

## Belgium

# Befimmo

## 1QFY09/10 results update

### Real Estate

17 March 2010

**€60.8**

**Befimmo's 1QFY09/10 results were slightly ahead of our estimates, due to a number of important new leases and likely lower lease incentives. As acquisition opportunities remain absent, we see limited share price triggers. HOLD.**

We received valuable management feedback on our report (*Benelux Real Estate, Crisis controlled, directions for recovery*, 5 February 2010) and the corporate governance structure of Befimmo. We have changed our view on the influence of AG Insurance on Befimmo SCA and consider that checks and balances put in place ensure that AG Insurance has no influence on the company that would negatively impact other shareholders. We adjust our 2008/09 per share numbers to reflect the 2-for-7 €166.6m rights issue.

Befimmo has a very solid tenant base with c.63% (September 2009) of its portfolio let to public institutions on long leases. As a result, it is well positioned to outperform in a double-dip recovery. However, we do not believe in a double-dip recovery, but in a shallow V-shaped recovery. We appreciate the significant SRI effort that Befimmo is making.

#### Key ratios and forecasts

Yr to Sept	FY07/08*	FY08/09*	FY09/10F	FY10/11F	FY11/12F	FY12/13F
EPS adj (€)	4.09	4.39	4.85	4.81	4.80	4.87
PER (x)	14.9	13.8	12.5	12.6	12.7	12.5
Net yield (%)	5.8	6.2	6.5	6.6	6.8	6.9
IFRS NAV per share (€)	70.0	58.9	58.3	59.1	60.0	60.9
EPRA NAV per share (€)	N/A	N/A	N/A	N/A	N/A	N/A
EPRA NNNNAV per share (€)	N/A	N/A	N/A	N/A	N/A	N/A
P/IFRS NAV (%)	0.87	1.03	1.04	1.03	1.01	1.00
DPS (€)	4.30	4.22	3.90	4.09	4.08	4.14
Dividend yield (%)	7.1	6.9	6.4	6.7	6.7	6.8
CFPS (€)	4.33	4.39	4.85	4.82	4.81	4.88
LTV (%)	46.0	40.9	40.5	39.5	38.7	37.8

\*Per share data are restated retroactively by a scrip factor to reflect the June 2009 rights issue.

Source: Company data, ING estimates

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Maintained

# Hold

18 March 2010

Target price (12 month):

**€61.2**

Reuters

BFB BR

#### 12-month forecast returns (%)

Share price	0.6
Dividend	6.4
12m f'cst total return	7.0

#### Key ratios (%)

Yr to Sept	FY08/09	FY09/10F
Rental growth	8.7	2.9
Operating margin	89.1	88.7
Occupancy rate	93.7	93.4

#### Share data

No. of shares (m)	16.8
Daily turnover (shares)	23,926
Free float (%)	81
Enterprise value (€m)	1,793
Market cap (€m)	1,021

#### Share price performance



Source: ING

# Investment case

## ***We have adjusted our view on Befimmo's corporate governance***

Following publication of our report, *Benelux Real estate, Crisis controlled, directions for recovery*, we had detailed discussions with Befimmo's management regarding corporate governance. Our understanding of the corporate structure has improved and below we present our findings. We have changed our view on the influence of AG Insurance on Befimmo SCA and consider that the checks and balances put in place ensure that AG Insurance has no influence on the company that would negatively impact other shareholders.

## **Corporate governance revisited**

### ***Befimmo is a Limited Partnership***

According to the Belgian Royal Decree of 10 April 1995, Belgian REITs (referred to as Sicafi/Bevak) have the option of choosing between a Limited Partnership<sup>1</sup> legal form or a Limited Liability<sup>2</sup> legal form. Befimmo has chosen the Limited Partnership legal form, as is the case with Leasinvest Real Estate and WDP. Cofinimmo, Aedifica and Home Invest Belgium carry the Limited Liability legal form. The key difference between the legal forms is the presence, in the case of a limited partnership company, of non-acting partners (shareholders owning shares in Befimmo SCA listed on Euronext) and an acting partner (Befimmo SA), which is the Statutory Manager of the REIT.

