

H A L F - Y E A R L Y R E P O R T 2 0 0 5
01.10.2004 . 31.03.2005



CORPORATE PROFILE



GOEMAERE

BEFIMMO TODAY

Befimmo is a Sicafi (fixed capital real estate investment trust) specialising in investment in office buildings. With the support of its promoter, Bernheim, now part of the Fortis Real Estate group, it has put together a portfolio of some forty buildings and building complexes with a total rental area of 542,000 m², mostly offices (97.1%), with the remaining area being used for semi-industrial (2.4%) or commercial (0.5%) purposes. Most of the property (97%) is located in the Brussels-Capital Region and its economic hinterland.

Having reached a critical mass, quoted on Eurolist (compartment B – Bel Mid index), with a listing in the Euronext Prime segment, and offering liquid share to most of its shareholders, Befimmo is developing a strategy based on maximising long-term cash-flows and generating added real estate value.

The majority of the portfolio (64%) is located in the Central Business District (CBD: City centre, North district and Léopold district) which is less sensitive to the difficult economic climate since that area benefits from structural demand generated by the European institutions and the Belgian Government.

On the other hand, demand in the decentralized districts and suburbs is essentially in line with the rest of the economy. In this poor prevailing economic climate, many companies in these areas are restructuring and moving out or reducing their office space to cut their overheads. Faced with this situation, which could last a few more years, Befimmo is adopting a pragmatic attitude and promoting loyalty among the tenants of its buildings, not only acknowledging the state of the market but also preserving the prospects for taking part in a recovery.

Lastly, by pursuing its policy of anticipating cycles, arbitrating its portfolio and simply seizing opportunities, Befimmo will be able to sell off assets that do not fit into its strategy, thereby generating value for its shareholders.

Befimmo is also fully committed to its role as “asset manager”.

(in millions of €)			
	31.03.04	30.09.04	31.03.05
BUILDINGS	1,121.3	1,125.3	1,126.8
OFFICES	1,088.4	1,092.6	1,094.0
BRUSSELS, CENTER (CBD)	710.0	712.2	718.8
BRUSSELS, DECENTRALIZED	153.4	151.2	149.3
BRUSSELS, SUBURBS	208.7	213.2	209.9
OTHERS	16.3	16.0	16.0
SEMI-INDUSTRIAL	27.5	27.2	27.3
COMMERCIAL	5.4	5.5	5.5
REAL ESTATE CERTIFICATES	3.6	3.7	3.8
TOTAL REAL ESTATE PORTFOLIO	1,124.9	1,129.0	1,130.6

BUSINESS DEVELOPMENT

The real estate portfolio is valued⁽¹⁾ at € 1,130.6 million at 31 March 2005 as compared with € 1,129.0 million at 30 September 2004. The floor area of the real estate portfolio has not changed since 30 September 2004.

Excluding investment during the period, the total value of the real estate portfolio remained stable during the first half of the 2004-2005 financial year (up 0.13%). However, this stable position should be analysed by district. The strong presence in the Befimmo portfolio of the Central Business District (CBD) (64%) – the mainstay of its strategy – where property values are rising (+0.92%), offsets falling values in decentralised districts (-1.26%) and suburbs (-1.53%).

The overall yield on ongoing lets (excluding projects and renovations) is 7.15% while the overall yield on ongoing lets plus the estimated rental value of unoccupied premises is 7.77%.

At 31 March 2005 the occupancy rate^{(2),(3)} of the portfolio was 92.3%, compared with 91.4% at the start of the financial year. This improvement is due mainly to additional lets by existing tenants and the arrival of new tenants in the Befimmo portfolio.

The dispute concerning tower 2 of the World Trade Center that began in 2002 between La Poste – the tower's main tenant – and Befimmo, is still ongoing. The expert responsible for making a full inventory of the asbestos has submitted a report, still at the preliminary stage. He confirms that tower 2 of the WTC does not endanger its occupants. La Poste's lease runs until 2016. It has begun to reorganise its services, notifying Befimmo of its intention to vacate and find new tenants for the premises. Talks between the parties are continuing.

Regarding the Center Albert Borschette, the European Commission has recently informed Befimmo that it wishes to continue occupying the building after the current lease expires on 15 October 2005. It is therefore possible that an agreement to that effect between Befimmo and the European Commission may be reached by the end of current financial year.

(1) This investment value is derived from the valuation report drafted on 21 April 2005 by Winssinger & Associates, incorporating the values attributed to the buildings valued by Cushman & Wakefield Healey & Baker and CB Richard Ellis in accordance with Article 56(2) of the Royal Decree of 10 April 1995 on Sicafis, and the stock-market value of 31 March 2005 for Befimmo's portfolio of real estate securities.

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 "investment value." 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 Sicafis would be between € 1,001 million and € 1,131 million.

(2) Occupancy rate = current rent (including area let but for which the lease has yet to begin) / (current rent + estimated rental value for unoccupied premises).

(3) The Ikaros phase IV buildings (F, G and H) are nearing completion and the vendor is still financially responsible for them; they are not taken into account in the occupancy rate calculation. Befimmo will be financially responsible for buildings G and H as from June 2005 and for building F as from October 2006. On 31 March 2005, these buildings were not rented out.

