in which the SICAFI was interested were incompatible with its strategy of creating value for its shareholders.

Other things being equal, Befimmo confirms its dividend forecast of €4.45 per share (€3.78 net).

¹ Befimmo's results are presented in strict accordance with the rules laid out in the royal decree of 10 April 1995. This means that only the gains actually realised appear on the profit and loss account, with the unrealised gains and losses reflected in the shareholder's equity with the exception of losses booked when the expert valuation is lower than the acquisition value.

² This investment value is the result of the valuation report drafted on 22 April 2003 by Winsinger & Associés, incorporating the values attributed to the buildings valued by Healey & Baker, CB Richard Ellis and Deloitte & Touche Real Estate Catella Codemer in accordance with Article no. 56 para. 2 of the royal decree of 10 April 1995 on SICAFIs and the stock market value on 31 March 2003 of the portfolio of real estate securities owned by Befimmo.

Under current regulations we are required to divulge both the sale value and the acquisition value of the portfolio to be declared; the latter value is considered to be the "value with immediate occupancy". This includes variable transaction costs of a maximum of 13%, which an investor would have had to pay in the event of a direct real estate investment. Consequently, assuming the sale of the portfolio based on the expert valuation, the net sale value for the SICAFI would be between €947.8 million and €1069.6 million.

³ Statutory auditor's report published pursuant to article 2 para. 7 of the Royal Decree of 3 July 1996:

The Statutory Auditor's report on the interim figures for Befimmo SCA for the period ending 31 March 2003

We declare that we carried out a limited review of the interim situation of the SCA Befimmo on 31 March 2003 in accordance with the recommendations of the Institute of Corporate Auditors.

Our checks consisted mainly of an analysis, comparison and discussion of the interim financial information communicated to us and were consequently less extensive than a full audit of the annual accounts.

This limited review did not reveal any components requiring significant corrections to the company's interim situation.

Antwerp, 30 April 2003
SC s.f.d. SCRL Deloitte & Touche
Company Auditors
Represented by J. Vlamincx

Any additional information, the 2002 annual report and the interim report of 31 March 2003 may be requested as from 8 May 2003 by contacting head office:

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