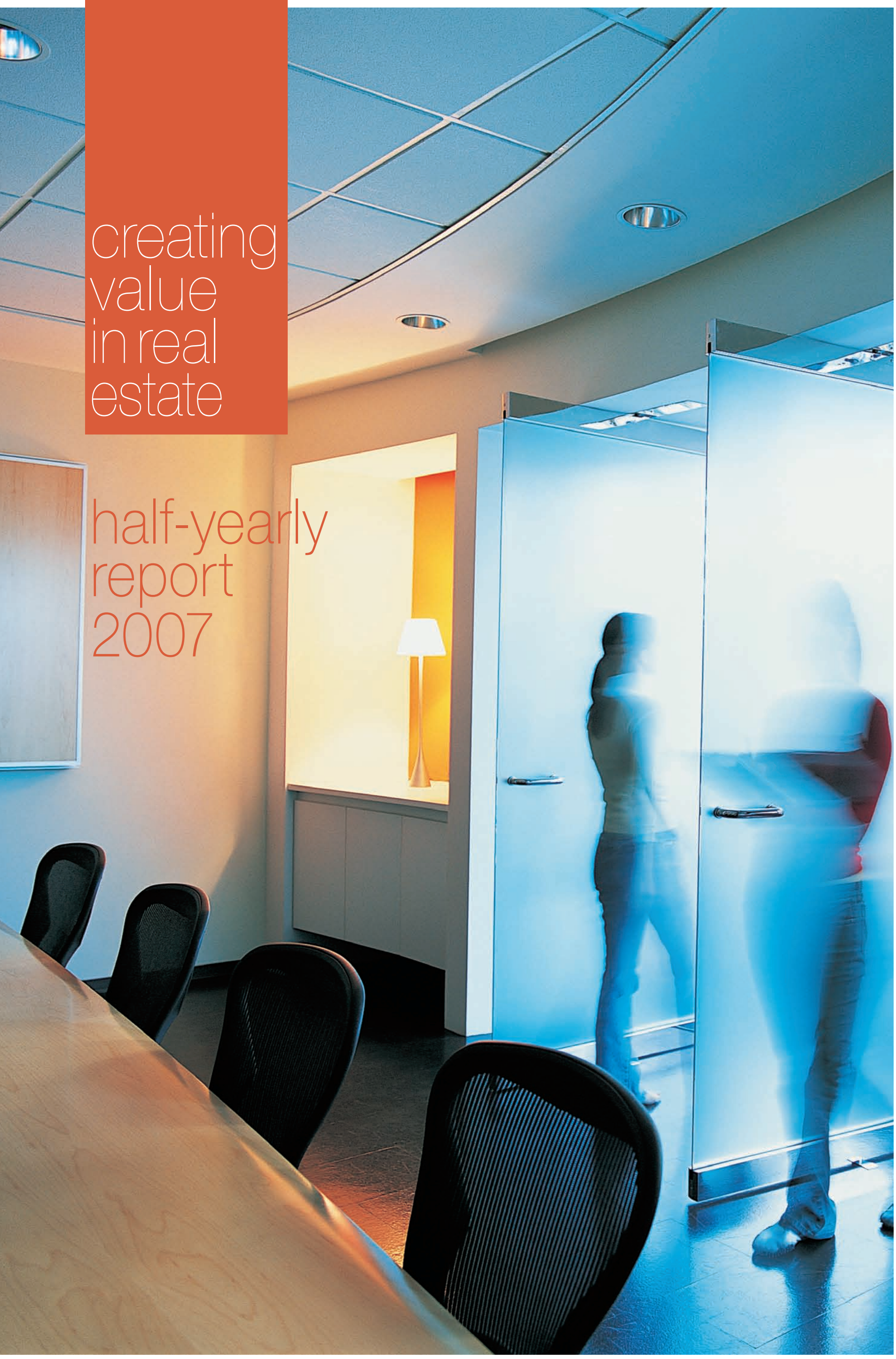
creating value in real estate

half-yearly report 2007



Befimmo

CORPORATE PROFILE

BEFIMMO TODAY

Befimmo is a Sicafi (real-estate investment trust) specialising in investment in office buildings. It was founded from scratch in 1995. Following the acquisition of Fedimmo SA in December 2006, it now owns – directly and indirectly – a portfolio extending over more than 880,000 m², worth over € 1.8 billion and including some one hundred buildings and building complexes. As a result, Befimmo has earned a reputation as one of the foremost and most respected operators at European level.

Befimmo's profile is currently that of a "pure player" with a portfolio of office buildings (around 98.4%) geographically concentrated in Brussels and its economic hinterland[1] (some 79% of the buildings including 57% in the Central Business District, almost 9% in decentralised areas and 12% in the suburbs).

The remainder of the portfolio, let in the medium term to the Belgian Government or other public institutions, is spread throughout Belgium and is consistent with the strategy of seeking long-term, regular, indexed and secure cash flows.