THE PORTFOLIO

SUMMARY OF BEFIMMO REAL ESTATE ASSETS (as of 31.03.05)

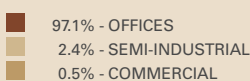
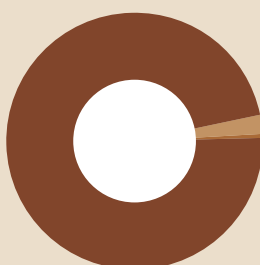
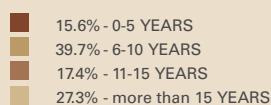
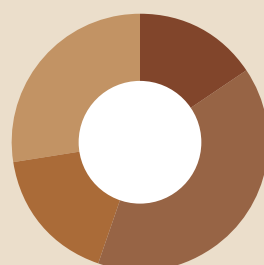
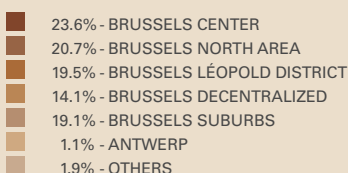
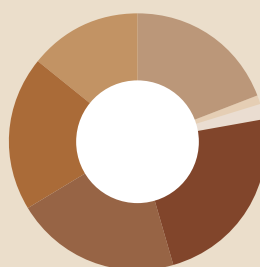
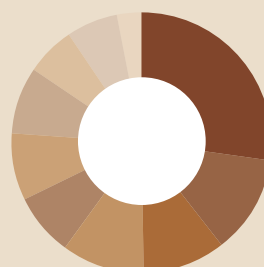
INVESTMENT BUILDINGS	YEAR BUILT/ YEAR RENOVATED	RENTAL SPACE (m ²)	INITIAL DURATION OF LEASES (years)	PERCENTAGE OF PORTFOLIO ⁽¹⁾ (%)	CURRENT RENT as of 31.03.05 (in thousands of €)	OCCUPANCY RATE as of 31.03.05 (%)
OFFICES						
BRUSSELS CENTER						
SHELL	1997-2000	31,381	3/6/9	4.1%	3,241	73.21%
BREDERODE 1	1990-2001	24,968	14	3.9%	3,138	100.00%
EXTENSION JUSTICE	more than 15 years	18,795	9	3.8%	3,038	100.00%
IMPÉRATRICE	1997-2000	17,072	9/12/15/18	3.2%	2,521	100.00%
POELAERT	2001	14,000	18	3.6%	2,911	100.00%
BREDERODE 2	1993	7,803	3	2.5%	1,965	100.00%
EMPEUR	1997/2004	5,953	9	1.1%	875	100.00%
		119,972		22.1%	17,689	93.72%
BRUSSELS LEOPOLD DISTRICT						
BORSCHETTE	1981	17,657	12/24	4.5%	3,599	100.00%
RUE JOSEPH II, 27	1994	12,831	27	4.4%	3,517	100.00%
WIERTZ	1996	10,816	3/6/9	3.3%	2,665	99.45%
VIEW BUILDING	2001	10,297	6/9	2.4%	1,919	100.00%
GUIMARD	1997	5,357	3/6/9	1.5%	1,179	100.00%
SCHUMAN 11	2003-2004	5,124	3/6/9	0.7%	586	38.74%
SCHUMAN 3	2001	5,122	9	1.8%	1,413	100.00%
		67,204		18.6%	14,878	94.05%
BRUSSELS NORTH AREA						
WORLD TRADE CENTER	1975/1998	66,326	24	15.0%	12,004	99.42%
NOORD BUILDING	1989	42,726	27	9.2%	7,321	100.00%
		109,052		24.2%	19,325	99.64%
BRUSSELS DECENTRALIZED						
LA PLAINE	1995	15,933	12/18	4.1%	3,274	100.00%
TRIOMPHE I	1998	11,080	3/6/9	3.1%	2,487	100.00%
TRIOMPHE II	1998	9,282	9	1.1%	884	76.33%
JEAN DUBRUQC	1991	7,744	12.5	1.0%	780	100.00%
TRIOMPHE III	1993	7,173	3/6/9	1.1%	897	92.00%
GOEMAERE	1988/1998	6,939	3/6/9	0.8%	662	73.38%
EUDORE DEVROYE	1996	1,576	3/6/9	0.3%	275	100.00%
HULPE 177	1970	1,462	3/6/9	0.3%	215	98.63%
		61,189		11.9%	9,474	93.67%
BRUSSELS SUBURBS						
IKAROS BUSINESS PARK ⁽²⁾	1990 to 2004	40,965	3/6/9	5.2%	4,191	85.10%
MEDIA	1999	18,651	9	3.1%	2,475	89.41%
FOUNTAIN PLAZA	1991	16,690	3/6/9	2.0%	1,614	61.14%
PLANET 2	1988	10,277	3/6/9	0.7%	576	48.74%
EAGLE BUILDING	2000	8,661	6/9	1.5%	1,185	84.35%
WOLUWE GARDEN B	1997	7,756	3/6/9	2.0%	1,575	96.54%
WOLUWE GARDEN D	1994	7,673	3/6/9	1.6%	1,261	93.76%
OCEAN HOUSE	1997	4,730	3/6/9	1.0%	831	100.00%
WATERLOO OFFICE PARK	1992	2,005	6/9	0.5%	438	100.00%
		117,408		17.7%	14,146	82.43%
MONS						
JONCQUOIS 118	2002	7,851	18	1.3%	1,029	100.00%
PEUPLIERS 71	1976	7,271	9	1.3%	1,021	100.00%
		15,122		2.6%	2,050	100.00%
TOTAL OFFICES		489,947		97.1%	77,562	92.97%

(1) The percentage of the portfolio is calculated on the basis of current rents as of 31 March 2005.

(2) Ikaros Business Park: the rental space includes the rental space in phase IV buildings purchased for future completion. However, space that is still the financial responsibility of the vendor is not taken into account when calculating the occupancy rate.