### ***Befimmo SA carries management responsibility, unlimited liability and a right of veto***

The listed structure is referred to as Befimmo SCA, which is quoted on Euronext Brussels and Paris, and is monitored by the Belgian Commission for Banking, Finance and Assurance (CBFA) and its French equivalent. Management is fully internalised in this structure. The board of directors is in the Statutory Manager of Befimmo SCA, referred to as Befimmo SA. Being part of a Limited Partnership structure, the Statutory Manager is directly supervised by the CBFA and carries unlimited liability for all obligations of the REIT. It also has a right of veto at the shareholders meeting of Befimmo SCA. Befimmo's corporate governance charter states it has decided to apply the same principles of corporate governance to the directors of its Statutory Manager. The Promoter of the REIT is Fortis Real Estate Asset Management, which controls the Statutory Agent (100%).

### ***AG Insurance has, in itself or through associated companies, three interests in Befimmo SCA***

The Statutory Manager, Befimmo SA, is owned by Fortis Real Estate Asset Management SA (FREAM), previously Bernheim Comofi SA. FREAM is a subsidiary of Fortis Real Estate, which, in itself is a subsidiary of AG Insurance. AG Insurance has, in itself or through its associated companies, three interests in Befimmo SCA:

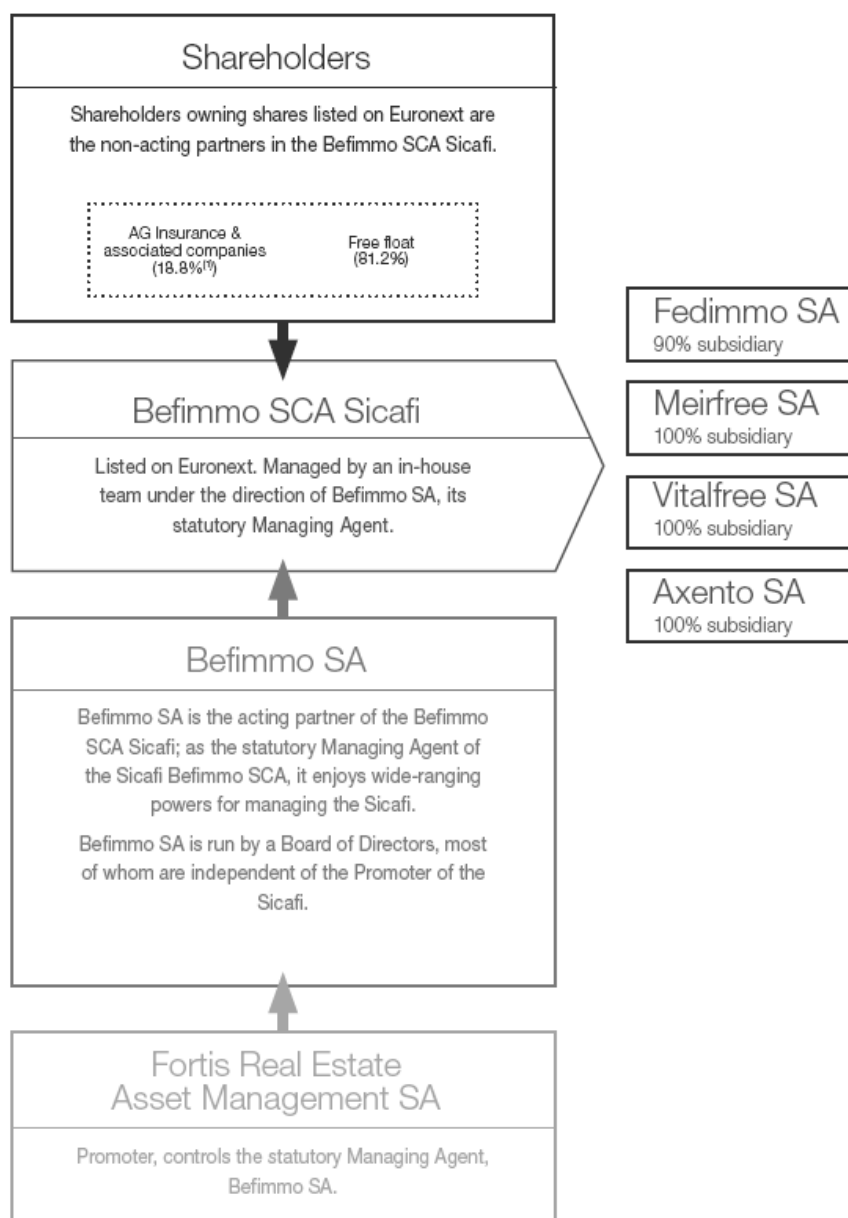
- (1) Shareholder of Befimmo SCA (18.8%).
- (2) Owner of Befimmo SA (100%).
- (3) Property management services for the properties of Befimmo SCA through its fully-owned subsidiary FREAM. We see valuable opportunities in knowledge sharing between Fortis Real Estate and Befimmo SCA.

