

UPDATE OF VALUATION AT 30 JUNE 2007 OF THE REAL-ESTATE PORTFOLIO



CREATING VALUE IN REAL ESTATE

Successful capital increase

Book value of €70.45 per share

Return on shareholders' equity of 16.5% over 12 months

Cash flow for the fiscal year in line with forecasts

Dividend forecast confirmed

In early June Befimmo successfully concluded the capital increase it had proposed to its shareholders. This operation followed the acquisition on 29 December 2006 of 90% of the shares of Fedimmo SA, a company to which the Belgian Government assigned 62 buildings housing Federal Public Services, mainly Finance and Justice.

The amount of this capital increase – €261.2 million – makes it the largest ever carried out in Belgium by a listed real-estate company.

In a highly competitive environment, it received the support of its shareholders and a favourable response from new institutional investors.

Some 70% of the 3.2 million new shares – or €182.4 million – were in fact already subscribed at the end of the period for subscription with preferential rights. The balance – €78.8 million – was immediately subscribed by institutional investors.

Befimmo thus reduced its debt ratio from 61.1% to 47.3% and now has an investment capacity of almost one billion euros.

The company is now equipped to pursue its strategy of growth essentially based on investing in office buildings generating value over time and quality cash flows.

Consolidated real-estate portfolio and business development

The following table gives the values of the Befimmo portfolio consolidated by segment and geographical area.

Real-estate portfolio (million euros)	30/06/2006	30/09/2006	30/06/2007 (comparable portfolio)	30/06/2007 (consolidated portfolio)
▪ Offices	1 033.4	1 051.1	1 090.5	1 775.0
- Brussels centre	678.0	682.1	713.5	1 050.0
- Brussels decentralised	146.7	147.6	143.8	153.8
- Brussels suburbs	204.4	205.3	207.4	207.4
- Flanders	-	-	-	268.1
- Wallonia	15.6	16.1	15.8	95.7
▪ Other	26.5	27.3	28.7	28.7
TOTAL REAL-ESTATE PORTFOLIO	1 071.2	1 078.4	1 119.2	1 803.7

Change in portfolio:
Fedimmo acquisition



At 30 June 2007, the “fair value”¹ of the consolidated portfolio was €1 803.7 million. The occupancy rate of the whole portfolio was 95.1% compared to 93.6% one year previously and 94.7% at the start of the fiscal year.

In nine months, since the start of the fiscal year, the value of the portfolio – excluding investments and disposals – grew substantially (over €36 million). This increase relates essentially to buildings in the Befimmo portfolio before the acquisition of Fedimmo, the value of which grew over that period from €1 078.4 million to €1 119.2 million, an increase of 3.3%. The value of the Fedimmo portfolio has remained stable since it was acquired in December 2006.

New long-term lease with the Belgian Government for the “Extension Justice” building

During the past quarter, Befimmo agreed a new 20.5-year lease with the Régie des Bâtiments in order to house the departments of the Federal Public Service of Justice in its “Extension Justice” building, from 2009, after renovation.

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) for property worth less than €2.5 million.

This building has a floor area of some 17 000 m² and is located at No 13 rue des Quatre-Bras, next to the Brussels Palais de Justice. The present occupants will vacate the premises early at the end of August 2007.

This operation – which conclusion clears up the uncertainty over the reoccupation of this building by the Belgian Government – fully matches with Befimmo’s objective of building secure cash flows that grow over long periods. It increases its value by €8.4 million. However, it does reduce the forecast cash flow for the current fiscal year by around €0.11 per share owing firstly to the early end to the lease to permit the works and secondly to the commercial costs of the relocation. On the other hand, the cash flow forecast for the fiscal years 2008/2009 and 2009/2010 is increased accordingly.

Value of net assets at 30 June 2007

The total (unaudited) value – group share – of Befimmo’s net assets at 30 June 2007 was €920 million and the book value – group share – was €70.45 per share ⁽²⁾ as compared with €67.41 per share ⁽³⁾ at the start of the fiscal year (the latter including the gross dividend of €4.92 per share distributed on 22 December 2006).

On a comparable basis (i.e. after correction of the dividend distributed for the fiscal year 2005/2006 and of the interim dividend for the fiscal year 2006/2007), the book value at 30 June 2007 was €72.86 per share. Over one year, the return on equity is therefore 16.5%.

The Sicafi’s debt ratio at 30 June 2007 was 47.3%, generating an investment capacity of some €950 million.

- Year-on-year results

	Q3 2005/2006 (Cumulated) (30/09/05-30/06/06)	Q3 2006/2007 (Cumulated) (30/09/06-30/06/07)
Turnover (million euros)	56.9	77.2
Cash-flow (€/share) (group share)	3.66	3.67 (*)
Net earnings (€/share) (group share)	4.91	6.82 (*)

(*) adjusted in accordance with the weighted average of the number of shares during the fiscal year.

The growth in net earnings over the previous period is due mainly to the acquisition of Fedimmo and the 3.3% increase in the value of Befimmo’s real-estate portfolio over the first nine months of the 2006/2007 fiscal year.

² Based on 13 058 969 shares after capital increase.

³ Based on 9 794 227 shares before capital increase.

Forecasts for the current fiscal year

At comparable perimeter, the cash flow for the fiscal year closing on 30 September 2007 should be €4.51 per share, in line with forecasts, adjusted for the impact of the signing of the long-term lease for the “Extension Justice” building.

Befimmo therefore confirms the dividend forecast for the current fiscal year (payable from 21 December 2007), namely a total of €4.50 gross (€3.83 net of tax) per old share (including the interim dividend of €3.07 gross) and €1.43 gross (€1.22 net of tax) per new share.

Further information

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