



Partnership limited by shares

CREATING VALUE IN REAL ESTATE

HALF-YEARLY ACCOUNTS FOR THE PERIOD 1 OCTOBER 2005 TO 31 MARCH 2006

- **In line with forecasts**
- **Dividend forecast confirmed**

Befimmo SA, managing partner of the Sicafi (fixed capital real estate investment trust) Befimmo SCA, has finalised the half-yearly accounts for Befimmo SCA as at 31 March 2006.

Before analysing the results at 31 March 2006, it is important to point out that Befimmo now publishes its financial information based on the IFRS international standards. The valuation rules governing the preparation of the company accounts are described at length on its website (www.befimmo.be). An explanatory note of the main impacts of converting Befimmo's accounts to IFRS standards is also included in the half-yearly report for this fiscal year.

KEY FIGURES⁽¹⁾

	31/03/2005 (6 months)	30/09/2005 (12 months)	31/03/2006 (6 months)
Debt ratio	46.0%	40.9%	42.9%
Return on equity (annual basis) ⁽²⁾	n/a	10.43%	11.56%
Book value per share (€)	61.60	65.48	63.92
Share price (€)	73.00	87.50	82.75
Number of shares	9,794,227	9,794,227	9,794,227
Net cash flow per share (€) ⁽³⁾	2.66	6.48	2.42
Net current cash flow per share(€) ⁽⁴⁾	2.66	5.04	2.46
Net earnings per share (€)	2.72	6.62	3.23
Net current earnings per share (€)	2.72	5.18	3.18
Return per share (€) ⁽⁵⁾	n/a	6.62	7.12

⁽¹⁾ The figures for 2004/2005 have been converted to IFRS standards so that they can be compared with those of the current fiscal year.

⁽²⁾ The return on annual basis is the latest gross dividend distributed during the period 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 2005 to 31 March 2006, the return per share corresponds to the change in book value per share as well as the gross dividend distributed during the period.

RESULTS AND BOOK VALUE

Net half-yearly earnings amount to €31.6 million as against €26.7 million for the previous fiscal year. This growth, of the order of 18%, is due mainly to the combination of:

- a decrease in the operating result before result on the portfolio of €31.1 million compared with €34.1 million in the previous period;
- an increase in the value of the company's real estate portfolio (up €7 million in 2005/2006, compared to the increase of €1.4 million in 2004/2005);
- a reduction in net financial charges (-€6.5 million in 2005/2006 as compared with -€8.3 million in 2004/2005).

This decrease in the operating result before result on the portfolio is due to a combination of:

- a change in the total floor area of the portfolio: the disposals of the Borschette Conference Centre and Charleroi building, in September and November 2005 respectively. These two buildings generated an average annual rent of some €4.1 million;
- a more balanced rate of works contracts: net real estate charges amount to €3.0 million as against €1.9 million in the first half of the previous year.

The increase in the financial result is due mainly to a drop in interest charges resulting from a lower level of financial borrowing than in the previous year, following the disposal of the assets mentioned above, combined with an increase in the value of the company's holdings of financial hedging instruments (up €0.9 million in 2005/2006, compared with -€0.4 million in 2004/2005). During the first half of the year, the average cost of financing loans amounted to 3.23% (including margins, cost of covering rates and reservation commissions), compared with 3.24% during the first half of the previous year. This average cost of finance is stable since the rise in short-term rates was offset by a drop in charges for covering interest rates in relation to the previous fiscal year.

In March 2006, in order to take advantage of the historically low credit margins and to increase the average duration of its loans, Befimmo took out a new syndicated credit of €350 million, over five years, attracting short-term interest rates and with a single repayment on the due date. After restructuring the debt, the average duration of loans was 4.9 years, compared with 3.6 years before restructuring.

After financial result and taxes, the **current net half-year cash flow** is €24.1 million, as compared with €26.1 million for the first half of the previous fiscal year.

