

# DEA CAPITAL

# BUY

SECTOR: Holdings & RE

Price (Eu):

2.02

Micaela Ferruta +39-02-77115.428  
e-mail: ferruta@intermonte.it

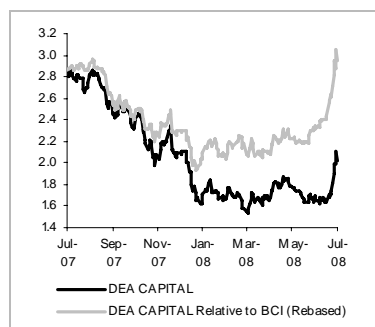
Target Price (Eu):

2.55

## DeA Capital to Acquire Leading Real Estate Fund Manager

- DeA Capital has announced the acquisition of 70% of FARE Holding.** FARE, founded in 1998 by Daniel Buaron, is the number four Italian operator in terms of assets under management and has two main assets: 1) First Atlantic RE SGR, an asset management company that runs four real estate funds, two of which (Atlantic 1 and Atlantic 2, i.e. the Berenice fund) are listed, with total AuM of about Eu2.8bn, and 2) First Atlantic Real Estate S.p.A., which provides asset management and property management services for both the group's own funds and other major international funds. In 2007, these two companies turned Eu9mn in net profit, a figure expected to rise considerably in 2008.
- The price agreed for 70% of FARE is Eu71.5mn** (including its Eu+5mn NFP), or 10.3x P/E '07 – without considering the strong growth expected in '08. A portion of this amount will be paid up front, part in cash and part in shares (11.5mn shares or 3.75% of the share capital arising from the BuyBack, subject to a lock-up), while the remainder will be spread out over a 5-year period. In addition, if certain equity commitments related to funds that will be established following the deal are achieved by the end of 2009, there will be an additional payment of no more than Eu11mn. This multiple is in line with the alternative investment sector average but at a discount in terms of AuM multiples (the sector average is 4.4%, for this transaction it's 3.6%) thanks in part to Berenice, which has been under management since July 2008. A call option (for DeA Capital) and a put option (for Daniel Buaron) have been granted on the residual 30% of FARE Holding. These options can be exercised at market value. The purchase will be completed when the necessary authorization has been received from Banca d'Italia and the Antitrust authorities, expected during the final quarter of 2008.
- The acquisition fits into DeA's development process in the alternative investment business** and should fall under IDeA Alternative Investments, which owns already the AM companies of Investitori Associati and Wise SGR, with AuM currently at about Eu1.9bn. Following this deal, available cash should drop from Eu258mn to Eu188mn (plus potential credit lines that are currently unused). At current prices, DeA Capital is trading at a 28% discount to its NAV and a 36% discount to its investment value, thus representing a very interesting buying opportunity. DeA Capital 1H08 results will be disclosed on August, 29<sup>th</sup>.

### DEA CAPITAL - 12m Performance



**RATING: Unchanged**

**TARGET PRICE (Eu): Unchanged**

Change in EPS est:	2008E	2009E
	0.0%	0.0%

### STOCK DATA

Reuters code: DEA.MI  
Bloomberg code: DEA IM

Performance	1m	3m	12m
Absolute	19.0%	20.6%	-29.4%
Relative	24.3%	35.6%	2.2%
12 months H/L:	2.86/1.54		

### SHAREHOLDER DATA

No. of Ord. shares (mn):	307
Total No. of shares (mn):	307
Mkt Cap Ord (Eu mn):	619
Total Mkt Cap (Eu mn):	619
Mkt Float - ord (Eu mn):	233
Mkt Float (in %):	37.6%
Main shareholder:	
De Agostini	57.6%

### BALANCE SHEET DATA

	2008
Book value (Eu mn):	873
BVPS (Eu):	2.85
P/BV:	0.7
Net Debt (Eu mn):	-258
NAV (Eu mn)	873

Key Figures	2006A	2007A	2008E	2009E	2010E
EBIT (Eu mn)	(5)	(4)	(4)	(4)	(5)
Net profit (Eu mn)	86	4	12	27	34
EPS - New (Eu)	0.49	0.02	0.04	0.09	0.11
EPS - Old (Eu)	0.49	0.02	0.04	0.09	0.11
DPS (Eu)	0.00	0.00	0.00	0.00	0.00
NAVPS (Eu)	1.51	2.81	2.85	2.94	3.05

Ratios & Multiples	2006A	2007A	2008E	2009E	2010E
P/E	4.1	nm	49.8	22.5	18.1
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
P/NAVPS	1.3	0.7	0.7	0.7	0.7
ROCE					

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein, and of any of its parts, is strictly prohibited. None of the contents of this document may be shared with third parties without Company authorization.