Befimmo is in Eurolist compartment B and is listed in Euronext's Next 150 and Next Prime indexes, the Bel Mid index of Euronext Brussels, and the EPRA and GPR250 indexes. It offers a liquid security to most of its shareholders. For the past 12 years, the Sicafi has been firmly committed to its goal of creating value for its shareholders. It tirelessly develops a strategy based on maximising its long-term cash-flows and generating added value in property.

Befimmo's investment strategy focuses entirely on its core business of real-estate asset manager of non-specific offices of quality located in areas exhibiting structural scarcity (such as town centres). Befimmo has no plans to diversify into other areas of business that would expose it to risk/return profiles other than those of the professional real-estate investor.

As it has demonstrated with the acquisition of the Axento investment project in Luxembourg, Befimmo is interested in geographical diversification into other markets – away from its "home market" in Brussels – where there are good growth prospects.

Finally, Befimmo also intends to take an interest – in Europe's euro zone – in properties let in the long term to public institutions that provide long-term regular cash flows at low risk.

REAL-ESTATE PORTFOLIO

During this first half of the 2006/2007 fiscal year, Befimmo 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 acquired 90% of the shares of Fedimmo SA offered for auction by the Belgian Government.

> Axento SA[2] : This investment project consists of the building and letting by its developer – CIP Luxembourg SA – of a building of offices (10,500 m²) and commercial premises (1,600 m²) on the Plateau du Kirchberg along the Avenue Kennedy in Luxembourg. When it is handed over in the first half of 2009, it will have an investment value of € 96.5 million.

> Fedimmo SA[3] : In December 2006, Befimmo acquired 90% of the shares in the public company Fedimmo, which has a portfolio consisting of office buildings assigned by the Belgian Government and Sopima SA when it was founded. Most of these buildings are let to the Régie des Bâtiments (Belgian Government) to house the Federal Public Services, essentially the Finance and Justice Ministries. The total floor area of this portfolio is around 382,000 m². When Fedimmo was acquired in December 2006 its investment value was € 725 million, generating an initial gross yield of 5.5%.

During the second quarter of this fiscal year, a 99-year leasehold on the Tocopro building (23,800 m²) located on Avenue Louise in Brussels was sold, realising a capital gain of € 1.2 million. The aim of the disposal was to minimise the risks of redevelopment and re-letting. Indeed, this Fedimmo building needed major renovation starting in January 2010 upon the expiry of the Belgian Government's lease.

Taking account of these investments and disposals, the total value of the consolidated portfolio is now € 1,792.5 million at 31 March 2007, as compared with € 1,805.3 million at 31 December 2006 and € 1,078.4 million at the start of the fiscal year.

(1) This region includes the Central Business District (CBD), decentralised areas and the suburbs.
(2) For more information, please see the press release published on 11 December 2006 on the Befimmo website www.befimmo.be.
(3) For more information, please see the press release published on 23 December 2006 on the Befimmo website www.befimmo.be.

The following table gives the values[1] of the Befimmo portfolio excluding Fedimmo and consolidated by segment and geographical area.

Excluding the Fedimmo acquisition and the disposal of the Tocopro building, the value of the portfolio has increased substantially, from € 1,078.4 million at the start of the fiscal year on 1 October 2006 to € 1,108.3 million on 31 March 2007, i.e. an increase of some 2.5% in six months. This growth has occurred in practically all geographical segments, as much in the Central Business District (+3.23%) as in decentralised areas (+3.13%). Meanwhile values in the suburbs have remained stable (-0.15%). This increase in value reflects high demand on the part of investors looking for quality opportunities, so putting pressure on yields.

The value of the Fedimmo portfolio has remained stable (+0.01%) since it was acquired in late December 2006.

At 31 March 2007, the overall yield of the consolidated portfolio for ongoing lets (excluding projects and renovations) is 6.40% while the overall yield on ongoing lets plus the estimated rental value of unoccupied premises is 6.66%.

At 31 March 2007 the occupancy rate[2] of the consolidated portfolio was 96.0%[3].

The Belgian Government, Befimmo's main customer, accounts for 50.3% of rents with an average duration[4] of 13.5 years. Befimmo's total rental income from Belgian and EU institutions represents 63.7% of rents with an average duration of 12.4 years.

The acquisition of Fedimmo SA, consistent with Befimmo's strategy, significantly improves the stability of the portfolio. The portfolio's yearly rental income consolidated at 31 March 2007 was € 117.6 million as against € 79.0 million previously, with a duration of 8.9 years as against 5.6 years previously. The public sector accounts for 64% compared with 49% previously.

(1) 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 and Brussels) for property worth less than € 2.5 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). This occupancy rate is calculated taking account of all the property in the portfolio, excluding land and 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.

