

Befimmo

Rating: Add (=)

PT: €83.0 (=)

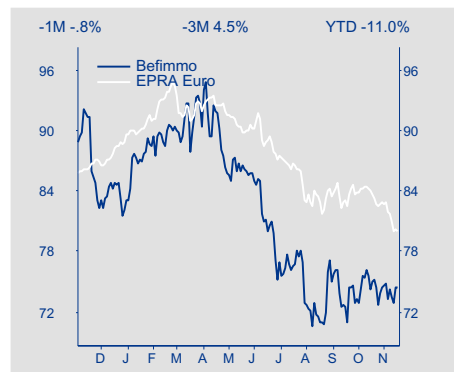
Last: €73.9

Key estimates

€	2006A	2007E	2008E	2009E
Net Profit (m)	47.5	47.6	52.2	57.2
EPS	4.85	4.49	4.00	4.38
DPS	4.92	4.50	4.50	4.60
CFPS	4.87	4.62	4.01	4.40
NAV	67.4	72.0	73.9	75.9

Valuation & other

	2006A	2007E	2008E	2009E
P/E	15.2	16.5	18.5	16.9
P/NAV	1.10	1.03	1.00	0.97
CF yield (%)	6.6	6.3	5.4	6.0
Div. yield (%)	6.7	6.1	6.1	6.2
EV/EBITDA	17.9	20.2	19.4	19.2



FY'06/07 - no surprises

- **Recurring EPS slightly higher at €4.66 vs. Dexia €4.49.** This was mainly on the back of lower than anticipated financial charges as apparently the bridge loan to finance Fedimmo only carried a 22bps credit spread, which will increase upon refinancing. Total cash EPS stood at €4.78 if we add the €0.12 capital gain on the sale of Topocro. NAV came in at €71.4 as expected, implying revaluations have come to a halt in Q4 (l-f-l portfolio value up 3.5% yoy, of which 0.2% in Q4). The dividend was confirmed at €4.51, of which €1.44 is still attached after the interim dividend before the capital increase.

Table. FY'06/07 results

m	2006A	2007A	chg %	2007E
Rental income	76.3	104.9	37.6%	104.7
EBIT	62.5	88.1	41.0%	87.6
margin	81.9%	84.0%		83.7%
Net financial (*)	(14.3)	(34.4)		(36.8)
Taxes	(0.6)	(0.6)		(0.8)
Minorities	-	(2.7)		(2.4)
Net current result	47.5	50.4	6.1%	47.6
EPS (EPRA adj.)	4.85	4.66	-4.0%	4.49
DPS	4.92	4.51	-8.3%	4.50
NAV	67.4	71.4	5.9%	72.0

(*) Excl. IAS 39 - revaluation of financial instruments

- **No surprises at the analyst meeting:** i. as we have hinted in our preview, mgmt had to lower its CFPS guidance due to higher interest rates and this is now brought back to reality and in line with our forecasts; ii. this will have no impact on the dividend forecasts which were confirmed (stable 6.1% dividend yield) - due to the capex programme there will be a temporary overdistribution of earnings which will be resolved by 2010; iii. mgmt confirms the assets in the Brussels periphery are still non-core although it is not in a hurry to sell them unless it can fetch a good price for them - since reinvestment opportunities seem non-existent perhaps its better to try and squeeze a cash flow uplift from these troubled buildings (occupancy ~ 80%) now the rental market is slowly improving?

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- **Add:** we expect this stock to generate a return of 5-15% over the next twelve months;
- **Neutral:** we expect this stock to generate a return of 0-5% over the next twelve months;
- **Reduce:** we expect this stock to generate a negative return over the next twelve months

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Rating Category	Rating distribution		Investment banking relationship	
	Count	Percent	Count	Percent
Buy	20	33.3%	4	20.0%
Add	14	23.3%	2	14.3%
Neutral	18	30.0%	5	27.8%
Reduce	8	13.3%	0	0.0%

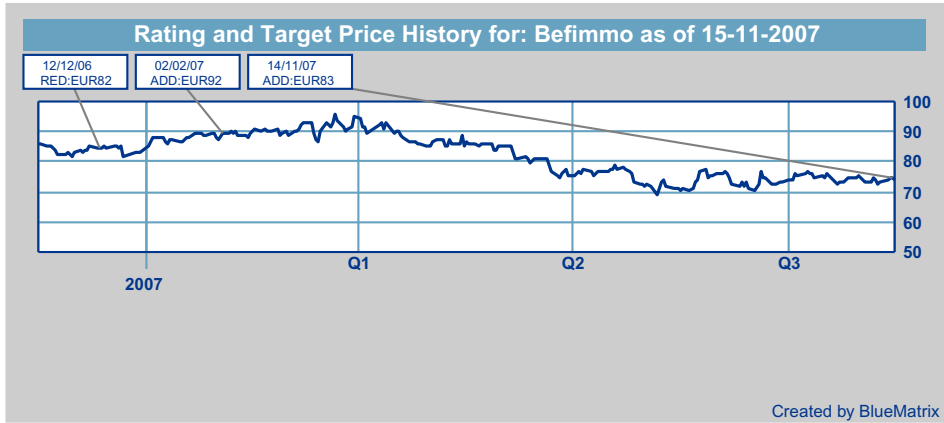
Rating distribution Total: 60

Investment banking relationship Total: 11

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12-MONTH PRICE TARGET CHART



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