The Board of Directors consists of nine members, two of which represent Fortis Real Estate Asset Management (including the Chairman of the Board), Befimmo's Promoter. There are five independent board members, according to the law. Benoît De Bleeck, Befimmo's CEO, is the only executive director.

<sup>1</sup> Société en Commandite par Actions/Commanditaire Vennootschap onder Aandelen

<sup>2</sup> Société Anonyme/Naamloze Vennootschap

**Fig 1 Corporate structure**



Source: Befimmo 2009/10 annual report

***The promoter may be biased to increase the total annual cash flow...***

***...but its power is balanced by the strong independent members***

***Excellent footprint disclosure***

Befimmo SA's remuneration is based on 2% of the annual cash flow realised by Befimmo SCA. As a consequence, Befimmo's Promoter may favour a strategy focused on increasing the total annual cash flow, whereas investors focus on cash flow per share. The independent board members of the company have a strong reputation and extensive experience, both in finance and real estate. In the case of a takeover attempt of Befimmo SA, the board of directors has a right of first refusal, provided it introduces to the Promoter a purchaser for the Befimmo SA shares on the same takeover conditions that were initially made.

**Strong focus on socially responsible investment**

We believe that Befimmo is doing a good job on its socially responsible behaviour. As CO<sub>2</sub> emissions and other environmental footprints are potentially going to be taxed or outlawed in the future, Befimmo is right to spend time and money on measuring the impact of its portfolio. Figure 2, from Befimmo's annual report, describes the insulation, energy use and CO<sub>2</sub> emissions of the company's larger renovations. They illustrate

that Befimmo is doing significantly more to create responsible buildings than required by law. We have not seen this detail at other Benelux property companies.

**Fig 2 Improvement in environmental performance linked to major renovations**

	Standard renovation in line with the Brussels EPB <sup>(1)</sup>	Telex 2007 (formerly known as Impératrice)	Science-Montoyer 2008	Froissart 2008	Paradis 2008	Science-Montoyer (new project) 2009 <sup>(2)</sup>
K-level <sup>(3)</sup>	45	37	34	28	41 <sup>(4)</sup>	32
E-level <sup>(5)</sup>	90	<80	<70	<70	63	63
CO <sub>2</sub> emissions (KG/m <sup>2</sup> )	65 <sup>(6)</sup>	33.75	24.92	27.28	15 <sup>(7)</sup>	23.04
"Cost overrun" (%)		5.14	8.40	8.10	5	8.60
Floor area (m <sup>2</sup> )		15,524	4,921	3,185	38,000	N/A

(1) For permits applied for since 1 July 2009. EPB: Energy performance of buildings

(2) The concepts and studies were revised to optimise performance

(3) K-level = a building's overall thermal insulation level

(4) An office tower block

(5) E-level = a building's primary energy consumption level

(6) This is an average value, not a mandatory minimum

(7) At least 10% of basic electricity needs are met by green production on site (photovoltaic panels and wind generators) and the use of heat pumps

Source: Company data

### Correction of per share data for rights issues

**Historic per share numbers must be adjusted by a scrip factor of 0.9456**

We adjust the historic per share numbers of Befimmo for the 2-for-7 €166.6m rights issue in June 2009. An adjustment is made to the historical share count to reflect the scrip issue, this scrip factor is calculated as the cum rights price/TERP. As a result, historical per share metrics are lower. We illustrate the calculation of the adjustment factor in Figure 3. The earnings and dividend per share metrics for 2008/09 have been adjusted pro rata temporis.