(3) On 1 April 2007, after the departure of the Régie des Bâtiments from Brederode II, the occupancy rate was 94.7%.

(4) Duration = weighted mean duration of leases, i.e. the sum of (annual ongoing rent for each lease multiplied by the duration remaining up to the first break in the lease) / total ongoing annual rent of portfolio.

VALUE OF THE PORTFOLIO

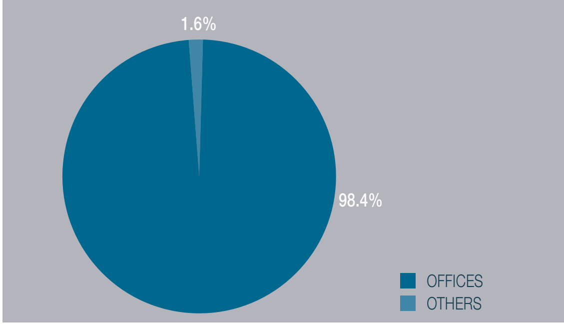
(in millions of €)	31.03.06	30.09.06	31.03.07	31.03.07
	(portfolio excluding Fedimmo)			(consolidated portfolio)
Offices	**1,039.2**	**1,051.1**	**1,080.0**	**1,764.3**
Brussels CBD	675.1	682.1	705.0	**1,041.0**
Brussels decentralised	145.1	147.6	152.2	**152.2**
Brussels suburbs	203.8	205.3	206.9	**206.9**
Flanders	-	-	-	**267.7**
Wallonia	15.3	16.1	15.9	**96.5**
Other	**26.4**	**27.3**	**28.2**	**28.2**
TOTAL REAL ESTATE PORTFOLIO	**1,065.6**	**1,078.4**	**1,108.3**	**1,792.5**

CONSOLIDATED PORTFOLIO: OCCUPANCY RATE (as of 31.03.07)

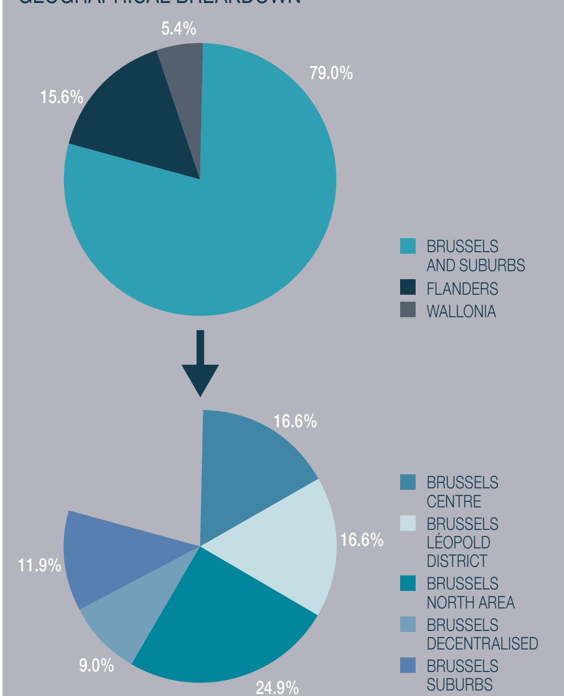
INVESTMENT BUILDINGS	RENTAL SPACE (in m²)	PERCENTAGE OF PORTFOLIO[1] (in %)	CURRENT RENT (in thousands of €)	OCCUPANCY RATE (in %)
OFFICES	**831,197**	**98.0%**	**115,266**	**96.0%**
Brussels centre				
10 buildings	129,549	17.0%	19,999	96.8%
Brussels Léopold district				
9 buildings	75,109	14.4%	16,990	99.3%
Brussels North area				
3 buildings	184,852	24.5%	28,809	99.6%
Brussels decentralised				
8 buildings	61,410	8.8%	10,355	96.9%
Brussels suburbs				
9 buildings and office parks	117,559	12.0%	14,163	80.1%
Flanders				
35 buildings let to the Public Services	164,155	13.1%	15,350	100.0%
Wallonia				
21 buildings let to the Public Services	98,563	8.2%	9,600	100.0%
SEMI-INDUSTRIAL	**49,639**	**2.0%**	**2,337**	**93.2%**
Brussels decentralised				
2 buildings	15,897	0.8%	933	100.0%
Brussels suburbs				
1 building	7,218	0.3%	370	89.6%
Flanders				
2 buildings	26,524	0.9%	1,034	89.0%
TOTAL OF INVESTMENT BUILDINGS	**880,836**	**100.0%**	**117,603**	**95.98%**

(1) The percentage of the portfolio is calculated on the basis of current rents as of 31 March 2007.

