



■ Update

The company called an EGM for 8 June with a view to changing its bylaws to conform with the new rules regulating Belgium's REIT-like SICAFIs (royal decree of 7 Dec 2010 and law of 20 Dec 2010). The new law mainly provides for the option of paying dividends in shares and converting the subsidiaries of a SICAFI into an actual SICAFI, modifies the conditions for a capital increase and sets the organisational guidelines for AGMs. The latter means that Befimmo's fiscal year cannot remain intact, so it has decided to switch its year-end from 30 September to 31 December. The current fiscal year will therefore exceptionally consist of five quarters. The company also said that going forward it intends to pay interim dividends in December and the remainder in May. The interim dividend, payable as from 22 December 2011, will be €3.9 (representing 4 quarters) and the remainder will be €0.99 (fifth quarter).

■ Impact

The press release included another set of P&L forecasts for 2011 (with 5 quarters) on which we have based our estimates. We have also lowered our rental income forecasts, which are a bit high. This adjustment reduced our target price by €1, from €61 to €60.

■ Target price & rating

Our TP comes to €60, derived from our fair value (€55.7), to which we apply a 7% market premium. Our fair value is the average of our three valuation methods: a 10-year DCF with a WACC of 9.0% and perpetuity growth of 2.0% (€4.0), a Gordon-Shapiro model with a normalised dividend (€61.5) and a 10-year discounted dividend model with an exit value in line with the average of gross and net NAV (€62.6). Our market premium is based on a sector premium of 5%, a liquidity premium of 0% and a 'reputation' premium of 2%. Risk: a 100bp change in the risk premium and the risk-free rate would bring our TP to €48 in the event of an increase and €77 in the event of a decrease.

■ Next events & catalysts

AGE on 8 June 2011.

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