

Befimmo

Back on radar screen, upgrade to Add

- Befimmo surprised positively the market with 2 successive massive acquisitions announced in December (more than EUR 650m committed).
- Befimmo succeeded to acquire 90% of the Fedimmo company holding the State buildings (EUR 576m). The acquisition provides a secured cash flow over 17 years on average (AAA tenant).
- The Fedimmo acquisition improves the global risk profile of the portfolio. More than 65% of the tenants are now public authorities and we estimate that roughly 50% of the consolidated portfolio is located in Brussels CBD. The consolidated portfolio occupancy rate stands currently at 96.8%. The Fedimmo acquisition seems to be fully in line with Befimmo strategy, reinforcing the defensive risk profile of the company. Given the still sluggish letting office market (high vacancy rate) in Brussels and the rents expected to remain stable, we believe that a strategy focused on long-term, indexed lease contracts with AAA-tenants should be successful.
- Befimmo also announced recently the acquisition of a project in Luxembourg. We consider it as very positive since we strongly believe that Luxembourg is one of the smallest but healthiest office markets in Europe, which should robustly perform in the coming years.
- After 3 years of absence in the investment field, Befimmo completed 2 significant acquisitions in 2 weeks time. It will certainly make people's opinion change and more than balance the disappointment related to the dividend cut. Befimmo seems to be back on track. In addition, the significant portfolio enlargement and the upcoming capital increase will improve the stock visibility in the European listed real estate universe.
- Befimmo still offers an attractive dividend yield (4.94% expected in 2007, based on the latest Befimmo forecasts) for a moderate risk level. Compared to its Belgian peers, we believe Befimmo valuation remains attractive.
- All in all, we lift our 12-month target price to EUR 92. Given the 12-month EPRA target price, we stick to our Add recommendation.

Year end	Rental income (m)	Direct result (m)	Cash direct EPS	P/E (*)	Debts / Assets	NAV per share	Discount (*)	Div.	Yield (*)
09/02	76.3	52.2	4.93	12.7	36%	61.8	-1.0%	4.28	6.9%
09/03	78.3	52.6	5.37	13.0	38%	65.8	-6.0%	4.45	6.4%
09/04	78.5	50.7	5.17	14.8	41%	66.3	-15.4%	4.62	6.0%
09/05	78.8	50.0	5.05	17.3	38%	65.5	-33.6%	4.80	5.5%
09/06	76.0	47.5	4.85	18.5	37%	67.4	-33.5%	4.92	5.5%
09/07e	106.0	48.6	4.69	19.2	48%	72.4	-24.3%	4.45	4.9%
09/08e	114.9	51.2	4.23	21.3	49%	72.2	-24.7%	4.50	5.0%

(*) 2002-2005 figures of P/E, Discount and Yield are based on end F.Y. price

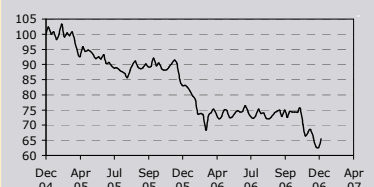
Add (vs. Reduce)

Price:	EUR 90.00
	(04/01/07)
Target price:	92.00
Risk:	Low
Reuters:	BEFit.BR
Bloomberg:	BEFB BB
Shares number (m):	9.79
Market cap. (m):	881
NAV 28/12/2006 :	63.78
Discount :	-35%
H/L 1 year:	95.00 - 74.40
1 year price perf.:	12.9%
Diff. with EPRA Eurozon	-30.5%
Volume (sh./day):	11,364
Free Float	84%
Fortis Group	16%

Company description:

Befimmo is a property investment company with a primary focus on the Brussels office market. The company has a strong presence in the CBD of Brussels and the Belgian State as reference tenant.

Befimmo relative to EPRA Eurozone (4/01/07)



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A nice (large) acquisition...

In the evening of Friday, the 22 December 2006, Befimmo (the second largest Belgian Sicafi) was designated to acquire 62 buildings from the Belgian State.

It was not a real surprise to us since we were convinced that Befimmo was the best positioned to close the deal, thanks to its in-depth analysis of the case during the Sicafi procedure (for example, they revalued the entire portfolio). For this reason, we believe they were able to offer the most competitive price (based on the fair value of the buildings).

From a State Sicafi to a EUR 730m portfolio

At the end of the year 2005, the Belgian State decided to set up a new Belgian Sicafi, which would buy buildings from the State (in a sale-and-leaseback transaction). The State intended to retain a 25% stake in the new Sicafi and to select a private partner, who would own a substantial stake (maximum 45%, taking into account a 30% free float) and operate the company. For accounting reasons, the State had to decrease its future stake in the company to 10%.

Mid-September 2006, after more than 6 months negotiations, the Belgian State chose Cofinimmo as the private partner. The other bidders were Axa Belgium, Befimmo and IVG (but stepped out before the end of the tender).

Less than 2 weeks later, both Axa Belgium and Befimmo complained about the tender process and asked for the suspension of the decision. The Council of State retained one of Befimmo arguments (the lack of motivation of the decision in the choice of the procedure) and therefore suspended and cancelled the operation.

Since the Belgian State desperately needed approximately EUR 600m by the end of 2006 (to balance the budget), they decided to organize a beauty contest in order to sell the portfolio initially intended for the State Sicafi in a more classical way (sale-and-leaseback). The State Sicafi project was therefore finally abandoned, in order to avoid potential problems if a similar procedure is relaunched.

In December, the Belgian State sold 62 buildings to a newly created company called Fedimmo, a subsidiary of the Sopima and SFPI (dependant of the Belgian State). The beauty contest concerned the acquisition of a 90% stake in the company Fedimmo. On the 6th of December, the State announced the launch of the procedure. All the bids had to be submitted for the 22 December, in the morning. In contrast with the Sicafi procedure, the price was the sole element taken into account by the State, in order to avoid subjective criteria and, hence, potential litigations. The best three bidders were invited to improve their offer in the afternoon of the 22nd December.

According to the Belgian newspaper "La Libre Belgique", Befimmo, Axa Belgium and Cofinimmo were the sole bidders (out of 9 candidates who paid EUR 5,000 to access the data room). Befimmo was finally designated as the winner, paying a price of EUR 576m (a few EUR millions more than Cofinimmo and Axa).

According to Mr Reynders, Minister of Finance, the deal brings an additional amount of EUR 20m in favour of the Belgian State, in comparison with the initial Sicafi deal (Cofinimmo price), bearing in mind that the average lease length increased from 14.5 years to 17 years.

The properties

The structure of the transaction

Befimmo acquired a 90% stake in the company Fedimmo. The other 10% remains in the hands of the State.

Fedimmo is a S.A. (Société Anonyme), which received a ruling from the fiscal authorities, implying that the company has to stick to its legal status of S.A. during at least 3 years. In addition, Fedimmo does not enjoy the Sicafi status and, hence, has to pay taxes. However, given the depreciation of the buildings (like in non-transparent companies) and the recent "notional interests" deduction, Befimmo estimates that the taxable income will roughly equal zero. After the 3-year ruling period, Befimmo could absorb Fedimmo and, hence, include it in the Sicafi status. In this scenario, Befimmo should pay an exit tax on the Fedimmo portfolio.

