

Q2 sales postview - Mid Caps

Price (23 August 2011)	EUR55.6
Market cap./Free float (EURm)	934.2/758.6
EV (EURm)	1,890.2
3m avg. volume (EURm)	1.2
Reuters/Bloomberg	BEFB.BR/BEFB BB

Financial data	09/10	12/11e	12/12e	12/13e
Diluted FFO (EUR)	4.69	5.06	4.36	4.40
Net dividend (EUR)	3.91	4.93	3.98	4.02
Diluted NNAV (EUR)	60.27	57.78	58.95	59.91
Diluted NNNAV (EUR)	60.27	57.81	58.89	59.81
Rental income (EURm)	124	157	133	139
EBITDA (EURm)	106	100	109	117
NOPAT (EURm)	105	99	108	116
FFO (EURm)	79	68	73	74

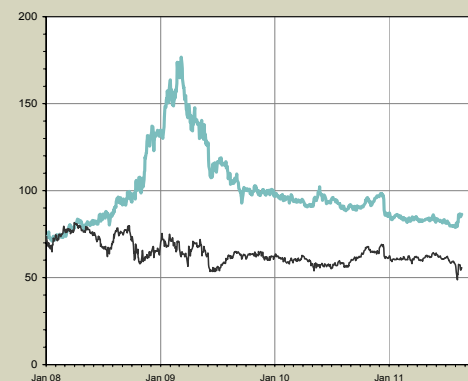
Stockmarket ratios*	09/10	12/11e	12/12e	12/13e
NOPAT yield (%)	5.6	6.6	5.6	5.8
FFO yield (%)	7.8	7.3	7.8	7.9
Dividend yield (%)	6.5	8.9	7.2	7.2
Premium to GAV (%)	0	(9)	(13)	(17)
Premium to NNAV (%)	(1)	(15)	(22)	(27)
Premium to NNNAV (%)	(1)	(15)	(22)	(27)

* Yearly average price for FY ended 09/10

Performance* (%)	1w	1m	3m	12m
Absolute	(3)	(6)	(14)	3
Rel. Real Estate	1	8	0	(4)
Rel. MSCI SMID	2	15	8	10

* In listing currency, with dividend reinvested

Price relative to EPRA Europe



— Relative to EPRA Europe — Befimmo

Underperform

Target price	EUR57 (+2%)
Sector rating	Underperform

9M 2010/11 results marginally below

► FFO/share 1% below our forecast, like for like rents -1%

On 23 August (post-market), Befimmo issued an interim management statement (more limited disclosure than HY/FY) detailing its results for the 9m to end-June 2011. FFO/share of EUR3.31 was 1% below our forecast of EUR3.34. Net rental income (the only other P&L figure disclosed) was 2% below our forecast (EUR92.3m vs our EUR94m), with like-for-like rents down 1% yoy, satisfactory given the challenging markets Befimmo is in, but weaker than Cofinimmo (-0.3% yoy to H1 11, offices only).

► NNNAV/share also 1% below, driven by -0.5% in asset values over Q3

NNNAV/share (EPRA definition) was reported as EUR60.0, 1% below our forecast (EUR60.6/share). The like for like value of the portfolio was down 0.5% over the quarter compared to -0.7% for the half year to March. In particular, the value of the CBD portfolio fell by 0.75% over the quarter (vs -0.27% over H1), but this was mainly attributed to a downward revaluation of the Brederode building (see below).

► Refurbishment and re-let of Brederode announced

Following an agreement to re-let the Brederode building (13,400sqm, Brussels CBD) to Linklaters on a 15 year lease, management announced that it would be refurbishing the building at a cost of EUR25.5m, scheduled for early-2013 to mid-2014. We would highlight that this agreement led to a decline in the assets' value over the quarter, thanks to the costs of the refurbishment and the new rental level on the 15 year lease. Management has emphasised the positives of a long-term lease to a solid tenant.

► TP unchanged at EUR57/share, Underperform rating reiterated

We have updated our model to reflect the Brederode refurbishment/re-let, but our target price remains EUR57/share. While we believe the stock's defensive characteristics (average unexpired lease term 9.2 years, high dividend yield) could prove attractive to investors if macro uncertainties persist, we continue to believe that its high exposure to the troubled Belgian office market will continue to drag on performance. The stock currently trades at a 27% discount to 2013e NNNAV vs 37% for peers.

