

CREATING VALUE IN REAL ESTATE

HALF-YEARLY REPORT 2003



Befimmo



01.10.2002 - 31.03.2003

corporate profile

| BEFIMMO TODAY

Befimmo is a SICAFI (real estate investment trust) specialising in investment in office buildings in Brussels and in the city's economic hinterland. Befimmo's growth and development is supported by its promoter, Bernheim-Comofi, a recognised player in the real estate industry.

The company's portfolio comprises approximately forty 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.

The majority of the portfolio (over 60%) is located in the Central Business District (CBD: City centre, North district and Léopold district). Despite a more difficult economic climate, 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 are holding up very well in these areas and are even rising.

On the other hand, the non-city centre and the suburbs have seen significant drops in value 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% in 1998), has gradually been refocused on the Central Business District (62% in 2003), thus limiting the impact of the decline in the non-city centre and suburbs.

Revenue from long-term leases signed by the company with Belgian government and European institutions provide a good level of security.

Having reached an initial critical mass – with a listing in the Euronext Prime index – and offering liquid share to most of its shareholders, Befimmo will push ahead with its development according to the same philosophy: generating value.

BUSINESS DEVELOPMENTS

The value¹ 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.

This investment value is the result of the valuation report drafted on 22 April 2003 by Winsinger & Associated, 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.

(in millions of EUR)	31/03/2002	30/09/2002	31/03/2003
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. In fact, despite having a borrowing capacity of over € 160 million, Befimmo has not realised the assumed real estate acquisitions forecast (2002 annual report) worth some € 30 million. In this context, the SICAFI's managing agent takes the view that the prices paid in recent real estate transactions involving the SICAFI were not compatible with its strategy of creating value.

The portfolio's overall rental income from current rentals plus the estimated rental value of unoccupied premises is 7.79%. The average occupancy rate of the portfolio remains stable at 94.71%.

(1) 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.

the portfolio

SUMMARY OF REAL ESTATE ASSETS (as of 31/03/2003)