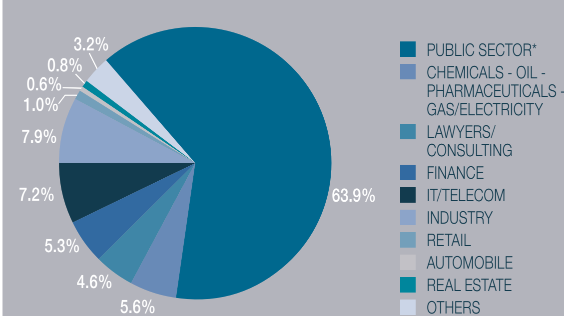
TYPE OF ASSETS[1]



GEOGRAPHICAL BREAKDOWN[1]



OCCUPANTS[2]



* PUBLIC SECTOR (FEDERAL) : 50.3% - PUBLIC SECTOR (FLANDERS) : 7.9% - PUBLIC SECTOR (WALLONIA) : 1.0% - EUROPEAN INSTITUTIONS : 3.8% - REPRESENTATIVES : 0.9%

(1) Proportions are expressed in terms of the fair values as of 31 March 2007. Real estate certificates are not covered by these charts.
(2) Proportions are expressed in terms of current rents as of 31 March 2007.

THE REAL ESTATE EXPERT'S CONCLUSIONS

WINSSINGER & ASSOCIES

Mr B. De Blieck
Managing Director
BEFIMMO SCA
Parc Goemaere
Chaussée de Wavre 1945
1160 BRUSSELS
12 April 2007

BEF/frs/39.991
Dear Sir,
Re: valuation as at 31 March 2007

Context

We have been instructed by Befimmo to provide an opinion of value for its property portfolio at 31 March 2007, 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 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 standards (IVS), as well as their application procedure, in particular as far as SICAFI valuations are concerned.

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

In addition, investment value does not reflect future capital expenditures that will enhance the properties, nor future advantages derived from these expenses.

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.

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. The track record of the sale of properties on the Belgian market shows that during the period of 2003 to 2005 included, the average cost of transaction amounted 2,5%.

The most likely sale value for buildings above € 2,500,000, excluding acquisition costs, corresponding to the fair value, following the IAS/IFRS references, can be obtained by deduction of 2,5% of the investment value. The costs of 2,5% shall be revised on a regularly basis and adapted if the difference with institutional market practice is more than 0,5%. The registration costs have been deducted for the other buildings.

In the light of all comments mentioned above, we confirm that the investment value of the Befimmo property portfolio at 31 March 2007 amounts to a total of € 1,838,555,000 (ONE BILLION EIGHT HUNDRED THIRTY-EIGHT MILLION FIVE HUNDRED FIFTY-FIVE THOUSAND EURO), this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield, CB Richard Ellis and JLL.

The most likely sale value corresponding to the fair value of the Befimmo property portfolio at 31 March 2007 amounts to a total of € 1,792,466,434 (one billion seven hundred ninety-two million four hundred sixty-six thousand four hundred thirty-four euro), this amount includes the valuation of the buildings which have been carried out by Cushman & Wakefield, CB Richard Ellis and JLL.

On this basis, the initial yield (projects included) of the portfolio is 6.40%. Should the vacant accommodation be fully let at estimated rental value, the initial yield would be 6.66%.

The occupation rate of the entire portfolio is 95.98%.

The average level of passing rent obtained is currently approximately 8.32% 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	67.07%
Periphery of Brussels	11.85%
Flanders and Wallonia	21.07%
Projects and buildings under renovation	0.00%
Total	100%

Yours sincerely,

Brussels, 12 April 2007 WINSSINGER & ASSOCIATES SA/NV

Benoît FORGEUR* Philippe WINSSINGER*

* *sprl/bvba, Managing Director DTZ Partners SA/NV.*

FINANCIAL RESULTS

CONSOLIDATED KEY FIGURES

	31.03.06 (6 months)	30.09.06 (12 months)	31.03.07 (6 months)
Debt ratio	42.90%	40.17%	**61.13%**
Return on equity (annual basis)(1)	11.56%	11.09%	**14.25%**
Book value per share (€)	63.92	67.41	**68.11**
Share price (€)	82.75	90.00	**97.60**
Number of shares	9,794,227	9,794,227	**9,794,227**
Net cash flow per share (€)(2)	2.42	4.84	**2.68**
Net current result per share (€)	3.23	6.74	**5.42**
Return per share (€)(3)	7.12	6.73	**9.11**

(1) 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 one year earlier.
(2) Net cash flow is the net result before depreciation, value adjustments and provisions.
(3) The return per share corresponds to the change in book value per share over one year and in the gross dividend distributed during that year.

GROWTH IN EARNINGS AND BOOK VALUE

The acquisition of 90% of Fedimmo's shares on 28 December 2006 increased the size of Befimmo's portfolio from € 1.1 to € 1.8 billion, and this growth had a significant impact on the various headings of the company's consolidated balance sheet and profit and loss account.

