

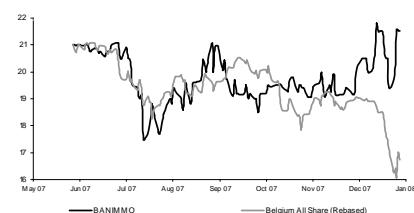
Investment Research

Hold

Initiation of coverage

Share price*: EUR	21.53
Target price: EUR	22.50

Reuters/Bloomberg	BANI.BR/BANI.BB
Accounting Standard/Since	IFRS/2004
Market capitalisation (EURm)	244,506,392.0
No. of shares (m)	11,356,544.0
Free float	22.7%
Daily avg. no. trad. sh. 12 mth	6,500
Daily avg. trad. vol. 12 mth (m)	0.13
Price high 12 mth (EUR)	21.80
Price low 12 mth (EUR)	17.50
Abs. perf. 1 mth	11.0%
Abs. perf. 3 mth	13.9%
Abs. perf. 12 mth	



Shareholders: Affine 50%; Management 27%;

*closing price as of 25/01/2008

Improve, rotate and diversify

- We initiate coverage on Banimmo with a **Hold rating and EUR 22.5 per share price target.**
- Banimmo is a **Belgian real estate company specialised in the redevelopment of obsolete or undervalued real estate assets.** Its core activity consists in acquiring geographically spread office and retail assets, as well as conference and exhibition centres with redevelopment potential in order to sell them after heavy refurbishment/transformation.
- Banimmo has been introduced to the **Brussels stock exchange** on 26 June 2007 at a price of EUR 21 per share. 2,703,444 new A shares with VVPR strip have been issued, i.e. a **capital increase of EUR 56.73 m.**
- Since the IPO, the share has performed in **line with the most comparable peer** such as Atenor but better than Cofinimmo and has **followed the general economical trend.**
- Banimmo offers a **revenue mix** with both traditional **recurring revenue** from property rentals (similar to Sicafis) combined with **capital gains** realised on asset sales (similar to developers).
- The portfolio is also **diversified geographically** and by sector. Banimmo is active in Belgium, France and Luxembourg.
- Additionally, Banimmo has the ambition to further **expand in the conference centre sector segment and develop multiple platforms**, in partnership with the Dolce Group. This will further **increase the revenue growth potential and decrease Banimmo's exposure to the real estate market.**
- Major investments and divestments that occurred since the IPO were **the sale of the remaining 40% of the De Brouckère Tower** in Brussels that generated a profit of EUR 9.53 m; **the concretisation of a PPP named "The Loop"** in Ghent that will allow within a 5 to 8-year timeframe to develop 376,000 m² of offices, residential, retail and leisure centres; the launch of a **tender offer** for all 152,490 real estates certificates of **Immo-North Plaza** in order to acquire the block A of this building located in the North district of Brussels for about EUR 29.3 m, where 32% of the shares have been acquired; **the sale of CAP2** in Luxembourg for EUR 31.5 m; **the acquisition of the Unilever site** in Brussels together with Montea for EUR 25.5 m (office part); **the agreement with Mobistar for the construction of their 29,500 m² new headquarters** in Brussels.
- Banimmo's Management has an excellent track record in the repositioning of real estate assets. The company's **IRR over the last 6 years amounted to 20%** indeed in a favourable environment. Via the **preferred dividend scheme** there is a clear **Management incentive to perform optimally.**

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Company description

History

Banimmo is a leading Belgian property company with specific focus on acquisition, transformation and repositioning (followed by their resale) of real estate assets.

Banimmo is a limited company according to Belgian law (SA); it is not a Sicafi.

Banimmo was started in 1995 by a dedicated team of the savings bank An-Hyp. Banimmo has since been active in repositioning real estate assets. Today the Atlantic House and Picardie Park are the only remaining assets still in the Banimmo portfolio, which was acquired within the framework of the non-performing mortgage loan activity of An-Hyp.

After the acquisition of An-Hyp by Royale Belge in 1998, Banimmo was sold to Pricoa (Prudential Insurance Company of America). On this occasion the Management of Banimmo acquired a stake of 0.85 % in the capital.

In August, 2000, Pricoa sold half of its participation to Artesia, which was later acquired by Dexia.

The Management gradually increased its participation from 0.85 % to 4 % in 2001 and 2002.

In October 2002 Dexia and Pricoa sold their participation in Banimmo to GP Beta Holding, a Luxembourg-based specialised fund established by the Australian group Lend Lease (part of the Macquarie group) and the Management increased its participation to 12 %.

At the end of February 2006, GP Beta Holding sold its stake in Banimmo to Affine, a SIIC according to French law (listed on Euronext Paris). The Management gradually increased its participation in Banimmo to 35 %.

Banimmo has been introduced to the Brussels stock exchange on 26 June 2007. The IPO resulted in a capital increase that diluted Affine and the Management's participations, which as of 11 September 2007 own respectively 50% and 27.35% of the total shares.

Business profile

Banimmo is a real estate company specialised in the redevelopment of obsolete or undervalued real estate assets. Its core activity consists in acquiring geographically spread real estate assets, identifying the source of obsolescence, and then leading heavy refurbishment/transformation of the properties, after obtaining the required permits. Banimmo then adopts a new commercial approach in view of increasing the rental level to the market standards. Finally, the building can be sold to institutional investors.

Banimmo is neither a Sicafi nor a developer but a systematic repositioner and asset trader:

- Banimmo is not a traditional property company that holds real estate assets such as a Sicafi generating mainly operating rental income. In addition to producing rental income, a significant part of Banimmo's income comes from repositioning and trading high-yielding investment and development assets.

- The Company's portfolio is a mix of real estate assets generating a recurring income (stabilised or in the course of stabilisation) and development assets. The investment and development asset proportion typically corresponds to 80/20.
- The recurring income covers the operating charges and financial expenses and allows for the generation of a positive operating profit, excluding capital gains on the sale of buildings.
- Banimmo has regularly sold repositioned assets at the best possible conditions, realising capital gains to reach an IRR of 20% on average over the last six years.

