

Kempen & Co Property Daily

Friday, 29 February 2008



- **Kempen & Co News** – Corio (EUR 61.85; Add): Strong final sprint at 4Q07
- **Kempen & Co News** – PSP Swiss Property (CHF 64.1; NEUTRAL): FY07 results
- **Kempen & Co News** – Befimmo (EUR 78.29; REDUCE) publishes revaluation result and CFPS for 1Q07/08
- **Market News** – Pirelli RE (EUR 26.28; BUY) sells remaining 5% in Berenice to Goldman
- **Market News** – Cofinimmo (EUR 138; REDUCE) sale of 2 buildings and 19 long-lease rights for EUR 77m
- **Market News** – Colonial dropped 14% yesterday on speculation Dubai bid may be rejected
- **Market News** – Colonial may seek new offer if ICD's fails, Expansion says
- **Market News** – OAO Open Investments may sell as much as US\$ 123m of shares
- **Market News** – Sony center in Berlin finally sold

Kempen & Co News – Befimmo (EUR 78.29; REDUCE) publishes revaluation result and CFPS for 1Q07/08

Befimmo published its 1Q07/08 fair value of its portfolio, turnover and CFPS yesterday after trading hours. Befimmo reported a CFPS of EUR 1.03 (annualized CF yield 5.3%) and a NNAV of EUR 71.1 implying that the stock is trading at a demanding premium of 10%. We leave our PT unchanged at EUR 68 indicating a total return of minus 7%. We downgrade the stock from Neutral to Reduce following a y-t-d performance of 8%.

The net rental income over 1Q07/08 came out in line with our expectation at EUR 27.3m (E: EUR 26.8m), an increase of 37% y-o-y. This is mainly 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 published a net current cash flow of EUR 1.03 per share vs. EUR 1.21 over 1Q06/07 (- 15%). The current fiscal year is one of transition following major renovation work on a number of properties in the portfolio, which is the reason for a lower CFPS. We expect that Befimmo the CFPS to increase as of FY09 to EUR 4.3 implying a CF yield of 5.4 which is still below European average of 6.2%.

The overall gross yield on the portfolio came out at 6.3% at the end of 1Q07/08 and the revaluation result on the standing portfolio came out flat at EUR 1m, indicating an unrealised change in value of 0.08% for Befimmo's 1Q07/08 property portfolio. We expect the net yield on the portfolio to expand to 6.5% at YE09 and expect flat revaluation result over the next three years. We leave our price target at EUR 68 which translates into a return of minus 7%. *For further information please contact Robert Woerdeman (+31 20 3488458; rwoe@kempen.nl)*