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Figure 1: Befimmo – 9M 2010/11 results review

EURm	9M 2010/11e	9M 2010/11a	Actual vs. forecast (%)	9M 2009/10a	Year-on-year growth (%)
Rental income	94.0	92.3	(2)	92.4	(0)
FFO per share (EUR)	3.34	3.31	(1)	3.54*	(6)
EUR per share	9M 2010/11e	9M 2010/11a	Actual vs. forecast (%)	H1 2010/11a	Growth over Q3 2011 (%)
NNNAV (EPRA definition)	60.6	60.0	(1)	60.1	(0)

Source: Company, Exane BNP Paribas estimates

* FFO/share for 9M 2009/10a has been adjusted from what the company reported to strip out the non-recurring income from the early termination of the leasehold on Block II of the WTC

Forthcoming events

Date	Event
17 Nov. 2011	Q3 Interim Management Statement
16 Feb. 2012	FY 2011 Results
25 Apr. 2012	AGM

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Exane								
Investment banking	Distributor	Liquidity provider	Corporate links	Analyst's personal interest	Equity stake US Law	Equity stake French Law	Amended after Disclosure to company	Additional material conflicts
NO	NO	NO	NO	NO	NO	NO	NO	NO

Source: Exane

BNP Paribas

Potential conflicts of interest: None.

Source: BNP Paribas

Price at 23 Aug. 11 / Target Price

EUR55.6 / EUR57 +2%

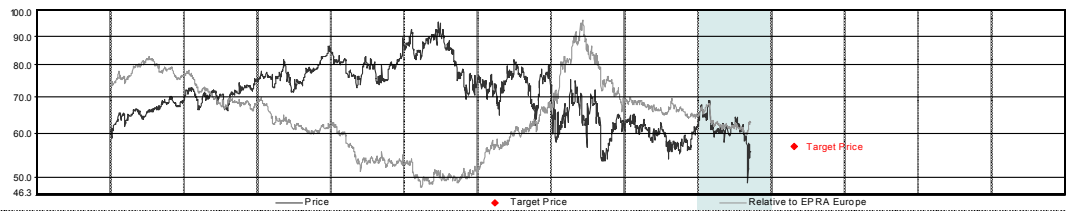
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BEFIMMO (Underperform)

Offices | Real Estate (Underperform) - Belgium

Company Highlights			
Enterprise value	1,890		
Market capitalisation	934		
Free float	759		
3m average volume	1		
Performance (*)			
	1m	3m	12m
Absolute	(6%)	(14%)	3%
Rel. Sector	8%	0%	(4%)
Rel. MSCI SMID	15%	8%	10%
12m HiLo (EUR) : 69.1 -19% / 48.8 +14%			
CAGR			
	2004/2011	2011/2015	
Diluted FFO PS	(3%)	4%	
Diluted NNAV PS	(1%)	3%	