**Dividend yield sustained, dividend cut confirmed**

Befimmo management focused on the dividend yield at the time of the rights issue. To that extent, the dividend post-issuance has been calculated by Befimmo in order to maintain the same dividend yield (on TERP) as the one before the rights issue (6.9%). We calculated the dividend has been cut from FY08/09 to FY09/10 by 7.5%, after adjusting historical per share data by the scrip factor.

**Fig 3 Calculation of scrip factor**

No. of shares	13,058,969
Newly issued shares	3,731,134
Reference share price (€)	62.47
Dividend per share interim (€)	(3.36)
Ex-interim dividend per share (€)	59.11
Issue price (€)	44.65
Structure of rights issue	2-for-7
New no. of shares	16,790,103
Theoretical ex-rights price (TERP) (€)	55.89
<b>Scrip factor</b>	<b>0.9456</b>
<b>Reverse scrip factor</b>	<b>1.0575</b>

Source: ING estimates

We continue to value Befimmo at a 5% premium to our FY09/10F IFRS NAV of €58.3 per share.

# Financials

**Fig 4 Balance sheet (€m)**

As at 30 Sept	FY08/09	FY09/10F	FY10/11F	FY11/12F	FY12/13F	FY13/14F	FY14/15F
Goodwill	15.9	15.9	15.9	15.9	15.9	15.9	15.9
Investment properties	1,918.3	1,885.4	1,882.4	1,882.4	1,882.4	1,882.4	1,882.4
Other PP&E	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Fixed assets	1,939.7	1,906.8	1,903.8	1,903.8	1,903.8	1,903.8	1,903.8
Assets held for sale	4.6	4.9	5.0	5.1	5.2	5.3	5.5
Current financial assets	0.6	0.6	0.6	0.6	0.7	0.7	0.7
Finance lease receivables	7.3	7.3	7.6	7.7	7.9	8.0	8.2
Trade receivables	23.5	24.5	25.2	25.7	26.2	26.7	27.3
Tax receivables and other current assets	3.3	3.1	3.1	3.2	3.3	3.3	3.4
Cash and cash equivalents	6.1	26.4	47.9	64.7	82.9	102.5	122.7
Deferred charges and accrued income	4.4	4.3	4.4	4.5	4.6	4.7	4.8
Current assets	49.7	71.0	93.8	111.6	130.8	151.4	172.5
<b>Total assets</b>	<b>1,989.4</b>	<b>1,977.8</b>	<b>1,997.6</b>	<b>2,015.4</b>	<b>2,034.6</b>	<b>2,055.2</b>	<b>2,076.3</b>
Equity to Befimmo shareholders	988.4	978.3	992.9	1,007.0	1,022.5	1,039.2	1,056.4
Minority interest	61.6	60.9	61.0	61.0	61.0	61.1	61.2
<b>Total equity</b>	<b>1,050.0</b>	<b>1,039.3</b>	<b>1,053.9</b>	<b>1,068.0</b>	<b>1,083.5</b>	<b>1,100.3</b>	<b>1,117.6</b>
Credit institutions	529.1	529.1	529.1	529.1	529.1	529.1	529.1
Finance leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial debt	216.3	216.3	216.3	216.3	216.3	216.3	216.3
Trade debts and other fixed debts	18.9	18.9	18.9	18.9	18.9	18.9	18.9
Long term liabilities	764.3	764.3	764.3	764.3	764.3	764.3	764.3
Provisions	2.4	2.4	2.5	2.6	2.6	2.7	2.7
Short term credit institutions	1.9	1.8	1.9	1.9	2.0	2.0	2.0
Financing leases	45.1	44.6	46.0	46.9	47.8	48.8	49.8
Other current financial debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade debt and other current debt	110.5	110.1	113.4	115.7	118.0	120.4	122.8
Accrued charges and deferred income	15.2	15.3	15.7	16.1	16.4	16.7	17.1
Current liabilities	175.1	174.3	179.5	183.1	186.8	190.6	194.4
<b>Total equity and liabilities</b>	<b>1,989.4</b>	<b>1,977.8</b>	<b>1,997.6</b>	<b>2,015.4</b>	<b>2,034.6</b>	<b>2,055.2</b>	<b>2,076.3</b>

