

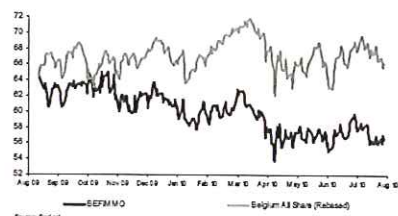

Hold
Recommendation unchanged
Share price: EUR 56.60
closing price as of 26/08/2010
Target price: EUR 63.00
Target Price unchanged

Reuters/Bloomberg

BEFB.BR/BEFB.BB

Market capitalisation (EURm)	950
Current N° of shares (m)	17
Free float	81%
Daily avg. no. trad. sh. 12 mth	25,909
Daily avg. trad. vol. 12 mth (m)	2
Price high 12 mth (EUR)	65.00
Price low 12 mth (EUR)	53.95
Abs. perf. 1 mth	-4.75%
Abs. perf. 3 mth	1.71%
Abs. perf. 12 mth	-12.23%

Key financials (EUR)	09/09	09/10e	09/11e
Gross Rental Income (m)	119	124	124
EBITDA (m)	106	104	105
EBITDA margin	80.5%	76.3%	77.1%
Portfolio Result (m)	(75)	(18)	0
Net Financial Result	(64)	(19)	(24)
Net Profit (adj.)(m)	40	80	77
Funds From Operations	40	80	77
EPS (adj.)	3.06	4.77	4.60
DPS	4.40	3.90	3.94
IFRS NAVPS	58.87	59.35	60.26
EPRA NAVPS	58.91	59.39	60.27
Premium/(Discount)	5.3%	(4.6%)	(6.1%)
Earnings adj. yield	5.4%	8.4%	8.1%
Dividend yield	7.6%	6.9%	7.0%
EV/EBITDA	17.8	17.6	17.6
P/E (adj.)	20.2	11.9	12.3
Int. cover(EBITDA/Fin.int)	1.7	5.5	4.4
Net debt/(cash) (m)	786	821	841
Net Debt/Total Assets	39.5%	41.7%	41.9%



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9M 09/10 interim update

The facts: Yesterday after market close Befimmo released its 9M 09/10 interim update made of some key figures of which IFRS NAV, cash flow, result and rental income.

Our analysis: With bottom line figures somewhat above expectations probably helped by lower financial charges (not disclosed), the general impression is in line with earlier observations on the market: stabilisation of yields and pressure on rental income.

IFRS NAV (IAS 39 included) emerged at EUR 59.95 (= discount of 5.5%), coming from EUR 58.91 and EUR 58.87 respectively 3 and 6 months earlier.

The value of the portfolio was down only by -0.39%, following a decrease of -0.54% and -0.48% in the two previous quarters giving the impression that the downside trend is bottoming out. The yield of the portfolio (on contractual rents) was slightly down to 6.43% versus 6.49% at the end of March.

Cash flow per share emerged at EUR 3.90 coming from EUR 2.31 at the issue of 1H ending in March, which is better than our expectation of EUR 3.51 and allows the company to confirm its dividend guidance of EUR 3.90 per share. The figures have benefited from a one-off of EUR 0.39 per share resulting from a right to early termination of a lease on Towers 3 and 4 of Brussels World Trade Center.

The company released that the capital gain of EUR 0.70 per share resulting from the sale of Empress court will only be booked during next FY.

Net rental income emerged at EUR 92.4m somewhat below our estimate of EUR 93.4m.

Occupancy rate was stabilised at 95.3% (93.9% taking into account buildings in deep refurbishment). LTV remained pretty much unchanged at 42.67%.

The average length of leases was slightly up to 9.3 years (from 9.25 years 3 months earlier) partly reflecting the extension of leases of two buildings (Schuman 3 and La Plaine) towards 2016 and 2019. This extension seems to have been renegotiated at "market conditions". Though this may have been translated in the one or the other rebate, it may indicate that prime locations are much more resilient to the risk of rent breaks.

Conclusion & Action: with bottom line figures somewhat above expectations partly thanks to a one-off and probably helped by lower financial charges (non disclosed), the general impression is in line with earlier observations on the market made of stabilisation of yields and pressure on rental income. Recommendation and target price maintained.