The transaction is not affected by any registration duties since Befimmo bought a stake in a company and the Belgian State made a contribution in kind to Fedimmo.

The Fedimmo board is composed by 6 members (4 members for Befimmo and 2 members for the Belgian State).

The assets

The portfolio is formed by 62 buildings previously in the possession of the Belgian State.

The properties are mainly let to the Building Agency, for an average lease length of approximately 17 years. They are all located in Belgium and provide a total area of 382,000 m² (Befimmo total area before the transaction = 523,000 m²). The WTC 4 is also part of the transaction, or more exactly the right to build the future WTC 4, adjacent to the WTC 3 (in Fedimmo portfolio as well, while Befimmo holds the WTC 2).

9 assets are located in Brussels, of which some prestigious ones: la Monnaie royale, the WTC 3 (and 4) and a Ministry located in the Rue de la Loi. 19 properties are situated in Wallonia and the remaining 34 assets in Flanders and are let to local administrations.

The current occupancy rate of the portfolio is 100%. Nevertheless, 2 buildings (the Tocopro, 24,000 m², and the Froissart, 2,500 m²) in Brussels will be vacated within the 2 years and 5 other after 3 years (in Antwerp, Bruges and Brussels, Rue de la Science). Excluding these 5 assets, the lease contracts are signed for long-term periods (up to 21 years). The weighted lease length is approximately 17 years.

In our view, it is likely that some arbitrages will take place in the Fedimmo portfolio since some assets are not exactly in line with Befimmo's strategy or core business. For example, the buildings located in Antwerp (empty within 3 years) could be transformed into residential, which is not the core activity of Befimmo. In that case, the asset could be divested. Concerning the WTC 4, we do not expect Befimmo to launch the construction works in the near future (even in the medium-term), due to the tough current letting market in the North district. An option could be the sale of the ground to a developer who would take over the vacancy risk. According to Befimmo, they will analyze the potential of each property on an asset-per-asset basis.

From a renovation perspective, EUR 50m will be invested in the portfolio over the period 2007 - 2009 (mainly 2008-2009).

Financial impact for Befimmo

Balance sheet

On a consolidated basis, the portfolio value of Befimmo increased by EUR 725m. Given the EUR 576m price paid, it implies a minorities interest for EUR 64m and an existing debt in Fedimmo for EUR 85m. Consequently, the consolidated portfolio is now valued approximately EUR 1.8bn.

Befimmo spent EUR 576m to win the deal. In a first step, the acquisition will be fully (short-term) debt-financed, implying a leverage of 62% (from 40.2% at 30/09/06). However, Befimmo is currently considering a capital increase (EUR 180m – 200m), which would lead to a leverage more in line with Befimmo guidance (50% – 55%), which is positive in terms of investor's risk perception. In addition, it leaves a borrowing capacity for further investments (flexibility).

According to several Belgian newspapers, Befimmo will complete the capital increase in the first months of 2007, after having received the approval of the Board.

P & L

The average entry yield of the Fedimmo portfolio stands at 5.5% (annual rent = EUR 40m).

According to Befimmo, the acquisition will add some EUR 0.2 to EUR 0.3 per share for the current year (2006-2007). In case of a capital increase today, the positive impact on the cash flow would reach 0.2 EUR/share whereas it would equal 0.3 EUR/share if there is no capital increase during the year 2007. Ceteris paribus, the positive impact should be higher in the coming years because of the incomplete rental income (9 months) in 2006-2007 and the significant exceptional costs related to the acquisition of Fedimmo (financial, real estate, legal advisers).

The reader can refer to our own assumptions in the Valuation part.

A value-added acquisition

One could say that the acquisition is expensive. Nevertheless, we believe that the transaction will create value for Befimmo. The relatively high price (gross entry yield of 5.5%) reflects the current buoyant investment market and the long-term lease contracts (17 years on average).

One of the most recent investment transactions is the Ellipse building (North district), acquired by Fortis Insurance Belgium on the basis of a gross entry yield well below 5.25%. The building is brand new and let for 18 years but partly empty (40% empty but the tenant of the 60% has an option to occupy the entire building). With this example, we understand that the prices continue to rise and that the price paid by Befimmo is in line with the market. In addition, we strongly believe that the current investment market recognizes a portfolio premium (the price of the portfolio stands above the sum of the individual prices). Finally, by acquiring EUR 576m in one single operation, the transaction should be (acquisition) cost - efficient.

In our first publication related to the acquisition (27th December 2006), we mentioned some fears concerning potential legal complaints of unlucky candidates (as it already occurred in the first procedure). Those who did not participate in the "first round" could argue that they were unfairly treated (more time available for the 3 initial candidates). However, as mentioned in some Belgian newspapers, only Befimmo, Axa Belgium and Cofinimmo (the candidates in the "first round") submitted an offer. Therefore we do not expect any complaint anymore (confirmed by Cofinimmo in the Belgian press).

... And a nice first step in Luxembourg

Description of the acquisition in Luxembourg

On 12 December, Befimmo announced the closing of a deal in Luxembourg, aiming to acquire the shares of the company Axento which owns a project to be developed in the Kirchberg.

The project will provide 10,500m² office surfaces, 1,600m² retail surfaces and 100 underground car spaces at a top location in the Plateau de Kirchberg (area Grünewald). The site is located in front of the Auchan shopping centre, along the street John Fitzgerald Kennedy and will be developed by CIP (Construction and Investment Partners, mainly active in Brussels). The project is designed by the architect Arlette Schneiders and won the competition organized by the "Fonds d'Urbanisation et d'Aménagement du Plateau du Kirchberg" in July 2006.

As soon as the building permit is granted (autumn 2007 expected), the construction works will be launched and the building should be delivered by the end of H1 09. At this time, the value of the asset will reach EUR 95.4m.

If the building is not leased at the delivery, Befimmo will enjoy an 18-month rental guarantee from the developer.

According to the Belgian specialized publication L'Expertise, the entry yield will stand at 5.65%.

Befimmo estimates that the acquisition should increase the annual recurrent cash flow by 0.15 EUR/share (EUR 1.5m) or 3%, as from H1 2009.

Befimmo has to pay 15% of the investment amount in January 2007 (financed by debt). The remaining 85% has to be paid at the delivery, in 2009.

Attractive project for Befimmo

This first acquisition in Luxembourg (and first acquisition of Befimmo since 3 years) is very positive, especially thanks to the outstanding real estate market of Luxembourg.

Only one year ago, it became possible for Befimmo to invest abroad. After almost one year for prospecting, the Sicafi succeeded to commit EUR 100m in a foreign market (although Luxembourg is very similar to Brussels) which is characterized by dynamic and healthy conditions. In H1 06, the take-up reached its highest ever level, supported by the financial institutions. As a consequence, the vacancy rate stands at 5.1% (above 10% in Brussels) and the rental level annually increases by 5%. In addition, Luxembourg experiences a lack in brand-new premises, which implies even more favorable conditions for the new, high-quality standards surfaces (like Befimmo project).