Source: Company data, ING estimates

**Fig 5 Profit and loss (€m)**

Yr to Sept	FY08/09	FY09/10F	FY10/11F	FY11/12F	FY12/13F	FY13/14F	FY14/15F
Rental income	119.1	122.6	125.2	127.9	130.4	133.1	135.7
Charges linked to letting	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Net rental income	118.6	122.2	124.8	127.5	130.1	132.7	135.3
Property result	131.8	134.4	137.3	140.3	143.1	146.0	148.9
Technical costs	(14.5)	(14.7)	(15.0)	(15.3)	(15.7)	(16.0)	(16.3)
Other costs (commercial, property mngt, etc)	(3.1)	(3.1)	(3.1)	(3.2)	(3.3)	(3.3)	(3.4)
Total property charges	(17.7)	(17.8)	(18.1)	(18.5)	(18.9)	(19.3)	(19.7)
Property operating result	114.1	116.7	119.1	121.7	124.2	126.7	129.2
Corporate management costs	(9.8)	(9.8)	(10.0)	(10.2)	(10.4)	(10.6)	(10.9)
Other income and charges	1.9	1.8	1.9	1.9	2.0	2.0	2.0
Operating result before result on portfolio	106.1	108.7	111.0	113.4	115.7	118.0	120.4
Gains or losses on disposals of investment property	0.2	0.0	0.0	0.0	0.0	0.0	0.0
FV on investment property	(75.0)	(37.5)	(2.9)	0.0	0.0	0.0	0.0
Operating result	31.4	71.2	108.1	113.4	115.7	118.0	120.4
Financial income	5.0	0.0	0.2	0.2	0.2	0.2	0.2
Interest charges	(30.0)	(24.7)	(27.6)	(30.3)	(31.4)	(31.4)	(31.4)
Total interest	(25.0)	(24.7)	(27.5)	(30.1)	(31.2)	(31.2)	(31.2)
FV on derivatives	(39.3)	0.0	0.0	0.0	0.0	0.0	0.0
Net financing expenses	(64.3)	(24.7)	(27.5)	(30.1)	(31.2)	(31.2)	(31.2)
Pre tax result	(32.9)	46.5	80.6	83.3	84.5	86.8	89.2
Corporation tax	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
<b>Net result</b>	<b>(33.4)</b>	<b>46.0</b>	<b>80.1</b>	<b>82.8</b>	<b>84.0</b>	<b>86.3</b>	<b>88.6</b>
Total direct result	75.7	83.6	82.9	82.6	83.8	86.1	88.5
Group share	73.8	81.5	80.8	80.6	81.7	84.0	86.3
Minorities	1.9	2.1	2.1	2.1	2.1	2.2	2.2
Total indirect result	(109.0)	(37.5)	(2.8)	0.2	0.2	0.2	0.2
Group share	(106.3)	(36.6)	(2.7)	0.2	0.2	0.2	0.2
Minorities	(2.7)	(0.9)	(0.1)	0.0	0.0	0.0	0.0