SUMMARY OF BEFIMMO REAL ESTATE ASSETS (as of 31.03.05)

INVESTMENT BUILDINGS	YEAR BUILT/ YEAR RENOVATED	RENTAL SPACE (m ²)	INITIAL DURATION OF LEASES (years)	PERCENTAGE OF PORTFOLIO ⁽¹⁾ (%)	CURRENT RENT as of 31.03.05 (in thousands of €)	OCCUPANCY RATE as of 31.03.05 (%)
SEMI-INDUSTRIAL						
BRUSSELS-ANDERLECHT						
RUE BOLLINCKX	1980	8,098	3/6/9	0.7%	566	100.00%
BOULEVARD INDUSTRIEL	1976	7,790	3/6/9	0.4%	308	86.26%
		15,888		1.1%	874	94.68%
BRUSSELS SUBURBS						
GREEN HILL	1986	7,187	3/6/9	0.3%	205	36.77%
		7,187		0.3%	205	36.77%
ANTWERP						
KONTICH 1	1983	18,452	3/6/9	0.6%	496	65.90%
KONTICH 2	1990	8,072	3/6/9	0.3%	265	60.74%
		26,524		1.0%	761	64.00%
TOTAL SEMI-INDUSTRIAL		49,599		2.3%	1,840	68.94%
COMMERCIAL						
CHARLEROI						
RUE DE LA MONTAGNE	1995	2,296	commercial	0.6%	472	100.0%
		2,296		0.6%	472	100.0%
TOTAL COMMERCIAL		2,296		0.6%	472	100.0%
TOTAL PORTFOLIO		541,842		100.0%	79,874	92.27%

TYPE OF ASSETS ⁽³⁾AGE OF BUILDINGS ⁽⁴⁾⁽⁵⁾GEOGRAPHICAL BREAKDOWN ⁽³⁾OCCUPANTS ⁽⁶⁾

(3) Proportions are expressed in terms of the assessed "investment value" as of 31 March 2005. Real estate certificates are not covered by these charts.

(4) The date of construction or renovation of the building is taken into account if the investment costs involved in the renovation are higher than or equal to 250 €/m².

(5) Proportions are expressed in terms of the buildings' surface area.

(6) Proportions are expressed in terms of current leases as of 31 March 2005.

THE REAL ESTATE EXPERT'S CONCLUSIONS

WINSSINGER & ASSOCIATES

Surveyors & Valuers

BEFIMMO S.C.A.
Chaussée de la Hulpe, 166
1170 BRUSSELS
21 April 2005

BEF/frs/38.591

Dear Sir,

RE: VALUATION AS AT 31 MARCH 2005

Context

We have been instructed by Befimmo to provide an opinion of value its property portfolio at **31 March 2005**, in the context of the preparation of the financial statements at this date.

Our firm benefits from sufficient knowledge of the property markets in which Befimmo is active, as well as the required professional qualifications and recognition to fulfil this assignment. Our mission has been carried out in full independence.

Consistently with market practice, our mission has been carried out on the basis of information provided by Befimmo, in particular relating to tenancy situation, costs and taxes borne by the landlord, works to be carried out, as well as any other element which could have an influence on the assets' value. We have assumed this information to be correct and complete.

As is specifically mentioned in our reports, our valuation does not constitute in any way a quality or technical survey of the properties, nor an analysis of the possible presence of deleterious materials.

These elements are well known by Befimmo, which carries out a technical and legal due diligence prior to the acquisition of each property.

Opinion

We confirm that our valuation has been carried out in accordance with national and international norms, as well as their application procedure, in particular as far as SICAFI valuations are concerned. The value of the Befimmo property portfolio that we have determined is in accordance with the fair value concept as defined in paragraphs 33 to 46 of the international IAS 40 standard.

Fair value is defined as the most likely value that could reasonably be obtained in normal sales conditions between willing and well-informed parties.

In accordance with the IAS 40 standard, fair value is derived without deducting transaction costs incurred in the sales process insofar as the valuation of the Befimmo property portfolio at fair value is not intended to reflect a decision to sell the portfolio. In addition, fair value does not reflect future capital expenditures that will enhance the properties, nor future advantages derived from these expenses.

The sale of a property is theoretically subject to collection by the State of registration rights. The amount of these rights varies depending on method of sale, profile of the purchaser and geographical location of the property. The first two elements, and therefore total amount of rights to be paid, are only known once the sale has been completed.

A recapitulation of past sales by Befimmo tends to show that either no rights at all have been paid, or the payment of rights has not had any significant effect on the fair value of the property. In these conditions and further to the remark made in the previous paragraph, the registration rights are not deducted from the fair value.

Our valuation is realised in accordance with IVS (International Valuation Standards) standards. It is based on the present value of net future rental income for each property. The yield used depends essentially on yields noted on the investment market, taking into consideration location and quality of the property and the tenant at valuation date.

Future rental income is estimated based on existing contractual rental level and the property market's expectations for the particular property in the ensuing periods.

In the light of all comments mentioned above, we confirm that the fair value of the Befimmo property portfolio at **31 March 2005** amounts to a total of **€ 1.126.811.500** (ONE BILLION ONE HUNDRED TWENTY-SIX MILLION EIGHT HUNDRED ELEVEN THOUSAND FIVE HUNDRED EURO); this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield Healey & Baker and CB Richard Ellis.

On this basis, the initial yield (except projects and refurbishments) of the portfolio is 7.15%. Should the vacant accommodation be fully let at estimated rental value, the initial yield would be 7.77%.

The occupation rate of the entire portfolio is 92.27%.

The average level of passing rent obtained is currently approximately 9.50% above the current average estimated rental value (not including projects and buildings under renovation); 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.