Its Business model is based on the **transformation and repositioning of real estate assets via:**

- Technical upgrading
- Commercial repositioning and active follow-up
- Financial and/or fiscal repackaging

Banimmo is active in **three real estate sectors:**

- Office
- Retail
- Conference and exhibition centres

The company operates investments in **3 countries:**

- Belgium
- France
- Luxembourg

Strategy

The **value creation** by Banimmo consists of **3 main phases:**

1. The acquisition phase (6-12 months)

Banimmo aims first at **the acquisition** of an obsolete or undervalued real estate asset, rather than finished and/or new products let at normal market conditions.

2. The transformation phase (2-4 years)

Then, Banimmo undertakes the transformation of the asset, while keeping as much as possible its existing tenants, in order to maintain revenue during this phase. If the renewed/refurbished areas are let as targeted by Banimmo, the profit is triple:

- an increase of the rental value
- a decline of the operating charges of the building

- a decline of the capitalisation rate of the building, as higher quality assets require a lower risk premium.

This results in an increase of the value of the building.

3. The exit phase (from a few months to several years)

Finally, the building **is sold** to final investors.

Typically, the process takes between 5 and 7 years.

Its important stockholders' equity and the availability of external financing allows Banimmo to mobilise quickly substantial financial means and to make a commitment in a short notice.

The operations are structured in a way that the works of repositioning once ended allow to generate recurring income that amounts to 7 % to 8 % on the total of invested capital in the projects.

Banimmo operates alone or in partnership via joint ventures with financial investors or other real estate companies. The type of structuring depends on the size and the risk of the transaction.

Targets to obtain added value through asset repositioning are clearly identified:

- average IRR (post tax – post leverage) on individual investments close to 15%
- ratio “recurring income” divided by “platform costs (SGA) + financial charges” > 1
- leverage ratio between 60% and 70%

In conclusion, Banimmo creates value by exploiting the lack of interest for, and therefore undervaluation of, obsolete real estate premises or targeting new classes of assets.

Activities

Banimmo is active in **3 real estate asset classes across 3 countries**:

- **Offices**

- In **Belgium**, Banimmo focuses on the **Brussels' Central Business District (CBD)**, but is also active in **decentralised areas**.
- In **Luxembourg**, Banimmo is **opportunistic** with a preference for the decentralised areas. For the time being, there is no asset in Luxembourg.
- In **France**, Banimmo is active more particularly in the “**Ile de France**” region.

- **Retail**

Banimmo is active in this sector in **Belgium** and **France** across large and medium sized cities; size of assets ranges from small to large units.

- **Conference centres and exhibition centres**

In 2007, Banimmo made its first investment in this sector via sale-and-manage back transactions with the American **Group Dolce International**. Dolce International manages 21 conference centres across the world which account for 3,834 guestrooms and 630 meeting rooms.

Banimmo is currently invested **in two of Dolce's conferences centres**, one in Belgium and one in France, via Dolce La Hulpe, which owns the conference centre of Chantilly, near Paris and The Dolce of La Hulpe in the Periphery of Brussels. Banimmo owns 49% of Dolce La Hulpe. The remaining 51% was sold to two private investors in 1Q07.

Under the sale-and-managed agreement, which has been signed for a 15 year period, Dolce La Hulpe remains the owner and operator of both Dolce in Chantilly and in La Hulpe. Dolce La Hulpe assumes the full business risks and benefits. Dolce remains the exclusive manager responsible for all operational matters (marketing & sales, employment, operational reporting and maintenance).

Dolce is paid a fixed Management fee plus an incentive fee based on performance. Banimmo is acting for the account of Dolce La Hulpe and is remunerated by Dolce La Hulpe.

Since Banimmo is an active operational partner in this venture, it can decrease its exposure to the real estate market and gain exposure to the growing hospitality segment as a first mover in Belgium.

The Dolce of La Hulpe operates since February 2007. According to the management, results have so far exceeded expectations in terms of revenues and backlog. However, Chantilly's income will be reduced due to refurbishment works foreseen in 2008. The impact should be approximately 10 to 12%.

Currently, those assets make up roughly 25% of the portfolio. Banimmo intends to increase further the number and the weight of these assets.

Banimmo intends to acquire two more conference centres in the future, with an investment value between EUR 30 m and EUR 50 m. The intention is also to further develop in neighbouring countries.

Financing

Banimmo has **three types of debts** to finance its growth:

1. **Syndicated bank credit**

Banimmo has a syndicated bank credit for an amount of **EUR 215 m**, with a maximum loan to value of 70%. The maturity of this credit is September 2011.

2. **Euro commercial paper program**

In addition, Banimmo has concluded a program of commercial paper for a total amount of EUR 75 m (which is included in the syndicated bank credit facility). This source of credit provides Banimmo a direct access to capital markets.

3. Special credit facility

The company has also a special credit of EUR 25 m. This credit will be exclusively used to finance equity participations in JV'S. Its maturity is September 2011.

The leverage ratio as of 30 June 2007 amounted to 45% (debt = EUR 67.73 m / equity = EUR 149.26 m). This ratio will decrease as of end December 2007 after the sale of the CAP2 in Luxembourg. The net debt as of 31 December 2007 amounted to approximately EUR 45 m.

The company has contracted **interest rate derivatives to hedge its interest rate exposure**. This hedging is currently in place until 2011.

Debt hedging

AMOUNT	PERIOD	TYPE	CAP RATE	KO
70,000,000 EUR	Until 31/12/2007	Cap	3.50%	-
50,000,000, EUR	From 30/03/2007 to 31/03/2008	Collar with KO	3.20%	4.20%
40,000,000 EUR	From 30/03/2007 to 31/03/2008	Collar with KO	3.10%	4.00%
35,000,000 EUR	From 30/03/2008 to 31/03/2009	Collar with KO	3.65%	5.20%
20,000,000 EUR	From 30/03/2008 to 31/03/2009	Collar with KO	3.65%	5.20%
50,000,000 EUR	From 30/03/2008 to 31/03/2009	Collar with KO	3.65%	5.20%
15,800,000 EUR	Till 29/04/2009	Cap	4.50%	-
25,000,000 EUR	From 30/03/2009 to 31/03/2010	Cap	4.85%	-
50,000,000 EUR	From 30/03/2009 to 31/03/2010	Collar with KO	4.35%	5.35%
40,000,000 EUR	From 30/03/2009 to 31/03/2010	Collar with KO	4.20%	4.85%
25,000,000 EUR	From 30/03/2009 to 31/03/2010	Collar with KO	4.40%	5.50%
50,000,000 EUR	From 30/03/2009 to 31/03/2010	Cap	4.50%	-
50,000,000 EUR	From 30/03/2009 to 31/03/2010	Collar	5.05%	-
25,000,000 EUR	From 30/03/2010 to 31/03/2011	Collar	5.00%	-
40,000,000 EUR	From 30/03/2010 to 31/03/2011	Collar with KO	4.55%	5.50%
40,000,000 EUR	From 30/03/2010 to 31/03/2011	Collar with KO	4.55%	5.50%
30,000,000 EUR	From 30/03/2010 to 31/03/2011	Collar with KO	4.55%	5.50%
30,000,000 EUR	From 30/03/2010 to 31/03/2011	Swap Euribor 1Y vs Euribor 3M		