Source: Company data, ING estimates

**Fig 6 Cash flow statement (€m)**

Yr to Sept	FY08/09	FY09/10F	FY10/11F	FY11/12F	FY12/13F	FY13/14F	FY14/15F
Operating income	31.4	71.2	108.1	113.4	115.7	118.0	120.4
Interest paid	(24.3)	(24.7)	(27.6)	(30.3)	(31.4)	(31.4)	(31.4)
Interest received	2.6	0.0	0.2	0.2	0.2	0.2	0.2
Dividends received	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Taxes paid	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Fair value adjustments	(35.0)	0.0	0.0	0.0	0.0	0.0	0.0
Other income	(8.0)	0.0	0.0	0.0	0.0	0.0	0.0
Non cash adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in value of trade receivables	0.2	(0.9)	(0.7)	(0.5)	(0.5)	(0.5)	(0.5)
Change in value of PP&E	0.2	0.0	0.0	0.0	0.0	0.0	0.0
FV on investment portfolio	75.0	37.5	2.9	0.0	0.0	0.0	0.0
FV on fixed financial assets booked to earnings	35.0	0.0	0.0	0.0	0.0	0.0	0.0
Other items	6.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain on sales	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital assets	(1.7)	(0.1)	(0.6)	(0.4)	(0.4)	(0.4)	(0.4)
Change in working capital liabilities	6.5	(0.7)	4.6	3.1	3.2	3.3	3.3
<b>CF from operations</b>	<b>87.6</b>	<b>81.8</b>	<b>86.3</b>	<b>85.0</b>	<b>86.2</b>	<b>88.6</b>	<b>91.0</b>
Acquisition of Fedimmo	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of Meir and Vital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of Axento	(1.8)	0.0	0.0	0.0	0.0	0.0	0.0
Downpayment on buildings and similar	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquidation of La Hulpe certificates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment in investment properties	(29.8)	0.0	0.0	0.0	0.0	0.0	0.0
Disposals of investment properties	4.2	0.0	0.0	0.0	0.0	0.0	0.0
Other PP&E	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Hedging instruments and other financial assets	(1.8)	0.0	0.0	0.0	0.0	0.0	0.0
<b>CF from investing</b>	<b>(29.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Change in financial debt	(142.5)	0.0	0.0	0.0	0.0	0.0	0.0
Change in financial lease debt	(12.9)	(0.2)	0.6	0.5	0.5	0.5	0.5
Change in non-current debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase/decrease	159.5	0.0	0.0	0.0	0.0	0.0	0.0
Dividend for the previous fiscal year	(60.6)	(61.3)	(65.5)	(68.7)	(68.5)	(69.4)	(71.4)
<b>CF from financing</b>	<b>(56.7)</b>	<b>(61.5)</b>	<b>(64.9)</b>	<b>(68.2)</b>	<b>(68.0)</b>	<b>(68.9)</b>	<b>(70.8)</b>
Net change in cash	1.5	20.3	21.5	16.8	18.2	19.6	20.1
Cash BOP	4.6	6.1	26.4	47.9	64.7	82.9	102.5
Cash EOP	6.1	26.4	47.9	64.7	82.9	102.5	122.7

Source: Company data, ING estimates

**Fig 7 Per share data (€)**

	FY08/09*	FY09/10F	FY10/11F	FY11/12F	FY12/13F	FY13/14F	FY14/15F
No. of shares	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103
Total number of shares	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103
Average no of shares	14,302,680	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103
Direct result per share	4.39	4.85	4.81	4.80	4.87	5.00	5.14
Indirect result per share	(6.33)	(2.18)	(0.16)	0.01	0.01	0.01	0.01
<b>Total result per share</b>	<b>(1.94)</b>	<b>2.67</b>	<b>4.65</b>	<b>4.81</b>	<b>4.88</b>	<b>5.01</b>	<b>5.15</b>
DPS	4.22	3.90	4.09	4.08	4.14	4.25	4.37
IFRS NAV	58.9	58.3	59.1	60.0	60.9	61.9	62.9
Recurring CFPS	4.39	4.85	4.82	4.81	4.88	5.01	5.15
Recurring EPS	4.39	4.85	4.81	4.80	4.87	5.01	5.15