The property portfolio comprises:

BRUSSELS, 19 MUNICIPALITIES*	77.88%
PERIPHERY AND SATELLITE REGIONS OF BRUSSELS	18.25%
ANTWERP, MONS, CHARLEROI	3.00%
PROJECTS AND BUILDINGS UNDER RENOVATION OR UNDER CONSTRUCTION	0.87%
TOTAL	100.00%

* Of which 34,96% are let on long term to EC, to Citibank, to Flemish Government, to the Post Office, and State.

Yours sincerely,

Brussels, 21 April 2005

WINSSINGER & ASSOCIATES SA/NV
Benoît FORGEUR** Philippe WINSSINGER**

FINANCIAL RESULTS

KEY FIGURES

	31.03.04	30.09.04 ⁽¹⁾	31.03.05
DEBT RATIO (%)	44.9	46.9	44.4
RETURN ON EQUITY (ANNUAL BASIS) (%) ⁽²⁾	7.4	7.9	7.3
NET ASSET VALUE PER SHARE (€)	64.35	61.65	64.45
SHARE PRICE (€)	71.65	76.50	73.00
NUMBER OF SHARES	9,794,227	9,794,227	9,794,227
NET CASH-FLOW PER SHARE (€) ⁽³⁾	2.92	5.36	2.65
NET CURRENT CASH-FLOW PER SHARE (€) ⁽⁴⁾	2.65	5.19	2.65
NET EARNINGS PER SHARE (€)	2.40	4.48	2.13
NET CURRENT EARNINGS PER SHARE (€)	2.13	4.32	2.13
RETURN PER SHARE (€) ⁽⁵⁾	2.96	4.88	2.80

(1) After appropriation and distribution of the gross dividend for the financial year (i.e. € 4,62 gross per share).

(2) The annual return is the latest gross dividend distributed for the financial year plus the growth in portfolio value during the last 12 months, divided by the portfolio value the previous year.

(3) Net cash-flow is the net result before write-downs, write-backs and provisions.

(4) Net current cash-flow is the net cash-flow excluding results on realisation of assets and extraordinary results.

(5) For the period from 1 October 2004 to 31 March 2005, the return per share corresponds to the increase in intrinsic value per share.

The following table has been drawn up to provide a comparison of Befimmo's results with those of "Sicafis" that publish their accounts pursuant to a derogation to the system established by the Royal Decree of 10 April 1995⁽¹⁾.

OPERATIONAL RESULT (in thousands of €)

	31.03.04	30.09.04	31.03.05
+ GROSS RENTS	39,236	78,265	38,929
+ INCOME FROM REAL ESTATE CERTIFICATES	130	260	104
- NET REAL ESTATE COSTS	-1,859	-5,584	-1,648
- OPERATING COSTS	-3,654	-6,248	-3,341
- NON-CASH OPERATING COSTS ⁽²⁾	-56	-154	-147
= OPERATING RESULT	33,797	66,539	33,897
- NET FINANCIAL RESULT	-7,360	-15,208	-7,751
- TAXES	-493	-652	-320
= OPERATIONAL RESULT	25,944	50,679	25,826
+ CAPITAL GAINS REALIZED ON PORTFOLIO DISPOSALS	2,595	2,595	-
- REVERSAL OF UNREALIZED CAPITAL GAINS ON TRANSFERRED ASSETS	-2,610	-2,609	-
+/- CHANGE IN MARKET VALUE (UNREALIZED CAPITAL GAINS OR LOSSES)	3,079	-1,921	1,569
= PORTFOLIO RESULT	3,064	-1,935	1,569
+ NET EXTRAORDINARY RESULT	-	-957⁽³⁾	-
= RESULT FOR THE PERIOD (DEROGATORY ARRANGEMENT)	29,008	47,787	27,395
+ REVALUATION GAIN TRANSFER (EQUITY), INCLUDING:			
• REVERSAL OF UNREALIZED CAPITAL GAINS ON TRANSFERRED ASSETS	2,610	2,609	-
• CHANGE IN MARKET VALUE (UNREALIZED CAPITAL GAINS OR LOSSES)	-8,139	-6,475	-6,498
= NET ACCOUNTING RESULT	23,479	43,921	20,897

(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) Write-downs on receivables and depreciation of furniture and vehicles.

(3) Fee for arranging the new syndicated credit.

FINANCIAL RESULTS

RESULTS EVOLUTION

The floor area of the real estate portfolio has not changed since 30 September 2004.

During the first half of the financial year, Befimmo achieved an **operating result (before financial result, taxes and portfolio result)** of € 33.9 million, compared with € 33.8 million in the previous financial year.

This slight increase is due to a combination of the following:

- rents fell by 0.8%, owing mainly to the temporary rental gratuities offered in order to retain certain tenants in the portfolio in decentralized districts and suburbs where the lease was coming to an end;
- the net real estate charges amounted to € 1.6 million as against € 1.9 million in the first half of the previous year. This drop is due to a slower work rate at the start of current financial year;
- operating costs fell 8.6% as a result of the lower study costs for new projects.

During the first half of the year, the average cost of financing loans rose to 3.24% (including margins, cost of covering rates and reservation commissions), compared with 3.07% during the first half of the previous financial year. The rise in financing costs is due to the higher cost of covering rates.

After financial result and taxes, **net current cash-flow for the half-year** was stable at € 26.0 million, or € 2.65 per share. This result was achieved for a constant floor area, since no new property has been acquired since 30 September 2004.

PROSPECTS

All other things being equal in the current context, the **return for the current financial year** ending on 30 September 2005 should exceed 8%, assuming that the value of the portfolio remains stable during the second half of the financial year.

