

28 April 2011

Befimmo – Hold, TP € 63

We value Befimmo on an EVA-model which echoes a fair value of € 63 implying a total return potential of 2%. Investment arguments: i. defensive EBITDA profile with 2/3 of income derived from public entities, ii. balance sheet flexibility for new investments, iii. strong lease maturity profile, iv. benefiting from low interest rates, v. sustainability efforts. Investment concerns: i. doubts over residual value of the portfolio, ii. positioned at the short-end of the interest rate curve, iii. acquisition risk as pressure rises for reinvesting the proceeds of the rights issue, iv. underlying operating income substantially under pressure, v. short debt duration.