

24 July 2009

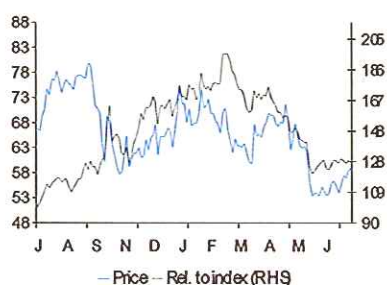
BEFIMMO

3Q09 trading update - resilience

REAL ESTATE
BELGIUM

CURRENT PRICE € 58.94
TARGET PRICE € 58.00

HOLD
RATING UNCHANGED



Source: Thomson Financial Datastream

Bloomberg BEFB.BB
Reuters BEFB.BR
www.befimmo.be
Market Cap € 989.6m
Shares outst. 16.8m
Volume (daily) € 1,550,837
Free float 77.6%
Next corporate event

Results FY09: 18 November 2009

(€ m)	2008	2009E	2010E
Current Result	50.6	67.4	76.8
Portf. Result	2.5	-77.1	-20.7
Net Profit	53.1	-9.7	56.1
Adj. EPS (€)	3.88	4.82	4.57
NAV (€)	74.0	58.3	60.6
P/E (x)	19.1	12.2	12.9
DPS (€)	4.55	4.40	3.90
Dividend yield	6.1%	7.5%	6.6%

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News:

Befimmo published its 3Q09 trading update. We summarize the highlights: i) recurring EPS for 9M09 at € 3.98, up 27% y/y and on track to meet FY guidance of € 4.98. Note the new shares created through the rights issue are only entitled to participate in the result as from 4Q09, ii) limited decline of 0.4% of the portfolio value in the third quarter bringing the spot NAV at € 58.7 per share (fully diluted and post the € 3.36 interim dividend).

Our View:

Recurring EPS was higher than our € 3.69 estimate on the back of an exceptionally high NOI margin. We underscore y/y comparisons are not relevant because of the ongoing renovation programme. The full impact of the latter will become visible by 2011-12 but by that time the cost of debt will have normalized (higher base rates, higher credit spreads). As a consequence we see the long-term EPS potential at € 4.25-4.50 excluding any new investments (a € 100m acquisition could add 2.5%).

The mark-to-market on the portfolio was contained at <1% in line with our forecast. The cumulative downward adjustments since the peak now stand at -3.5% and we expect this resilience to continue as a reflection of the long lease duration (10y) and high proportion of triple-A tenants (66% public institutions). With a LTV of 45% (post capital raising) and no refinancing needs before 2011 there is also not much of an issue so we expect the focus to shift towards the cash flow potential (lettings on the pipeline, new acquisitions).

Conclusion:

We believe the shares are trading within what we see as a fair value range of € 57-62. On current pricing the forward dividend yield is 6.6% (on a 90% payout) reflecting investor appeal for the defensive assets and conservative leverage applied to the business. Hold.