



Dear Emilie Delacroix

Please find below our latest publication:

[↓ PDF Befimmo \(Hold. TP=€55.0\) - Quarterly results - Better than expected results - H. Quadrelli \(1p\)](#)

■ **Analyst meeting/conference call**

Yesterday evening at 6:00 pm CET.

■ **Main surprises**

The results were slightly better than expected, with underlying net cash flow up 5.7% and 4.3% higher than we expected. Performance was a combination of positive items (better than expected rental income, rental margins, EBITDA margins and underlying tax) and negative items (higher than expected overheads and financial expenses). The company's valuation metrics continue to change only ever so slightly: its portfolio value (€1959.8m) edged down on a constant structure basis by 0.39% in Q4 and by 1.51% year-on-year; the average cap rate went from 6.90% to 6.98% yoy; NAV fell from €60.60 to €60.50. Note however that the occupancy rate dropped from 95.53% to 94.38% yoy due to departures and deliveries.

■ **Potential impact on forecasts**

These figures are clearly better than expected. That said, we are waiting for information about the 0.9% dip in rental income on a constant structure basis (with a quantified breakdown of the various parameters) before we review our valuation model. Note that Befimmo has now decided to move its fiscal year end to 31 December, so the current fiscal year will have five quarters instead of four.

■ **Potential impact on share price/recommendation**

Our TP stands at €55, derived from our fair value of €49.8, to which we apply a 10% market premium. Our fair value is the average of our three valuation methods: a 10-year DCF with an exit value assuming a WACC of 9.6% and perpetuity growth of 2.0% (€37.6), a Gordon-Shapiro model with a normalised dividend (€51.7) and a 10-year discounted dividend model with an exit value in line with the average of gross and net NAV (€60.0). Our market premium is based on a sector premium of 8%, a liquidity premium of 0% and a 'reputation' premium of 2%. Risk to our TP: an increase or decrease in market cap could lead us to revise our TP and our rating.

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