



Securities

COMPANY: Befimmo
Recommendation: Hold
Current Price: € 62.2
Target Price: € 63.0

News:

Befimmo this morning announced the agenda for the EGM that will be held in June. The items mainly relate to bringing the articles of association in line with the new Belgian REIT legislation, changing the fiscal year (currently from 1 October to 30 September) to the calendar year, the renewal of the authorization to issue capital and buy/sell own shares and some technical operations.

Our View:

Management had a short call with sell-side analysts during which the following points were discussed: i. to move the reporting period to the calendar year, the existing fiscal year will be extended to 30 December and hence last 5 quarters; ii. As a consequence, the company will as foreseen distribute a dividend of € 3.94 in December (based on the old fiscal year) and pay out a final dividend of € 0.99 in April 2012 (based on 4Q11 calendar year); iii. In the future the company will distribute an interim dividend (3/4) in December and a final dividend (1/4) in April. iv. On the refinancing process the company mentioned it looking to further diversify funding sources and is exploring all options (USPP, convertible etc.); v. Although there is no tax leakage at the level of Fedimmo due to the use of the notional interest deduction scheme, in the medium-term there might be some (accounting) difficulties to transfer the cash flows to the parent company. Hence, management is looking at several solutions (merger, purchase, REIT conversion).

Conclusion:

We maintain our Hold recommendation.

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