



Hold

Recommendation unchanged

Share price: EUR 52,10

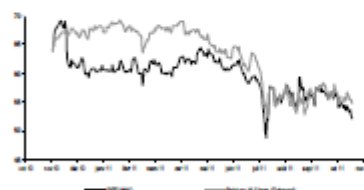
closing price as of 17/11/2011

Target price: EUR 57,00
from Target Price: EUR 059

Reuters/Bloomberg BEFS.BRUGFB.BE

Market capitalisation (EURm)	875
Current N° of shares (m)	17
Free float	81%
Daily avg. no. trad. sh. 12 mth	21.521
Daily avg. trad. vol. 12 mth (m)	1
Price high 12 mth (EUR)	69,05
Price low 12 mth (EUR)	48,75
Abs. perf. 1 mth	-7,62%
Abs. perf. 3 mth	-9,06%
Abs. perf. 12 mth	-19,60%

Key financials (EUR)	09/10	12/11e	12/12e
Gross Rental Income (m)	123	148	121
EBITDA (m)	112	120	97
EBITDA margin	86,3%	73,6%	73,6%
Portfolio Result (m)	(34)	(16)	0
Net Financial Result	(27)	(23)	(23)
Net Profit (adj.) (m)	85	83	66
Funds From Operations	85	83	66
EPS (adj.)	5,05	4,98	3,91
DPS	3,90	4,53	3,35
IFRS NAVPS	60,60	61,45	60,89
EPRA NAVPS	61,58	60,95	60,39
Premium/Discount	2,3%	(15,2%)	(14,4%)
Earnings adj. yield	9,7%	9,5%	7,5%
Dividend yield	7,5%	9,5%	6,4%
EV/EBITDA	16,9	14,5	18,7
PE (adj.)	12,3	10,5	13,3
Inc. cover(EBITDA/Fin.Int)	4,2	5,1	4,3
Net debt(cash) (m)	787	793	867
Net Debt/Total Assets	39,7%	39,8%	42,4%



Analyst(s):

Jean-Marie Caucheteux, Bank Degroof
jeanmarie.caucheteux@degroof.be

+32 2 287 99 20

4 (of 5) Q figures: fine but what is the future?

The facts: 4Q figures (5Q extended FY to December 2011) have been released yesterday after market close and were followed by a conference call.

Our analysis: we didn't expect any major surprise by the release of these 4Q figures, and this was also the case, while no hot conclusion for the near future could be driven from the conference call.

More precisely, figures were somewhat better than our expectations and guidance while at the other hand, management confirms, that the Brussels office market is in a standstill situation, which is not astonishing regarding the economic environment on top of Belgian political negotiations. In figures, this may be resumed in NAV (IFRS basis, = inclusive hedging) pretty stable at EUR 60.50 per share and confirmation of an interim dividend of EUR 3.94.

This pretty stable NAV was reflected in the value of the portfolio (EUR 1,960m) which posted only marginal decreases (-0.39% on an average) over the quarter, having in mind that these estimates have been built on the back of a lacklustre market. The occupancy rate was slightly down to 94.38% coming from 94.44% 3 months earlier. This slight decrease, reflecting some planned departures and renovation works in the Froissart building (some 2,800sqm) will be compensated by new leases for 6,500sqm during the last (fifth) quarter.

It's noteworthy that, despite renegotiations of leases that only have limited the rental increase to 0.4% to EUR 124.5m for the first four quarters, the overrenting of the portfolio still is estimated at some 6.5% by management.

EPS emerged at EUR 3.80 (and EUR 4.41 on a current EPRA basis). LTV emerged at 42.5%.

The current yield of the portfolio was marginally 6.42%, coming from 6.45% three months earlier.

As far as refinancings are concerned, two new financing sources for a total amount of EUR 144m have been issued considering a maturity of a portion of EUR 130m of its syndicated loan. The refinancings were about a fixed rate loan of EUR 44m linked to the assignment of future rents (excluding indexation) on one building and a bilateral credit line maturing in March 2017. The average duration of debt is now 3.79 years and the average financing cost 3.36%. The hedging ratio exceeds 80% until the third quarter of 2013.

Besides, the management was not worried about the recently rumoured intention of the Belgian State to reduce its real estate portfolio by 25% to 30% (lowering the space per civil servant from 20sqm to 13.5sqm) considering that its related portfolio is protected by long term contracts. However, also long term contracts have an end.

Considering the so-called by management standstill on the Brussels market, if not increasing doubts about the validity of being focused only on offices and in Brussels, we may not anticipate any major transaction in Befimmo portfolio

Conclusion & Action: ESN Figures slightly ahead of expectations. Standstill on the Brussels office market. Although we should not fear an impact at short term of a revamping of the Belgian State portfolio, we may not exclude long term negative impact. TP reduced from EUR 59 to EUR 57, meaning a discount of 6% to the NAV (IFRS).