Thus, the company's **net rental income** increased from € 37.9 million to € 48.6 million between 31 March 2006 and the same date in 2007. This growth of 28.2% is explained by Fedimmo's contribution to earnings for one quarter, amounting to € 9.6 million, while earnings from the Befimmo portfolio grew 2.6%.

Net property charges fell by 43.3%, from € 3.2 million to € 1.8 million. This decrease is explained mainly by the fact that fewer works were carried out in relation to the previous fiscal year, without jeopardising the general maintenance programme of the buildings that are in a good state of repair.

The company's **corporate management costs** rose from € 3.0 million to € 4.2 million. This rise was mainly due to substantial study costs of non-recurrent projects incurred during the half-year in the context of the Sicafi de l'Etat, Fedimmo, Axento and other operations, and the costs of preparing the increase in capital.

The **earnings of the portfolio** amount to € 28.4 million in comparison with € 7.4 million for the previous fiscal year. This growth is explained by the substantial increases (+2.5%) in the value of Befimmo's portfolio during the half-year (+€ 27.2 million), and the capital gain (+€ 1.2 million) on the disposal of the Tocopro building in Fedimmo's portfolio.

The **financial result** was influenced by the financing of the Fedimmo acquisition. It rose from -€ 6.5 million for the second half of the previous fiscal year to -€ 15.9 million, owing to a combination of factors, namely:

> the interest charge generated by the financing of the acquisition of Fedimmo – amounting to € 575.6 million – € 5.8 million of which was booked for the quarter;

> the reduction in the time value of the financial hedging instruments;

> the rise in interest rates (Euribor 3 months: 3.9% at 31 March 2007 as against 2.7% at 31 March 2006), had an adverse impact on financial charges relating to the company's borrowings at variable rates (approx. € 2.8 million). Steps were taken during the half-year to strengthen the company's interest-rate hedging policy, by the purchase of IRS and TWIN CAPs which will start to show positive effects from the second half of the 2006/2007 fiscal year.

The **net profit for the half-year** amounts to € 54.1 million in comparison with € 31.6 million for the previous fiscal year, an increase of 71%. The **net cash-flow for the half-year** was € 26.2 million, compared with

€ 24.1 million for the first half of the previous fiscal year (+8.7%).

The **book value** (group share) at 31 March 2007 was € 68.11 per share compared with € 67.41 at the start of the fiscal year. Taking account of the gross dividend of € 4.92 distributed on 22 December 2006, this represents a six-month return of € 5.62 per share.

Over a one-year period, the **return per share** amounted to € 9.11, or 14.25% of the book value at 31 March 2006.

OUTLOOK

Befimmo has grown significantly as a result of the Fedimmo operation.

As announced previously, Befimmo is working to organise a forthcoming increase in capital and restructure its borrowings.

Unless any other factors intervene, the Managing Agent, after examining the outlook, considers that it is reasonable to increase the dividend forecast to € 4.50/share, in relation to the published forecast of € 4.45/share, an increase of 1.1%.

INCOME STATEMENT UNDER IFRS (in thousands of €)

			31.03.06 (statutory)	30.09.06 (statutory)	31.03.07 (consolidated)
I.	(+)	Rental income	38,041	76,256	**48,756**
III.	(+/-)	Charges linked to letting	-146	-298	**-179**
NET RENTAL INCOME			**37,895**	**75,958**	**48,577**
IV.	(+)	Recovery of property charges	2,473	4,406	**2,189**
V.	(+)	Recovery income of charges and taxes normally payable by tenants on let properties	5,480	18,544	**4,669**
VII.	(-)	Charges and taxes normally payable by tenants on let properties	-5,311	-18,290	**-4,783**
VIII.	(+/-)	Other revenue and charges for letting	15	24	**51**
PROPERTY RESULT			**40,552**	**80,642**	**50,703**
IX.	(-)	Technical costs	-3,534	-7,326	**-2,431**
X.	(-)	Commercial costs	-627	-1,203	**-227**
XI.	(-)	Charges and taxes on unlet properties	-975	-673	**-753**
XII.	(-)	Property management costs	-552	-1,124	**-584**
XIII.	(-)	Other property charges	-4	-8	**-17**
	(+/-)	**Property charges**	**-5,693**	**-10,335**	**-4,012**
PROPERTY OPERATING RESULT			**34,859**	**70,307**	**46,691**
XIV.	(-)	Corporate management costs	-2,965	-6,992	**-4,173**
XV.	(+/-)	Other operating income and charges	-749	-855	**-660**
OPERATING RESULT BEFORE RESULT ON PORTFOLIO			**31,145**	**62,460**	**41,858**
XVI.	(+/-)	Gains or losses on disposals of investment properties	489	489	**1,209**
XVIII.	(+/-)	Changes in fair value of investment properties	6,957	17,978	**27,200**
OPERATING RESULT			**38,590**	**80,926**	**70,267**
XIX.	(+)	Financial income	1,132	1,496	**1,500**
XX.	(-)	Interest charges	-6,593	-14,334	**-14,961**
XXI.	(-)	Other financial charges	-1,012	-1,478	**-2,409**
	(+/-)	**Financial result**	**-6,472**	**-14,316**	**-15,870**
PRE-TAX RESULT			**32,118**	**66,611**	**54,397**
XXIII.	(-)	Corporation tax	-515	-622	**-271**
	(+/-)	**Taxes**	**-515**	-622	**-271**
NET RESULT			**31,603**	**65,989**	**54,126**
NET RESULT – GROUP SHARE			**31,603**	**65,989**	**53,130**
NET RESULT – MINORITY INTERESTS			**-**	**-**	**996**

CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS

BALANCE SHEET UNDER IFRS (in thousands of €)

	31.03.06 (statutory)	30.09.06 (statutory)	31.03.07 (consolidated)
ASSETS			
I. Non-current assets	**1,068,176**	**1,080,775**	**1,839,806**
A. Goodwill[1]	-	-	**16,116**
C. Investment properties	1,065,635	1,078,357	**1,789,683,**
E. Other property, plants and equipment	449	405	**393**
F. Non-current financial assets	2,093	2,013	**23,726**
G. Finance lease receivables	-	-	**9,888**
II. Current assets	**35,723**	**28,237**	**74,649**
B. Current financial assets	243	228	**112**
C. Finance lease receivables	-	-	**38**
D. Trade receivables	6,841	10,326	**12,176**
E. Tax receivables and other current assets	122	139	**86**
F. Cash and cash equivalents	26,077	14,961	**59,127**
G. Deferred charges and accrued income	2,441	2,583	**3,110**
TOTAL ASSETS	**1,103,899**	**1,109,012**	**1,914,455**

LIABILITIES			
TOTAL EQUITY	**626,032**	**660,228**	**730,303**
I. Capital that may be allocated to shareholders	**626,032**	**660,228**	**667,091**
A. Capital	142,295	142,295	**142,295**
B. Share premium account	161,261	161,261	**161,261**
D. Reserves	21,113	21,113	**21,113**
E. Result	301,362	335,558	**340,524**
a. Result brought forward from previous years	297,222	297,032	**314,856**
b. Net result for the fiscal year	31,603	65,989	**53,130**
c. Adjustment of IFRS opening balance	-27,463	-27,463	**-27,463**
G. Changes in fair value of financial assets and liabilities	-	-	**1,897**
II. Minority interests[2]	-	-	**63,212**
LIABILITIES	**477,867**	**448,784**	**1,184,152**
I. Non-current liabilities	**95,335**	**91,418**	**160,729**
B. Non-current financial debts	95,156	91,418	**155,610**
a. Credit institutions	93,760	89,916	**83,706**
b. Finance leasing	-	-	**70,364**
c. Other	1,396	1,502	**1,540**
C. Other non-current financial liabilities	178	-	**-**
D. Trade debts and other non-current debts	-	-	**5,119**
II. Current liabilities	**382,532**	**357,367**	**1,023,423**
B. Current financial debts	344,257	317,385	**972,942**
a. Credit institutions	344,257	317,385	**960,984**
b. Finance leasing	-	-	**11,957**
D. Trade debts and other current debts	32,941	34,918	**35,273**
E. Other current liabilities	1,466	1,761	**1,278**
F. Accrued charges and deferred income	3,868	3,304	**13,930**
TOTAL EQUITY AND LIABILITIES	**1,103,899**	**1,109,012**	**1,914,455**

(1) Since according to standard IFRS 3 the acquisition of Fedimmo SA is a business combination, Befimmo has booked goodwill to represent the future financial advantages associated with the synergies, optimisations and outlook for developing a portfolio of buildings spread out geographically.
(2) The minority interests represent the Government's 10% holding in the equity of Fedimmo SA.

STATUTORY AUDITOR'S REPORT

LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF-YEAR FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED MARCH 31, 2007

(Free translation from the original in Dutch)

Bedrijfsrevisoren/Reviseurs d'Entreprises
Lange Lozanastraat 270
B/2018 Antwerpen
Belgium
Tel: +32 (3) 8008800
Fax: +32 (3) 8008801
http://www.deloitte.be

BEFIMMO SCA

To the Board of Directors,

We have performed a limited review of the accompanying consolidated condensed balance sheet, consolidated condensed income statement and notes (jointly the "interim financial information") of BEFIMMO SCA and its subsidiaries (jointly "the group") for the six months period ended March 31, 2007. The Board of Directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to issue a report on the interim financial information based on our limited review.

The interim financial information is prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the" Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on consolidated annual accounts as issued by the" Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the interim financial information for the six months period ended March 31, 2007 is not prepared, in all material respects, in accordance with legal and regulatory requirements and the recognition and measurement criteria of the International Financial Reporting Standards as adopted by the European Union.