Therefore, we are convinced that Befimmo has completed an attractive acquisition, in a market meeting its investment's requirements. In our view, the 5.65% entry yield perfectly reflects the current investment market and the high quality of the project. We estimate the asked rent at the prime level (EUR 425 /m², indexed over 2 years), which is appropriate given the location and the high standards of the building.

Although the project is acquired "at risk" (no tenant), we have no worry that Befimmo will find an occupier for its prime surfaces located strategically in the Kirchberg. Including the 18-month rental guarantee, Befimmo has now 4 years to find the best tenant (paying the highest price).

97.7 EUR 12-month DCF value

Our assumptions

The main adaptations to our figures are related to the acquisitions of the Fedimmo stake and the project in Luxembourg. In addition, we slightly adjusted our rental income estimates, based on the annual report 2006 (bear in mind that we estimate the global rental income on an asset per asset basis, taking into account the lease breaks).

We used the following assumptions:

- Inflation rate = 2%;
- The schedule and the costs of the renovations into the "historical" portfolio (implying capex, additional charges, vacancy risk and rent upgrade) are Befimmo assumptions;
- We do not assume any other acquisitions or divestments;
- Interest rates

Exhibit 1 Interest rate assumptions				
	2007	2008	2009	2010 - ...
Average interest rate "historical" portfolio	4.1%	4.3%	4.3%	4.5%
Average interest rate Fedimmo portfolio	3.75%	4.3%	4.3%	4.5%

Source: Petercam estimates

- Indirect result
 - For 2007, we revalued the "historical" portfolio by ourselves and estimate a 22m indirect result. As of 2008, we estimate that the properties are annually revalued by 1.75%. The maintenance capex (annually 0.1% of the total value) are deducted from the revaluation result. The projects (properties not in operation) are estimated at historical value, implying that substantial revaluations can be registered at the delivery (Extension Justice for example);
- Fedimmo
 - No registration duties;
 - Annual rent = EUR 40m;
 - We assume a 10% vacancy rate in the Fedimmo portfolio for the years 2009 – 2010, since 7 buildings will be vacated during this period (100% occupancy rate in 2007-2008). A stable 5% vacancy rate is used afterwards;
 - Exceptional costs in 2007 (+ 50% overhead costs compared to Befimmo historical level). In the following years, the Befimmo operational margin is applied to Fedimmo as well;
 - Given the non-transparent fiscal structure of Fedimmo and the estimated low taxable basis, we estimate the annual tax charges at EUR 200,000;
 - The portfolio value annually increases by 1.5% from 2008, while 0.1% of the total value is annually used as maintenance capex;
 - EUR 25m capex are spent in 2008 and in 2009 (total capex = EUR 50m);
 - Capital increase: EUR 200m taken-up on 30/06/07, at an issue price of EUR 86 (4.6% discount compared to closing price 04/01/07), implying the issuance of 2,325,000 new shares. It leads to a 50% leverage in 2007;

- Luxembourg project: EUR 5.4m annual rent, no vacancy period (1st rent in H2 09), 1.5% annual value increase.
- P & L forecasts

Exhibit 2 P & L forecasts							
	2006a	2007e	2008e	2009e	2010e	2011e	2011e
P&L (EUR m)	30/09/2006	30/09/2007	30/09/2008	30/09/2009	30/09/2010	30/09/2011	30/09/2012
Rental income	76.0	106.0	114.9	116.3	120.7	126.8	131.0
Operating costs	-6.5	-11.8	-12.4	-10.0	-10.0	-9.8	-9.4
Net rental income	69.5	94.2	102.5	106.3	110.7	117.0	121.6
Other revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overhead costs	-7.0	-10.3	-10.2	-10.3	-10.3	-10.6	-10.7
EBITDA	62.5	83.9	92.3	96.0	100.4	106.4	110.9
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	62.5	83.9	92.3	96.0	100.4	106.4	0.0
Net Financial Result	-14.3	-33.9	-39.0	-41.7	-47.1	-47.7	-47.8
Minorities	0.0	-0.6	-1.2	-1.1	-1.0	-1.4	-1.6
Pre-tax result	48.1	49.4	52.1	53.2	52.3	57.4	-49.4
Taxes	-0.6	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8
Direct result	47.5	48.6	51.2	52.4	51.4	56.5	-50.2
Direct EPS	4.85	4.69	4.23	4.33	4.24	4.67	5.01

Source: Petercam estimates, Befimmo

In 2008, the reader notes that the EPS decreases, partly due to the dilution (capital increase). The EPS in the years 2008-2010 are also negatively impacted by important renovation works (Brederode 2, WTC 2, Extension Justice and Central Gate), implying higher operating charges and financing charges (almost EUR 65m to be financed). As from 2011, the positive impact of the Fedimmo acquisition coupled with the project in Luxembourg and the renovations into the "historical" portfolio will fully contribute to the P&L, leading to growing EPS.

Economic Value Added

Our valuation methodology for valuing real estate companies, compares a company's total (future) return on capital (ROIC or ROCE) with its weighted average cost of capital (WACC). A positive difference should imply that a company generates a return on capital exceeding its WACC. In that case, the shares should trade at a premium to the NAV. Conversely, if the company produces a ROIC below its WACC, the shares should trade at a discount to the NNNAV. The main issue always remains: what period should one take to capture future added value of the portfolio above NAV today, including the pipeline.

Most experts say that the analysis of the fair value should be run over the longest possible time period, thus capturing the full worth of the portfolio's cash flows, as well as the gains from any development projects that may be long term in execution. In reality, however, the ability to forecast credibly over a long period of time, especially given the cyclical nature of the property market, is limited.

In order to take into account the future structure of Befimmo (+ 65% portfolio value), we add to our NAV estimation per year-end of 2007 (EUR 72.43) the sum of the 3- or 6-years economic value added (2008-2010 and 2008-2013). In addition, in order to reflect the secured additional cash flow generated by the Fedimmo acquisition over 17 years (on average), we add to the initial 12-months fair value an amount corresponding to the discounted additional operating profit from Fedimmo (EUR 0.55/share per year, discounted over 10 and 13 years).

Exhibit 3 EVA 3 years

Fair Value Calculation	8 E	9 E	10 E	
Operating result	92,282	96,023	100,430	
Net Indirect Result	26,009	28,763	64,464	
Total return	118,290	124,787	164,894	
Average Capital Employed	1,831,620	1,904,854	1,994,632	
ROCE	6.46%	6.55%	8.27%	
WACC	5.38%	5.38%	5.38%	
Difference	1.08%	1.18%	2.89%	
PVC contribution	19,841	22,401	57,683	
Average # shares	12,119,858	12,119,858	12,119,858	
PVC per share	1.64	1.85	4.76	
NAV 30/09/07	72.43			
NPV of PVC's (over 3 years)	8.24			
Additional value from Fedimmo	4.28			
12-month Fair Value	84.95			
Invested Capital	7 E	8 E	9 E	10 E
Long term interest bearing debt	96,230	100,972	102,098	103,232
+ Short term interest bearing debt	794,958	825,371	954,484	967,536
- Cash	-16,957	-17,654	-17,187	-16,517
Net Debt	874,231	908,688	1,039,394	1,054,252
Adjustment transaction costs	0	0	0	0
Provisions	0	0	0	0
+ Shareholders' funds	941,786	938,535	923,091	972,527
Capital employed	1,816,017	1,847,223	1,962,485	2,026,779

Source: Petercam estimates

Over a 3-year horizon, we reach a 12-month fair value of EUR 84.95.

