

# Kempen & Co Property Daily

Friday, 2 March 2007

- **Kempen & Co News – Befimmo (EUR 92.35; Neutral) publishes revaluation result and CFPS for 1Q06/07**

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Befimmo published its 1Q06/07 (Oct-Dec 2006) fair value of its portfolio, turnover and cash flow per share yesterday after trading hours. The fair value of Befimmo's portfolio sharply increased to 1.78bn from EUR 1.05bn year end 2006. This is due to the acquisition in December 2006 of the previously state-owned Fedimmo portfolio with a total value of EUR 725m and an initial net yield of 5.5%. Befimmo acquired 90% of the Fedimmo shares and therefore is consolidated into Befimmo's balance sheet.

The gross rent over 1Q06/07 came in exactly in line with our expectation at EUR 20m, an increase of 5% y-o-y. We expect that the Fedimmo acquisition will increase the annual CF with c.60% and will have an impact on Befimmo's gross rental income as of 2Q07. Befimmo published a net current cash flow of EUR 1.21 per share vs. EUR 1.28 over 1Q05/06 (-/ 5.7%). We expect that the decrease in CFPS is due to costs made for the Fedimmo acquisition.

The revaluation result on the standing portfolio came in at EUR 20.0m (E: 20m for the full year), indicating an unrealised change in value of 1.83% for Befimmo's FY05/06 property portfolio. This is considerably higher compared to our expected revaluation result for 1Q06/07 (E: 0.46%). We have updated our future revaluation assumptions and expect a revaluation result of 5.2% over FY06/07. We adjusted our price target to EUR 85.0 (was: EUR 79.0), this translates into a return of minus 2.6%. We reiterate our Neutral rating. *For further information please contact Robert Woerdeman (rwoe@kempen.nl; +31 20 348 8458)*

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