**DEA CAPITAL - KEY FIGURES**

		2006A	2007A	2008E	2009E	2010E
Fiscal year end		31/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	1	0	0	0	0
	EBITDA	0	0	0	0	0
	EBIT	(5)	(4)	(4)	(4)	(5)
	Financial income (charges)					
	Associates & Others	1	(7)	7	21	28
	Pre-tax profit (loss)	11	3	12	27	34
	Taxes	(0)	(1)	0	0	0
	Tax rate (%)	1.2%	26.1%	0.0%	0.0%	0.0%
	Minorities & discontinue activities	76	2	0	0	0
	Net profit	86	4	12	27	34
	Total extraordinary items					
	Ebitda excl. extraordinary items					
Ebit excl. extraordinary items						
Net profit restated	86	4	12	27	34	
<b>PER SHARE DATA (Eu)</b>	Total shares out (mn) - average fd	177	307	307	307	307
	EPS stated fd	0.49	0.02	0.04	0.09	0.11
	EPS restated fd	0.49	0.02	0.04	0.09	0.11
	BVPS fd	1.51	2.81	2.85	2.94	3.05
	NAVPS fd	1.51	2.81	2.85	2.94	3.05
	Dividend per share (ord)	0.00	0.00	0.00	0.00	0.00
	Dividend pay out ratio (%)					
<b>CASH FLOW (Eu mn)</b>	Change in NWC					
	Capital expenditure					
	Other cash items					
	Free cash flow (FCF)					
	Acquisitions, divestments & other					
	Dividend					
Change in Net Financial Position		178	(158)	10	10	
<b>BALANCE SHEET (Eu mn)</b>	Total fixed assets	29	444	615	632	656
	Net working capital	(1)	0	0	0	0
	Long term liabilities					
	Net capital employed	29	444	615	632	656
	Net financial position	(238)	(416)	(258)	(268)	(278)
	Group equity	267	860	873	900	934
	Minorities	0	0	0	0	0
	Net equity	267	860	873	900	934
<b>NAV DATA (Eu mn)</b>	Properties and other assets - Book value					
	Properties and other assets - Market value					
	NAV	267	860	873	900	934
<b>RATIOS(%)</b>	EBITDA margin*					
	EBIT margin*					
	Gearing - Debt/equity	89.3%	48.3%	29.6%	29.8%	29.8%
	Interest cover on EBIT					
	Debt/Ebitda	nm	nm	nm	nm	nm
	Capex as % sales					
	ROCE*					
<b>GROWTH RATES (%)</b>	Sales	nm	-97.5%	2.0%	2.0%	2.0%
	EBITDA*					
	EBIT*					
	Net profit	nm	-95.4%	211.6%	120.6%	24.4%
EPS restated	nm	-96.6%	145.6%	120.6%	24.4%	

