

### Befimmo

Rating: Neutral (-)

PT: €83.0 (=)

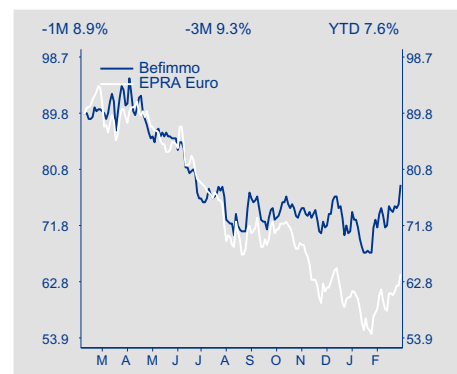
Last: €78.3

#### Key estimates

€	2006A	2007A	2008E	2009E
Net Profit (m)	47.5	50.4	52.4	57.5
EPS	4.85	4.66	4.02	4.40
DPS	4.92	4.51	4.51	4.60
CFPS	4.87	4.79	4.03	4.42
NAV	67.4	71.7	72.8	74.2

#### Valuation & other

	2006A	2007A	2008E	2009E
P/E	16.1	16.8	19.5	17.8
P/NAV	1.16	1.09	1.08	1.06
CF yield (%)	6.2	6.1	5.1	5.6
Div. yield (%)	6.3	5.8	5.8	5.9
EV/EBITDA	18.6	20.7	20.0	19.7



### Q1'07/08 trading update - downgrade to Neutral

- Q1'07/08 trading update rather a non-event.** What to remember? i. CFPS at €1.03 in line with €1.01 Dexia est. and on track to reach FY earnings scenario; ii. the portfolio value was stable QoQ (+0.08%) and we believe it will continue to be resilient given the quality of the portfolio, the prime locations (~ 60% Brussels CBD) and the tenants (~ 65% public sector); iii. Brederode - part of the renovation programme - has just been delivered and has been fully let on a LT lease; iv. DPS confirmed at €4.51.
- No triggers in the short-term - moving back to Neutral.** The shares have posted a 15%+ rally from their bottom amidst market turmoil and are now trading close to their fair value again. Arguably in difficult times Befimmo is an excellent safe haven investment but this comes at a price with a dividend yield that is that is now sub 6% again. We would not focus on the CF yield which is even lower as this is due to a transition phase in 2008-09 as a result of the ongoing renovation programme. The refinance risk (~ roughly one-third of outstanding debt maturing in 2008) seems limited since its Belgian peers haven't seen their credit spreads move up substantially, but the biggest risk is that nothing will happen in 2008. In our view for the shares to trade structurally above €80 we would have to see some positive triggers. Neutral (from Add).

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## RECOMMENDATIONS

We use four stock recommendations which reflect the share's expected absolute performance as follows:

- **Buy:** we expect this stock to generate a return of >15% over the next twelve months;
- **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

## DISTRIBUTION OF RATINGS/INVESTMENT BANKING RELATIONSHIPS (AS OF 31/12/2007)

Rating Category	Rating distribution		Investment banking relationship	
	Count	Percent	Count	Percent
Buy	25	34.7%	4	16.0%
Add	17	23.6%	2	11.8%
Neutral	21	29.2%	5	23.8%
Reduce	9	12.5%	0	0.0%

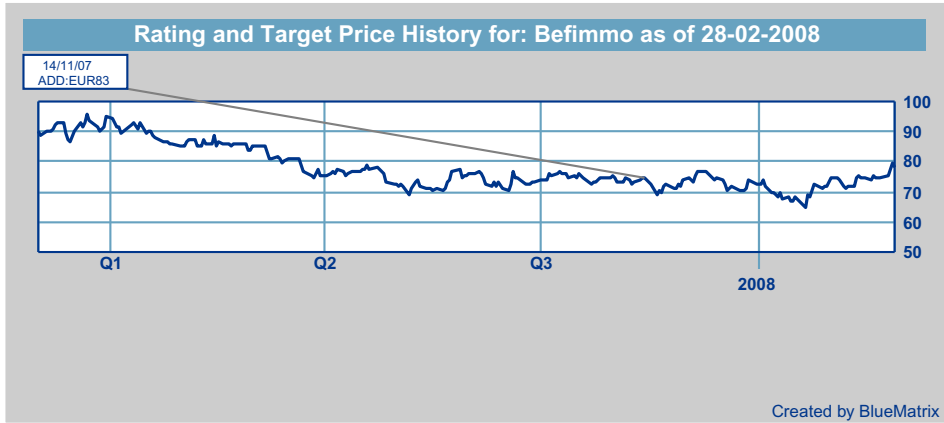
Rating distribution Total: 72

Investment banking relationship Total: 11

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12-MONTH PRICE TARGET CHART



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