The **net cash flow for the half year** was €23.8 million, or €2.42 per share (as against €26.1 million or €2.66 per share for the same period in the previous fiscal year). During the first half of 2005/2006 fiscal year, Befimmo recorded in the one-off book cash flow the costs of arranging a new syndicated credit (€0.9 million), partly compensated by the capital gain realised on the sale of the Charleroi building (€0.5 million).

The **book value** at 31 March 2006 was €63.92 per share, including net earnings for the period, i.e. a return over six months of €3.24 per share.

Over a one-year period, the **return per share** amounted to €7.12 per share taking account of the gross dividend of €4.80 distributed on 20 December 2005, namely 11.56% of the book value at 31 March 2005.

REAL ESTATE PORTFOLIO

The total value of the real estate portfolio at 31 March 2006 was €1,067.1 million as against €1,064.6 million at 30 September 2005. These values are established in accordance with standard IAS 40 which requires investment property to be booked at “fair value”. This is calculated by deducting transaction costs of 2.5%¹ from the “investment value”.

CHANGE IN
PERIMETER

Change in values

(in millions of €)	31/03/2005	30/09/2005	31/03/2006
BUILDINGS	1,099.3	1,063.2	1,065.6
▪ Offices	1,067.4	1,031.2	1,039.2
- Brussels Centre (CBD)	701.3	666.7	675.1
- Brussels Decentralised	145.7	143.9	145.1
- Brussels Suburbs	204.8	205.1	203.8
- Other	15.6	15.4	15.3
▪ Semi-industrial	26.6	26.6	26.4
▪ Retail	5.3	5.5	0.0
REAL ESTATE CERTIFICATES	3.8	1.4	1.4
TOTAL REAL ESTATE PORTFOLIO	1,103.1	1,064.6	1,067.1

The drop in the value of the portfolio between 31 March 2005 and 30 September 2005 is due mainly to disinvestments made during the year amounting to €38.3 million. These consisted mainly of the Albert Borschette Conference Centre, located in the Leopold district and occupied by the European Commission, and of part of the portfolio of real estate certificates.

Excluding investment during the period, the total value of the real estate portfolio remained stable during the first half of the 2005-2006 fiscal year (up 0.66%). The portfolio's stable value is explained by the substantial proportion (63.4%) of Befimmo's portfolio invested in the Central Business District (CBD) of Brussels, which is the core of its strategy. Values there are rising (up 1.21%) owing to high demand from investors looking for quality property. A slight recovery in the private sector in the decentralised districts is also stabilising values in the area (up 0.48%).

¹ “Fair value” = investment value/1.025.

These rising values compensate for the slight drop in value in the suburbs (down 0.75%)

The overall yield on ongoing rents (excluding projects and renovations) is 7.13% while the overall yield on ongoing rents plus the estimated rental value of unoccupied space is 7.65%.

The occupancy rate² – calculated on the basis of all the buildings in the portfolio – at 31 March 2006 thus rose from 92.8% at the start of the fiscal year to 93.2%.

As published in the press release of 2 February 2006 regarding tower 2 of the WTC, an agreement has been reached between Befimmo, La Poste and the Building Agency that puts an end to the dispute that arose in 2002 between Befimmo and La Poste.

² *Occupancy rate = [for all buildings in the Befimmo portfolio] current rents (including those for space let where the lease has yet to begin) / (current rents + estimated rental value of unoccupied space).*

HALF-YEARLY RESULTS

These IFRS accounting layouts could be amended by the Royal Decree due to be published in the coming weeks. The Decree will specify the final layouts for the income statement and for the balance sheet applicable to all Sicafis.

BALANCE SHEET UNDER IFRS (in thousands of €)

ASSETS	31/03/2005	30/09/2005	31/03/2006
I. NON-CURRENT ASSETS	1,104,388	1,065,437	1,068,176
C. Investment buildings	1,099,328	1,063,217	1,065,635
E. Other tangible assets	96	196	449
F. Non-current financial assets	4,963	2,024	2,093
II. CURRENT ASSETS	25,232	27,378	35,723
B. Current financial assets	268	219	243
D. Commercial credits	6,982	12,216	6,841
E. Tax credits and other current assets	1,004	362	122
F. Treasury and equivalents	14,891	12,775	26,077
G. Asset adjustment account	2,086	1,805	2,441
TOTAL ASSETS	1,129,620	1,092,815	1,103,899