Source: Company data

Shareholders structure

Before IPO

As at 31 May 2007, Banimmo's capital amounted to EUR 75.28 m represented by 7,614,728 ordinary A shares and 1,038,372 B shares.

At the date of opening of the Offer, Affine held 65 % of Banimmo's capital and the Management held the remaining 35 %.

After IPO

The total number of shares now amounts to 11,356,544, of which 50% is held by Affine, 27.35% is held by the Management. The free float amounts to 22.65%.

Affine and the Management have agreed not to cede shares until 28 February 2011. However, the Management is allowed to cede up to 337,471 shares after a 180-day "lock-up" period after the first day of listing, and up to 519,186 additional shares as from 1st January 2009. Affine is allowed to cede up to 856,657 shares as from 1st January 2009.

Ethias holds a significant part of this free float, i.e. 6.29% of the total number of shares.

New shareholder's structure

TOTAL		11,356,544	100,00%
Affine		5,678,315	50.00%
Management (via management companies)		3,106,330	27.35%
	<i>Didrik van Caloen</i>	<i>1,676,516</i>	
	<i>André Bosmans</i>	<i>603,596</i>	
	<i>Thierry Kislanski</i>	<i>235,055</i>	
	<i>Christian Terlinden</i>	<i>223,501</i>	
	<i>Patrick Henniquau</i>	<i>193,364</i>	
	<i>Amaury de Crombrughe</i>	<i>174,298</i>	
Free Float		2,571,899	22.65%
	<i>Ethias</i>	<i>714,000</i>	
	<i>Public</i>	<i>1,857,899</i>	

Source: Company data

Affine and the Management are acting in concert.

Management

Board of directors

Banimmo's **Board of Directors** consists of 10 people, of which 4 are independent directors.

Three Board members represent Affine and three of them represent Banimmo's Management.

NAME	FUNCTION
Maryse Aulagnon	Chairman and CEO of Affine
Alain Chaussard	Vice-Chairman and Deputy CEO of Affine
Ariel Lahmi	CEO of Concerto Development
Didrik van Caloen	CEO of Banimmo Group
Christian Terlinden	CFO of Banimmo Group
Patrick Henniquau	General Manager of Banimmo France
Dominique de Ville de Goyet	Independent Director
Patrick Buffet	Independent Director
Emmanuel van Innis	Independent Director
Jacques-Etienne de T'Serclaes	Independent Director

Source: Company data

Management committee

The Management committee is made up of Banimmo's CEO (Didrik van Caloen), CFO (Christian Terlinden), General Manager of Banimmo France (Patrick Henniquau), General Secretary (André Bosmans), Responsible of the development (Thierry Kislansky) and Commercial Manager (Amaury de Crombrughe). They are fully responsible for the day-to-day Management of Banimmo and are also responsible for the overall representation of the company. All Management committee members have got significant experience in the real estate sector.

Banimmo **employs 32 people** of which 25 in Belgium and 7 in France.

Incentive policy

The Management (6 executive directors) holds a significant stake (27.35%) in the equity of the company, all types of shares included.

The Management holds **type A** and **type B shares**:

- **Type A** are **ordinary shares**
- **Type B** will not be listed and have a right to a **preferred dividend**. The preferred dividend is directly linked to the return on equity of the company and is a **form of Management performance fee**.

The preferred dividend constitutes a mechanism of payment in favour of the members of the Management committee, agreed between Affine and the Management. No other advantage or deferred payment is granted to them by the Company or its Subsidiaries, except recurrent salaries.

The Management holds all B shares that give the right, besides the common dividend, to a temporary **preferred dividend which will end out in 2017** after the distribution of the FY16 dividend (2016).

The minimum required return on **equity hurdle rate is 10%**.

Over the last three years, the privileged dividend distributed to all B shares was:

- 2004: EUR 1,329,119
- 2005: EUR 0,00
- 2006: EUR 3,997,732

This preferred dividend is capped at EUR 4 m, which is the case when the return on equity reaches 20%.

Via this **preferred dividend** there is a clear **Management incentive to perform optimally**.

Portfolio



Source: Company data (Lozana building)

The Banimmo real estate portfolio consists of **21 sites** and a **participation in the Sicafi Montea**. The recent acquisition of Unilever and the agreement with Mobistar have not yet been included.

The **market value** of the portfolio at 30/06/2007 amounted to **EUR 284 m**. By including Unilever and Mobistar and excluding the CAP2 building in Capellen, the portfolio will consist of 22 sites. Its value will be reviewed upwards.

This value is calculated on the basis of estimated value (by independent expert) for the redeveloped assets and on the basis of acquisition cost for the assets in development.

The table below summarises the characteristics of the company's portfolio, by type of investment, by type of assets, by geographical location as well as by individual investment.

The biggest building represents 12 % of the total of the value of the portfolio. No other building has a weight superior to 10 % of the value of the portfolio.