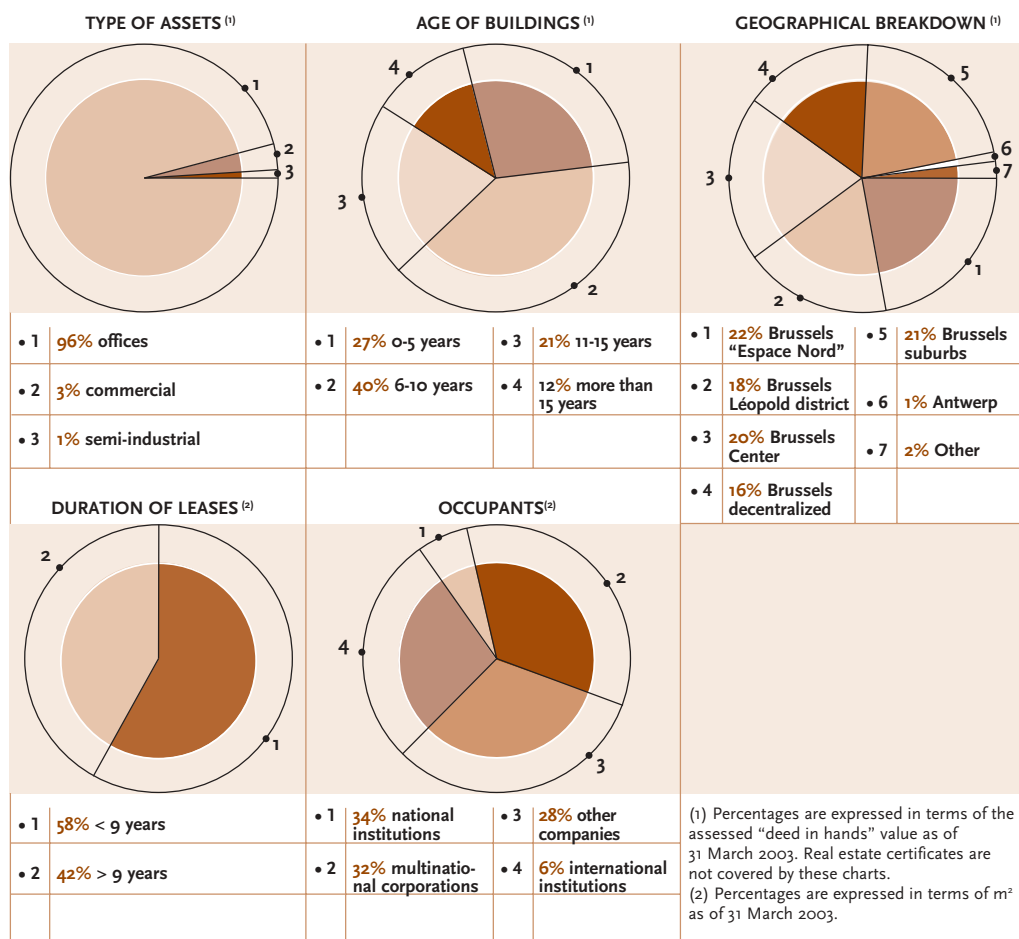
INVESTMENT BUILDINGS	YEAR BUILT/ YEAR RENOVATED	RENTAL SPACE (m ²)	INITIAL DURATION OF LEASES (years)	PERCENTAGE OF PORTFOLIO ⁽¹⁾ (%)	CURRENT RENT AS of 31/03/03 (in thousands of EUR)	OCCUPANCY RATE AS of 31/03/03 (%)
OFFICES						
BRUSSELS CENTER						
SHELL	1997-2000	31,381	3/6/9	5.6%	4,349	99.8%
BREDERODE 1	1990-2001	24,968	14	3.9%	3,035	100.0%
EXTENSION JUSTICE	MORE THAN 15 YEARS	18,795	9	3.8%	2,961	100.0%
IMPÉRATRICE	1997-2000	17,072	9/12/15/18	3.2%	2,442	100.0%
BREDERODE 2	1993	7,803	3	2.5%	1,902	100.0%
EMPEREUR	1997	5,953	9	1.1%	833	100.0%
		105,972		20.1%	15,522	99.9%
BRUSSELS LEOPOLD DISTRICT						
BORSCHETTE	1981	17,657	12	4.5%	3,490	100.0%
RUE JOSEPH II, 27	1994	12,831	27	4.4%	3,380	100.0%
WIERTZ	1996	10,816	3/6/9	3.2%	2,498	100.0%
VIEW BUILDING	2001	10,297	6/9	2.4%	1,834	100.0%
GUIMARD	1997	5,357	3/6/9	1.5%	1,141	100.0%
SCHUMAN 1	1964	5,124	1.5	0.0%	0	0.0%
SCHUMAN 2	2001	5,122	9	1.8%	1,370	100.0%
		67,204		17.7%	13,713	91.2%
BRUSSELS "ESPACE NORD"						
WORLD TRADE CENTER	1975/1998	66,326	24	14.0%	10,791	99.7%
NOORD BUILDING	1989	42,726	27	9.1%	7,068	100.0%
		109,052		23.1%	17,859	99.8%
BRUSSELS DECENTRALIZED						
LA PLAINE	1995	15,933	12/18	5.2%	3,999	100.0%
TRIOMPHE I	1998	11,080	3/6/9	3.1%	2,413	100.0%
TRIOMPHE II	1998	9,282	9	2.2%	1,731	100.0%
JEAN DUBRUCQ 167-181	1991	7,744	9/12	1.0%	757	100.0%
TRIOMPHE III	1993	7,173	3/6/9	1.8%	1,410	98.4%
GOEMAERE	1988/1998	6,939	3/6/9	0.9%	725	61.5%
RUE EUDORE DEVROYE, 245	1996	1,576	4/6/9	0.4%	271	100.0%
CHÉE. DE LA HULPE	1970	1,462	3/6/9	0.2%	145	69.2%
		61,189		14.8%	11,451	95.5%
BRUSSELS SUBURBS						
IKAROS BUSINESS PARK ⁽²⁾	1990 to 2001	40,965	3/6/9	5.0%	3,882	79.8%
MEDIA	1999	18,651	9	2.8%	2,200	75.8%
FOUNTAIN PLAZA	1991	16,690	3/6/9	2.2%	1,680	62.9%
PLANET 2	1988	10,277	3/6/9	1.1%	874	72.6%
EAGLE BUILDING	2000	8,661	6/9	1.5%	1,137	82.9%
WOLUWE GARDEN B	1997	7,756	3/6/9	2.1%	1,642	100.0%
WOLUWE GARDEN D	1994	7,673	3/6/9	2.0%	1,579	100.0%
OCEAN HOUSE	1997	4,730	3/6/9	1.0%	802	100.0%
WATERLOO OFFICE PARK	1992	2,005	6/9	0.5%	425	100.0%
		117,408		18.4%	14,221	81.4%
MONS						
RUE DU JONCQUOIS 118	1974	7,851	18	1.3%	990	100.0%
DIGUE DES PEUPLIERS 71	1976	7,271	9	1.3%	981	100.0%
		15,122		2.5%	1,971	100.0%
TOTAL OFFICES		475,947		96.6%	74,736	93.6%