We draw your attention to the fact that calculation method of the remuneration of the director Befimmo SA, as defined in article 21, 3° of the bylaws, is not changed. This remuneration is calculated based on the "reference profit" determined in accordance with Belgian GAAP and not in accordance with IFRS as adopted by the European Union. This calculation method is compliant to the decisions of the Board of Directors of April 26, 2007.

April 27, 2007

The statutory auditor
DELOITTE Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by

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MARKET ANALYSIS

THE BRUSSELS OFFICE MARKET(1)

With office space of 12.6 million m², Brussels ranks among the major European cities.

Rental market

With almost 624,000 m² of take-up, 2006 closed on a positive note with continued high demand for offices to let. As in 2005, this demand was driven by the private sector, accounting for almost 70% of total take-up. Indeed, the “corporates” – represented mainly by banking and finance, industry and services – were much more active than the public sector (30%).

The outlook for 2007 is good, as the economic recovery should continue to have a positive effect on constantly growing demand for office space.

The rotations, renegotiations and removals are indicative of a highly active property development market. Businesses as well as administrations have a choice in the space they let, and are preferring new or renovated buildings over office space that has become obsolete. This only confirms tenants’ interest in quality property on the Brussels market.

Buoyed up by the economic recovery, giving companies new expansion projects, and as a result of fewer speculative projects coming onto the market, the overall vacancy rate fell back below the 10% threshold (9.39% as against 10.49% in late 2005).

The Brussels real-estate market comprises three geographical areas: the Central Business District (CBD), decentralised areas and the suburbs. Since each of these areas has specific features, they should be analysed separately.

Central Business District (CBD)

This area is composed of central Brussels, the Léopold district, the North area, the Louise district and the South station area. It currently accounts for 57% of demand.

Demand in the CBD – generated mainly by the public sector, was buoyed up this year as much by the private sector (184,000 m²) as by the Belgian and European public services (170,000 m²).

The vacancy rate for the CBD as a whole at 31 December 2006 was around 7%, stable in relation to the two previous years. However, the situation differs from one district to another and these figures must therefore be analysed with care. For instance, rental vacancies fell in all areas of the CBD except for the Léopold district where they remained stable (7.1%) and the North area where they were up on 2005 (9.6%). The situation is unlikely to improve in the short term as several speculative projects will be handed over by the end of 2009, 190,000 m² in the Léopold district and 238,000 m² in the North area, where 46% and 40% respectively of projects are speculative.

Rents in central Brussels are holding firm at between € 180 and € 225 per square metre. “Prime Rent” is still € 300/m² for small spaces in the rond-point Schuman micromarket.

Decentralised and suburbs

The two areas outside the CBD, the decentralised area and the suburbs, together account for 43% of demand (124,504 m² and 144,965 m² respectively over the past year). These areas attract many Belgian and multinational firms looking for attractive rents and the tax breaks available in the suburbs (tax differentials up to € 50/m²/year).

The situation in decentralised areas and the suburbs has been improving for some time, encouraged by higher rental take-up mainly by the private sector, the end of speculative property development, and attractive rents. This has stabilised availability in the suburbs (19%), and even led to a net reduction in decentralised areas to around 11%.

As we said above, this demand is generally not new, but is rather generated by businesses looking for a more favourable location in cheaper new or renovated buildings following restructuring.

Rents for second-hand office buildings are harder hit than those for new buildings, which are remaining relatively stable. They are around € 144/m² in decentralised areas and € 139/m² in the suburbs. These rents have bottomed out and so should pick up over the coming years.

(1) Source: Survey by CB Richard Ellis & Jones Lang LaSalle (market update at 31 December 2006).

Investment market

Real estate is a "safe" value and attracts considerable sums from investors. This makes good property with secure tenants relatively scarce for would-be investors. Competition is hotting up, putting pressure on yields, even in an environment of rising long-term interest rates, thereby driving up values.

2006 was a record year in terms of volume transactions, attaining over € 2 billion compared with a little over one billion the previous year. A large part of that volume was generated by Befimmo's acquisition of the Fedimmo portfolio, and other sales such as the Ellipse building to Fortis Real Estate and the de Brouckère tower to Morgan Stanley. The situation is likely to persist as investor's interest keeps on growing.

Belgium, as capital of Europe, is highly appreciated by foreign investors. Once again this year, they took a dominant share of total investments (71%) in relation to local investors (29%). The main ones are still from Britain (38%), France (17%) and Germany (10%). These investors are more interested in immediate returns than future value.