\* Excluding extraordinary items

Source: Intermonte SIM estimates

## FARE Holding Acquisition \_ peer group

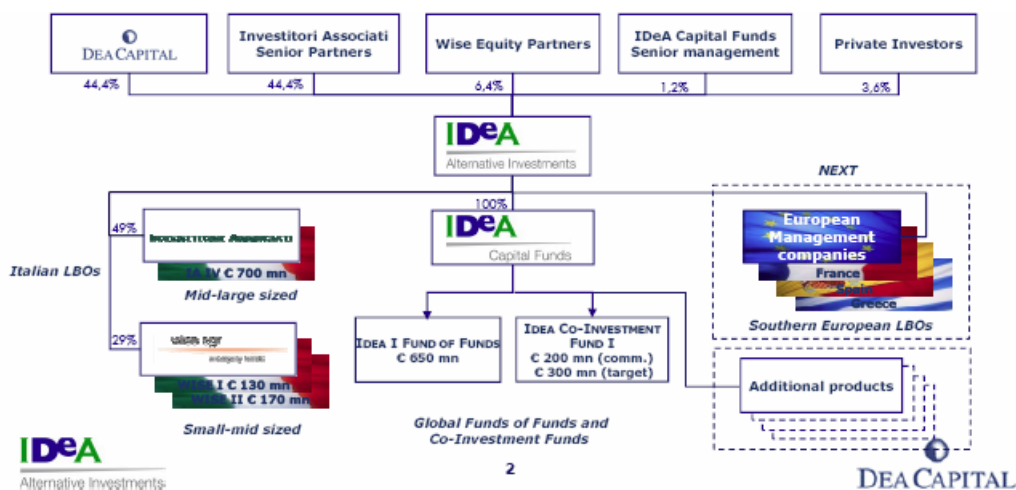
Peer group

Minibase in EUR as of 24/07/08

Company	Crcy	Price	Mkt Cap I.c.	AUM Eu bn	P/AUM	P / E		
						2007	2008	2009
<b>Traditional Asset Managers</b>								
Aberdeen Asset Management	EUR - Euro	1.77	1,270	103	1.2%	12.2x	14.1x	10.8x
Anima S.G.R.p.A.	EUR - Euro	1.20	125	10	1.2%	6.4x	8.0x	10.4x
Azimut Holding SpA	EUR - Euro	5.42	773	15	5.3%	7.8x	11.6x	7.3x
F&C Asset Management	GBP - UK F	1.27	626	99	0.6%	9.4x	10.2x	9.5x
Henderson Group	EUR - Euro	1.48	1,064	10	11.2%	10.4x	11.3x	10.8x
Rathbone Brothers	EUR - Euro	9.94	425	13	3.3%	9.0x	9.6x	8.9x
Schroders	GBP - UK F	12.31	3,416	138	2.5%	9.2x	10.1x	8.0x
<b>Alternative Asset Managers</b>								
Ashmore Group Plc		3.00	2,129	24	8.8%	17.3x	12.6x	10.7x
Bluebay Asset Management Plc		3.30	636	11	6.0%	14.2x	13.8x	10.0x
Charlemagne Capital Ltd.		0.44	124	4	3.6%	3.2x	7.4x	4.3x
Hargreaves Lansdown Plc		1.86	884	11	8.3%	21.8x	16.9x	14.2x
RAB Capital Plc		0.49	248	5	5.2%	5.7x	8.4x	5.8x
<b>Average</b>					<b>4.8%</b>	<b>10.5x</b>	<b>11.2x</b>	<b>9.2x</b>
<b>Median</b>					<b>4.4%</b>	<b>9.3x</b>	<b>10.7x</b>	<b>9.8x</b>
<b>RE service Co</b>								
Colliers CRE PLC	EUR - Euro	0.55	26			3.0x	14.2x	10.4x
Savills	EUR - Euro	2.79	367			4.5x	7.0x	7.4x
Dtz Holdings	GBP - UK F	1.71	101			6.1x	6.7x	6.0x
Rok Plc	GBP - UK F	1.13	202			6.6x	6.2x	5.5x
<b>Average</b>						<b>5.0x</b>	<b>8.5x</b>	<b>7.3x</b>
<b>Median</b>						<b>5.3x</b>	<b>6.8x</b>	<b>6.7x</b>

Source: Intermonte SIM estimates, JCF consensus

## IDEA ALTERNATIVE investment Current structure (Before the acquisition of FARE)



Source: Company Presentation

**DISCLAIMER** (for more details go to <http://intermonte.it/disclosures.asp>)

**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors "Institutions" and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution. The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by the Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a "solicitation to buy or sell securities" as defined by art.1 comma 1, lett.f) of Decree Law 58/1998.

This disclaimer is constantly updated on Intermonte's website [www.intermonte.it](http://www.intermonte.it) under **DISCLOSURES**. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question.

**ANALYST CERTIFICATION**

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities. Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

**GUIDE TO FUNDAMENTAL RESEARCH**

Reports on all companies listed on the S&PMB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report is sent to the subject company for its information, but unless expressly stated in the text of the report, no changes are made before it is published. Explanation of our ratings system:

- BUY:** stock expected to outperform the market by over 25% over a 12 month period;
- OUTPERFORM:** stock expected to outperform the market by between 10% and 25% over a 12 month period;
- NEUTRAL:** stock performance expected at between +10% and -10% compared to the market over a 12 month period;
- UNDERPERFORM:** stock expected to underperform the market by between -10% and -25% over a 12 month period;
- SELL:** stock expected to underperform the market by over 25% over a 12 month period.

The stock price indicated is the reference price on the day prior to the publication of the report.

**CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS**

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 98 in the register of brokerage firms. As at June 30 th 2008 Intermonte's Research Department covered 151 companies. Intermonte's distribution of stock ratings is as follows:

BUY	OUTPERFORM	NEUTRAL	UNDERPERFORM	SELL
26.49%	26.49%	26.81%	19.21%	1.32%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (24 in total) is as follows:

BUY	OUTPERFORM	NEUTRAL	UNDERPERFORM	SELL
37.5%	29.17%	33.33%	0.0%	0.0%

**CONFLICT OF INTEREST**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without company authorization.

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without company authorization.

This report is directed exclusively at market professional and institutional investor customers and is not for distribution to private customers, who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to such private customers.

The information and data in this report has been obtained from sources which we believe to be reliable, though the accuracy of which is not guaranteed. Its main scope is to offer up-to-date and accurate information; it should not, therefore, be intended as a solicitation or offer to buy or sell securities.

In order to disclose its possible conflicts of interest Intermonte SIM states that:

- the Parent Company, Banca Monte dei Paschi di Siena, owns, directly or indirectly, a significant stake (more than 1% of the share capital) in the following Companies: Aeroporto di Firenze, Alerion Industries S.p.A., Banca Popolare di Spoleto, Cir Energia (Gruppo CIR), Dada, EL.EN, Fiat, Kerself, Snia, Sorin, Unipol;
- a few members of the Board of Directors of the following Companies have positions within Banca Monte dei Paschi di Siena Group: Aeroporto di Firenze, Alerion Industries S.p.A., Banca Popolare di Spoleto, BNL, Callagione S.p.A., Callagione Editore, Cementir, Dada, EL.EN, Engineering, Sias, Sorin, Unipol, Vianini Industria, Vianini Lavori;
- within the last year, Intermonte SIM managed or co-managed / is managing or is co-managing (see companies indicated in **bold** type) an Institutional Offering of the securities of the following Companies: Arkimedica, **Biancamano**, **Conafi**, **Omnia Network**, Pierrel (private placement), Monti Ascensori (private placement), **Pramac**;
- in the last year Intermonte, Banca Monte Paschi di Siena and/ or other banks in the group have acted or are acting (see companies in **bold** type) as Lead Manager or Co-Lead Manager in consortia for the placement of shares, or to guarantee rights issues, of the following companies: **Biancamano**, **Conafi**, **Kerself** (also Financial Advisor) **Omnia Network**, **Pramac**;
- Intermonte SIM is Sponsor in accordance with the Italian Securities Markets regulations, with the related obligation of coverage and distribution of research, of the following Companies: Arkimedica, Biancamano, Caleffi, Conafi, Omnia Network, RDM Realty;
- Intermonte SIM is Specialist, in accordance with the Italian Securities Markets regulations, with the related obligation of coverage and distribution of research, of the following Companies: B&C Speakers, Biancamano, Buongiorno, Caleffi, Cogeme, Datalogic, DeA Capital, Dmail, Digital Bros, EEMS, Fiera Milano, FMR Artè, Kerself, M&C Management e Capital, Monti Ascensori, Pierrel, Reno de Medici, RDM Vallog, Saes Getters, Servizi Italia, TAS, Trevisan, TXT e-solutions;
- Banks of the Banca Monte dei Paschi di Siena Group, issue financial instruments related to the shares of the following Companies and/or are market makers and/or are arrangers and/or are distributors: Autostrade, Banca Fideuram, Banca Intesa, Bipop-Carife, Edison, Enel, Eni, Erg, Fiat, Generali Assicurazioni, Impregilo, Mediaset, Mediolanum, Pirelli & C., Ras, SanPaolo-IMI, Seat Pagine Gialle, Telecom Italia, Tiscali, Unicredito Italiano;
- the Monte Paschi di Siena banking group provides a significant amount of financing to the following Companies: Alitalia, Camfin, Datalogic, Fiat, Hera, Pirelli & C., Pirelli & C. Real Estate, Seat Pagine Gialle, Telecom Italia

**DETAILS ON STOCK RECOMMENDATION**

Stock NAME	DEA CAPITAL		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	2.55	Previous Target (Eu):	2.50
Current Price (Eu):	2.02	Previous Price (Eu):	1.66
Date of report:	28/07/2008	Date of last report:	18 /02/08

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [www.intermonte.it/mifid](http://www.intermonte.it/mifid)

Further information is available