LIABILITIES	31/03/2005	30/09/2005	31/03/2006
TOTAL EQUITY	603,293	641,330	626,032
I. Equity that may be allocated to shareholders	603,293	641,330	626,032
A. Equity	142,295	142,295	142,295
B. Share premiums	161,261	161,261	161,261
D. Reserves	21,113	21,113	21,113
E. Result	278,624	316,660	301,362
II. Minority interests	0	0	0
LIABILITIES	526,327	451,485	477,867
I. Non-current liabilities	171,115	116,999	95,335
B. Non-current financial debts	169,762	116,155	95,156
C. Other non-current financial liabilities	1,353	841	178
E. Other non-current liabilities	0	2	0
II. Current liabilities	355,211	334,486	382,532
B. Current financial debts	315,144	297,525	344,257
D. Commercial debts and other current debts	30,407	29,223	32,941
E. Other current liabilities	3,168	2,960	1,466
F. Liability adjustment account	6,493	4,779	3,868
TOTAL EQUITY AND LIABILITIES	1,129,620	1,092,815	1,103,899

INCOME STATEMENT UNDER IFRS

(in thousand of €)	31/03/2005	30/09/2005	31/03/2006
I.(+) Rental income	39,597	79,219	38,041
III.(+/-) Charges linked to letting	-236	-419	-146
NET RENTAL RESULT	39,362	78,800	37,895
IV.(+) Recovery of real estate charges	2,603	4,185	2,473
V.(+) Recovery of rental charges and taxes normally paid by the tenant on leased property	4,733	17,975	5,480
VI.(-) Expenses payable by tenants and borne by the owner for damage and repairs at the end of the lease	-1	-3	0
VII.(-) Rental charges and taxes normally paid by the tenant on leased property	-4,373	-17,386	-5,311
VIII.(+/-) Other revenue and charges for letting	16	7	15
REAL ESTATE RESULT	42,340	83,578	40,552
IX.(-) Technical costs	-3,063	-7,888	-3,534
X.(-) Commercial costs	-549	-857	-627
XI.(-) Rental charges and taxes on unlet property	-697	-1,217	-975
XII.(-) Real estate management costs	-591	-1,221	-552
XIII.(-) Other real estate charges	-2	-3	-4
(+/-) REAL ESTATE CHARGES	-4,902	-11,186	-5,693
OPERATING RESULT OF BUILDINGS	37,438	72,392	34,859
XIV.(-) Company overheads	-2,704	-5,402	-2,965
XV.(+/-) Other operating income and charges	-599	-437	-749
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	34,135	66,553	31,145
XVI.(+/-) Result of sales of investment buildings	0	12,657	489
XVIII.(+/-) Variations in the fair value of investment buildings	1,383	2,195	6,957
OPERATING RESULT	35,518	81,405	38,590
XIX.(+) Financial proceeds	995	2,005	1,132
XX.(-) Interest charges	-6,738	-13,262	-6,593
XXI.(-) Other financial charges	-2,569	-4,224	-1,012
(+/-) FINANCIAL RESULT	-8,312	-15,481	-6,472
PRE-TAX RESULT	27,206	65,924	32,118
XXIII.(-) Corporation tax	-518	-1,072	-515
(+/-) TAXES	-518	-1,072	-515
NET RESULT	26,688	64,852	31,603

FORECASTS

At a constant perimeter, the **current net cash flow** per share for the fiscal year should be close to the forecast €4.82 per share (*see press release of 2 February 2006*), or slightly below if the rise in short-term interest rates continues.

Regarding acquisitions, Befimmo is pursuing its strategy of building solid long-term cash flows so as to be able to deliver a healthy growth in dividends to its shareholders.

All other things being equal, Befimmo can therefore confirm its **dividend** forecast of €4.92 per share (€4.18 net), as announced in the 2005 annual report.

The 2005 annual report and the half-yearly report at 31 March 2006 are available on the company's website or may be requested from the registered office.

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