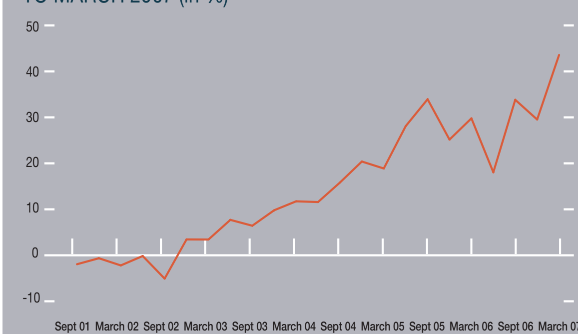
Capitalisation rates for the best projects has fallen slightly from 6% in 2005 to 5.7% in 2006 (for 3/6/9-year leases), so reducing the differential between Brussels and other major European cities such as Paris, London or Amsterdam.

(1) This graph does not take account of the exceptional volume of 380,943 shares on 20 November 2006.

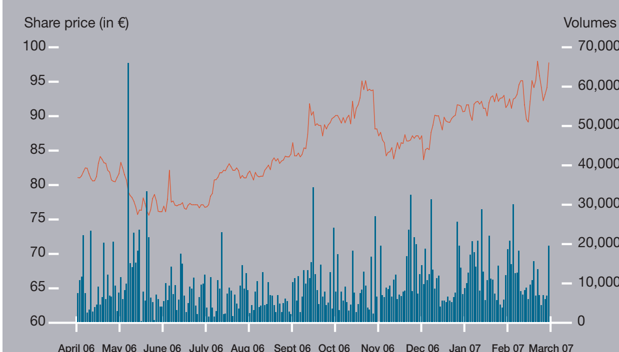
THE BEFIMMO SHARE

In the period under review, the Befimmo share performed well, being listed at a price higher than its book value. With an average daily volume of some 11,500 securities in 2006, up on the previous year, the liquidity of the Befimmo share is improving for its shareholders.

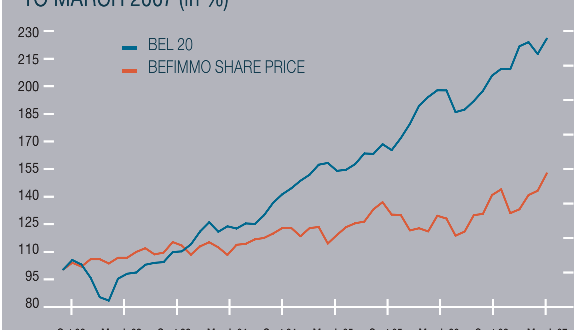
PREMIUM AND DISCOUNT FROM SEPTEMBER 2001 TO MARCH 2007 (in %)



SHARE PRICE AND VOLUMES FROM APRIL 2006 TO MARCH 2007[1]



BEFIMMO COMPARED TO THE BEL 20 FROM OCTOBER 2002 TO MARCH 2007 (in %)



BOARD OF DIRECTORS

On 16 April Befimmo SA's Board of Directors was deeply saddened by the death of one of its members, Mr Philippe Gosse, Chairman of Burco SA.

Mr Gosse, Director of Befimmo SA since 15 March 2006 will be remembered as a wise man committed to the growth of the company, especially during the major changes it has experienced during his mandate.

The Befimmo SA Board of Directors is currently composed of ten directors, six of them independent.

Chairman

> Alain Devos, Chairman of the Board of Directors of Fortis Real Estate SA(1) [Director, not linked to the Promoter]

Managing Director - Permanent Representative

> Benoît De Blieck

Directors

> Arcade Consult BVBA, represented by its Permanent Representative, André Sougné [Director, not linked to the Promoter]

> Benoît Godts, Managing Director of Fortis Real Estate Asset Management SA [Director, linked to the Promoter]

> Gaëtan Piret, Director of Compagnie Immobilière de Belgique SA [independent Director]

> Gustaaf Buelens, Managing Director of Buelens NV [independent Director]

> Luc Vandewalle, Chairman of the Board of Directors of ING Belgium [independent Director]

> Marc Blanpain, Honorary President of the Board of Directors of Banque Belgolaise [independent Director]

> Marc Van Heddeghem, Managing Director of Redevco Retail Belgium SCS [independent Director]

> Roude BVBA, represented by its Permanent Representative, Jacques Rousseaux [independent Director]

The directorships expire at the end of the Ordinary General Meeting of Befimmo SA in March 2008, with the exception of those of Roude BVBA and Arcade Consult BVBA, expiring in March 2009, and Mr Marc Van Heddeghem whose directorship expires in March 2010.

(1) In his capacity as permanent representative of A. Devos SPRL.

SHAREHOLDING

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

SHAREHOLDING (as of 31.03.07)

DECLARANTS	TOTAL NUMBER OF DECLARED VOTING RIGHTS ON THE DATE OF DECLARATION	DATE OF DECLARATION	%
Fortis AG and associated companies	1,590,434	10.02.05	16.24
Free Float(2)	8,203,793		83.76

(2) Percentage of a company's capital held by the public. This relates to all shareholders holding less than 5% of the total shares.

BEFIMMO SCA.
Partnership limited by shares

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