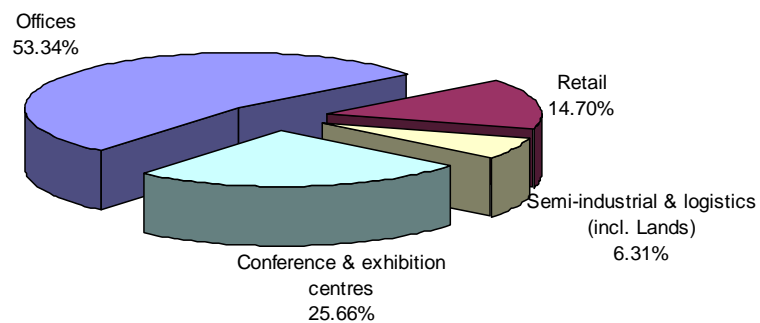
Portfolio

BUILDING	SECTOR	AREA (m ²)	PK SPACES (#)	COUNTRY	OWNED AT (%)
ALMA COURT	Offices	16,042	280	Belgium	100
ATLANTIC HOUSE	Offices	27,995	630	Belgium	100
PICARDIE PARK	Offices/semi-industrial	4,077	73	Belgium	100
DA VINCI H3	Offices/semi-industrial	12,449	100	Belgium	100
DA VINCI H4 AND H5	Offices	11,827	198	Belgium	100
ATHENA BUSINESS CENTER	Offices/semi-industrial	18,180	333	Belgium	100
LOZANA	Offices	6,976	187	Belgium	100
EVERE	Offices/semi-industrial	6,350	129	Belgium	100
ARTS 27	Offices	3,707	35	Belgium	100
KRUGER CENTER	Retail	12,718	264	Belgium	100
GÉRARDCHAMPS	Retail	5,657	210	Belgium	100
DOLCE LA HULPE BRUSSELS	Conference centre/hotel	35,977	538	Belgium	49
LA HULPE: building 14	Offices	4,450	160	Belgium	49
ANTWERP EXPO	Retail/exhibition centre	22,635	400	Belgium	100
ANS	Development land	NA	NA	Belgium	100
THE LOOP	Development land	NA	NA	Belgium	16.7
LES CORVETTES (PARIS)	Offices/retail	14,215	450	France	100
JARDINS DES QUAIS (BORDEAUX)	Offices/retail	22,374	770	France	50
CLAMART (PARIS)	Retail	8,000	230	France	100
SARAN (ORLÉANS)	Retail	2,355	40	France	100
DOLCE CHANTILLY (PARIS)	Conference centre/hotel	17,000	300	France	49

Source: Company data

Breakdown by segment

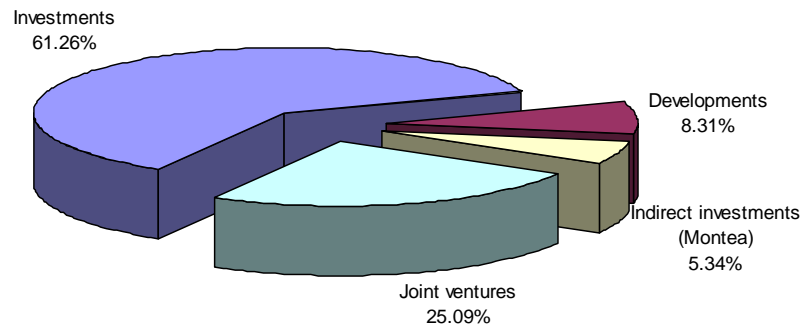
Before sales of Capellen



Source: Company data

Breakdown by type of investment

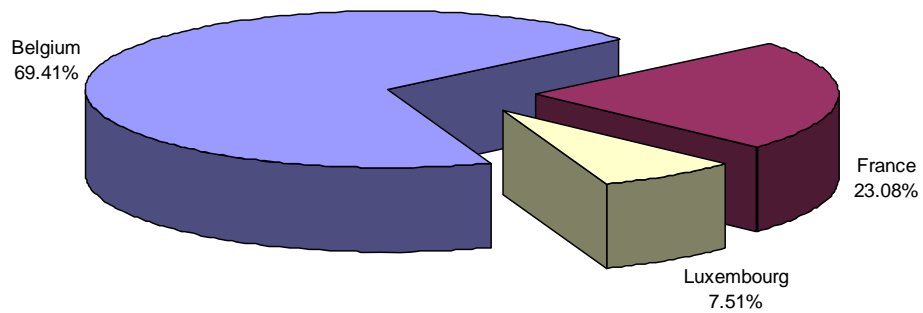
Before sales of Capellen



Source: Company data

Geographical breakdown

Before sales of Capellen



Source: Company data

Occupancy rate

The table below shows the breakdown of the occupancy rates of the buildings. The rates are calculated on the basis of the number of rented and non-occupied square meters, at the end of August 2007.

The occupancy rate is calculated on the basis of the let and un-let areas in terms of m². The occupancy rate of the total portfolio stands at 85%, which is 9% higher than as of end 2006. The investment portfolio now stands at 89% (vs 78% at the end of 2006) and the development portfolio stands at 55% (vs 54% at the end of 2006).

Concerning the development portfolio, the rates mentioned below take into account only surfaces available for rent.

The **Retail category** includes all shop area. Car parking spaces are not taken into account.

The occupancy rate of the conference centres is calculated on the basis of the number of sold nights vs. available nights (number of rooms x 365 days). The occupancy rate of Chantilly was 65.5% for the first quarter 2007 and 42.5% for La Hulpe.

The occupancy rate of the investment portfolio is in line with the Brussels' office market, which as of 31 December 2007, amounted to 89%.

The occupancy rate

TYPE OF ASSETS	OCCUPANCY RATE
Total portfolio	85%
Investment portfolio	89%
- Offices	81%
- Retail	100%
- Logistics	95%
Development portfolio	55%
- Offices	52%
- Retail	68%
Conference centres	
- Chantilly	71%
- La Hulpe	46%

Source: Company data

The IPO

Banimmo was floated 14 June 2007 with new A shares. The offer closed on 22 June 2007. The offer price amounted to EUR 21 per share.

In the IPO 2,619,047 new A shares with VVPR strip have been issued. Moreover, the Joint Lead Managers exercised their greenshoe and were allocated 392,857 additional shares, some of which were brought back in the market. Therefore, a total of 2,703,444 new shares have been issued.

The offer was subscribed 1.4 times excluding the greenshoe and 1.2 times including the greenshoe.

78.5% of the shares have been allocated to institutional investors, and 21.5% to retail investors.

The first market quotation on Euronext was on 26 June 2007 at EUR 21 per share.