Net cash flow per share for the financial year will be around € 5.00, higher than forecast in the 2004 annual report (€ 4.91).

This better-than-expected performance, despite the absence of any new investment, is due to an improved operating result for buildings (before financial result, taxes and portfolio result) in spite of a tough rental market. Befimmo is giving priority to improving its cash-flow, promoting loyalty among existing tenants and seeking

In the absence of an exceptional result during the first half of the year, the **net cash-flow for the half-year** was € 26.0 million, or € 2.65 per share (as against € 28.6 million or € 2.92 per share for the same period in the previous financial year). In the first half of last year, a gain of € 2.59 million was made on the sale of part of the real estate certificates portfolio. No real estate has yet been disposed of this year.

Net half-yearly profit amounts to € 20.9 million as against € 23.5 million in the previous financial year. The difference basically reflects the absence of capital gain on sales in the first half-year, in contrast to last year.

Net profit is calculated after taking account of a fall in value of € 4.8 million on certain buildings, despite the fact that the market value of the real estate portfolio (excluding investment in the period) has slightly increased by € 1.4 million since the start of the financial year. Befimmo accounts for changes in the value of its portfolio in strict compliance with the rules of 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.

The **net asset value** at 31 March 2005 was € 64.45 per share, including net profit for the period, i.e. a return over six months of € 2.80 per share.

Over a one year period, the **return per share** amounted to € 4.72 per share taking account of the gross dividend of € 4.62 distributed on 21 December 2004, namely 7.3% of the net asset value at 31 March 2004.

new tenants, and this should lead to a higher **occupancy rate** by the end of the financial year.

Befimmo has adopted a prudent and realistic strategy regarding acquisitions, and takes an interest only in projects that guarantee solid cash-flows and offer the prospect of generating value in the longer run. These quality projects are becoming rarer these days given the continuing rise in the prices of well located and properly let buildings.

Other things being equal, Befimmo can therefore confirm its **dividend** forecast of € 4.80 per share (€ 4.08 net).

Befimmo has covered itself against the risk of a rise in interest rates via a combination of instruments to limit its cost (excluding margin) until the end of 2008.

BALANCE SHEET (in thousands of €)

A S S E T S	31.03.04	30.09.04	31.03.05
FIXED ASSETS	1,125,124	1,129,155	1,130,772
I. FORMATION EXPENSES	-	-	-
III. TANGIBLE ASSETS	1,121,489	1,125,440	1,126,908
C. Furniture and vehicles	165	128	96
E. Other tangible assets	1,121,324	1,125,312	1,126,812
IV. FINANCIAL ASSETS	3,635	3,715	3,864
C. Other financial assets	3,635	3,715	3,864
1. Shares and participating interests (value of real estate certificates)	3,613	3,693	3,842
2. Receivables and cash guarantees	22	22	22
CURRENT ASSETS	35,555	23,100	21,788
V. RECEIVABLES AFTER MORE THAN ONE YEAR	438	355	298
B. Other receivables	438	355	298
VII. RECEIVABLES WITHIN ONE YEAR	10,086	8,217	3,070
A. Trade accounts receivables	8,242	6,646	1,335
B. Other receivables	1,844	1,571	1,735
VIII. SHORT-TERM DEPOSITS	4,759	10,142	8,359
B. Other deposits	4,759	10,142	8,359
IX. CASH	17,966	2,672	7,943
X. DEFERRED CHARGES AND ACCRUED INCOME	2,305	1,714	2,118
TOTAL ASSETS	1,160,679	1,152,255	1,152,560

LIABILITIES AND SHAREHOLDERS' EQUITY	31.03.04	30.09.04	31.03.05
SHAREHOLDERS' EQUITY	630,302	603,796	631,192
I. CAPITAL	142,295	142,295	142,295
II. ISSUE PREMIUM	161,261	161,261	161,261
III. REVALUATION PROFIT	214,545	212,882	219,380
IV. RESERVES	21,113	21,113	21,113
V. PROFITS CARRIED FORWARD	67,608	66,245	66,245
PROFIT OF THE PERIOD	23,479	-	20,897
PROVISIONS AND LIABILITIES	530,377	548,459	521,368
PROVISIONS FOR RISKS AND CHARGES	2,351	2,351	2,351
VIII. AMOUNTS PAYABLE AFTER MORE THAN ONE YEAR	102,427	186,829	170,603
A. Financial debts	101,229	185,613	169,387
B. Other debts	1,197	1,216	1,217
IX. AMOUNTS PAYABLE WITHIN ONE YEAR	419,223	353,662	341,562
A. Long-term debt maturing within the year	43,562	20,034	19,914
B. Financial debts	346,926	263,230	295,230
C. Trade debts	25,128	19,645	22,399
E. Tax, salary and social security debts	1,908	3,458	1,308
1. Taxes	1,762	3,316	1,138
2. Remuneration and social security	146	142	170
F. Other debts	1,700	47,295	2,711
X. DEFERRED INCOME AND ACCRUED CHARGES	6,376	5,617	6,852
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,160,679	1,152,255	1,152,560

FINANCIAL RESULTS

INCOME STATEMENT (in thousands of €)