Exhibit 4 EVA 6 years

Fair Value Calculation	8 E	9 E	10 E	11 E	12 E	13 E	
Operating result	92,282	96,023	100,430	106,446	110,888	115,516	
Net Indirect Result	26,009	28,763	64,464	32,248	32,792	33,346	
Total return	118,290	124,787	164,894	138,693	143,680	148,862	
Average Capital Employed	1,831,620	1,904,854	1,994,632	2,043,650	2,077,673	2,112,654	
ROCE	6.46%	6.55%	8.27%	6.79%	6.92%	7.05%	
WACC	5.38%	5.38%	5.38%	5.38%	5.38%	5.38%	
Difference	1.08%	1.18%	2.89%	1.41%	1.54%	1.67%	
PVC contribution	19,841	22,401	57,683	28,847	32,005	35,307	
Average # shares	12,119,858	12,119,858	12,119,858	12,119,858	12,119,858	12,119,858	
PVC per share	1.64	1.85	4.76	2.38	2.64	2.91	
NAV 30/09/07	72.43						
NPV of PVC's (over 6 years)	13.38						
Additional value from Fedimmo	3.03						
Fair Value	88.83						
Invested Capital	7 E	8 E	9 E	10 E	11 E	12 E	13 E
Long term interest bearing debt	96,230	100,972	102,098	103,232	104,376	105,530	106,697
+ Short term interest bearing debt	794,958	825,371	954,484	967,536	971,542	968,254	964,977
- Cash	-16,957	-17,654	-17,187	-16,517	-17,106	-17,244	-17,382
Net Debt	874,231	908,688	1,039,394	1,054,252	1,058,813	1,056,541	1,054,292
Adjustment transaction costs	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0
+ Shareholders' funds	941,786	938,535	923,091	972,527	1,001,710	1,038,283	1,076,192
Capital employed	1,816,017	1,847,223	1,962,485	2,026,779	2,060,522	2,094,824	2,130,484

Source: Petercam estimates

Over a 6-year horizon, we reach a 12-month fair value of EUR 88.83.

Discounted cash flow

The DCF calculation is based on the same assumptions as the here above method. WCR is estimated to zero. The line Capex – Divestment includes the maintenance capex, new property investments (EUR 591m in 2007 and EUR 85m in 2009), as well as the renovation works in the “historical” portfolio (EUR 65m over 4 years). We used a 10-year time horizon and a 5.5% WACC.

Exhibit 5 Discounted cash flow

BEFIMMO		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues		105,956	114,899	116,287	120,700	126,836	130,988	133,607	136,280	139,005	141,785
y/y		39.5%	8.4%	1.2%	3.8%	5.1%	3.3%	2.0%	2.0%	2.0%	2.0%
OPEX		(22,070)	(22,618)	(20,264)	(20,270)	(20,390)	(20,100)	(20,100)	(20,100)	(20,100)	(20,100)
y/y		63.5%	2.5%	-10.4%	0.0%	0.6%	-1.4%	0.0%	0.0%	0.0%	0.0%
EBITDA		83,886	92,282	96,023	100,430	106,446	110,888	113,508	116,180	118,905	121,686
margin		79.2%	80.3%	82.6%	83.2%	83.9%	84.7%	85.0%	85.3%	85.5%	85.8%
Depreciations		0	0	0	0	0	0	0	0	0	0
% on sales		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT		83,886	92,282	96,023	100,430	106,446	110,888	113,508	116,180	118,905	121,686
margin		79.2%	80.3%	82.6%	83.2%	83.9%	84.7%	85.0%	85.3%	85.5%	85.8%
Taxes		-822	-822	-822	-822	-822	-822	-822	-822	-822	-822
tax rate		1.9%	2.0%	1.9%	2.0%	1.9%	1.8%	1.8%	1.8%	1.8%	1.8%
NOPLAT		83,064	91,460	95,201	99,608	105,624	110,066	112,686	115,358	118,083	120,864
WCR		0	0	0	0	0	0	0	0	0	0
CAPEX - Investment		-595,812	-42,114	-128,590	-11,149	-5,350	-2,040	-2,081	-2,122	-2,165	-2,208
% on sales				-110.6%	-9.2%	-4.2%	-1.6%	-1.6%	-1.6%	-1.6%	-1.6%
FCF		-512,748	49,345	-33,389	88,459	100,273	108,026	110,605	113,236	115,919	118,656
y/y		-922.7%	-109.6%	-167.7%	-364.9%	13.4%	7.7%	2.4%	2.4%	2.4%	2.4%
DFCF		-486,000	44,331	-28,431	71,396	76,709	78,329	76,015	73,764	71,572	69,440
NPV horizon period :				47,126	Noplat / Wacc		2196044				
NPV residual value :				1,285,181	Discounted :		1,285,181				
net cash (debt) :				-393,842							
Minorities				-64,000							
Provisions				0							
Peripheral assets				0							
Befimmo				874,465	12m forward						
					922,593						
Equity value				874,465	0						
per share :				89.3	922,593		Upside				
					97.7		13.6%				

Source: Petercam estimates

Based on a DCF method, we obtain a 12-month fair value of EUR 97.7.

Belgian peers

Exhibit 6 Befimmo Belgian peers

	Segment	Portfolio value (EUR)	Portfolio size (m²)	Occupancy rate	Average net yield	Operational margin	Leverage	Gross dividend yield 07e	Cash PE 07e	Prime	Unitary fair value (EUR/m²)
Cofinimmo	Offices	2.1bn	1,040,000	94.60%	6.87%	82.6%	47.35%	4.84%	17.1	39%	2,019
Befimmo	Offices	1.8bn	905,000	96.80%	6.49%	82.2%	62.00%	4.94%	19.2	34%	1,989
Intervest Offices	Offices	600m	538,634	82.26%	7.23%	89.0%	46.40%	6.66%	15.2	23%	1,114
Leasinvest Real Estate	Offices	470m	284,587	96.43%	7.46%	74%	49.67%	5.0%	19.2	26%	1,652

Source: Petercam estimates, Annual reports Cofinimmo, Befimmo, Intervest Offices and Leasinvest Real Estate

In 2007, Befimmo should offer a slightly higher dividend than Cofinimmo (4.94% vs. 4.84%)¹. In terms of PE, Befimmo is more expensive than Cofinimmo but when the PE is computed on a cash basis (excluding the North Galaxy non-cash income), we observe that Cofinimmo trades at 19.7x the cash earnings 2007 (19.2x for Befimmo). Both stocks trade at premium above 30%. Therefore we believe the valuation of Befimmo remains attractive.

Based on our three valuation methods, we set our new target price at EUR 92, which is the average of the DCF value and the EVA value (this amount being the average of the 3-year and 6-year EVA fair values).

¹ No decision has been taken concerning the future dividends. For this reason, we stick to the latest Befimmo dividend forecasts for the time being.

