

18 November 2011

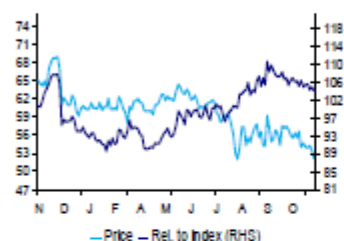
BEFIMMO

Good 4Q11 results

REAL ESTATE INVESTMENT TRUSTS
BELGIUM

CURRENT PRICE € 52.10
TARGET PRICE € 63.00

HOLD
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg BEFB.BB
Reuters BEFB.BR

www.befimmo.be

Market Cap € 874.8m
Shares outst. 16.8m
Volume (daily) € 1,126,852
Free float 77.6%

Next corporate event

Payment dividend FY11: 22 December

2011	2010	2011E	2012E
(€ m)			
Current Result	77.5	72.5	75.3
Portf. Result	-31.9	-13.7	-5.0
Net Profit	45.7	58.8	70.3
Adj. EPS (€)	4.62	4.32	4.48
NAV (€)	61.8	61.4	61.6
P/E (x)	13.0	12.1	11.6
DPS (€)	3.90	3.94	3.98
Dividend yield	6.5%	7.6%	7.6%

Koen Overlaet-Michiels

+32 2 429 37 21

koen.overlaet-michiels@kbcsecurities.be

Summary

Befimmo's net rental income of € 124.3m was in line with expectations. However, lower than expected property costs and the contribution of the Pavilion building induced a substantial higher net current result per share in comparison to Y09/10: € 5.29 respectively vs € 5.06. The payment of an interim dividend of € 3.94 is confirmed.

News

Befimmo reported a net rental income of € 124.3m in line with expectations. This is attained because of the contribution of Pavilion. Under the same perimeters, Befimmo would have known a small drop of -0.9% compared to last year. Moreover, net property charges came down with 27.5% due to non-recurring elements.

As already announced earlier, the disposal of investment properties led to a positive impact. However, with € 15m is this gain higher than anticipated.

The financial result was highly negative: € -26.3m vs € -22.8m last year. The main reasons are rising interest rates together with an increase in debt.

Apart from the investments and divestments executed, the net asset value of Befimmo: € 61.26 vs € 61.68 per share in 4Q09/10, was impacted by a positive change in fair value of the financial instruments with € 5.4m and a negative variation in fair value of the investment portfolio of € -30.1m.

All these factors lead to a cumulative net recurring result of € 5.29 per share vs € 5.06 per share in 4Q09/10. This increase is also remarkable in the outperformance of the EPRA earnings per share of € 4.41 compared to the expected € 4.14 per share of Befimmo. The main drivers of this positive deviation are the contribution of the Pavilion building, the higher indexation than used in the expectations and finally different non-recurring operational savings.

Befimmo also confirmed the payment of an interim dividend on December 22, of € 3.94, in line with expectations providing a yield of 7.5%.

Conclusion

Befimmo is a pure player in the market of offices. More specifically focused on the Brussels market. This strategic position, together with a strong tenant base provides them with an ebitda of a superb quality. However, some challenges remain with regard to the new funding they need in order to refinance themselves in the coming years.

Hold rating and target price of € 63 remain unchanged.