	31.03.04	30.09.04	31.03.05
I. SALES AND SERVICES	42,665	93,638	42,494
A. Turnover	39,236	78,266	38,928
D. Other operating incomes	3,429	15,372	3,566
II. COSTS OF SALES AND SERVICES	-14,473	-36,383	-13,640
B. Services and other goods	-8,405	-16,356	-7,258
C. Remuneration, social security and pensions	-580	-1,115	-764
D. Depreciation and write-downs of formation expenses and tangible and intangible assets	-5,060	-8,410	-4,824
E. Write-downs of stocks, contracts in progress, trades receivables (write-downs +, write-backs -)	32	7	-52
G. Other operating charges	-459	-10,509	-743
III. OPERATING RESULT	28,192	57,255	28,854
IV. FINANCIAL INCOME	3,222	3,665	341
A. Income from financial assets	130	260	104
B. Income from current assets	72	119	98
C. Other financial income	3,020	3,286	139
V. FINANCIAL CHARGES	-7,442	-15,357	-7,978
A. Interest charges	-7,057	-14,504	-7,363
B. Write-downs	-39	-	-147
C. Other financial charges	-346	-853	-468
VI. CURRENT PRE-TAX PROFIT	23,972	45,563	21,217
VII. EXTRAORDINARY INCOME	-	-	-
A. Write-backs of write-downs on tangible assets	-	-	-
D. Capital gains on disposal on fixed assets	-	-	-
E. Other extraordinary income	-	-	-
VIII. EXTRAORDINARY CHARGES	-	-993	-
A. Extraordinary depreciation and write-downs of formation expenses and tangible and intangible assets	-	-	-
E. Other extraordinary charges	-	-993	-
IX. PRE-TAX PROFIT	23,972	44,570	21,217
X. TAXES ON THE RESULT	-493	-649	-320
A. Taxes	-493	-652	-320
B. Tax adjustments and write-back of tax provisions	-	3	-
XI. PROFIT FOR THE FISCAL YEAR	23,479	43,921	20,897

RECOGNIZED STATUTORY AUDITOR'S REPORT ON THE FINANCIAL INFORMATION AS OF 31 MARCH 2005

We have performed a limited review of the accounts of Befimmo as of 31 March 2005 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 31 March 2005.

13 May 2005

The Recognized Statutory Auditor
 Deloitte & Touche Reviseurs d'Entreprises SC s.f.d. SCRL
 Represented by J. VLAMINCKX and J. KESSELAERS

TRANSITION TO IFRS STANDARDS EXPLANATORY NOTE

CONTEXT

Although it does not publish consolidated accounts, Befimmo SCA will publish its annual accounts as well in Belgian accounting standards as in accordance with the "International Financial Reporting Standards" (IFRS) as adopted in the European Union, as from the 2005/2006 financial year, along with comparative information for 2004/2005. The aim of this decision is to ensure that Befimmo's accounts can be compared with those of other Scafis and listed real estate companies that publish their accounts in accordance with the IFRS.

The procedure for converting the financial statements to IFRS standards is under way. The various restatements compared with Belgian accounting standards have been identified. This explanatory note illustrates the impact of the application of the IFRS on shareholders' equity at the date of transition to IFRS (1 October 2004) and the half-yearly closing on 31 March 2005, and on the results for the first half of the 2004/2005 comparison financial year.

Note that this information could be subject to a limited number of adjustments if the IFRS as adopted in the European Union change between now and 30 September 2006, in which case the changes might have to be applied retrospectively for the preparation of the opening balance in IFRS established on 1 October 2004. Similarly, Befimmo S.C.A. may – at its discretion – decide to apply the new IFRS provisions early.

CHOSEN IFRS OPTIONS

First-time adoption options

In accordance with IFRS 1 – *First-time adoption of IFRS standards*, Befimmo S.C.A. has availed itself of the following two exemptions:

- Business combinations: exemption whereby acquisitions prior to the date of transition to IFRS (30 September 2004) are not restated retrospectively in accordance with IFRS 3 – *Business Combinations*;
- Employee benefits under non-statutory pensions: exemption whereby all cumulative actuarial gains and losses on the date of transition to IFRS are applied as adjustments to opening equity. This exemption has no impact on the opening balance sheet.

Optional accounting methods

In certain limited cases, the IFRS offer an alternative accounting treatment. Befimmo S.C.A. has adopted the following main accounting methods:

- The "fair-value" option provided for in IAS 39 – *Financial Instruments: Recognition and Measurement* is used for real estate certificates. Changes in the fair value of real estate certificates are therefore directly recorded in the profit and loss account.
- Tangible assets (IAS 16) are valued based on the depreciated historical cost model.
- The "corridor" method defined by IAS 19 – *Employee Benefits* is used for actuarial gains and losses generated after the date of transition to IFRS standards.

RESTATEMENTS IDENTIFIED

On the basis of the principles defined above, the table below compares Befimmo SCA's shareholders' equity under Belgian accounting standards and under the IFRS.

(in millions of €)					
	Note	SHARE-HOLDERS' EQUITY 01.10.2004	RESULTS 1 st HALF-YEAR 2004/2005	OTHER CHANGES IN SHAREHOLDERS' EQUITY	SHARE-HOLDERS' EQUITY 31.03.2005
UNDER BELGIAN STANDARDS		603.8	20.9	6.5	631.2
IFRS ADJUSTMENTS					
- Derivatives	1	- 3.2	-0.2	-	-3.4
- Unrealized capital gains on real estate assets	2	-	6.2	-6.2	-
- Unrealized capital gains on real estate certificates	3	-	0.3	-0.3	-
- Dividend	4	45.3	-	-45.3	-
- Provisions for risks and charges	5	2.3	-	-	2.3
- Loan issue costs	6	0.9	-0.1	-	0.8
UNDER IFRS		649.1	27.1	-45.3	630.9



LA PLAINE

1. DERIVATIVES

Since interest rates have been at an all-time low, Befimmo has opted since 2002 for a funding policy essentially based on floating rates. This has made it possible to take full advantage of lower interest rates in the short run. Alongside this method of funding, Befimmo has adopted a policy of acquiring financial derivatives to hedge the interest-rate exposure (caps and collars).

