

## UPDATE OF VALUATION AT 31 DECEMBER 2006 OF THE REAL ESTATE PORTFOLIO



CREATING VALUE IN REAL ESTATE

## Acquisitions of Axento and Fedimmo

### Growth in value of portfolio

### Substantial increase in book value

During this first quarter of the 2006/2007 fiscal year, Befimmo has succeeded in completing two major acquisitions consistent with its strategy of growing its medium- and long-term cash flows.

In addition to its first foreign venture through the acquisition of the Axento project in Luxembourg, Befimmo has succeeded in buying 90% of the shares of Fedimmo SA offered for sale by the Belgian Government.

### Consolidated real estate portfolio and business development

The following table gives the values<sup>1</sup> of the Befimmo portfolio consolidated by segment and geographical area.

Real estate portfolio (million €)	31/12/2005	30/09/2006	31/12/2006 (constant floor area)	31/12/2006 (consolidated portfolio)
▪ <b>Offices</b>	<b>1 033.4</b>	<b>1 051.1</b>	<b>1 071.1</b>	<b>1 777.8</b>
- Brussels centre	669.6	682.1	699.5	1 057.2
- Brussels decentralised	144.0	147.6	149.4	149.4
- Brussels suburbs	204.4	205.3	206.2	242.1
- Flanders	-	-	-	235.3
- Wallonia	15.4	16.1	16.0	93.8
▪ <b>Others</b>	<b>26.5</b>	<b>27.3</b>	<b>27.5</b>	<b>27.5</b>
<b>TOTAL REAL ESTATE PORTFOLIO</b>	<b>1 059.9</b>	<b>1 078.4</b>	<b>1 098.6</b>	<b>1 805.3</b>

↳ **Change of floor area:  
Acquisition of Fedimmo**

<sup>1</sup> These values are established in accordance with standard IAS 40 which requires investment property to be booked at "fair value". "Fair value" is obtained by deducting from the "investment value" the average costs for transactions recorded over the past three years, corresponding to 2.5% for property worth more than €2.5 million and 10% (Flanders) or 12.5% (Wallonia) for property worth less than €2.5 million.

**Axento<sup>2</sup>**

The Axento investment project consists of the building and letting by its developer – CIP Luxembourg SA – of a brand new building of offices (10 500m<sup>2</sup>) and commercial premises (1 600m<sup>2</sup>) on the Plateau de Kirchberg along the Avenue Kennedy in Luxembourg. When it is handed over in the first half of 2009, it should have an investment value of €5.4 million. It has no impact on Befimmo’s portfolio at 31 December 2006.

**Fedimmo<sup>3</sup>**

The portfolio of Fedimmo SA comprises 62 office buildings let to the Régie des Bâtiments (Belgian Government). They house the Federal Public Services, essentially the Services of Finance and Justice.

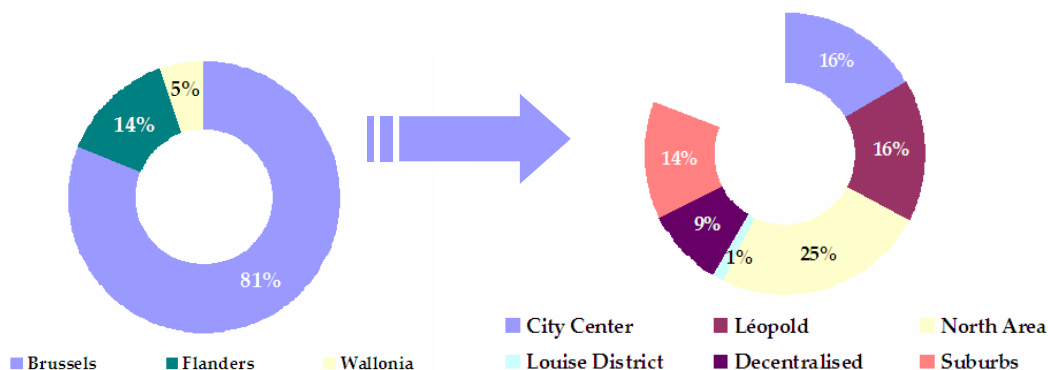
The total floor area of this portfolio is around 382 000m<sup>2</sup>. At 31 December 2006 its investment value was €725 million, generating an initial yield of 5.5%.

**Befimmo’s consolidated portfolio**

Thanks to the Fedimmo operation, the total value of the consolidated portfolio is now €1 805.3 million at 31 December 2006 as compared with €1 078.4 million at the start of the fiscal year. The total floor area exceeds 900 000m<sup>2</sup> of office space.

**Geographical distribution<sup>4</sup>**

The buildings in the consolidated portfolio are located in Belgium, the bulk of it in the Brussels region and its economic hinterland (81%), 58% of which in the Central Business District, almost 9% in decentralised areas and 14% in the suburbs. The remaining 19% is split between the provincial towns of Flanders (14%) and Wallonia (5%).