The goal of the IPO was to increase the portfolio value from EUR 300 m to EUR 500 m on the mid-term and the gearing around 70%. Moreover, Banimmo would gain in visibility, increase the shares' liquidity, and optimise the financing sources.

The capital increase therefore amounted to EUR 56.73 m.

The IPO resulted in a capital increase that diluted Affine and the Management's participations, which now own respectively 50% and 27.35% of the total shares.

The capital increase allowed Banimmo to reimburse part of the debt but this has been impacted by the payment of the dividend. The equity as of 30 June amounted to EUR 149.26 m.

Post IPO events

Investments and divestments

Sale of 40% of Brouckère Tower

Banimmo has sold on 28 June 2008 the remaining 40% interest in the Brouckère Tower building to Morgan Stanley Eurozone Office Fund (MSEOF). MSEOF bought the first 60% share interest in the building at the end of 2006, when it also agreed an option to acquire the remaining share of the building by the end of 2007. Banimmo has recently completed the renovation of some 6,600 m² within the complex, which comprises in total some 34,175 m² of offices and retail areas on the ground floor, as well as 519 parking spaces.

The Brouckère Tower has been acquired in 1998. It is subject to a 99-year long lease until 2066. The investment value amounted to EUR 27.3 m. Banimmo has progressively refurbished the vacant office areas, entrance hall and techniques. The investment of these refurbishment works amounted to EUR 17 m. As at mid-2006, the building was fully let.

This transaction, that reduces the Belgian part of the portfolio, has generated a net profit of EUR 9.53 m for this year. The IRR for this operation amounted to 29%. This sale has occurred as the repositioning of the building has been completed and in order not to keep a too large concentration on one single asset.

Joint venture with Pramerica

Banimmo has formed on 20 September 2007 a EUR 200 m joint venture to invest and to refurbish retail properties in France. Pramerica is the real estate business of Prudential Financial that has initially contributed up to EUR 40 m out of the EUR 60 m of equity committed to the joint venture. The balance has been provided by Banimmo. The joint venture is expected to have a total investment volume of around EUR 200 m, with gearing.

This joint venture will allow Banimmo, through its French subsidiary, to increase its position in large scale retail projects in France.

The Loop

On 19 October 2007, Banimmo, in cooperation with the City of Ghent, has concretised a project named "The Loop", which aims to revalue the entire zone around the Flanders Expo buildings. Through a public-private partnership agreement with the City of Ghent, Banimmo will work on the development of a 376,500 m² site where the area around the exhibition halls will be reserved for offices, residential, retail and leisure centres. The investment amounts to approximately EUR 4 m.

The Schoonmeers Bugten company, in which Banimmo has 50% participation, has brought in its lands located between the Flanders Expo complex and the R4 ring road around Ghent, in the De Grondbank The Loop company. The Stedelijk Ontwikkelingsbedrijf (SOB) of the City of Ghent has done the same.

After this operation, Schoonmeers Bugten and the SOB respectively own 33.4% and 66.6% of the share interest of De Grondbank The Loop, which owns a 45 ha plot of land that will be developed and commercialised in the framework of the partnership. In accordance with the “Ruimtelijk Uitvoeringsplan”, the site will allow a 365,500 m² development in several phases that will include offices, residential, retail and leisure centres. The timeframe is not yet known but should be around 5 to 8 years.

A first sale has been concluded with Ikea for the development of a 30,500 m² store and 1,270 parking spaces. This sale will allow De Grondbank The Loop to finance the infrastructure works (piles, slab...).

North Plaza

On 10 December 2007, Banimmo launched a tender offer for all 152,490 real estate certificates of Immo-North Plaza at a price of EUR 169 per certificate.

Immo-North Plaza has been founded in 1997 in the framework of the acquisition of a part (13,630 m² – block A) of the North Plaza office complex, located boulevard du Roi Albert II 9 (formerly boulevard Emile Jacqmain 159) in Brussels, in order to issue real estate certificates. On 1st October 2007, the company was owned by KBC Bank (99%) and KBC-Vastgoedinvesteringen (1%) and issued 152,490 certificates, which share price was trading at EUR 144 on 25 October 2007. The Banimmo offer therefore included a 16% premium.

The North Plaza is a complex of three office buildings erected in 1993. The considered building (block A) is let to the *Régie des Bâtiments* (fixed lease until 2010) and *Fin Force*. The area previously occupied by *Bank Card Company* (20% of the building) is currently vacant.

Banimmo had the right not to acquire the certificates if less than 75% of the certificates are brought in the offer. The offer was valid until 28 December 2007.

On 19 December 2007, Immo-North Plaza announced that GE Real Estate France made a counter-offer on the building. The amount has not been published but, according to Immo-North Plaza, the amount was sensibly higher than Banimmo's offer.

Consequently on 4 January 2008 after market, Banimmo has reviewed its offer upwards at EUR 192 per certificate, which share price was trading at EUR 180. The offer has been prolonged until 18 January 2008. The 75% condition has been dropped.

The competing offer for the underlying asset, made by GE Real Estate France has been made public on 17 January 2008 and amounts to EUR 30.5 m. Including the EUR 12.38 estimated dividend and a EUR 0.86 working capital in case of liquidation, this brings the GE offer to EUR 196.9 per certificate. Consequently, Banimmo again prolonged its offer until 22 January 2008.

On 25 January 2007, Banimmo announced that it has acquired 48,800 (32.0%) out of the 152,490 real estate certificates of Immo-North Plaza at a price of EUR 192 per certificate. At this stage, this acquisition will neither allow Banimmo to operate the expected exit of the building from the real estate certificate, nor a progressive renovation of the building

Sale of the CAP2 building in Luxembourg

Banimmo has sold on 20 December 2007 the CAP2 building located at Capellen in the Grand Duchy of Luxembourg to Orco Property Group, a real estate actor in Central Europe, which partly occupies the building. The transaction value amounted to EUR 31.5 m.

CAP2 is a new construction from 2005/2006. The built area amounts to 7,750 m² and includes 250 parking spaces. It is almost fully let to prime tenants, except 470 m². Indeed, Banimmo has actively improved the tenant situation over the 6 previous months bringing down the vacancy rate from approximately 40% down to 6%.

Banimmo made a capital gain of an estimated EUR 12 m on this transaction.