Conclusion: Befimmo gains momentum

The two recent acquisitions completed by Befimmo (more than EUR 650m committed) are, in our view, very positive and make us change our mind on the stock.

After a tough battle, Befimmo succeeded to acquire 90% of the company Fedimmo holding the State buildings. The acquisition increases substantially the size and the value of the portfolio and provides a secured cash flow over 17 years on average (with a AAA tenant). In our view, the Fedimmo acquisition improves the overall risk profile of the portfolio. More than 65% of the tenants are public authorities (Belgian administrations and European institutions). Before the acquisition, 63% of the portfolio was located in Brussels CBD. We do not have the details yet but we estimate that this proportion will stand roughly at 50% for the consolidated portfolio. Based on the occupancy rate at y.e. 2006, we assess the consolidated portfolio occupancy rate at 96.8%. However, it does not include the 7,000 m² which will be vacated by Basel in 2007. All in all, the Fedimmo acquisition seems to be fully in line with Befimmo strategy, reinforcing the defensive risk profile of the company. Given the still suffering letting office market in Brussels (high vacancy) and the rents expected to remain stable, we believe that a strategy focused on long-term lease contracts with AAA tenants should protect the downside.

Two weeks before the Fedimmo acquisition, Befimmo announced the acquisition of a project in Luxembourg. In our view, it is a very positive step for Befimmo. We strongly believe that Luxembourg is one of the healthiest office markets in Europe, which should robustly perform in the coming years (banking institutions supporting occupier demand and many investors looking at the Luxembourg market). In addition, the exceptional location and quality standards of the project should ensure a successful commercialization. We do not fear any vacancy even though Befimmo purchases the project "at risk" (no tenant but a rental guarantee) thanks to the 4 years available to find an occupier (delivery within 30 months and 18-month rental guarantee).

After 3 years of absence in the investment field, Befimmo completed 2 significant acquisitions in 2 weeks time. It will certainly make people's opinion change and more than balance the disappointment related to the dividend cut. Befimmo seems to be back on track. In addition, the significant portfolio enlargement and the upcoming capital increase will improve the stock visibility in the European listed real estate universe.

Befimmo still offers an attractive dividend yield (4.94% in 2007, based on the latest Befimmo forecasts) for a very moderate risk level. Compared to its Belgian peers, we believe Befimmo valuation remains attractive. Based on our new figures, we lift our 12-month target price to EUR 92. Given the 12-month EPRA target price (officially – 5.65% but we believe it has to be corrected for Rodamco Europe and Unibail to approximately -3%), we stick to our Add recommendation.

Appendix

List of the Fedimmo buildings

Exhibit 7 List of buildings in the Fedimmo portfolio

	Name of the building	Adress	Commune
1	Monnaie Royale de Belgique	Boulevard Pacheco 32	Brussels
2	Ex-institut de formation de l'Adm. Féd.	Rue du Gouvernement Provisoire 15	Brussels
3	Administration Centrale SSTC	Rue de la Science 8	Brussels
4	Cabinets	Rue Lambermont 2	Brussels
5	Trésorerie	Avenue des Arts 28	Brussels
6	Berlaymont 2000	Rue Froissart	Brussels
7	Tocopro	Avenue Louise	Brussels
8	WTC 3 and 4	Boulevard Simon Bolivar 30	Brussels
10	Douanecentrum	Kattendijkdok-Oostkaai 22	Antwerpen
11	Financiecentrum 1	Frankrijklei 73	Antwerpen
12	Directe Belastingen	Tabaksvest50	Antwerpen
13	Vrederegerecht en Financiën	Brugstraat 2	Bilzen
14	Kadaster	Langerei 7	Brugge
15	Administratief Centrum	Boninvest 1	Brugge
16	A.C. Den Briel	Brielstraat 25	Deinze
17	Financiecentrum't Saske	Sint-Rochusstraat 63	Dendermonde
18	A.C.-Toek. Vreddeg. - Financiën	Koning Alberstraat 12	Diest
19	Financiecentrum	Woumenweg 49	Diksmuide
20	Financiecentrum	Raamstraat 18	Eeklo
21	Administratief Centrum	Remi Van De Sandelaan 1	Haacht
22	A.C.- Justitie en Financiën	Zuster Bernardastraat 32	Halle
23	Administratief Centrum	Kortrijksestraat 2	Harelbeke
24	Administratief Centrum	Belgiëlaan 29	Herentals
25	Administratief Centrum	Arsenaalstraat 4	Ieper
26	Administratief Centrum	Kasteelstraat 15	Izegem
27	Financiecentrum	Majoor Vandammestraat 4	Knokke-Heist
28	Financiecentrum	Bloemistenstraat 23	Kortrijk
29	Administratief Centrum	Ijzerkaai 26	Kortrijk
30	Financiecentrum	Grote Kaai 20	Lokeren
31	Administratief Centrum	Grote Markt 10	Menen
32	Financiecentrum	Juul Filliaertweg 41	Nieuwpoort
33	Administratief Centrum	Bevrijdingslaan 7	Ninove
34	Administratief Centrum	Marlboroughlaan 4	Oudenaarde
35	Administratief Centrum	Rondekomstraat 30	Roeselare
36	Financiecentrum De Baljuw	Driekoningenstraat 4	Sint-Niklaas
37	Cicindria	Abdijstraat 6	Sint-Truiden
38	Museum Afrika - Coda R.C.W.O.	Leuvensesteenweg 17	Tervuren
39	Administratief Centrum	Tramstraat 48	Tielt
40	Administratief Centrum	Goossensvest 3	Tienen
41	Financiecentrum	Verbindingsstraat 26	Tongeren
42	Administratief Centrum	Elisabethlaan 28	Torhout
43	Financiecentrum	Burg 28	Torhout
44	Financiecentrum	Groenstraat 51	Vilvoorde
45	Hôtel des Finances	Place des Capucins 1	Ath
46	Finances	Rue de la Régence 31	Binche
47	Centre Finances	Rue Pierre Flamand 64	Braine-l'Alleud
48	Contributions	Rue Large 59	Chenee
49	Centre Finances	Vervierstrasse 8	Eupen
50	Centre Finances	Rue Ernest Boucqueau 15	La Louvière
51	Centre Finances/Cadastrre/Etc.	Rue Paradis 1/Avenue Blonden 88	Liège
52	Serv.Ext.Wallons II-Liège	Avenue Emile Digneffe 24	Liège
53	Douanes et Accises	Rue Rennequin-Sualet 28	Liège
54	Centre Finances	Rue Joseph Werson 2	Malmédy
55	Centre Administratif Finances	Avenue du Monument 25	Marche-en-Famenne
56	Comité d'Acquisition d'Immeub.	Avenue de Stassart 9	Namur
57	Enregistr. Et Ctre Format. TVA	Rue Henri Lemaître 3	Namur
58	Cadastrre	Rue Pépin 5	Namur
59	Intérieur - Finances - ONSS	Rue Pépin 31	Namur
60	Contributions	Rue Pépin 22	Namur
61	Centre Administratif	Klosterstrasse 32	Saint-Vith
62	Centre Finances	Rue Haute 67	Seraing
63	AFSCA	Rue de Visé 495	Wandre