INVESTMENT BUILDINGS	YEAR BUILT/ YEAR RENOVATED	RENTAL SPACE (m ²)	INITIAL DURATION OF LEASES (years)	PERCENTAGE OF PORTFOLIO ⁽¹⁾ (%)	CURRENT RENT AS of 31/03/03 (in thousands of EUR)	OCCUPANCY RATE AS of 31/03/03 (%)
SEMI-INDUSTRIAL						
BRUSSELS-ANDERLECHT RUE BOLLINCKX BOULEVARD INDUSTRIEL	1980	8,098	3/6/9	0.7%	549	100.0%
	1976	7,790	1/2/3	0.4%	295	78.1%
		15,888		1.1%	844	91.1%
BRUSSELS SUBURBS GREEN HILL	1986	7,187	3/6/9	0.7%	563	98.6%
		7,187		0.7%	563	98.6%
ANTWERP KONTICH 1 KONTICH 2	1983	18,452	3/6/9	0.4%	336	46.5%
	1990	8,072	3/6/9	0.6%	427	99.7%
		26,524		1.0%	763	66.3%
TOTAL SEMI-INDUSTRIAL		49,599		2.8%	2,171	81.9%
COMMERCIAL						
CHARLEROI RUE DE LA MONTAGNE	1995	2,296	COMMERCIAL	0.6%	429	100.0%
TOTAL COMMERCIAL		2,296		0.6%	429	100.0%
TOTAL PORTFOLIO		527,842		100.0%	77,336	93.2%

(1) The percentage of the portfolio is calculated on the basis of current rents as of 31 March 2003.

(2) Ikaros Business Park: the rental space includes the rental space in phase IV buildings purchased for future completion.

PROFILE (as of 31/03/2003)



the real estate expert's conclusions

BEFIMMO S.C.A.
Chée de la Hulpe, 166
1170 BRUSSELS

BEF/frs/37.376 - BEFIMMO 03.2003

Dear Sir,

Re: valuation as at 31 March 2003

In accordance with your instructions, we have pleasure in advising you as to our opinion of the investment value of BEFIMMO SCA's property portfolio as at 31 March 2003.

The investment value includes acquisition costs of the various properties owned by BEFIMMO as at the date of valuation.

Our opinion of value is based on information provided by BEFIMMO which is assumed to be correct.

We have based our valuation on the methods of capitalisation of future rental income, and on the basis of market evidence of transactions available at the date of valuation.

