

## Befimmo

Rating: Neutral (=)

PT: €83.0 (=)

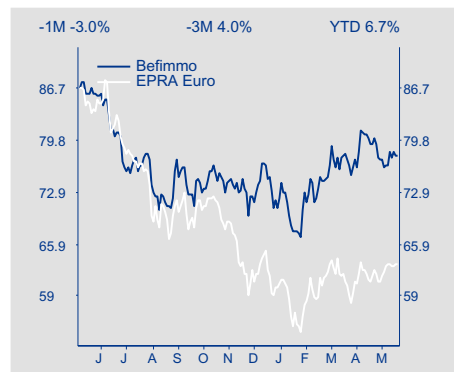
Last: €77.6

### 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	16.0	16.7	19.3	17.6
P/NAV	1.15	1.08	1.07	1.05
CF yield (%)	6.3	6.2	5.2	5.7
Div. yield (%)	6.3	5.8	5.8	5.9
EV/EBITDA	18.5	20.6	19.9	19.7



## H1'07/08 preview - focus on the debt book

- **H1'07/08 numbers to be released Thursday May 22 post trading hours.** We see recurring EPS at €2.00. We would not focus on the yoy comparison since i. the Fedimmo acquisition only started to contribute as from Q2'06/07, ii. the capital increase to finance the latter was only concluded during Q3'06/07 and iii. an ongoing renovation programme is temporarily depressing the results. We expect a stable portfolio value as was already witnessed in the Q1'07/08 trading update (+0.08% QoQ, 6.32% portfolio valuation yield).

Table. Befimmo H1'07/08 results

EUR m	H1'06/07A	H1'07/08A	chg %
Rental income	48.8	56.1	15.0%
Operating expenses	(6.9)	(9.3)	
EBIT	41.9	46.8	11.8%
margin %	85.9%	83.5%	
Net financial	(15.9)	(18.8)	
Taxes	(0.3)	(0.4)	
Minorities	(1.0)	(1.5)	
Net direct result - group	24.7	26.1	5.5%
EPS (recurring EPRA adj.)	2.52	2.00	-20.9%

- **Key items to watch out for:** i. at what conditions has Befimmo been able to refinance the bridge loan to acquire Fedimmo (roughly one-third of outstanding debt at 22bps spread), ii. the hedge ratio of the debt will fall from 70% to 40% next year (assuming the IRS 3.73% is called by the bank) and together with the refi issue, by how much will the company's funding cost rise (Dexia est. 40bps), iii. the status of the renovation programme (works, lettings) and iv. confirmation on the dividend stability.

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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

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Rating Category	Rating distribution		Investment banking relationship	
	Count	Percent	Count	Percent
Buy	27	34.2%	3	11.1%
Add	22	27.8%	3	13.6%
Neutral	24	30.4%	4	16.7%
Reduce	6	7.6%	0	0.0%

Rating distribution Total: 79

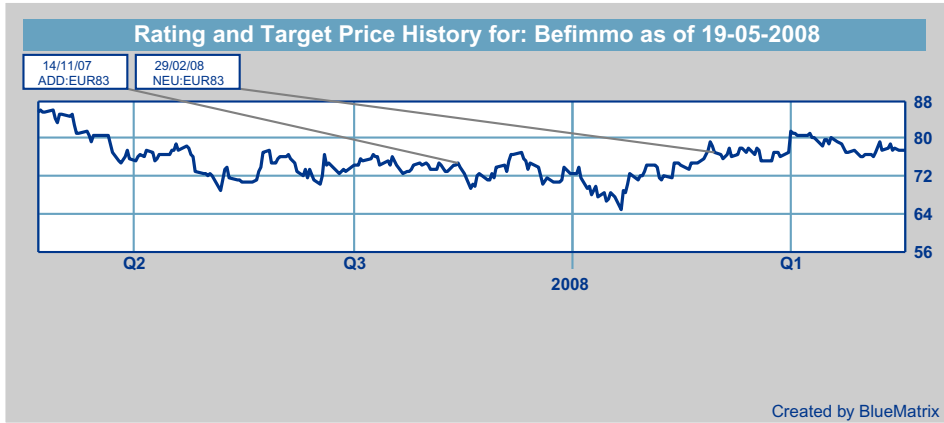
Investment banking relationship Total: 10

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12-MONTH PRICE TARGET CHART



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