Source: Trends Tendances 14/12/06

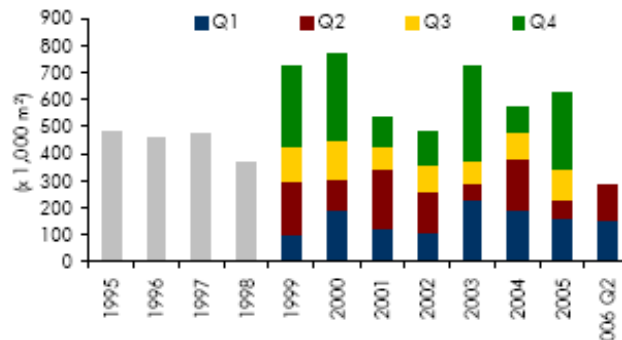
The direct real estate market

The Belgian office market

The letting market

According to Jones Lang LaSalle, the H1 06 take-up reached 270,000 m² (283,774 m² according to CBRE), a 17% y.o.y. increase. This appreciable level of take-up was driven by the private sector, and principally the banks (Fortis will occupy 20,000 m² in the Central Plaza and the Arcadia building). More and larger transactions contributed to an increase of rental levels. The European Union was not very active during the first half of 2006 but some large transactions are expected by the end of the year. On 14/12/2006, the European Commission announced an important change in its location strategy: they will occupy 14,000m² in the North district of Brussels (in the brand-new Covent Garden developed by the partnership Buelens – KBC). We see this announcement as very positive since the EC had always declared that they will never settle offices in the North district. For the time being, it is only a first step because they did not mention that the North district will become the 4th pole of EU institutions in Brussels (after Leopold district, avenue de Beaulieu and rue de Genève).

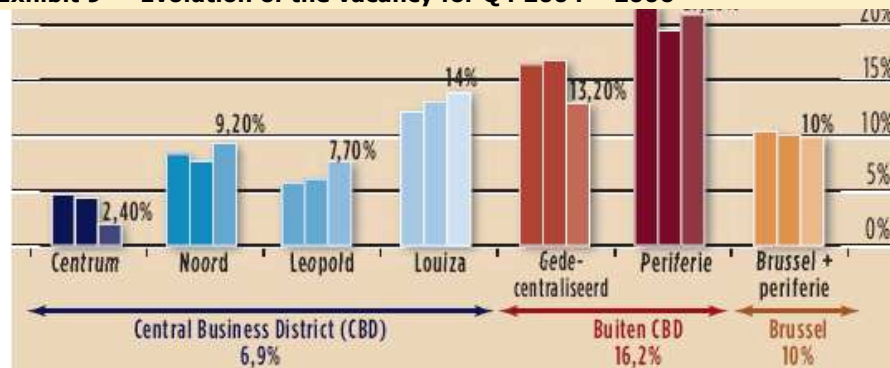
Exhibit 8 Belgian office take-up



Source: CB Richard Ellis

According to Jones Lang LaSalle, the average vacancy rate arrived at 10.6% at the end of H1 06 (CBRE disclosed a 10.44% vacancy rate), compared to 10.4% at y.e. 05. Although demand was stronger and supply more than limited (60,000 m² over the first 6 months of 2006), the proportion of empty premises increased. It can be explained by the rationalization operated by the companies, which leave several buildings to occupy only one single brand new property. Consequently, the city centre which enjoyed many high quality new developments now experiences a 2.4% vacancy rate (CBRE: 3.72%) whereas the vacancy went up in the other districts, like in the North district where the Ellipse building (60% let) and the Covent Garden (20% let).

Exhibit 9 Evolution of the vacancy for Q4 2004 – 2006



Source: Jones Lang LaSalle

Despite a very strong H1 figure, the take-up for the first 9 months of 2006 (390,278 m²) registered a decrease of 10% compared to last year². 57% of the letting transactions occurred in the CBD, while the Decentralized and the Periphery were good for 22% and 21% respectively.

Exhibit 10 Vacancy rate per district (H1 06)						
Vacancy rate (30/06/06)	City Centre	North	Leopold	Louise	Decentralized	Periphery
	2.4%	8.8%	7.6%	13.7%	16.1%	21.6%

Source: Jones Lang LaSalle

Prime rents went up by 1.75% to EUR 290/m² (related to a transaction completed in a building located at Square de Meeûs). According to Jones Lang LaSalle³, on average, the rents in Brussels have increased by 3.6% (to be compared to 6% in Europe).

Exhibit 11 Rents (30/06/06)						
EUR / m ² / year	City Centre	North	Leopold	Louise	Decentralized	Periphery
Prime	225	205	290	200	175	165
Top Quartile	204		247		147	155
Weighted Average	192		192		131	130

Source: Jones Lang LaSalle

On 13/12/06, CBRE reiterated its FY 06 take-up expectation of approximately 600,000 m². Some important transactions (relocation of Accenture, Canon, Ernst & Young...) are indeed pending and should be closed by the end of the year. CBRE estimates that "only" 30% of the transactions in 2006 will be realized by the public authorities.

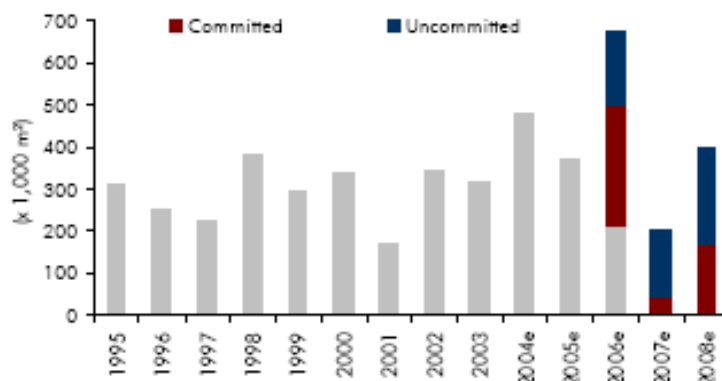
We can expect a stronger rental growth in the City Centre in the coming months since the level of rents remains relatively low compared to the Leopold District, while supply is very limited (historically low vacancy rate). On a Top Quartile and Weighted Average basis, we observe that the rents in the Decentralized and in the Periphery are at the same level, given the (sometimes) huge incentives granted by the owners to the tenants in the Decentralized area.

According to Jones Lang LaSalle calculations, future supply (340,000 m² in 2006 and 350,000 m² in 2007) should be at a lower level than the average level of the last 5 years (400,000 m²). We can therefore expect a decreasing vacancy rate in the coming months, probably somewhat offset by the rationalization effort of the companies. Nevertheless, the CBRE forecasts are significantly different. As stated by CBRE, 458,000m² should be delivered by the end of 2006 (63% committed) and 597,000 m² in 2007-2008 (213,000 m² committed) which implies still numerous new premises appearing on the market and impacting the future vacancy rate.

² Source: the Belgian publication « L'Expertise » N320.

³ Source: "De Tijd", 15/12/2006

Exhibit 12 Belgian new supply



Source: CB Richard Ellis

The investment market

EUR 1.6bn was invested in Belgium during the first 6 months of 2006, to be compared with EUR 2.6bn for FY 05. Brussels attracted EUR 0.9bn⁴ in H1 06 (EUR 1.4bn for FY 05). Leased properties are the preferred target for the investors, implying yields under pressure for this type of asset but also for the other asset’s categories.