Listing on Euronext Paris

The listing on Euronext Paris has been agreed and started on 31 December 2007. This listing allows Banimmo to gain visibility on the French market where it is active through its presence and developments. Banimmo intends to opt for a SIIC (Société d'Investissement Immobilier Cotée) fiscal regime during 2008.

Acquisition of the Unilever site

On 27 December 2007, Banimmo acquired together with Montea, a Belgian Sicafi specialised in semi-industrial and logistics properties, the Unilever site in Brussels based upon a "sale and lease-back" operation. The 8.7 hectares site consists of semi-industrial buildings with a built-up surface of 24,936 m² and an office building with a built-up surface of 13,608 m². The investment value amounted to EUR 42.5 m.

Parties have agreed to transfer the office building to Banimmo for EUR 25.5 m. Unilever will remain lessee of the whole site through a "triple net" 6/9-year lease for the office part. The yield for this part should be approximately 7%.

The Unilever site has a high development potential. Banimmo will therefore profit from opportunities and will develop extra semi-industrial and logistics areas at the expense of Montea.

Banimmo and Montea have a common important shareholder, Affine, which holds 50% in Banimmo and 26.38% in Montea.

Mobistar

On 3 January 2008, Bannimo announced an agreement with Mobistar for the construction of their new headquarters in Brussels (Evere).

The new building will be located in the "Da Vinci" office park, rue du Bourget in the municipality of Evere. The built-out surface should amount to 29,500 m² over six floors. Three underground levels could house some 630 parking spaces. This location, alongside the A201 motorway to the Brussels Airport, will allow the regrouping of the Mobistar's activities currently located in Evere (rue Colonel Bourg) and in Schaerbeek (boulevard Auguste Reyers).

The works should last about 22 months. The conception has been entrusted to Assar, the architects who have been recently awarded at the MIPIM for the Mondrian (Brussels) in 2005 and the Madou Plaza (Brussels) in 2006. The delivery is foreseen in 2H09. The agreement foresees a long-term lease.

Share price development

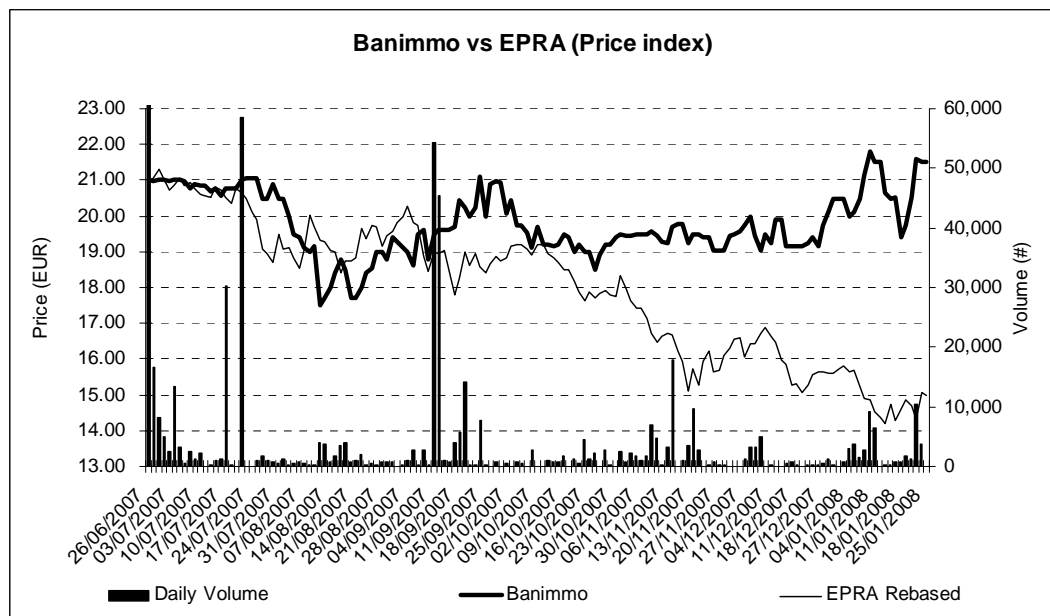
Banimmo's share price remained quite stable until end of July. However, it was directly influenced by the general economical influence and the turmoils in the real estate sector, due to a.o. the rise of interest rates and the subprime mortgage financial crisis.

Banimmo's share price has been ranging from EUR 17.50 to EUR 21.80, and has clearly followed the general European listed real estate market until mid-September, like witnessed by the EPRA index. As from that period, Banimmo has over-performed the EPRA index. The Belgian real estate sector has indeed less suffered from the crisis than other European markets.

Generally, the share price has moved under its initial price and the closing price amounted to EUR 20.49 on 31 December 2007.

Excluding first day of listing, on average for an amount of EUR 79,690 shares have been traded until 31 December 2007, showing that the liquidity has remained limited.

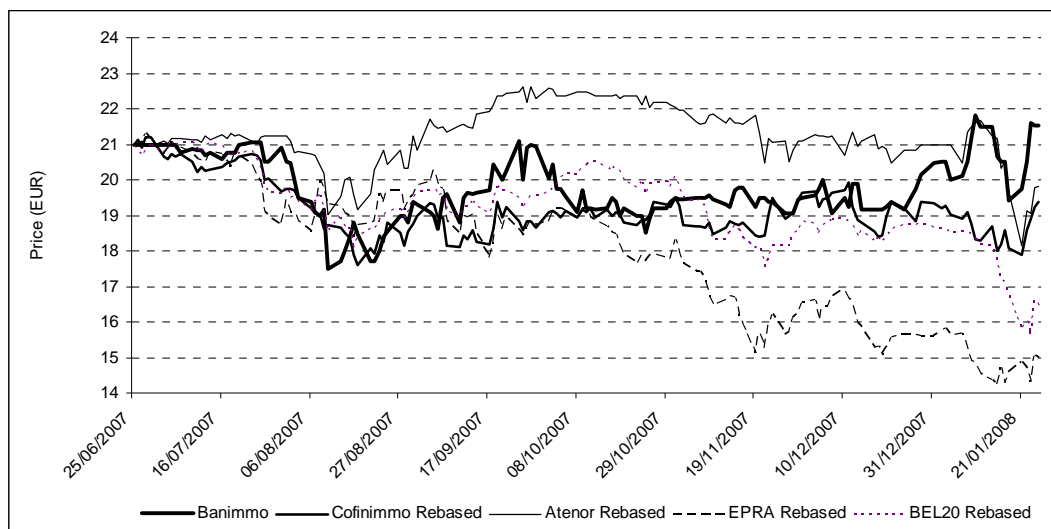
The velocity (number of shares traded vs. total number of shares) amounted to 6.80% and 45.29% compared to the total number of shares from the free float (source: Euronext).