	65.9	70.9	77.2	79.0	83.7	74.0	63.9	59.9	55.6	55.6	55.6	55.6	55.6
Price	65.9	70.9	77.2	79.0	83.7	74.0	63.9	59.9	55.6	55.6	55.6	55.6	55.6
PER SHARE DATA (EUR)													
No of shares year end, basic, (m)	9,794	9,794	9,794	9,794	13,059	13,059	16,790	16,790	16,790	16,790	16,790	16,790	16,790
Average no of shares, diluted, excl. treasury stocks (m)	9,794	9,794	9,794	9,794	10,823	13,059	14,061	16,790	16,790	16,790	16,790	16,790	16,790
Diluted FFO	5.38	5.19	5.08	4.92	4.36	4.18	5.43	4.69	5.06	4.36	4.40	4.85	4.70
Net dividend	4.45	4.62	4.80	4.92	4.51	4.55	4.40	3.91	4.93	3.98	4.02	4.06	4.10
Diluted NAV	61.40	61.77	68.28	67.38	70.75	73.38	59.85	61.68	58.60	59.65	60.50	63.00	64.98
Diluted NNAV	61.30	61.65	67.59	67.13	71.32	73.98	58.49	60.27	57.78	58.95	59.91	62.53	64.52
Diluted NNAV	61.30	61.65	67.59	67.13	71.32	73.98	58.49	60.27	57.81	58.89	59.81	62.25	64.08
STOCKMARKET RATIOS													
YEARLY AVERAGE PRICES for end Sep. 03 to Sep. 10													
NOPAT yield	6.2%	5.4%	5.6%	5.3%	5.0%	4.9%	6.1%	5.6%	6.6%	5.6%	5.8%	6.5%	6.6%
FFO yield	8.2%	7.3%	6.6%	6.2%	5.2%	5.6%	8.5%	7.8%	7.3%	7.8%	7.9%	8.7%	8.4%
Dividend yield	6.8%	6.5%	6.2%	6.2%	5.4%	6.1%	6.9%	6.5%	8.9%	7.2%	7.2%	7.3%	7.4%
Premium/Discount to GAV	4%	8%	9%	11%	10%	0%	9%	(0%)	(9%)	(13%)	(17%)	(22%)	(27%)
Premium/Discount to NNAV	7%	15%	14%	18%	17%	0%	18%	(1%)	(15%)	(22%)	(27%)	(33%)	(37%)
Premium/Discount to NNAV	7%	15%	14%	18%	17%	0%	18%	(1%)	(15%)	(22%)	(27%)	(32%)	(37%)
ENTERPRISE VALUE (EURm)													
Market cap	1,113	1,225	1,168	1,168	1,737	1,861	1,759	1,878	1,890	1,930	1,991	1,985	1,975
+ Net debt	645	694	756	773	906	967	898	1,005	934	934	934	934	934
+ Minority interests	467	529	405	392	773	841	776	784	878	920	983	978	968
+ Derivatives	1	1	1	(0)	(8)	(9)	16	18	8	6	4	2	2
+ Other debt marked to market adjustment	0	0	6	3	1	1	6	6	6	6	6	6	6
P & L HIGHLIGHTS (EURm)													
Switch to IFRS data from FY ended 09/05													
Rental income	78.3	78.5	79.5	76.3	104.9	109.5	119.1	124.0	156.6	133.1	139.3	149.7	151.3
Operating expenses	(4.2)	(5.6)	(6.8)	(5.9)	(7.9)	(7.4)	(3.8)	(7.1)	(15.4)	(13.1)	(11.1)	(9.0)	(9.1)
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
G&A expenses	(5.5)	(6.2)	(6.3)	(7.8)	(8.9)	(10.6)	(8.0)	(10.8)	(16.1)	(11.2)	(11.4)	(11.6)	(11.8)
EBITDA	68.6	66.7	66.4	62.5	88.1	91.4	107.3	106.1	125.1	108.8	116.8	129.1	130.4
Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-real estate depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial expenses	(15.8)	(15.2)	(16.0)	(13.7)	(37.6)	(32.4)	(29.3)	(22.8)	(35.0)	(31.2)	(38.5)	(42.8)	(46.8)
Pre-tax recurring profit	52.8	51.5	50.4	48.8	50.5	59.0	78.0	83.3	90.1	77.6	78.3	86.3	83.6
Current taxation	(0.1)	(0.7)	(0.7)	(0.6)	(0.6)	(0.6)	(0.5)	(0.7)	(0.9)	(0.8)	(0.8)	(0.8)	(0.8)
Minorities	0.0	0.0	0.0	0.0	(2.7)	(3.7)	(1.1)	(3.9)	(4.2)	(3.6)	(3.7)	(4.0)	(3.9)
FFO	52.7	50.9	49.7	48.2	47.2	54.6	76.4	78.8	85.0	73.2	73.9	81.4	78.9
Real estate depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
After-tax unrealised valuation movements	(7.5)	(5.8)	14.5	17.8	41.8	3.6	(109.7)	(38.1)	5.5	15.0	8.8	27.6	20.7
Other items	(0.1)	(1.1)	0.0	0.0	0.0	0.0	(1.2)	6.1	0.0	0.0	0.0	0.0	0.0
Net income	45.1	43.9	64.2	66.0	89.1	58.2	(34.5)	46.7	90.5	88.2	82.7	109.0	99.6
NOPAT	68.5	66.0	65.7	61.8	87.5	90.8	106.8	105.5	124.2	108.0	116.0	128.2	129.6
CASH FLOW HIGHLIGHTS (EURm)													
FFO total share	52.7	50.9	49.7	48.2	49.9	58.3	77.5	82.7	89.2	76.9	77.5	85.4	82.8