At mid-December, CBRE expects a total investment volume of EUR 3.2bn for Belgium (EUR 600m relating to the “State buildings”), of which 1/5th invested outside Brussels. It includes all the segments but we know that a major part is related to offices. Jones Lang LaSalle forecasts a EUR 3.8bn amount invested in the Belgian real estate (+40% compared to 2005, including the EUR 600m of the State buildings). According to JLL, approximately 60% are dedicated to offices.

Exhibit 13 Yields (30/06/06)

	City Centre	North	Leopold	Louise	Decentralized	Periphery
3/6/9 contract	6.1%	6.5%	5.8%	6.2%	6.4%	6.65%
9 years			5.5%			
18 years			5%			

Source: Jones Lang LaSalle

The cross border investors represent now more than half of the total investors (66%). The foreign investors were initially attracted by the Brussels market given the high level of yield and the rent’s stability. The first new comers were the German funds, now followed by a wide range of international investors. Lately we observed a trend for the foreign investors to go outside Brussels (an Irish investor bought a retail portfolio in Antwerp for EUR 80m and a Finnish investor acquired an office complex in Ghent for EUR 110m).

In H1 06, the Belgian investors represented 28% of the investors, while the Australians were responsible for 16%, the Irish for 15% and the Americans for 11%.

The Luxembourg office market

Economics

After strong years 2004 and 2005 (+ 4.2% respectively + 4% GDP growth), 2006 should register an even more robust growth rate, at 5.7%. This impressive performance is driven by the financial institutions. For the coming years 2007 – 2008, the growth rate should end in line with its historical trend, at approximately 4%. Consumer growth is also expected to grow in 2006-2007 to 2.7%, due to the

⁴ CBRE released EUR 0.6bn as H1 06 investment volume in Brussels

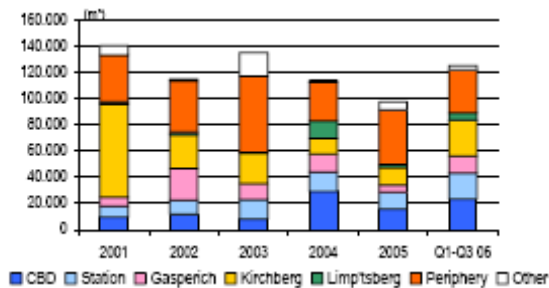
numerous cross border workers. Finally inflation slightly decreased between, June and August 2006, from 3.2% to 2.8%⁵.

Concerning the unemployment rate, even though a slight economic slowdown is expected, employment should expand by 3.5%, implying an annual average of 4.5% unemployment.

The letting market

2006 should be a record year in the Luxembourg market. During the first 9 months of 2006, 136,000m² have been let (to be compared to 74,000m² for the same period in 2005). Approximately 150,000m² are expected for FY 2006 (historically 100,000 – 120,000 m² on average). We remind you that the total stock of Luxembourg at the end of Q3 2006 amounted to 2.5m m². 70% of the take-up is related to the bank & finance institutions (40%) and business services (30%). The Periphery attracted most transactions (27%), followed by Kirchberg (20%) and CBD (17%). About 40% of the transactions are related to surfaces larger than 5,000m², which is a new trend.

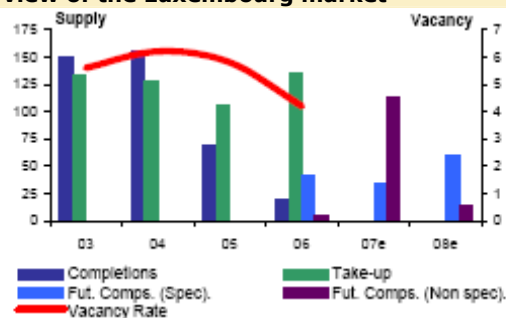
Exhibit 14 Take-up per location



Source: Jones Lang LaSalle

On the supply side, completions level in 2006 was relatively limited, at 66,000m², to be compared to a 5-years average of 114,000m². In 2007-2008, 225,000 new square meters are expected in the market, of which 58% is prelet (mainly to the European institutions).

Exhibit 15 Overview of the Luxembourg market

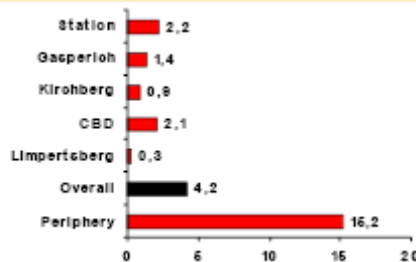


Source: Jones Lang LaSalle

Thanks to strong demand and limited supply, the vacancy rate plunged to an historical level of 4.2% (from 5.2% 3 months ago and 6.2% 1 year ago). In the central locations, premises are even scarcer (1.6% vacancy rate on average). In the Periphery, the vacancy sharply decreased from 26% to 15% Y.o.y.. But the existing empty surfaces provide some solutions for corporates looking at additional premises.

⁵ Source : EIU

Exhibit 16 Vacancy rate per location



Source: Jones Lang LaSalle

Another consequence of the supply-demand mismatch is the upward pressure on the rents. In 2006, the prime rent increased by 5% to 420 EUR/m²/year.

The investment market

Given the excellent shape of the Luxembourg letting market, the investment market performed strongly during the first 9 months of 2006 (EUR 700m, to be compared with EUR 228m for FY 2005). The forecast for FY 2006 is even more optimistic, between EUR 1bn and EUR 1.5bn.

The prime yield decreased rapidly from 6% to 5.5% in 3 months (from 6.35% one year ago). If the yield squeeze and the rental value increase are combined, the capital values have grown by 16% in 3 months in Luxembourg.

The main transaction is the acquisition of the Dexia Immo Lux portfolio by Leasinvest in Q1 06. The German investors were the more active ones, with 39% of total acquisitions, followed by Middle East investors (37%) and Belgians (20%).

Profit & Loss (EUR m)	09/02	09/03	09/04	09/05	09/06	09/07e	09/08e
Rental income	76.3	78.3	78.5	78.8	76.0	106.0	114.9
Operating costs	-3.1	-4.3	-5.7	-6.8	-6.5	-11.8	-12.4
Net rental income	73.2	74.0	72.8	72.0	69.5	94.2	102.5
Sales result	0.0	0.0	-	-	-	-	-
Other revenues	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Overhead costs	-5.2	-5.5	-6.2	-5.8	-7.0	-10.3	-10.2
Other costs	-	-	-	-	-	-	-
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	68.7	68.5	66.5	66.1	62.5	83.9	92.3
Interest charges	-	-15.8	-15.2	-17.5	0.0	0.0	0.0
Interest income	-	0.0	0.0	2.0	0.0	0.0	0.0
Financial Result	-16.6	-15.8	-15.2	-15.5	-14.3	-33.9	-39.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	-0.6	-1.2
Pre-tax result	52.1	52.7	51.3	50.6	48.1	49.4	52.1
Taxes	0.1	-0.1	-0.7	-0.7	-0.6	-0.8	-0.8
Direct result	52.2	52.6	50.7	50.0	47.5	48.6	51.2