Source: Bloomberg

Performance

From the IPO as at end June 2007 to 31 December 2007, the share price of Banimmo decreased by 2.43%. It has under-performed by 2.67% compared to the closest peer Atenor, a Belgian listed developer, but has over-performed by 6.31% compared to Cofinimmo, the largest Belgian Sicafi. The share price has over-performed by 21.56% the EPRA, the FTSE European Public Real Estate index, a market capitalisation-weighted index consisting of the most heavily traded real estate stocks in Europe and has also over-performed by 8.20% the BEL20.



Source: Bloomberg

Valuation

We value Banimmo using a **DCF approach**, taking into account the following **key assumptions for the 2007-2011 period**:

- **Recurring rental revenue based on a yield estimate of 7.50%** on the investment portfolio value;
- Capital gains on asset sale of:
 - EUR 20.0 m for 2007
 - EUR 15.0 m per annum in the period 2008 - 2010
 - EUR 10.0 m as from 2011
- **Net investments of EUR 20 m** on a yearly basis (EUR 70 m of new acquisitions and EUR 50 m of disposals)

On the basis of our DCF valuation, summarized in the table on the next page, **we value Banimmo at EUR 255.8 m or EUR 22.5 per share**.

In our DCF calculation we have used a beta of 1.10, a risk free rate of 4.50%, a 4.00% risk premium and a perpetual growth (inflation) of 1.1%.

We have assumed that a preferred dividend of EUR 3 m will be paid ad infinitum. We know the existing preferred dividend scheme is scheduled to expire in 2017 but we do not take that into account as it is unlikely that the Management will have from then no incentive and no bonus anymore.

To value the Associates, we used EBITDA multiples there are currently paid in the market for similar businesses:

ASSOCIATE	ACTIVITY	EBITDA (m EUR)	MULTIPLE	OWNED AT (%)	VALUE (EUR m)
DOLCE	Conference centres	6.5	12.5	49	39.8
DEVIMMO	Property management	2.7	8	33	7.2

For Jardins des Quais in Bordeaux, we used an asset valuation

ASSOCIATE	ACTIVITY	OWNED AT (%)	VALUE (EUR m)
JARDINS DES QUAIS (BORDEAUX)	Offices/retail	50	18

DCF valuation

CASH FLOW (EUR m)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Sales	14.7	15.2	16.7	11.7	11.8	13.0	14.3	15.5	16.8	18.0	19.0	19.3
% change		3.2%	9.6%	-30.0%	0.7%	10.7%	9.7%	8.8%	8.1%	7.5%	5.2%	1.7%
EBITDA (including capital gain)	26.8	12.0	32.8	26.8	21.8	22.5	23.3	19.0	19.7	20.4	21.0	21.2
% margin		79.1%	196.6%	229.3%	185.5%	173.2%	163.0%	122.3%	117.5%	113.3%	110.6%	109.7%
% change		-55.1%	172.2%	-18.4%	-18.5%	3.3%	3.2%	-18.4%	3.8%	3.7%	2.7%	0.9%
Depreciation & other provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% sales		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITA	26.8	12.0	32.8	26.8	21.8	22.5	23.3	19.0	19.7	20.4	21.0	21.2
% margin		182.0%	79.1%	196.6%	229.3%	185.5%	173.2%	163.0%	122.3%	117.5%	113.3%	110.6%
% change		-55.1%	172.2%	-18.4%	-18.5%	3.3%	3.2%	-18.4%	3.8%	3.7%	2.7%	0.9%
Taxes	-2.9	-2.7	-0.9	-0.9	-0.9	-1.0	-1.1	-1.2	-1.3	-1.4	-1.4	-1.5
Normative tax rate		33.6%	34.4%	9.3%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
NOPLAT	23.9	9.3	31.9	25.9	20.9	21.6	22.2	17.8	18.5	19.1	19.6	19.7
Depreciation & other provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% sales		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Operating Cash Flow	23.9	9.3	31.9	25.9	20.9	21.6	22.2	17.8	18.5	19.1	19.6	19.7
Capex	15.9	-6.4	60.1	17.3	-20.0	-20.0	-20.0	-20.0	-20.0	-20.0	-10.0	0.0
% sales		-107.7%	42.1%	-360.4%	-148.5%	170.2%	153.7%	140.2%	128.8%	119.2%	110.9%	52.7%
Change in Net Working Capital (=increase;+/-decrease)	-1.1	-3.9	11.1	-1.1	0.0	0.6	0.6	0.6	0.6	0.6	0.4	0.1
Cash Flow to be discounted	37.7	-0.6	99.5	40.6	2.7	3.7	4.2	-0.3	0.2	0.8	10.5	19.9
DCF EVALUATION (EUR m)												
WACC				6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%	6.23%
Discount Rate factor				1.00	0.95	0.89	0.84	0.79	0.74	0.70	0.66	0.62
Discounted Cash Flow				40.6	2.5	3.3	3.5	-0.2	0.2	0.5	6.9	12.3
Cumulated DCF				40.6	43.1	46.4	49.9	49.6	49.8	50.3	57.2	69.6
WACC & DCF ANALYSIS												
Free Risk Rate (FRR)	4.5%											
Company Risk Factor or Beta (CRF)	1.10											
Mkt Risk Premium (MRP)	4.0%											
Cost of Equity (Ke or COE)	8.90%											
Cost of Debt (gross)	5.5%											
Debt tax rate	13%											
Cost of Debt net (Kd or COD)	4.79%											
Target gearing (D/E) or % Kd	65.0%											
% Ke	35.0%											
Normative Tax Rate	13%											
WACC	6.23%											
Cumulated DCF						69.6						
Perpetual Growth Rate (g)						1.1%						
Normalised Annual CF						20.1						
Terminal Value @ 12/2015						394.4						
Disc. Rate of Terminal Value						0.62						
Discounted Terminal Value						244.3						
Financial assets						14.3						
Enterprise Value (EUR m)						328.3						
- Net Financial Debt												(98.5)
- Minorities (estimated value)												0.0
+ Associates												66.0
- Pension underfunding												0.0
Equity Market Value												295.8
Pref. Dividend												(40.0)
Clean Equity Mkt Value												255.8
Number of shares (m)												11.4
Fair Value per share (EUR)												22.5