Other recurring items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash flow from operations	52.7	50.9	49.7	48.2	49.9	58.3	77.5	82.7	89.2	76.9	77.5	85.4	82.8
Investments	(4.3)	(72.7)	(38.4)	(0.2)	(718.3)	(144.8)	(123.3)	(34.8)	(105.3)	(45.1)	(69.8)	(8.7)	0.0
Disposals	0.6	3.7	0.0	2.8	22.4	64.9	3.9	58.8	58.8	0.0	0.0	0.0	0.0
Change in working capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net investments	(3.7)	(69.0)	(38.4)	2.6	(695.8)	(79.9)	(119.5)	24.0	(46.5)	(45.1)	(69.8)	(8.7)	0.0
Distributed dividend	(43.6)	(45.3)	(45.3)	(47.0)	(48.2)	(49.8)	(60.6)	(62.7)	(136.0)	(73.7)	(71.0)	(72.1)	(72.6)
Capital increases	0.0	0.0	0.0	0.0	256.3	0.0	159.5	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	0.0	45.2	(116.0)	(11.0)	402.5	61.1	(80.0)	(1.7)	106.5	45.1	69.8	8.7	0.0
Other non-recurring items	(2.4)	7.0	160.1	9.4	25.6	9.5	24.6	(45.0)	0.0	0.0	0.0	0.0	0.0
Total cash flow	3.1	(11.2)	10.1	2.2	(9.7)	(0.7)	1.5	(2.6)	13.2	3.2	6.5	13.3	10.1
BALANCE SHEET HIGHLIGHTS (EURm)													
Property investments	1,055	1,125	1,140	1,078	1,815	1,887	1,923	1,923	1,964	2,024	2,102	2,141	2,166
Other fixed assets	0	0	0	0	1	1	1	1	1	1	1	1	1
Working capital	0	0	0	0	0	0	0	0	0	0	0	0	0
Net intangibles	0	0	0	0	16	16	16	16	16	16	16	16	16
Other net assets	13	9	(66)	(27)	(70)	(42)	(97)	(55)	(55)	(55)	(55)	(55)	(55)
Capital employed	1,068	1,134	1,074	1,052	1,762	1,861	1,842	1,885	1,926	1,986	2,064	2,103	2,128
Long-term debt	(118)	(186)	(116)	(91)	(149)	(857)	(745)	(585)	(691)	(736)	(806)	(815)	(815)
Short-term debt	(373)	(350)	(304)	(317)	(663)	(15)	(47)	(206)	(206)	(206)	(206)	(206)	(206)
Cash	14	3	13	15	5	5	6	3	17	20	26	40	50
Financial assets	10	4	2	2	33	27	10	3	3	3	3	3	3
Net debt	(467)	(529)	(405)	(392)	(773)	(841)	(776)	(784)	(878)	(920)	(983)	(978)	(968)
Minority interests	0	0	0	0	65	62	62	64	64	64	64	64	64
NNAV	601	605	669	660	924	958	1,005	1,036	984	1,002	1,016	1,058	1,091
Derivatives	(1)	(1)	(1)	0	8	9	(16)	(18)	(8)	(6)	(4)	(2)	(2)
Other marked to market adjustment	0	0	(6)	(3)	(1)	(1)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
NNAV	600	604	662	658	931	966	982	1,012	970	990	1,006	1,050	1,083
Net deferred tax liabilities	0	0	0	0	0	0	0	0	1	(1)	(2)	(5)	(7)
NNAV	600	604	662	658	931	966	982	1,012	971	989	1,004	1,045	1,076
FINANCIAL RATIOS													
Diluted FFO PS (% change)	NS	(3.5%)	(2.2%)	(3.2%)	(11.3%)	(4.2%)	30.0%	(13.7%)	26.2%	7.8%	0.8%	10.2%	(3.1%)
Dividend (% change)	NS	3.8%	3.9%	2.5%	(8.3%)	0.9%	(3.3%)	(11.2%)	(4.2%)	(19.3%)	1.0%	1.0%	1.0%
Diluted NNAV PS (% change)	NS	0.6%	9.6%	(0.7%)	6.2%	3.7%	(20.9%)	3.0%	26.2%	2.0%	1.6%	4.4%	3.2%
EBITDA Margin	87.6%	84.9%	83.5%	81.9%	84.0%	83.5%	90.1%	85.6%	79.9%	81.7%	83.8%	86.2%	86.2%
EBITDA coverage of interests	4.3x	4.4x	4.2x	4.6x	2.3x	2.8x	3.7x	4.7x	3.6x	3.5x	3.0x	3.0x	2.8x
Effective tax rate	0.18%	1.27%	1.31%	1.27%	1.16%	1.10%	0.59%	0.78%	0.98%	0.98%	0.98%	0.98%	0.98%
Loan-to-value	44.3%	47.0%	35.5%	36.3%	42.6%	44.6%	40.4%	40.8%	44.7%	45.4%	46.8%	45.7%	44.7%
Payout as % of FFO	82.7%	89.0%	94.5%	100.0%	103.5%	108.9%	80.3%	83.3%	97.4%	91.2%	91.4%	83.8%	87.3%
ROCE	8.3%	7.5%	6.9%	6.2%	6.4%	5.1%	5.8%	5.6%	6.5%	5.5%	5.8%	6.3%	6.3%
WACC									7.1%	7.1%	7.1%	7.1%	7.1%
ROCE/WACC									0.9x	0.8x	0.8x	0.9x	0.9x

Latest Model update: 12 Jul 11

(*) In listing currency, w th div. Reinvested

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