Our valuation includes all relevant market information influencing property values available at the date of valuation.

We have noted the following points in analysing the portfolio:

- 1) The portfolio (excepted projects, refurbishments and real estate claim) comprises \pm 96.82% of offices; 55.23% are located in Brussels (19 municipalities) and \pm 32.24% are let on a long term basis to the European Commission, Citibank, the Flemish Government and the Post Office.
- 2) The occupation rate of the entire portfolio is 94.71%.
- 3) The average level of the passing rents is currently approximately 8.48% above the average estimated rental value, principally due to the rents paid for the buildings in the North area of Brussels which are let on long lease contracts until at least 2015.

Having carefully considered the matter, we are of the opinion that the investment value including acquisition costs as at 31 March 2003 was: EUR 1,059,011,000 (ONE BILLION FIFTY-NINE MILLION ELEVEN THOUSAND EURO). This amount includes the valuation of the buildings which have been carried out by Healey & Baker, CB Richard Ellis and Codemer.

On this basis, the initial yield (except projects and refurbishments) of the portfolio is 7.38%. Should the vacant accommodation be fully let at estimated rental value, the initial yield would be 7.79%.

Brussels, 22 April 2003

WINSSINGER & ASSOCIATES SA/NV

Benoît FORGEUR

Philippe WINSSINGER

financial results

KEY FIGURES

	30/09/2002	31/03/2003
DEBT RATIO (%)	43.3 %	41.5 %
RETURN ON EQUITY (ANNUAL BASIS) (%) ⁽¹⁾	9.4 %	7.0 %
NET VALUE PER SHARE (EUR)	61.83	64.08
SHARE PRICE (EUR)	62.45	66.00
NUMBER OF SHARES	9,794,227	9,794,227
	30/09/2002	31/03/2003
OPERATING PROFIT PER SHARE (EUR)	5.14	2.58
EARNINGS PER SHARE (EUR)	4.93	2.58
RETURN PER SHARE (EUR) ⁽²⁾	5.68	2.25

(1) The return is the gross dividend for the financial year plus the growth in portfolio value during the financial year divided by the portfolio value at the beginning of the year.

(2) For the period from 1/10/2002 to 31/03/2003 the return corresponds to the increase in intrinsic value.

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)	31/03/2002	31/03/2003
RESULT BEFORE EXTRAORDINARY ITEMS		
NET RENTS	37,692	38,658
+ INCOME FROM REAL ESTATE 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
= EARNINGS BEFORE EXTRAORDINARY ITEMS	26,547	27,149
PORTFOLIO RESULT		
+ CAPITAL GAINS REALIZED ON PORTFOLIO COMPONENTS	22	–
+ WRITE-DOWNS OF TRADE RECEIVABLE	–	– 46
+ VARIATION IN 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