Balance Sheet (EUR m)	09/02	09/03	09/04	09/05	09/06	09/07e	09/08e
Property investments	1,064.8	1,054.5	1,125.3	1,063.2	1,035.4	1,798.6	1,821.3
Property not in operation	0.0	0.0	0.0	0.0	43.0	41.7	50.2
Other Investments	9.4	10.3	3.8	2.2	2.4	2.4	2.4
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total investments	1,074.2	1,064.8	1,129.2	1,065.4	1,080.8	1,842.7	1,873.9
Cash position	0.0	27.9	12.8	12.8	15.0	17.0	17.7
Tradable receivables	10.2	6.8	8.6	12.8	10.7	10.7	10.7
Other current assets	0.0	2.7	1.7	1.8	2.6	2.6	2.6
Total Assets	1,084.4	1,102.2	1,152.3	1,092.8	1,109.0	1,873.0	1,904.9
Total Equity	605.6	601.3	603.8	641.3	660.2	941.8	938.5
Equity	605.6	601.3	603.8	641.3	660.2	877.8	874.5
Minorities & preferred	0.0	0.0	0.0	0.0	0.0	64.0	64.0
Provisions & deferred taxes	2.4	2.4	2.4	0.0	0.0	0.0	0.0
LT bearing interest debt	161.2	117.7	186.8	117.0	91.4	96.2	101.0
ST bearing interest debt	231.6	304.9	283.3	297.5	317.4	795.0	825.4
Total debt	392.8	422.6	470.1	414.5	408.8	891.2	926.3
Tradable payables	83.6	76.0	76.0	37.0	40.0	40.0	40.0
Total Liabilities	1,084.4	1,102.2	1,152.3	1,092.8	1,109.0	1,873.0	1,904.9

Notes -

Per Common Share (EUR)	09/02	09/03	09/04	09/05	09/06	09/07e	09/08e
Cash direct result	4.93	5.37	5.17	5.05	4.85	4.69	4.23
Y/Y	-28%	9%	-4%	-2%	-4%	-3%	-10%
Indirect result	-0.40	-1.36	-0.30	1.52	1.89	1.94	2.15
Dividend	4.28	4.45	4.62	4.80	4.92	4.45	4.50
Y/Y	4%	4%	4%	4%	3%	-10%	1%
Book Value	61.83	65.84	66.27	65.48	67.41	72.43	72.16
Y/Y	2%	6%	1%	-1%	3%	7%	0%
Shares (m)							
At the end of F.Y.	9.794	9.794	9.794	9.794	9.794	12.120	12.120
Average number	9.794	9.794	9.794	9.794	9.794	10.376	12.120
Fully diluted Average number	-	-	-	-	-	-	-
EV and CE details (EUR m)	09/02	09/03	09/04	09/05	09/06	09/07e	09/08e
Market cap.	611.6	683.6	749.3	857.0	881.5	1,090.8	1,090.8
+ Net financial debt	392.8	394.7	457.3	401.7	393.8	874.2	908.7
(of which LT debt)	161.2	117.7	186.8	117.0	91.4	96.2	101.0
(of which ST debt)	231.6	304.9	283.3	297.5	317.4	795.0	825.4
(of which Cash position)	0.0	27.9	12.8	12.8	15.0	17.0	17.7
+ Provisions (pension)	-	-	-	-	-	-	-
+ Minorities (MV)	-	-	-	-	-	-	-
- Peripheral assets (MV)	-	-	-	-	-	-	-
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value	1,004.5	1,078.3	1,206.5	1,258.7	1,275.3	1,965.0	1,999.5
Equity (group share)	605.6	601.3	603.8	641.3	660.2	877.8	874.5
+ Net financial debt	392.8	394.7	457.3	401.7	393.8	874.2	908.7
+ Provisions (pension)	-	-	-	-	-	-	-
+ Minorities	0.0	0.0	0.0	0.0	0.0	64.0	64.0
- Peripheral assets	-	-	-	-	-	-	-
+ Others	-	-	-	-	-	-	-
Capital employed (for ROCE)	785.6	789.3	914.6	803.5	787.7	1,748.5	1,817.4
Ratios	09/02	09/03	09/04	09/05	09/06	09/07e	09/08e
Valuation analysis							
P/E	12.7	13.0	14.8	17.3	18.5	19.2	21.3
P/BV	1.0	1.1	1.2	1.3	1.3	1.2	1.2
EV/Rental Income	13.2	13.8	15.4	16.0	16.8	18.5	17.4
EV/EBITDA	14.6	15.7	18.1	19.0	20.4	23.4	21.7
EV/EBIT	14.6	15.7	18.1	19.0	20.4	23.4	21.7
EV/CE	1.3	1.4	1.3	1.6	1.6	1.1	1.1
Discount on NAV	-1.0%	-6.0%	-15.4%	-33.6%	-33.5%	-24.3%	-24.7%
Div. Yield	6.9%	6.4%	6.0%	5.5%	5.5%	4.9%	5.0%
Payout	-	82.9%	89.3%	94.1%	101.4%	99.9%	134.5%
Financial ratios							
Net Debt/Equity	64.9%	65.6%	75.7%	62.6%	59.7%	92.8%	96.8%
Equity/Total Assets	55.8%	54.6%	52.4%	58.7%	59.5%	50.3%	49.3%
ROCE	8.8%	8.7%	7.3%	8.2%	7.9%	4.8%	5.1%
ROCE post-tax	8.8%	8.7%	7.3%	8.2%	7.9%	4.8%	5.1%
ROE	8.6%	8.7%	8.4%	7.8%	7.2%	5.5%	5.9%
Margin analysis							
EBITDA / Rental income	90.1%	87.4%	84.7%	83.9%	82.2%	79.2%	80.3%
EBIT / Rental income	90.1%	87.4%	84.7%	83.9%	82.2%	79.2%	80.3%
Direct result / Rental income	68.4%	67.2%	64.5%	63.4%	62.6%	45.9%	44.6%
Growth analysis							
Rental Income	58.9%	2.7%	0.3%	0.4%	-3.6%	39.5%	8.4%
EBITDA	59.7%	-0.4%	-2.8%	-0.6%	-5.5%	34.3%	10.0%
EBIT	62.9%	-0.4%	-2.8%	-0.6%	-5.5%	34.3%	10.0%
Direct result	48.0%	0.8%	-3.6%	-1.4%	-4.9%	2.3%	5.4%
Notes	-						

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	SELL	REDUCE	HOLD	ADD	BUY
High Beta > 1.3	RP < -15%	-15% ≤ RP < -6%	-6% ≤ RP < +6%	+6% ≤ RP < +15%	RP ≥ 15%
Medium 0.9 < Beta ≤ 1.3	RP < -10%	-10% ≤ RP < -4%	-4% ≤ RP < +4%	+4% ≤ RP < +10%	RP ≥ 10%
Low Beta ≤ 0.9	RP < -6%	-6% ≤ RP < -2%	-2% ≤ RP < +2%	+2% ≤ RP < +6%	RP ≥ 6%

RP : Relative Performance against DJ EURO STOXX.

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