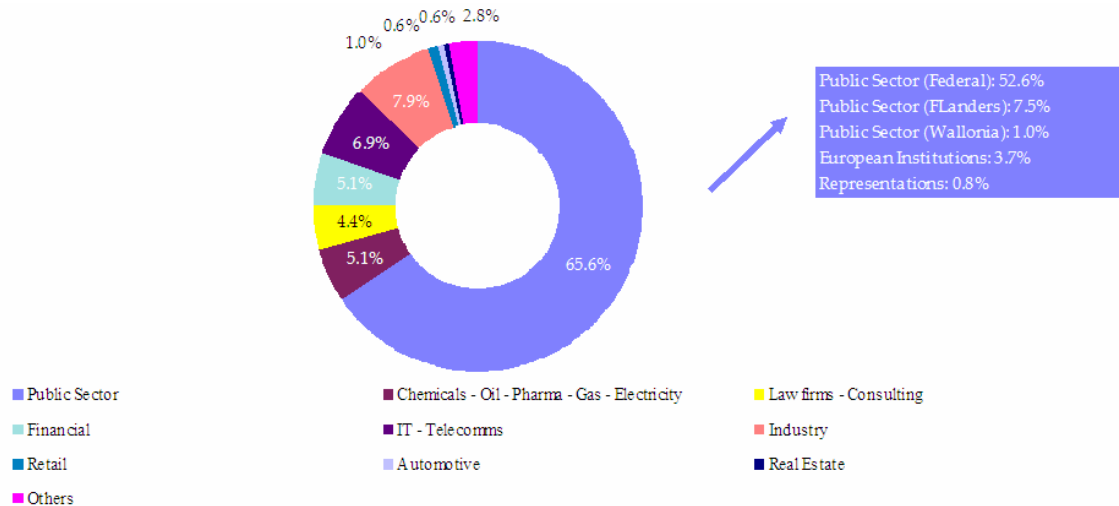
<sup>2</sup> For more information, please see the press release published on 11 December 2006 on the Befimmo website [www.befimmo.be](http://www.befimmo.be).

<sup>3</sup> For more information, please see the press release published on 23 December 2006 on the Befimmo website [www.befimmo.be](http://www.befimmo.be).

<sup>4</sup> The proportions are expressed on the basis of fair values consolidated at 31 December 2006.

Breakdown of occupants<sup>5</sup>

The Belgian Government has now become Befimmo’s main customer and accounts for 52% of rents with an average duration of 13 years. Befimmo’s total rental income from Belgian and EU institutions represents 66% of rents with an average duration of 12 years.



The acquisition of Fedimmo SA, consistent with Befimmo’s strategy, significantly improves the stability of the portfolio, as well as its defensive profile. The portfolio’s rental income consolidated at 31 December 2006 was €19.8 million as against €79.0 million previously, with a duration<sup>6</sup> of 8.8 years as against 5.6 years previously and a share of the public sector of 66% compared with 49% previously.

At 31 December 2006 the occupancy rate<sup>7</sup> of the portfolio was 96.8%<sup>8</sup> (94.7% at the start of the fiscal year).

**At constant floor area: substantial new growth in value of portfolio**

At constant floor area, i.e. excluding the Fedimmo acquisition, the value of the portfolio has again increased substantially, from €1 078.4 million at the start of the fiscal year on 1 October 2006 to €1 098.6 million three months later, an increase of some 1.83%. This growth has occurred in all geographical segments, as much in the Central Business District (+2.47%) as in

<sup>5</sup> The proportions are expressed on the basis of ongoing rents for the portfolio consolidated at 31 December 2006.

<sup>6</sup> Duration = (individual rent \* duration remaining up to first break)/sum of individual rents of the portfolio.

<sup>7</sup> Occupancy rate calculated taking account of all the buildings in the portfolio, excluding the investment project in Luxembourg to be handed over in April 2009 and for which Befimmo has guaranteed rent for 18 months from the handover date.

<sup>8</sup> On 1 January 2007, after the departure of a tenant occupying some 5 000 m<sup>2</sup>, the occupancy rate fell to 96.1%.

the decentralised area (+1.20%) and the suburbs (+0.41%). It reflects high demand on the part of investors looking for quality opportunities, so putting pressure on yields.

For a constant floor area the occupancy rate also increased, up to 95.3% at 31 December 2006.

### **Key figures at 31 December 2006**

#### **- Net asset value**

The total (unaudited<sup>9</sup>) value of Befimmo's net assets at 31 December 2006 was €644.4 million and the book value – group share – was €65.79 per share, up 13.73% on the previous figure of €62.17 per share.

The Sicafi's leverage at 31 December 2006 was 61.71%, generating an investment capacity through borrowing of some €176.3 million.

Since according to the IFRS 3 standard the acquisition of Fedimmo SA is a business combination, Befimmo booked goodwill representing the future economic benefits derived from the synergies, optimisations and development prospects of a portfolio of geographically distributed buildings.

#### **- Profit & Loss for the period**

	<b>Q1 2005/2006</b> (30/09/05-31/12/05)	<b>Q1 2006/2007</b> (30/09/06-31/12/06)
<b>Turnover (million €)</b>	19.0	20.0
<b>Cash-flow (€share)</b> (group share)	1.28	1.21
<b>Net current result (€share)</b> (group share)	1.47	3.25
<b>Net result (€share)</b> (group share)	1.50	3.25

The growth in net result over the previous period is due mainly to the 1.83% increase in the value of Befimmo's real estate portfolio over the first quarter of the 2006/2007 fiscal year.

### **Outlook for the current fiscal year**

As a result of the Fedimmo operation, Befimmo's portfolio grew significantly. As announced in the press release of 23 December 2006, Befimmo is currently engaged in organising an increase in capital and reorganising its borrowings. The capital increase could take place before the end of the first half of 2007.

<sup>9</sup> Auditing of the accounts: the half-yearly accounts (at 31 March) are subject to a limited review in April and the annual accounts (at 30 September) are audited in October.

Meanwhile, if no other factors intervene, Befimmo can confirm its dividend forecast for the current fiscal year of €4.45 gross per share (see Annual Report 2005/2006).

**Further information**

For any further information, please contact head office:

**Emilie Delacroix**  
**Communication Officer**  
Befimmo SCA  
Sicafi  
Chaussée de Wavre 1945  
1160 Brussels.  
Tel.: 02/679.38.60  
Fax: 02/679.38.66  
www.befimmo.be  
Email : [contact@befimmo.be](mailto:contact@befimmo.be)

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