financial results

(in thousands of EUR)	30/09/2002	31/03/2003
BALANCE SHEET		
ASSETS		
FIXED ASSETS	1,074,439	1,069,815
I ESTABLISHMENT COSTS	0	0
III TANGIBLE ASSETS	1,065,033	1,059,193
C. Furniture and vehicles	215	182
E. Other tangible assets (property portfolio)	1,064,818	1,059,011
IV FINANCIAL ASSETS		
C. Other financial assets	9,406	10,622
1. SHARES (value of real estate certificates)	9,384	10,600
2. RECEIVABLES AND CASH GUARANTEES	22	22
CURRENT ASSETS	9,961	16,259
V RECEIVABLES AFTER MORE THAN ONE YEAR	515	515
VII RECEIVABLES WITHIN ONE YEAR	7,286	3,953
A. Trade accounts receivable	6,562	3,133
B. Other receivables	724	820
VIII SHORT-TERM DEPOSIT	0	5,200
IX CASH	1,377	6,095
X DEFERRED CHARGES AND ACCRUED INCOME	783	495
TOTAL ASSETS	1,084,400	1,086,074
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY	605,597	627,643
I CAPITAL	142,295	142,295
II ISSUE PREMIUMS	161,261	161,261
III REVALUATION OF CAPITAL GAINS	214,879	211,634
IV RESERVES	21,113	21,113
V PROFIT CARRIED FORWARD	66,049	66,049
PROFIT OF THE PERIOD		25,291
PROVISIONS AND DEFERRED TAXES	2,351	2,351
LIABILITIES	478,803	456,080
VIII AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR	161,203	161,258
A. Financial debts	160,336	160,336
D. Other debts	867	922
IX AMOUNTS PAYABLE WITHIN ONE YEAR	308,249	288,959
A. Long-term debt maturing within the year	43,562	28,017
B. Financial debts	181,044	231,086
C. Commercial debt	39,675	27,504
E. Tax, salary and social security debts	205	713
1. TAXES	37	479
2. REMUNERATION AND SOCIAL SECURITY	168	234
F. Other debts	43,763	1,639
X ACCRUED CHARGES AND DEFERRED INCOME	7,000	5,863
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,084,400	1,086,074

(in thousands of EUR)	30/09/2002	31/03/2003
INCOME STATEMENT		
COSTS		
I COST OF SALES AND SERVICES	25,951	11,554
B. Services and other goods	12,623	6,414
C. Remuneration, social security and pensions	810	505
D. Depreciation and write-downs on establishment costs and tangible and intangible assets	1,998	1,850
E. Write-downs of stocks, orders, trade receivables (write-downs +, write-backs -)	72	46
G. Other operating costs	10,448	2,739
V FINANCIAL EXPENSES	17,849	8,928
A. Interest charges	17,559	8,517
C. Other financial expenses	290	411
VII EXTRAORDINARY EXPENSES	7,548	0
A. Extraordinary depreciation and write-down of establishment costs, tangible and intangible assets	0	0
B. Amounts written off financial fixed assets	0	0
D. Loss on disposal of fixed assets	0	0
E. Other extraordinary expenses	7,548	0
XI A. TAXES	197	0
XII PROFIT FOR THE PERIOD	48,270	25,291
TOTAL COSTS	99,815	45,773
INCOME		
I SALES AND SERVICES	91,978	44,425
A. Turnover	76,312	38,659
D. Other operating income	15,666	5,766
IV FINANCIAL INCOME	2,068	1,308
A. Income from financial assets	693	610
B. Income from current assets	1,250	580
C. Other financial income	125	118
VII EXTRAORDINARY INCOME	5,507	0
A. Write-back of write-downs and depreciations of tangible and intangible assets	0	0
D. Gains on disposal of fixed assets	0	0
E. Other extraordinary results	5,507	0
X B. TAX ADJUSTMENTS AND WRITE-BACK OF TAX PROVISIONS	262	40
TOTAL INCOME	99,815	45,773

NOTES

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

The net result as of 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.

The book value as of 31 March 2003 was € 64.08 per share including 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.

The borrowing ratio as of 31 March 2003 is 41.5% of the total balance sheet, which provides an investment borrowing capacity of approximately € 160 million.

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).

Other things being equal, Befimmo confirms its dividend forecast of € 4.45 per share (€ 3,78 net).

REPORT OF THE RECOGNIZED STATUTORY AUDITOR ON THE FINANCIAL INFORMATION AS OF MARCH 31, 2003

We have performed a limited review of the accounts of Befimmo as of March 31, 2003 in accordance with the recommendations issued by the Belgian Institute of Recognized Auditors.

Our review consisted primarily of an analysis, comparison and discussion of the financial information and does consequently not constitute a full audit of the financial statements.

Nothing came to our attention as a result of the foregoing procedure that caused us to believe that any material modifications should be made to the accounts as of March 31, 2003.