These instruments are booked at the depreciated cost **under the Belgian accounting standards.**

Under the IFRS, they have to be booked at fair value. Variations in the fair value of the caps contracts are recorded under shareholders' equity in a special item for hedging instruments on the effective part of the hedging in accordance with the provisions of IAS 39 – *Financial Instruments: Recognition and Measurement*. The variation of the non-effective part of the hedging is booked straight to the income statement. The cumulative amounts under shareholders' equity are transferred to the income statement during the period in which the hedged transaction affects the income statement.

As regards its collar contract, Befimmo has opted not to apply the IFRS accounting process for hedging instruments. The changes in fair value of this contract, both positive and negative, are therefore directly booked in the income statement.

At 1 October 2004, the impact of the transition to IFRS on the opening equity represents a reduction of € 3,238,787.

The impact of this adjustment on the results for the first half of the current financial year is a supplementary charge of € 238,000.

2. RECLASSIFICATION OF UNREALIZED CAPITAL GAINS ON REAL ESTATE ASSETS

Under Belgian standards,

- reductions in the value of real estate (valued below the acquisition cost) are recorded in the income statement;
- increases in the value of real estate (valued above the acquisition cost) are booked to shareholders' equity under the item *revaluation profit on tangible assets*. As at 30 September 2004, a cumulative amount of € 212,226,917 was recorded under this item.

Under the IFRS, changes in the fair value of investment property, positive or negative, are booked directly to the income statement. Consequently, the item *revaluation profit on tangible assets* has to be transferred in its entirety in the result to be carried forward of the shareholders' equity.

This adjustment does not have any impact on the total amount of opening shareholders' equity.

As from the date of transition to IFRS, all changes – both positive and negative – in the value of investment property will be recorded in the income statement. The impact of this adjustment on the results for the first half of the current financial year is an increase in income of € 6,202,000. It corresponds to the net increase in the fair value of investment property booked directly to shareholders' equity under Belgian standards in the first six months of the financial year.

3. RECLASSIFICATION OF UNREALIZED CAPITAL GAINS ON REAL ESTATE CERTIFICATES

Under Belgian standards,

- reductions in the value of real estate certificates (valued below the acquisition cost) are recorded in the income statement;
- increases in the value of real estate certificates (valued above the acquisition cost) are booked to shareholders' equity under the item *revaluation profit on financial assets*.

Under the IFRS, Befimmo availed itself of the "fair value" option for the accounting treatment of the portfolio of real estate certificates, considering them to be financial assets recorded at fair value, with changes in value – both positive and negative – directly recorded in the income statement.

Consequently, the item *capital gains on financial assets* under Belgian standards has to be written back in full under the IFRS standards; this is reflected in an increase in the profit (loss) brought forward.

This adjustment – amounting to € 655,246 – does not have any impact on the total amount of opening shareholders' equity.

The impact of this adjustment on the results for the first half of current financial year is an increase in income of € 296,500. It corresponds to the increase in the fair value of real estate certificates booked directly to shareholders' equity under Belgian standards in the first six months of the financial year.

4. RECLASSIFICATION OF THE PROPOSED DIVIDEND FOR THE FINANCIAL YEAR

Under Belgian standards, the dividend proposed by the Board of Directors is transferred to the *other liabilities* item at the closing of the financial year, i.e. before it is approved by the Annual General Meeting.

Under the IFRS, the dividend for the financial year has to be retained under shareholders' equity until the date on which it is approved by the Annual General Meeting.

The impact of the transition to IFRS on opening equity represents an increase in equity of € 45,283,897.

This difference in accounting treatment does not have any impact on the results for the first six months of current financial year.

5. REVERSAL OF PROVISIONS FOR OTHER RISKS AND CHARGES

The provision for other risks and charges in the balance sheet under Belgian standards does not comply with the criteria for booking a provision under the IFRS. Consequently, it has to be reversed in the opening balance sheet.

The impact of this adjustment on opening shareholders' equity is an increase of € 2,350,680.

This reversal does not have any impact on the results for the first six months of current financial year.

6. LOAN ISSUE COSTS

Under Belgian standards, Befimmo books all loan issue costs entirely in the income statement when they occur. In the 2003/2004 financial year, the full costs of arranging a new syndicated credit, totalling € 958,829, were booked in the income statement.

Under the IFRS, loan issue costs have to be booked under *Liabilities* in the balance sheet, deducted from the nominal amount of the loan to which they relate, and are booked to the results on a staggered basis throughout the term of the loan.

The impact of this adjustment on opening shareholders' equity is an increase of € 936,775.

The impact on the results for the first half of current financial year is a supplementary charge of € 96,000.

MARKET ANALYSIS

THE OFFICE BUILDINGS IN BRUSSELS

THE RENTAL

The Brussels market continues to suffer from the economic downturn. At 31 March 2005 the average vacancy rate was 11.1%. This average should be analysed district by district. Despite a slight increase, the vacancy rate in the Central Business District (CBD) remains relatively low (7.8%) in relation to other areas, largely due to the demand of the European Institutions and the Belgian Government. However, the arrival of many speculative developments in these central areas could change the situation in 2006/2007. Meanwhile, the public sector is expected to take up a substantial amount of office space that is currently vacant.

As for the decentralized areas and suburbs, the vacancy rates remain high, at 14.7% and 21.1% respectively. However, the situation is expected to improve in 2005 thanks to the end of speculative real estate projects and the attractive rents in those areas.

Some 451,000 m² of office space was let in 2004, mainly to the public sector. According to the estate agents' forecasts, the take-up in 2005 could amount to some 500,000 m², which should maintain the present balance. Over the coming years, the private sector should take over the important role played by the public sector on the real estate market in recent years.