\*Average number of shares are restated during FY08/09 with the above calculated scrip factor to reflect the effect of a the rights issue on the per share data

Source: Company data, ING estimates

**Fig 8 Profit and loss on a half-yearly basis (€m)**

Yr to Sept	1H08/09	2H08/09	1H09/10F	2H09/10F	1H10/11F	2H10/11F	1H11/12F	2H11/12F
Rental income	57.8	61.3	61.4	61.2	62.2	63.0	63.6	64.3
Charges linked to letting	(0.3)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Net rental income	57.5	61.2	61.2	61.0	62.0	62.8	63.4	64.1
Property result	65.6	66.2	67.4	67.1	68.2	69.1	69.8	70.5
Technical costs	(8.1)	(6.5)	(7.4)	(7.3)	(7.5)	(7.6)	(7.6)	(7.7)
Other costs (commercial, property mngt, etc)	(2.2)	(1.0)	(1.5)	(1.5)	(1.6)	(1.6)	(1.6)	(1.6)
Total property charges	(10.2)	(7.4)	(8.9)	(8.9)	(9.0)	(9.1)	(9.2)	(9.3)
Property operating result	55.4	58.7	58.5	58.2	59.2	60.0	60.6	61.2
Corporate management costs	(5.1)	(4.8)	(4.9)	(4.9)	(5.0)	(5.0)	(5.1)	(5.1)
Other income and charges	0.7	1.2	0.9	0.9	0.9	0.9	1.0	1.0
Operating result before result on portfolio	51.0	55.1	54.5	54.2	55.1	55.9	56.4	57.0
Gains or losses on disposals of investment property	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FV on investment property	(50.3)	(24.6)	(25.1)	(12.4)	(2.9)	0.0	0.0	0.0
Operating result	0.9	30.5	29.4	41.9	52.2	55.9	56.4	57.0
Financial income	2.7	2.3	(0.1)	0.0	0.1	0.1	0.1	0.1
Interest charges	(18.1)	(11.9)	(12.0)	(12.7)	(13.5)	(14.2)	(14.9)	(15.3)
Total interest	(15.4)	(9.6)	(12.0)	(12.7)	(13.4)	(14.1)	(14.9)	(15.2)
FV on derivatives	(34.7)	(4.6)	0.0	0.0	0.0	0.0	0.0	0.0
Net financing expenses	(50.1)	(14.1)	(12.0)	(12.7)	(13.4)	(14.1)	(14.9)	(15.2)
Pre tax result	(49.3)	16.4	17.3	29.2	38.8	41.8	41.6	41.8
Corporation tax	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)
<b>Net result</b>	<b>(49.4)</b>	<b>16.1</b>	<b>17.1</b>	<b>28.9</b>	<b>38.6</b>	<b>41.5</b>	<b>41.3</b>	<b>41.5</b>
Total direct result	32.7	43.0	42.3	41.3	41.4	41.4	41.2	41.4
Group share	32.9	40.8	41.2	40.3	40.4	40.4	40.2	40.4
Minorities	(0.2)	2.2	1.1	1.0	1.0	1.0	1.0	1.0
Total indirect result	(82.1)	(26.9)	(25.2)	(12.3)	(2.9)	0.1	0.1	0.1
Group share	(82.6)	(25.5)	(24.6)	(12.0)	(2.8)	0.1	0.1	0.1
Minorities	0.5	(1.4)	(0.6)	(0.3)	(0.1)	0.0	0.0	0.0

