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Corporate News

Befimmo, from Reduce to Hold, TP EUR 56.3

Befimmo reported its Q1 results. Cash flow per share increased to EUR 1.13 vs. EUR 1.11 thanks to stable occupancy rate (94%) and the impact of the rental guarantee of the Axento project in Luxembourg. For the FY the company said it will have no problems to pay out its EUR 3.90/share dividend. Due to the recent share price decline this now implies 6.7% yield. As this is now more inline with peers Cofinimmo and Leasinvest and the company was able to let 50% of Axento at an attractive rent which will limit the previously expected/guided decrease of FFO/share during 2011 we upgrade Befimmo from Reduce to Hold.

Furthermore, as the company again invested in forward starting derivatives around 4% interest rate, the risk of increasing financing cost in the years to come in case of increased market rates has further decreased. As negative revaluation was limited and inline with expectations, the NAV remained rather stable (EUR 58.5 vs. EUR 58.55 expected) as the company's long lease terms (9.3 years) seem to protect them against decreasing market rents. From Reduce to Hold.

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