THE INVESTMENT

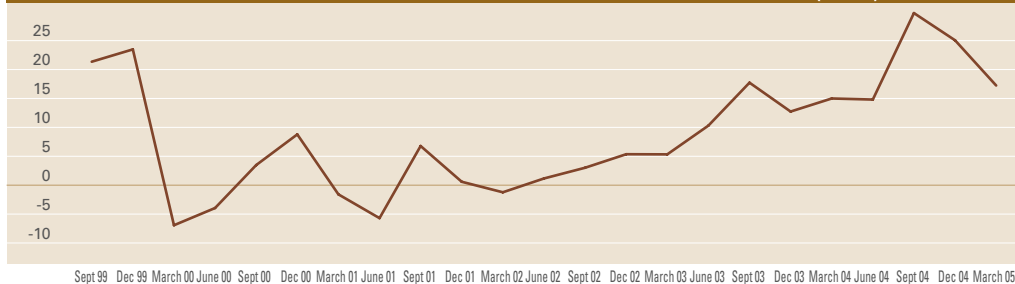
Paradoxically, the investment market is doing well. The volume of business topped € 1.5 billion in 2004. Most of the transactions took place in the central areas of the capital, mainly in the Léopold district. Long-term lets to the Belgian authorities reached an all-time high. Belgian investors and German funds are still the main operators on the investment market, while the Irish are also appearing on the scene.

THE BEFIMMO SHARE

In the period under review, the Befimmo share performed well, being listed at a price higher than its book value. The price/earnings ratio remains one of the most attractive on the market (14.3 based on the stock exchange price on 31 March 2005 and the estimated profit for current

financial year in accordance with the derogatory arrangement). With an average daily volume of 7,385 securities in 2004, the liquidity of the Befimmo share is improving for its shareholders.

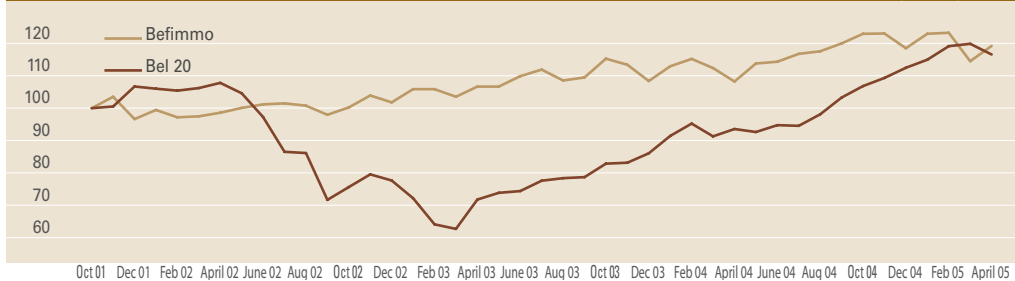
PREMIUM AND DISCOUNT FROM SEPTEMBER 1999 TO MARCH 2005 (in %)



SHARE PRICE FROM JANUARY 2000 TO APRIL 2005 (in €)



BEFIMMO COMPARED TO THE BEL 20 FROM OCTOBER 2001 TO APRIL 2005 (in %)



STATUTORY APPOINTMENTS

BEFIMMO S.A. BOARD OF DIRECTORS

The ordinary meeting of shareholders of Befimmo S.A., managing agent of the Sicafi Befimmo S.C.A., met on 16 March 2005. It renewed seven directors' mandates that had expired.

The composition of the Befimmo S.A. Board of Directors is since then as follows:

CHAIRMAN, LINKED TO THE PROMOTER

- Alain Devos, Chairman of Executive Committee of Fortis Real Estate S.A. (end of term: 19 March 2008).

MANAGING DIRECTOR – PERMANENT REPRESENTATIVE

- Benoît De Blicq (end of term: 19 March 2008).

DIRECTOR, LINKED TO THE PROMOTER

- Benoît Godts, Managing Director of Fortis Real Estate Asset Management S.A. (end of term: 19 March 2008).

INDEPENDENT DIRECTORS (SATISFYING THE CRITERIA OF ARTICLE 524 OF THE COMPANIES CODE)

- Marc Blanpain, Chairman of the Board of Directors of the Banque Belgoise (end of term: 19 March 2008).

- Gustaaf Buelens, Managing Director of Beulens N.V. (end of term: 19 March 2008).

- Gaëtan Piret, Director of Compagnie Immobilière de Belgique S.A. (end of term: 19 March 2008).

- Luc Vandewalle, Chairman of ING Belgium (end of term: 19 March 2008).

- Marcus Van Heddeghem, Managing Director of Redevco Belgium (end of term: 21 March 2007).

An appointment committee has been set up to prepare for the filling of directorships that have become vacant.

AUDIT COMMITTEE

The Audit Committee is composed of Mr Benoît Godts (Director representing the Promoter of the Sicafi) and Mr Gaëtan Piret (Independent Director).

SHAREHOLDING

Befimmo's equity is owned by a large number of shareholders. The following table is based on the latest "transparency declarations" received establishing a voting right in excess of 5% (Law of 2 March 1989 and Royal Decree of 10 May 1989).

(as of 31.03.05)			
DECLARANTS	TOTAL NUMBER OF DECLARED VOTING RIGHTS ON THE DATE OF DECLARATION	DATE OF DECLARATION	%
Fortis AG and linked companies	1,590,434	10/02/2005	16.24
Free Float*	8,203,793	-	83.76

* Percentage of a company's capital held by the public. Represents all shareholders owning less than 5% of the total number of shares.



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