Source: ESN estimates

SWOT analysis

Strengths <ul style="list-style-type: none">• Well diversified revenue mix• Synergies with Affine and closely related companies (e.g. Montea)	Weaknesses <ul style="list-style-type: none">• Relatively low liquidity• High dependence on the office market, but balanced by the conference/exhibition centres
Opportunities <ul style="list-style-type: none">• Increase the gearing ratio• Recovery of the Brussels office market	Threats <ul style="list-style-type: none">• Increased real interest rates• Increased scarcity of investment opportunities

Banimmo: Summary tables

PROFIT & LOSS (EUR m)	2004	2005	2006	2007 e	2008 e	2009 e
Sales	14.759	15.237	17.549	11.670	11.754	13.010
EBITDA	8.639	7.993	9.431	6.757	6.806	7.533
Capital gains & assets revaluation	18.000	3.586	19.718	20.000	15.000	15.000
EBITA	26.639	11.579	29.149	26.757	21.806	22.533
GW Amortisation	0.000	0.000	0.000	0.000	0.000	0.000
EBIT	26.639	11.579	29.149	26.757	21.806	22.533
Net Financial Interest	-6.240	-5.507	-5.522	-2.081	-1.494	-2.806
Other Financials	0.000	0.000	0.000	1.063	1.090	1.117
Extraordinary Items	0.932	0.000	0.000	0.000	0.000	0.000
Earning Before Tax (EBT)	21.331	6.072	23.627	25.739	21.401	20.844
Tax	-7.170	-2.089	-2.195	-3.309	-2.987	-2.823
<i>Tax rate</i>	<i>33.6%</i>	<i>34.4%</i>	<i>9.3%</i>	<i>12.9%</i>	<i>14.0%</i>	<i>13.5%</i>
Associates	0.344	0.764	1.325	1.500	1.530	1.561
Minorities	0.000	0.000	0.000	0.000	0.000	0.000
Net Profit (reported)	14.505	4.747	22.757	23.930	19.944	19.581
Net Profit (adj.)	14.694	5.210	30.387	24.618	19.303	18.665
CASH FLOW (EUR m)	14.51	4.75	22.76	22.87	18.85	18.46
Net Profit (reported) + Minorities	14.5	4.7	22.8	22.9	18.9	18.5
Non cash items	-18.0	-3.6	-19.7	-20.0	-15.0	-15.0
Cash Flow	-3.5	1.2	3.0	2.9	3.9	3.5
Change in Net Working Capital	-1.1	-3.9	11.1	-1.1	0.0	0.6
Capex	15.9	-6.4	60.1	17.3	-20.0	-20.0
Operating Free Cash Flow (OpFCF)	11.3	-9.1	74.2	19.1	-16.1	-16.0
Net Financial Investment	0.0	0.0	0.0	0.0	0.0	0.0
Dividends on ordinary shares	-10.1	-7.3	-11.1	-20.1	-13.1	-12.5
Others (incl.Capital Increase)	-11.2	1.6	-11.7	56.7	0.0	0.0
Free Cash Flow	-10.1	-14.8	51.4	55.6	-29.2	-28.4
NOPLAT	6.1	5.4	4.2	4.9	4.9	5.4
BALANCE SHEET (EUR m)						
Net Tangible Assets	220.6	223.6	194.2	176.8	196.8	216.8
Net Intangible Assets (ex Goodwill)	0.0	0.0	0.3	0.3	0.3	0.3
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Others (*)	12.6	20.4	26.2	26.2	26.2	26.2
Total Fixed Assets	233.2	244.0	220.7	203.3	223.3	243.3
Net Working Capital	2.1	4.6	-6.5	-5.4	-5.4	-6.0
Total Net Assets	235.38	248.53	214.14	197.95	217.91	237.33
Shareholders Equity	93.5	90.9	105.4	164.8	170.6	176.6
Minorities equity	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	135.1	149.9	98.5	42.8	72.0	100.4
Provisions (pension&others related to cost)	6.8	7.7	10.3	10.3	10.3	10.3
Other Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
PER SHARE DATA (EUR)						
EPS (reported)	1.68	0.55	2.63	2.11	1.76	1.72
EPS (adj.)	1.70	0.60	3.51	2.17	1.70	1.64
CFPS	1.70	0.60	3.51	2.17	1.70	1.64
BVPS	10.81	10.51	12.18	14.51	15.02	15.55
DPS	0.30	0.85	2.33	1.15	1.10	1.07

Recommendation system

From the 18th October 2004, the Members of ESN use a **New Recommendation System**.

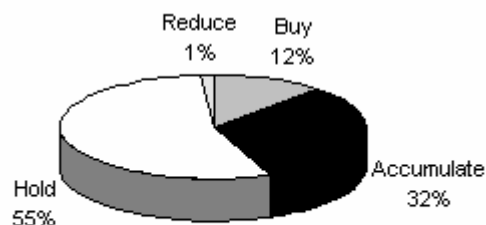
The new ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a total return, measured by the upside potential (including dividends) over a 6 months time horizon.

The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Meaning of each rating or recommendation:

- **Buy:** the stock is expected to generate a total return of **over 15%** during the next 6 months time horizon.
- **Accumulate:** the stock is expected to generate a total return of **5% to 15%** during the next 6 months time horizon.
- **Hold:** the stock is expected to generate a total return of **0% to 5%** during the next 6 months time horizon
- **Reduce:** the stock is expected to generate a total return of **0 to -15%** during the next 6 months time horizon
- **Sell:** the stock is expected to generate a total return **below -15%** during the next 6 months time horizon
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer or a related party of the issuer is or could be involved or to a change of analyst covering the stock
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