


Hold

Recommendation unchanged

Share price: EUR 55,64

closing price as of 23/08/2011

Target price: EUR 61,00

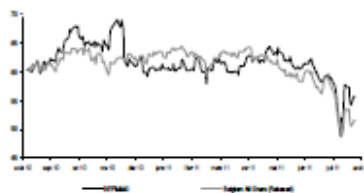
from Target Price: EUR 063

Reuters/Bloomberg

BEFB.BVSEFB.BE

Market capitalisation (EURm)	934
Current N° of shares (m)	17
Free float	81%
Daily avg. no. trad. sh. 12 mth	21.671
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	-5,98%
Abs. perf. 3 mth	-13,60%
Abs. perf. 12 mth	-1,92%

Key financials (EUR)	08/10	12/11e	12/12e
Gross Rental Income (m)	123	149	119
EBITDA (m)	112	139	109
EBITDA margin	86,3%	84,9%	83,6%
Portfolio Result (m)	(34)	(5)	0
Net Financial Result	(27)	(23)	(22)
Net Profit (adj.) (m)	85	103	78
Funds From Operations	85	103	78
EPS (adj.)	5,05	6,14	4,54
DPS	3,90	5,03	3,95
IFRS NAVPS	60,60	63,22	63,29
EPRA NAVPS	61,66	64,32	64,39
Premium/Discount	2,3%	(12,0%)	(12,1%)
Earnings adj. yield	8,1%	11,0%	8,3%
Dividend yield	7,0%	9,0%	7,1%
EV/EBITDA	16,9	12,7	16,9
P/E (adj.)	12,3	9,1	12,0
Int. cover(EBITDA/Fin.int)	4,2	6,0	4,9
Net debt(cash) (m)	787	773	837
Net Debt/Total Assets	39,7%	30,5%	40,8%


Analyst(s):

Jean-Marie Caucheteux, Bank Degroof

jeanmarie.caucheteux@degroof.be

+32 2 287 99 20

9M trading update: resilient

The facts: the company has released a trading update made of some key figures for its 9M figures yesterday after market close. This was followed by a conference call.

Our analysis: No major surprises were expected from the few provided figures, considering modest news profile and a sort of stabilisation of the Brussels offices market. It happened as such.

Earnings were in slightly better than our expectations so that the company could confirm its dividend guidance of EUR 3.94 per share. This dividend will be considered as an interim dividend because of the lengthening of current FY 2010/ 2011 from September (12 M) to December (15M).

With net rental income of EUR 92.4m, meaning a slight increase in 3Q (EUR31.4m versus EUR 29.8 in 2Q), EPRA EPS (= recurrent result ex value of the portfolio and value of hedging instruments) emerged at EUR 4.19 versus EUR3.96 for the 9M ending in June 2010.

The occupancy rate was slightly up to 94.44% compared to March with 93.86%.

NAV remained pretty unchanged at EUR 59.98 for EPRA NNNNAV (from EUR60.05 at the end of March). And this was similar on an IFRS basis at EUR 60.40. These stable NAV were made possible however on the basis of a higher decrease during 3Q, -0.48% but -1.1% over the first nine months. The decline of -0.75% in CBD: coming from -0.27% for the first six months, was due to one building – Brederode (leased to Linklaters, but currently under heavy renovation until 2014) and not due to the difficult market).

Net yield was stable at 6.6%.

The average duration of leases has been marginally increased to 9.22 years (9.2 at the end of March and 9.14 at the start of FY2010) as a result of new leases for 52,600sqm since the start of FY (20,100 in 3Q).

During the conference call, the management confirmed that the situation on the Brussels office market remained difficult after having hoped for an improvement more than one year ago.

Conclusion & Action: Not too bad performance in a still difficult environment. We have reduced our TP from EUR 63 to EUR 61 in line with NAV, compared to a premium of 5% for the Belgian REITS on an average, mainly considering the pure involvement in the still difficult Brussels office market.