

Maintained

Buy**Befimmo**

1H08 preview

Price (20/05/08) €77.40

Maintained

12m target price €85.00

12m forecast returns (%)

Share price 9.8

Dividend 5.8

12m fcst total return 15.6

Market cap €1,010.8m

Reuters BEFB.BR

Herman van der Loos, CFA

Brussels +32 2 547 2509

Forecasts and ratios

Yr to Sept(€m)	2007	2008F	2009F	2010F
Turnover	104.9	109.7	116.2	123.4
EBITDA	88.3	90.9	97.3	102.6
Net profit	129.0	83.7	79.1	80.4
Adj EPS (€)	4.55	3.89	4.31	4.43
Adj PER (x)	17.0	19.9	18.0	17.5
Dividend yield (%)	5.8	5.8	5.9	6.0
EV/EBITDA (x)	20.9	20.1	20.4	19.5
Price/NAV (x)	1.1	1.1	1.1	1.0
ROE (%)	11.2	7.1	7.1	7.2

Source: Company data, ING estimates

News

1H08 results (to 31 March, fiscal year closes end-September) are scheduled for Thursday, 22 May after market close.

Absolute figures are not very meaningful given the enlarged consolidation scope (Fedimmo consolidated six months vs only three during 1H07). 1H08 cannot be extrapolated for the rest of the year as it still includes rents of assts recently sold (Brussels Periphery, logistics); however, the impact of the disposal is expected to be small as assets sold are plagued by lingering vacancies.

Figures per share are affected by the dilutive effect of last year's capital increase (new shares entitled to dividends as from June 2007).

Investment thesis

Befimmo shows ratios similar to rival Cofinimmo (€123.9, HOLD, target price €134) but with a lower risk profile. Both show low growth prospects despite the proactive acquisition policy of Cofinimmo.

Conclusion

DCF-based target price and earnings estimates maintained awaiting 1H08 figures. Despite its modest growth prospects, Befimmo retains undemanding multiples (attractive dividend yield) coupled with a very conservative risk profile.

1H08 results preview (€m)

Yr to Sept	1H08F	1H07	% change
Rents	55.8	48.6	14.9%
EBIT	46.3	41.9	10.7%
Net current EPS (€)	1.99	2.52	-21.2%

Source: Company data, ING estimates

Risk factors

Market risk: mainly exposed to the Brussels office market but mitigated by long-term leases and top tenants.

Interest rate risk: financial debt is mainly at floating rates, but most of it is hedged. Hedging was substantially reinforced recently with a 2007-12 IRS at 3.73%.