Antwerp, April 30, 2003

Deloitte & Touche Statutory Auditors S.C. s.f.d. S.C.R.L. represented by J. VLAMINCKX

(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.

market analysis

OFFICE BUILDINGS IN BRUSSELS

RENTAL

2002 was an excellent year with a take-up of approximately 600,000 m² according to information from real estate agencies.

The average vacancy rate was 8%, but the market can now no longer be analysed in terms of average values as was the case in the past.

Indeed, in areas within the Central Business District, the vacancy rate remained historically low at 4%, whilst it was extremely high in non-city centre districts (15%) and the suburbs (19%).

As such, the current trend of rising rents in CBD districts – the prime rent there can be as high as € 275 per m² – combined with downward pressure in the non-city centre districts and suburbs looks set to continue.

INVESTMENT

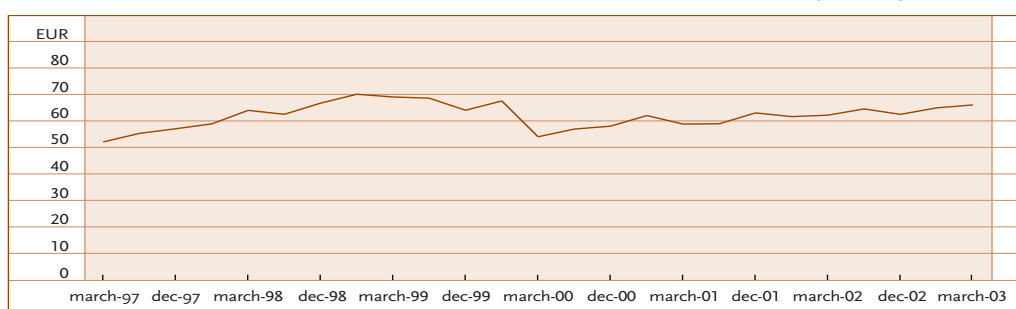
The acute downturn on the stock markets together with low interest rates have forced Belgian and foreign investors to turn to the real estate markets in which they are seeking to invest significant sums.

This has resulted in a sharp rise in the value of quality real estate projects in the various areas of the Central Business District. On the other hand, the non-city centre districts and the suburbs are becoming less attractive to investors given the falling value of property there.

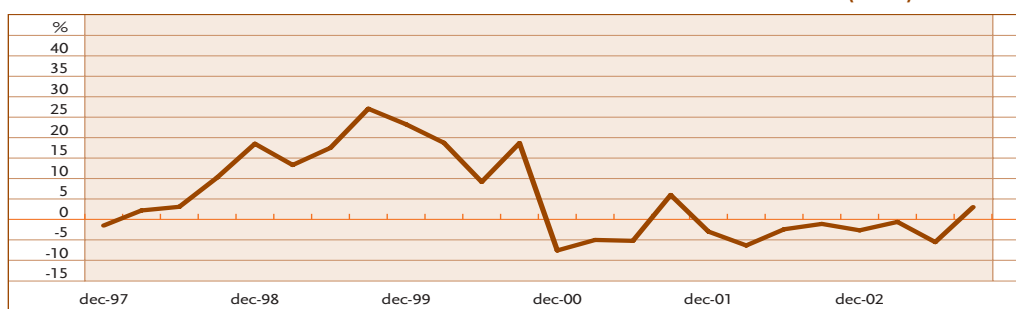
BEFIMMO SHARES

During what are currently troubled times for stock markets, real estate has, on the whole, lived up to its reputation as a safe haven. Befimmo shares have performed particularly well and have again been listed at a higher price than their book value. Nevertheless, the price/earnings ratio remains one of the most attractive on the market. An average daily volume of 7,600 securities in 2002 means that most shareholders can liquidate their Befimmo shares.

SHARE PRICE OF BEFIMMO BETWEEN MARCH 1997 AND MARCH 2003 (in EUR)



PREMIUM AND DISCOUNT BETWEEN DECEMBER 1997 AND MARCH 2003 (in %)





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