Source: Company data, ING estimates



**Fig 9 Cash flow statement on a half-yearly basis (€m)**

Yr to Sept	1H08/09	2H08/09	1H09/10F	2H09/10F	1H10/11F	2H10/11F	1H11/12F	2H11/12F
Operating income	0.9	30.5	29.4	41.9	52.2	55.9	56.4	57.0
Interest paid	(15.2)	(9.1)	(12.0)	(12.7)	(13.5)	(14.2)	(14.9)	(15.3)
Interest received	2.0	0.6	(0.1)	0.0	0.1	0.1	0.1	0.1
Dividends received	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taxes paid	(0.2)	(0.4)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)
Fair value adjustments	0.0	(35.0)	0.0	0.0	0.0	0.0	0.0	0.0
Other income	(37.4)	29.5	0.0	0.0	0.0	0.0	0.0	0.0
Non cash adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in value of trade receivables	0.2	0.0	(1.0)	0.1	(0.4)	(0.3)	(0.3)	(0.3)
Change in value of PP&E	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
FV on investment portfolio	50.3	24.6	25.1	12.4	2.9	0.0	0.0	0.0
FV on fixed financial assets booked to earnings	33.2	1.8	0.0	0.0	0.0	0.0	0.0	0.0
Other items	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain on sales	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital assets	(9.0)	7.3	(0.2)	0.1	(0.3)	(0.3)	(0.2)	(0.2)
Change in working capital liabilities	9.4	(2.9)	(0.1)	(0.5)	2.9	1.7	1.8	1.3
<b>CF from operations</b>	<b>37.6</b>	<b>50.0</b>	<b>40.9</b>	<b>41.0</b>	<b>43.7</b>	<b>42.6</b>	<b>42.6</b>	<b>42.4</b>
Acquisition of Fedimmo	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of Meir and Vital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of Axento	0.0	(1.8)	0.0	0.0	0.0	0.0	0.0	0.0
Downpayment on buildings and similar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquidation of La Hulpe certificates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment in investment properties	(17.0)	(12.9)	0.0	0.0	0.0	0.0	0.0	0.0
Disposals of investment properties	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other PP&E	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedging instruments and other financial assets	0.0	(1.8)	0.0	0.0	0.0	0.0	0.0	0.0
<b>CF from investing</b>	<b>(12.9)</b>	<b>(16.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Change in financial debt	44.0	(186.6)	0.0	0.0	0.0	0.0	0.0	0.0
Change in financial lease debt	0.0	(12.9)	0.0	(0.2)	0.0	0.6	0.0	0.5
Change in non-current debt	0.1	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase/decrease	0.0	159.5	0.0	0.0	0.0	0.0	0.0	0.0
Dividend for the previous fiscal year	(60.6)	0.0	(61.3)	0.0	(65.5)	0.0	(68.7)	0.0
<b>CF from financing</b>	<b>(16.5)</b>	<b>(40.2)</b>	<b>(61.3)</b>	<b>(0.2)</b>	<b>(65.5)</b>	<b>0.6</b>	<b>(68.7)</b>	<b>0.5</b>
Net change in cash	8.2	(6.7)	(20.5)	40.8	(21.8)	43.3	(26.0)	42.9
Cash BOP	4.6	12.8	6.1	(14.4)	26.4	4.6	47.9	21.8
Cash EOP	12.8	6.1	(14.4)	26.4	4.6	47.9	21.8	64.7

Source: Company data, ING estimates

**Fig 10 Per share data on a half-yearly basis (€)**

	1H08/09	2H08/09*	1H09/10F	2H09/10F	1H10/11F	2H10/11F	1H11/12F	2H11/12F
No. of shares	13,058,969	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103
Average no of shares	13,058,969	15,546,392	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103	16,790,103
Direct result per share	2.38	3.03	2.45	2.40	2.41	2.41	2.39	2.41
Indirect result per share	(5.98)	(1.90)	(1.46)	(0.72)	(0.17)	0.01	0.00	0.01
Total result per share	(3.60)	1.13	0.99	1.68	2.24	2.41	2.40	2.41
DPS	0.00	4.22	4.22	0.00	3.90	0.00	4.09	0.00
IFRS NAV	62.1	58.9	56.6	58.3	56.7	59.1	57.6	60.0
Recurring CFPS	2.38	3.03	2.45	2.40	2.41	2.41	2.40	2.41
Recurring EPS	2.38	3.03	2.45	2.40	2.41	2.41	2.40	2.41

\*Average number of shares are restated during FY08/09 with the above calculated scrip factor to reflect the effect of a the rights issue on the per share data

Source: Company data, ING estimates

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